



**IN THE MATTER OF THE FINANCIAL INSTITUTIONS ACT
R.S.B.C. 1996, C. 141, AS AMENDED**

- AND -

**IN THE MATTER OF RENFREW SECURITY BANK
AND TRUST (OFFSHORE) LTD.**

- AND -

BUMEN SHEFIK

ORDER UNDER SECTIONS 244(2) AND 238, AND

**NOTICE OF RIGHT OF HEARING OR APPEAL
UNDER SECTIONS 238(2) AND 242**

WHEREAS it appears to the Superintendent of Financial Institutions (the "Superintendent") that:

- 1 On July 15, 2003, an article appeared in the Vancouver Sun regarding a civil action between Renfrew Security Bank and Trust (Offshore) Ltd. ("Renfrew")/ Bumen Shefik ("Shefik")/ Grant Meng ("Meng"), the defendants and Tsang Na ("Tsang"), the plaintiff. The article stated, among other things, that:
 - On the advice of Shefik, Tsang had deposited \$1 million (US) with Renfrew, a Cyprus based financial institution;
 - Shefik was wholly acting as the agent for Renfrew;
 - Renfrew had frozen Tsang's account;
 - Tsang was suing, Renfrew, Shefik, and Meng for the return of her money;
 - Before Tsang's suit could proceed, Shefik's lawyer argued that the matter could only be tried in Cyprus; and

**Financial
Institutions
Commission**

• Superintendent of Financial Institutions
• Superintendent of Pensions
• Superintendent of Real Estate
• Registrar of Mortgage Brokers
• Credit Union Deposit Insurance
Corporation of British Columbia

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- Mr. Justice Burnyeat dismissed Tsang's action against Shefik, but reserved judgment as to whether or not BC Courts had jurisdiction in the case.
2. On July 15, 2003 copies of the following documents were obtained from the British Columbia Supreme Court in Vancouver, file #S023815; Tsang's Statement of Claim, Tsang's Affidavit, Shefik's Affidavit (which includes a Solicitor's Opinion by Darryl Larson ("Larson"), Tsang's lawyer.), and two Outline's; Part I, and Part II. The basis of the civil action is that Renfrew froze Tsang's account and would not return the money based on allegations by the Government of the Peoples Republic of China that the money was obtained by crime. Tsang argued that Renfrew had no justification for not returning the money to her. In Tsang's Statement of Claim, filed July 8, 2002, she is seeking, amongst other things, a Judgement for \$1,301,864.
 3. On September 23, 2003, further documents were obtained from the British Columbia Supreme Court, in particular; Larson's Affidavit, Meng's Statement of Defence, Meng's Affidavit, a further Affidavit by Tsang, and the Oral Reasons for Judgement.
 4. In Tsang's Statement of Claim, filed July 8, 2002, and her subsequent Affidavits (both filed May 28, 2003), she states, among other things, the following:
 - At paragraph 5 of Tsang's Affidavit, she states that after arriving in Canada in August of 1999, Meng acted as their family lawyer to obtain student visas for her children and in a real estate transaction.
 - At paragraph 5 in Tsang's Statement of Claim, it states that Tsang sought Meng's advice in locating a "...reputable and credit-worthy financial institution that would assure her of absolute confidentiality regarding the funds and further, that the funds were to be deposited into the recommended financial institution and would be immediately accessible to Tsang..."
 - At paragraph 6 of Tsang's Affidavit, she states that Meng recommended she seek the financial advice of Shefik, and arranged a meeting between Shefik and Tsang in Meng's law office at 498 – 555 West 12th Avenue, Vancouver, British Columbia, in September 1999.

At paragraph 7 of Tsang's Affidavit, she states that, "At the meeting, with either Meng or his assistant interpreting for me, I was told Shefik said that he and the person who accompanied him (who was identified as "Lee") represented a bank called "Renfrew" which was a reputable bank with assets in excess of several billion dollars with numerous branches throughout the world including Vancouver, British Columbia. I was given a green glossy brochure regarding Renfrew Bank and a business card with an address on Hastings Street in Vancouver" (Lee's identity and

relationship to Shefik and Renfrew is unknown.)

At paragraph 10 of Tsang's Affidavit, she states that she had several meetings with Shefik in Meng's office. She was told that she "...was signing documentation transferred U.S. \$1 million ... into an account of Renfrew and that the funds were to be placed, at Shefik's and Lee's recommendation, in a one-year term deposit..." (The term was scheduled to mature on November 7, 2000.)

5. Shefik's Affidavit filed on May 27, 2003, states, amongst other things, that:

- At paragraph 1, Shefik says he is a Director of Renfrew.
- At paragraph 2, Shefik says, "Renfrew is an offshore trust company incorporated pursuant to the laws of Northern Cyprus, with a head office at 26 Ataturk Avenue, Nicosia, Cyprus."
- At paragraph 3, Shefik says, Renfrew "...is neither incorporated nor registered extra-provincially in the Province of British Columbia."
- At paragraph 5, Shefik says, "On or about early September 1999, I was approached by (Meng) who informed me that Tsang was interested in depositing funds in an offshore trust account with Renfrew."
- At paragraph 6, Shefik says "Any business that I conducted with Tsang was as a director on behalf of Renfrew and was not in a personal capacity."
- Also in paragraph 6, Shefik says, "I do not transact any business of Renfrew in British Columbia other than arranging, as a director of Renfrew, with individuals to open offshore accounts with Renfrew in Cyprus. On occasion I will meet with individuals in jurisdictions other than Cyprus, including British Columbia, who wish to deposit funds in an offshore trust with Renfrew."
- At paragraph 7, Shefik says, "I introduced Tsang by telephone to the account administrators of Renfrew in Cyprus."

At paragraph 8, Shefik says, "The account agreement executed by Tsang was mailed directly to Renfrew in Nicosia, Cyprus, by Tsang."

- At paragraph 9, Shefik says, "In October of 1999 Tsang wired the sum of \$1 million (US) from her account directly to Renfrew on a bank to bank basis."

- At paragraph 11, Shefik says, "Upon learning of Tsang's arrest and related issues as to the legitimacy of the source of funds, the Board of Directors of Renfrew decided to freeze all accounts of Tsang due to concerns that Renfrew would be violating Cyprus' *Law against laundering black money* if it released the funds." (In early November 2000, Tsang and her husband, Lai Changxing, were arrested by the Canadian Immigration and Refugee Board on the grounds that they were involved in a multi-billion dollar smuggling operation in the Peoples Republic of China.)
 - At paragraph 22, Shefik says, "Subsequently, Renfrew was contacted by the Central Bank in Cyprus who instructed Renfrew to maintain a freeze on the funds of Tsang out of concerns that the funds may have obtained through illegitimate means."
6. In Meng's Affidavit, filed on July 9, 2003, he says at paragraph 4, "I told her that I had been involved with a client that had prior dealings with Shefik, the Chairman of the Renfrew Bank, with respect to the setting up of an immigration program for Northern Cyprus, and that I had indeed personally visited the Renfrew Bank's office in Northern Cyprus."
7. In Larson's Affidavit filed May 23, 2003, he states that:
- At paragraph 9, Larson says, "I attended 1780 – 999 West Hastings Street, at 12 noon, on April 27, 2001, where I met Meng and was introduced to Shefik. Shefik escorted me into his office at the premises and we talked for a few minutes. Shefik acknowledged that he was the Managing Director of Renfrew during the time the Plaintiff was dealing with Renfrew."
 - At paragraph 12, Larson says, "During the course of our conversation, Meng and Shefik confirmed that Meng had been to Cyprus with Shefik and it was clear that they enjoyed a close business relationship. During the course of the conversation, they also referred to another client of Meng's in Vancouver, a Doctor Chi, whom Meng had referred to Shefik, who had in turn facilitated funds to be invested with Renfrew."
8. In early August of 2003, Investigator Senum went to the address 1780-999 West Hastings Street, Vancouver, British Columbia and noted that next to the office door was the logo of a tree, which was the same as Renfrew's logo on the Renfrew brochures, included in Tsang's second Affidavit dated November 15, 2002.
9. On September 3, 2003, Investigators, Senum and Schoemaker, went to 1780-999 West Hastings Street, Vancouver, British Columbia. The Investigators met Nadine Salam ("Salam") who stated the following:

- Salam owns and operates a consulting business to assist people from the Middle East wishing to immigrate to Canada.
 - Salam purchased the lease and moved into the office in December 2002; and
 - She had the Tree logo painted over in August 2003.
10. On September 4, 2003 Investigators, Senum and Schoemaker, met Shefik outside of his West Vancouver residence. Shefik assured the Investigators that Renfrew was not acting as a bank or accepting deposits in British Columbia. However, he declined to discuss the matter further and advised the Investigators that his lawyer would contact them.
11. On September 5, 2003, Richard Attisha ("Attisha") with the law firm Harper, Grey, Easton contacted Investigator Senum by telephone. Attisha is acting for Renfrew and Shefik. Attisha directed Investigator Senum to read the Judge's decision in the matter between his clients, Renfrew and Shefik and the plaintiff, Tsang.
12. On September 9, 2003 Investigator Senum obtained a copy of the "Reasons for Judgement" by the Honourable Mr. Justice Burnyeat issued on August 8, 2003. In his judgement he states that:
- At paragraph 32, Justice Burnyeat says, "There is sufficient information before me, which would allow me to conclude that Renfrew was properly served as I am satisfied that Mr. Shefik was transacting or carrying on "any of the business of" or "any business for" Renfrew within British Columbia", and "I find it highly unlikely that the Chair and Managing Director of the bank would not carry on some of the business of the bank from the location where he maintains a residence. Second, the affidavits of the Plaintiff and the Defendant, Grant Q. N. Meng allow me to conclude the deposits are solicited and/or facilitated in British Columbia by Mr. Shefik on behalf of Renfrew. Certainly, it can be said that Mr. Shefik was advising potential depositors as to how deposits can be made with Renfrew."
 - At paragraph 33, Justice Burnyeat says, "...the presence of what Renfrew describes as a "representative office" in Canada, and the fact that there is an office in Vancouver bearing the corporate logo of Renfrew, allows me to conclude that Renfrew itself is transacting or carrying on business within British Columbia." and "By providing the Plaintiff with the necessary documentation to make a deposit and by allowing those documents to be signed in British Columbia prior to a deposit being accepted, I can conclude that banking and trust business were being conducted by Renfrew within British Columbia. As well, the affidavit of Mr. Meng allows me to conclude that Renfrew has taken deposits and provided similar documentation to others within British Columbia."

- At paragraph 34, Justice Burnyeat says, "...I can also concluded that Mr. Shefik was the agent of Renfrew as he was transacting or carrying on the business of Renfrew or, alternatively, was carrying on at least, "any business" for Renfrew. The introduction of the Plaintiff to Renfrew with the knowledge that the Plaintiff wished to make a deposit with Renfrew is the carrying on of at least some of the business of Renfrew within British Columbia. I am satisfied that Renfrew is "here".
 - At paragraph 48, Justice Burnyeat says, "...I am satisfied that Renfrew does conduct business within British Columbia, even though it is not extra-provincially registered within the province." and "While Renfrew may not have a "branch" in British Columbia, it is clear that it has a "representative office" in the province and that its Chair and Managing Director resides in this province." and "... the document was mailed from British Columbia, the funds were transferred from British Columbia, and the funds were to be returned to British Columbia."
13. In his conclusions, Justice Burnyeat says at paragraph 71, "The declarations sought by Renfrew Security Bank and Trust (Offshore) Ltd. are denied and it is declared that British Columbia will have jurisdiction to hear the disputes between the parties arising out of the Statement of Claim of the Plaintiff..." (Larson advised Investigator Senum that Attisha, on behalf of Renfrew, has filed an appeal of Justice Burnyeat's judgement.)
 14. On September 15, 2003, the Office of the Superintendent of Financial Institutions ("OSFI") for the Federal Government of Canada, verbally confirmed that Renfrew does not hold a charter to operate as a bank in Canada.
 15. On September 23, 2003, OSFI advised by fax, "Renfrew Security Bank and Trust is not licensed as a chartered bank in Canada." The fax further advised that Renfrew's conduct came to OSFI's attention when a Canadian resident did not recover their deposit. (*The name of the Canadian resident and the outcome of OSFI's investigation were not disclosed*).
 16. Renfrew does not have a business authorization nor is Renfrew otherwise permitted to carry on deposit business in the Province of British Columbia pursuant to section 81(1) of the Financial Institutions Act (the "Act"). Further, Renfrew does not have a business authorization nor is Renfrew otherwise permitted to carry on trust business in the Province of British Columbia pursuant to section 70(a) of the Act.

AND WHEREAS the Superintendent is of the opinion that by the above acts or conduct, Renfrew and Shefik are committing an act or pursuing a course of conduct that does not comply with the Act.


AND WHEREAS the Superintendent considers, pursuant to Section 238(1)(b) of the Act that the length of time that would be required to hold a hearing would be detrimental to the due administration of the Act.

NOW THEREFORE the Superintendent orders, pursuant to Sections 238 and 244(2), that:

- (a) Renfrew Security Bank and Trust (Offshore) Ltd. and Bumen Shefik cease from either directly or indirectly carrying on trust or deposit business, including inviting, offering or soliciting, the investing or depositing of monies; and
- (b) Cease using the word "trust" or "deposit", and any other words in a way likely to deceive or mislead the public about their ability to undertake "trust" or "deposit" business in British Columbia or to give the false impression that they are operating a trust or deposit taking company authorized to carry on trust or deposit taking business in British Columbia.

TAKE NOTICE THAT Renfrew Security Bank and Trust (Offshore) Ltd. and Bumen Shefik have a right to a hearing or an appeal under Sections 238(2) and 242 of the Act.

Dated at the
City of Vancouver,
Province of British Columbia
this 1st day of October, 2003.



W. Alan Clark
Superintendent of Financial Institutions
Province of British Columbia

TO: Renfrew Security Bank and Trust (Offshore) Ltd.
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