



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

- AND -

IN THE MATTER OF ICL INSTA-CASH LOANS
SYSTEMS (CANADA) INC.,
INSTA-CASH LOANS DIV OF KLEINCORP MGMT. INC.,
AND
DARYL JOSEPH KLEIN

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. ICL INSTA-CASH LOANS SYSTEMS (CANADA) INC. ("ICL") was incorporated in British Columbia on October 24, 2000, under the Company Act, having incorporation #0616359.
2. The sole officer and director of ICL is Daryl Joseph Klein, ("Klein").
3. ICL conducts business at 201 Selby Street, Nanaimo, British Columbia, which is also the registered and records office of ICL.
4. ICL also does business as Insta-Cash Loans Div of Kleincorp Mgmt. Inc.
5. On July 6, 2003, the Financial Institutions Commission ("FICOM") received a copy of correspondence from William Ting, ("Ting") an Investigator with the British Columbia Securities Commission, addressed to ICL.
6. The information received from Ting indicated that ICL was receiving money on deposit from numerous individuals, and the amount of money on deposit was uncertain.

**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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7. On January 8, 2004, Investigators David Campbell ("Campbell") and Colin Parcher ("Parcher") met with Klein, at which time the following information was learned:
- (a) Klein was a pawn broker, and only dealt in collateral loans of short duration – 30 days or less.
 - (b) If the borrower wished to extend the loan, further fees would be assessed.
 - (c) Klein stated that he did not lend his own money, but rather the money from "deposits" was held in a "quasi trust".
 - (d) Klein state that this money was "deposited" into a capital pool, from which loans to borrowers were advanced.
 - (e) This capital pool has approximately \$1.5 million at this time, of which all but \$50,000 is invested.
 - (f) "Investors" are guaranteed a 4.5% return per month, or 54% per annum.
 - (g) "Investors" funds are available to them on 48 hours notice, and are secured by a Loan Trust Deposit Agreement and Financing Commitment, which indicates the rate of return.
 - (h) ICL earns its income from the following fees paid by borrowers on 30-day collateralized loans:
 - 24.5% per month pawn fee.
 - ii. 4.5% monthly fee to cover interest paid to depositors.
 - iii. document fees paid by borrowers.
 - (i) Bick Financial Services Inc. ("Bick") and its owner, Douglas Arnold Clarke, ("Clarke") assisted ICL in securing "investors" in British Columbia.
 - (j) Initially, all funds forwarded by Bick to ICL were personal funds of Clarke. More recently, Clarke has been soliciting funds from his mutual fund clients to invest in Bick. Subsequently, funds from Bick are "deposited" with ICL, and can be attributed to individual Bick clients.
 - (k) ICL also maintains accounts for other groups of individuals.

8. The Financial Institutions Act (the "FIA") defines deposit business as follows:

"Deposit business" means the business of receiving on deposit money that is repayable

on demand,

after notice,

- (c) on expiry of a specific specified term, or
at specified intervals for a specified term"

9. Section 81(1) of the FIA states as follows:

"A person must not carry on deposit business in British Columbia unless the person is

- (a) a trust company or extra-provincial trust company that has a business authorization to carry on deposit business,
- (b) a credit union that has a business authorization to carry on deposit business,
- (c) a bank, or
- (d) a corporation that is the subsidiary of a bank and is a loan company to which the Trust and Loan Companies Act Canada applies."

9. Section 31 of the FIA states as follows:

"A person must not use

- (a) any of the words
- (i) "trust" or "trustee",
- (ii) "deposit" or "loan", or
- (iii) "insurance", "assurance" or "insurer", or
- (b) any other words in connection with the business of a person, in a way likely to

deceive or mislead the public about the ability of the person to undertake trust business, deposit business or insurance business, or

- (d) give a false impression that the person is a trust company or insurance company, as the case may be.”

10. ICL has not filed an application for a business authorization under the FIA.

AND WHEREAS the Superintendent is of the opinion that by the above acts or conduct, ICL Insta-Cash Loans Systems (Canada) Inc., Insta-Cash Loans Div of Kleincorp Mgmt. Inc., and Daryl Joseph Klein are carrying on deposit business in British Columbia while prohibited from carrying on deposit business in British Columbia pursuant to Section 81 of the *Financial Institutions Act* and are accordingly committing an act or pursuing a course of conduct that does not comply with the *Financial Institutions Act*.

AND WHEREAS the Superintendent is of the opinion that by the above acts or conduct, ICL Insta-Cash Loans Systems (Canada) Inc., Insta-Cash Loans Div of Kleincorp Mgmt. Inc., and Daryl Joseph Klein have, contrary to section 31 of the *Financial Institutions Act*, used the words “trust”, “trustees” and other words in connection with their business in a way likely to deceive or mislead the public about their ability to undertake trust business, and have given a false impression that they are a trust company and are accordingly committing acts or pursuing a course of conduct that does not comply with the *Financial Institutions Act*.

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

NOW THEREFORE the Superintendent orders pursuant to Sections 244(2) and 238 of the *Financial Institutions Act* that ICL Insta-Cash Loans Systems (Canada) Inc., Insta-Cash Loans Div of Kleincorp Mgmt. Inc., and Daryl Joseph Klein:

- 1 Cease from either directly or indirectly carrying on deposit business in British Columbia.
- 2 Cease from using the words “trust” or “trustee”, or any other words in connection with the business or the person, in a way likely to:
 - (a) Deceive or mislead the public about the ability of the person to undertake trust business, or
 - (b) Give a false impression that the person is a trust company.

TAKE NOTICE THAT ICL Insta-Cash Loans Systems (Canada) Inc., Insta-Cash Loans Div of Kleincorp Mgmt. Inc., and Daryl Joseph Klein, have a right to a hearing or an appeal under Sections 238(2) and 242 of the *Financial Institutions Act*.

Dated at the
City of Vancouver,
Province of British Columbia
this 16th day of January, 2004.



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

TO: ICL Insta-Cash Loans Systems (Canada) Inc.
201 Selby Street
Nanaimo, British Columbia
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Insta-Cash Loans Div of Kleincorp Mgmt. Inc.
201 Selby Street
Nanaimo, British Columbia
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Daryl Joseph Klein
c/o ICL Insta-Cash Loans Systems (Canada) Inc.
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