

**IN THE MATTER OF THE *SECURITIES ACT*  
R.S.O. 1990, c. S.5, AS AMENDED**

**AND IN THE MATTER OF INVESTAR INVESTMENT LTD.,  
LIYUAN QI AND JIAN GUO**

**AND IN THE MATTER OF A DECISION OF THE DEPUTY DIRECTOR,  
COMPLIANCE, STRATEGY AND RISK, COMPLIANCE AND REGISTRANT  
REGULATION, ONTARIO SECURITIES COMMISSION**

**INVESTAR INVESTMENT LTD. (“INVESTAR”), LIYUAN QI AND JIAN GUO (THE “APPLICANTS”), REQUEST A HEARING AND REVIEW** by the Ontario Securities Commission (the “Commission”) pursuant to section 8 of the *Securities Act* (the “Act”) of a decision of the Director made October 17, 2016 (the “Decision”), at such time and place as the Commission may advise, at the Commission, 20 Queen Street West, Toronto, Ontario.

**THE APPLICANTS** are directly affected by the Decision.

**THE APPLICANTS REQUEST:**

1. An Order extending the time to request a hearing and review under Section 8 of the Act.
2. An Order pursuant to Section 8 of the Act setting aside the Decision.
3. An Order pursuant to Section 8(4) of the Act staying the Decision pending the disposition of the hearing and review.
4. Such other relief as counsel may advise and the Commission deems just.

**THE GROUNDS FOR REVIEW ARE AS FOLLOWS:**

5. Investar was a registered exempt market dealer from May 28, 2014 until its registration was permanently suspended by the Decision.

6. Jian Guo ("Guo") was the registered chief compliance officer for Investar from May 28, 2014 until his registration was permanently suspended by the Decision.
7. Liyuan Qi ("Qi") was the ultimate designated person and dealing representative for Investar from September 15, 2014 until her registration was permanently suspended by the Decision.

### **Dealer Agreements**

8. On or around August 10, 2015, Investar entered into a dealer agreement with Sun Life Global Investments (Canada) Inc. ("Sun Life") whereby Investar was permitted to sell Sun Life investment products to clients (the "Sun Life Dealer Agreement").
9. Investar was honest and upfront with Sun Life about the type of its registrations. Sun Life approved Investar as a dealer.
10. On February 25, 2016, Investar entered into a dealer agreement with BMO Investments Inc. ("BMO") whereby Investar was permitted to sell BMO mutual funds to clients (the "BMO Dealer Agreement").
11. In connection with the BMO Dealer Agreement, Investar answered a series of questions asked by BMO, including whether Investar was registered with the Investment Industry Regulatory Organization of Canada ("IIROC"), the Mutual Fund Dealers Association ("MFDA") or other. Investar answered "no" to each of these questions.
12. Despite Investar advising BMO that it was not registered with IIROC or the MFDA, BMO permitted Investar to sell BMO mutual funds.
13. As a result, the Applicants believed that Investar and its advisors were lawfully entitled to sell the Sun Life and BMO mutual funds without being registered with the MFDA or IIROC.

## **The Report**

14. On July 14, 2016, Staff of the Ontario Securities Commission (the "Commission") issued a compliance report (the "Report") which included a recommendation to suspend the registrations of Investar, Guo and Qi.
15. The Report raised concerns with, among other things, Investar dealing in securities outside of its category of registration. In particular, Staff alleged that Investar entered into mutual fund distribution agreements with two fund companies and sold mutual funds to clients without being registered with the MFDA.
16. The Report provided the Applicants with an opportunity to be heard ("OTBH") under Section 31 of the Act.
17. The Applicants delivered a written notice requesting an OTBH which was ultimately scheduled for October 13, 2016.
18. Shortly before the scheduled OTBH, the Applicants attempted to reschedule the OTBH as Guo had recently returned from China following his father's death.

## **The Decision**

19. Staff continued with the OTBH in the Applicants' absence and failed to advise the Director of the Applicants' request to reschedule the OTBH. As a result, without that information before her, the Director erroneously concluded that the OTBH could fairly proceed in their absence.
20. At no time during Staff's investigation or in the Report were the Applicants advised that their registrations could be permanently suspended. At all times, they were under the impression that if suspensions were ordered they would be time limited.

21. At the OTBH, Staff recommended permanent suspensions. The Director accepted this recommendation without properly considering whether the allegations warranted a permanent suspension.
22. Such further or other grounds as counsel may advise.

THE APPLICANTS INTEND TO RELY ON the evidence contained in the Affidavits of Louise Harris sworn September 28, 2016 and October 4, 2016 and the Exhibits thereto, and the affidavits of Guo and Qi to be sworn and served prior to the hearing in accordance with the Commission's Rules of Procedure.

January 3, 2017

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Ltd., Liyuan Qi, and Jian Guo**

**TO: THE ONTARIO SECURITIES  
COMMISSION**

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