

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

AND

WORLDTRANSACT FINANCIAL LIMITED, WORLDTRANSACT ASSET GROUP INC.
individually and doing business as WORLDTRANSACT FINANCIAL GROUP and
WORLDTRANSACT BANK, CRAIG MARK FOURIE, DANIEL DUCETTE, GARY G.B.
MACDONALD, and TOSHIO YAMAGUCHI

ORDERS UNDER SECTIONS 244(2) AND 238, AND

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

UPON REVIEWING THE SUBMISSIONS AND EXHIBITS OF STAFF, it appears to the Superintendent of Financial Institutions (the "Superintendent") that:

1. The Financial Institutions Commission received a complaint regarding possible deposit taking in British Columbia by World Transact Financial Group ("WTFG") after Canada Customs seized a credit card making machine. WTFG operates a website at <http://www.worldtransactfinancial.com>. The website lists a contact address at 1260 – 1500 West Georgia Street, Vancouver, British Columbia V6G 2Z6, with the contact person being Mr. Craig Fourie ("Fourie").
2. The website offers many financial services and products offered by WTFG which includes the Worldtransact Bank and represents that:

Worldtransact offers high return interest savings accounts. Our clients assets grow faster than even the majority of private banks around the world over and above their tax efficiencies. Choose from 5 account types to suit your current requirements or diversify by choosing two or more accounts for your assets.

We seek to achieve this goal by delivering **creative, customized solutions**. Our solutions are designed to meet your investment needs, and also comprehensively address the financial challenges you face. Because of our ideal size, we can mobilize teams of multi-disciplinary experts to explore the various ways in which we can meet your individual requirements.

We are able to draw on the expertise of **professionals in over 12 different fields**. Their combined skill and experience enables us to provide fully integrated asset management services to you, our clients.

Superintendent of Financial Institutions

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3. Also on the WTFG website under Financial Products it states:

SAVINGS ACCOUNTS

Saving money shouldn't cost money. Term deposits might not always be a viable solution for certain clients who require continuous access to their assets. Worldtransact believes everyone should have a choice and not be penalized for it by forfeiting earning interest.

We pay high interest on your money with no hidden service charges or fees - And you always have access to your money.

Worldtransact Bank offers **two types of savings accounts**.

INVESTMENT ACCOUNTS

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Our investment accounts constitute 3specific investments:

A basic fixed term deposit investment by which your assets are managed and maximized within our low risk yielding core of opportunities.

For investors looking to capitalize on the most compelling opportunities, Worldtransact Bank offers a competitive range of professionally-managed investment funds to help meet your financial needs and objectives.

Portfolios requiring a solid, long term investment opportunity, the Worldtransact Bank Corporate Bond is ideal producing high interest for a maximum of 3 years.

Each of our investment funds represent a pool of assets owned by multiple individual shareholders. Through this strength in numbers you will have access to international investment opportunities at an institutional level that can achieve diversification normally only available to much larger investors houses. This collective approach also allows you to benefit from our enhanced worldwide buying power, giving you access to top-tier investment firms.

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No entry or exit fees

Unlike many other funds, all our investment funds are no load. This means that 100% of your money will go to work for you from the very first day you invest because there is no up-front fee.

You will be kept well-informed

Investment statements showing the value of your holdings, will be provided to you depending on the fund chosen, together with the Fund's annual and interim accounts, which include current portfolio information and market commentary.

HIGH YIELD ACCOUNTS

HIGH YIELD FUNDS

The WTB High Yield Fund is an exclusive product offered only to our most experienced and discerning clients. With exceptional returns, this is an exciting fund for the most seasoned of investors. This fund requires a two year commitment and has a minimum deposit requirement of \$250,000. Please contact one of our investment specialists directly to see if you qualify.

ASSET MANAGEMENT

WTFG is a global investment management firm with offices, clients and partners spanning the world's major markets. We provide asset management services in developed and emerging equity and bond markets on behalf of institutional, retail and private clients worldwide.

Throughout our long and distinguished history, we have built our firm on a steadfast commitment to the principle of always putting our clients' interests first. Today, we continue to adhere to this fiduciary responsibility, which is the foundation of our business.

Investment performance and innovative client solutions are the pillars of our business. We provide them with global market insight, local service and a range of investment capabilities that few other firms can match.

Our Fiduciary Responsibility defines our relationship with our clients and informs every decision we take on their behalf. Our clients come first. We will not compromise their interests. These core principles form the foundation of our business – understanding our client's needs, offering informed advice and executing to provide excess alpha performance and world class client solutions.

We deliver global resources to our clients locally.

- Our investment resources operate in the local markets.
 - This enables us to provide local client service and proprietary local market insights.
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- We are committed to providing specialist teams with the resources needed to deliver successful products and performance.
4. The device seized by Canada Customs is used to create bank cards for acceptance by merchants. The following was found on the WTFG website concerning merchant accounts:

MERCHANT ACCOUNTS

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With a Worldtransact merchant account, you can accept credit card payments from your customers whether the card is present or not. Whether you operate a store that has a physical location, or an internet based venue selling goods or services, we can assist in expanding your payment options whilst reducing the overall operating costs on several levels.

Worldtransact provides you with a customizable transaction interface that accepts all major credit cards. Add an online transaction processing system that integrates the most up-to-date security features and an extensive and robust reporting system.

There are several methods available to merchants. The solution is to enter your products or services into the product database and add the payment link to your website. When buyers click on the links to pay, Worldtransact handles the sale in a secure environment and deposits payment for the sale into your account.

Online Card-Not-Present Features

A complete and professional ecommerce solution with flexible and affordable rates. Eginko can help you sell online quickly and easily. We invite you to discover our solutions. Trusted by thousands of merchants with a money back guarantee.

PRIVATE ACCOUNTS

EXECUTIVE PLUS ACCOUNTS

FIXED TERM ACCOUNTS

FOREIGN EXCHANGE

ONLINE SERVICES

ENROLLMENT

NEWSLETTER

FIXED TERM ACCOUNTS

Fixed Term Deposits are for investors who want higher rates of return than a normal deposit account but don't want to tie up their funds for long periods of time.

Put your money away for a fixed amount of time and enjoy the certainty of knowing exactly how much interest you're going to earn. And you receive all the additional benefits of being a Worldtransact client:

- Available in 14 major currencies, including sterling, US dollars, and euro
- Earn high interest rates - fixed for up to 5 years
- Interest rates increase with the size of your deposit
- Interest paid gross of tax +
- Free account opening and no annual fee
- 24 hour phone and internet banking
- International money transfers
- Professional and courteous service

Fixed Term Deposit Account could be exactly what you need if:

- You'd like the personal service offered by a private bank
- You're not comfortable with fluctuations in the market
- You prefer to know exactly what your investment will earn
- You're looking for a way to grow extra savings or a lump sum of capital with virtually no risk

Interest Rates

Withdrawals at any time other than maturity will incur a handling fee plus the cost to Worldtransact of funding the repayment at 5% a month.

+ Interest is paid gross of tax, calculated daily and paid on maturity, or annually for sterling deposits of more than one year. No interest is payable if the balance falls below the minimum account opening balance.

EXECUTIVE PLUS ACCOUNTS

Combating inflation, taxable jurisdictions and negative markets can be an unyielding responsibility and risk.

Worldtransact Private Accounts provide an array of high performance money market accounts ensuring your current financial situation and requirements are met. Our executive plus savings accounts eliminate any risk as your funds are guaranteed whilst returning higher interest than even most private banks offer.

Executive Plus will simplify your financial life because in one account you'll be able to:

- Benefit from the expertise of a dedicated professional account manager
- Transact in major currencies
- Earn competitive tiered interest rates
- Receive gross interest monthly (no tax deducted at source)
- Be assured of personal service

Clients can also request a debit card account to access their funds anywhere in the world at over 900,000 locations.

There are two Worldtransact's executive plus accounts you maybe eligible that depends on the total sum of assets you are able to deposited.

* Potential clients should note that although interest is paid gross, you may be liable to tax on such income in the jurisdiction in which you pay tax. In these circumstances, you are obliged to declare this income to the relevant tax authority.

LEGAL INFORMATION

Please read the IMPORTANT INFORMATION below before proceeding, as it explains certain restrictions on the distribution of information available on this website.

Worldtransact Financial Group website

This website (hereinafter the "Site") is operated by the Worldtransact Financial Group (hereinafter "Worldtransact Financial").

Local Restrictions

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United Kingdom

To the extent that any services, information, or opinions available on the Site are aimed at residents of the United Kingdom, such services, information, and opinions have been approved by Worldtransact Financial, an entity regulated by the Financial Services Authority. Persons or entities dealing with entities of Worldtransact Financial outside the United Kingdom may not be entitled to protection under UK legislation or compensation under the Financial Services Compensation Scheme.

5. Worldtransact Financial Group is not authorized or otherwise registered by the UK Financial Services Authority to undertake regulated activity.
 6. On September 13, 2007 Clemons attended at 1260 – 1500 West Georgia Street, the office of WTFG. The name “Worldtransact Bank” is etched in the glass door of the independent office and on the office directory in the lobby. Clemons spoke to Fourie who identified himself as the CEO of WTFG. Fourie stated that:
 - (a) the company was established in New Zealand and has been operating since February 14, 2007;
 - (b) he does all his work overseas and has a Japanese customer base. He does no work out of Vancouver, and the only reason his office is located in this area is because his residence is here;
 - (c) the company provides customers with deposit accounts including savings accounts, term deposits, and various types of investments including mutual funds;
 - (d) the company uses Citi Bank Hong Kong;
 - (e) the company has five employees in Vancouver;
 - (f) there are no other locations in Canada;
 - (g) their sales agents are based in Hong Kong;
 - (h) the WTFG website contains all of the company information; and
 - (i) there is a paper company in New Zealand affiliated to WTFG.
 7. Fourie has a current British Columbia driver’s licence, his full name is Craig Mark Fourie, and his residential address is [REDACTED], British Columbia.
 8. Fourie is the registered administrator of the WTFG website and the administrator address is 1260 – 1500 West Georgia Street, Vancouver, British Columbia V6G 2Z6, email domains@worldtransact.com, telephone number 604 960-9946, fax number 604 960-0231. These are British Columbia telephone numbers.
 9. The website www.worldtransact.com appears to be operated by WTFG and Fourie.
 10. While reviewing the WTFG website, Clemons located a company called Worldtransact Asset Group Inc. (“WTAG”) with the same address as WTFG, 1260 – 1500 West Georgia Street, Vancouver, British Columbia V6G 2Z6.
 11. On September 14, 2007, Clemons conducted a Google search for WTAG, and received a message stating that in order to display language characters
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correctly, you need to install the Japanese language.

12. Neither WTAG nor WTFG are federally registered companies.
 13. On September 19, 2007, Clemons and Colin Parcher, Manager, Investigative Services, attended the WTFG office at 1260 – 1500 West Georgia Street and interviewed Fourie for a second time. In this interview, Fourie stated the following:
 - (a) Although the website markets Mastercard/Visa services for mercantile customers and debit cards for depositors, Fourie states these services are not available at this time. Fourie states this reference is on the WTFG website because they had copied a lot of the information from another financial group.
 - (b) Blank Visa debit cards have been printed naming Worldtransact Financial as the issuing financial institution. [A copy of a card was provided.]
 - (c) The money depositors have invested with WTFG is deposited in the First Caribbean Bank ("First Caribbean") in the Virgin Islands.
 - (d) WTFG has approximately 380,000 in Euro funds currently on deposit at First Caribbean as of February, 2007.
 - (e) The depositors receive a receipt upon deposit and monthly statements from WTFG, and sign an agreement with First Caribbean of which the depositor gets a copy. The transactions are done over the wire.
 - (f) WTFG uses TD Canada Trust in Vancouver for their Vancouver operational expenses such as rent, etc.
 - (g) He admitted he is not registered with the Financial Services Authority in the United Kingdom; that reference on the website came from information copied from the other financial group.
 - (h) The parent company is WTAG, and all deposits are taken by that company.
 - (i) WTFG is incorporated in New Zealand, registration #1908088. Fourie is the sole director and shareholder.
 - (j) WTFG is not registered in British Columbia because of the start-up costs, operating costs, and bureaucracy involved in the process. New Zealand was chosen as the process was easier.
 - (k) He had a credit card business in Vancouver five years ago, but had to close it down as it was too costly to operate.
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- (l) The reference to the business being subject to Swedish law is not accurate and is information copied from the other financial group.
14. Fourie provided the New Zealand incorporation documents and the business was incorporated on February 14, 2007 under the name Worldtransact Financial Limited ("WTFL"). Its resident agent is Auckland Compliance Ltd., Level 3, Suite 24, 60 Cook Street, Auckland, New Zealand. Fourie is registered as the sole director and shareholder with an address of 505-305 Lonsdale Avenue, North Vancouver, British Columbia V7M 2G3.
15. The New Zealand registration states that WTFL is authorized to conduct deposit taking business and offers banking services as a finance company not as a bank registered with the Reserve Bank of New Zealand.
16. The records of the Ministry of Finance, Corporate and Personal Property Registries for the Province of British Columbia contained no information for WTFG.
17. WTAG was incorporated in British Columbia on October 28, 2005 with the following address, director and officers:
- Registered and records office: 1260 – 1500 West Georgia Street,
Vancouver, British Columbia V6G 2Z6
- Directors: Daniel Ducette, 3305 – 19 Street, Vernon, British Columbia
V1T 4B6
- Gary G. B. MacDonald, 1260 – 1500 West Georgia Street,
Vancouver, British Columbia V6G 2Z6
- Officers: Craig Mark Fourie – Chief Executive Officer, 1260 – 1500
West Georgia Street, Vancouver, British Columbia V6G 2Z6
- Toshio Yamaguchi, 1260 – 1500 West Georgia Street,
Vancouver, British Columbia V6G 2Z6.
18. Neither WTFG, WTAG, nor First Caribbean have a business authorization to conduct deposit taking in the Province of British Columbia.
19. Neither WTFG, WTAG, Worldtransact Bank, nor First Caribbean are authorized to conduct banking business by the federal Office of the Superintendent of Financial Institutions.
20. Section 1 of the *Financial Institutions Act* (the "Act") defines "deposit business" as:

"deposit business" means the business of receiving on deposit or soliciting for deposit money that is payable,

- (a) *on demand,*
- (b) *after notice,*
- (c) *on expiry of a specific term, or*
- (d) *at specified intervals for a specified term.*

21. Section 81 of the Act prohibits unauthorized deposit business:

81(1) A person must not carry on deposit business in British Columbia unless the person is,

- (a) *a trust company or extra-provincial trust corporation that has a business authorization to carry on a 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 a subsidiary of a bank and is a loan company to which the Trust and Loan Companies Act (Canada) applies.*
- (2) *Subsection (1) does not prohibit an insurance company or an extra-provincial insurance company from carrying on life insurance business in accordance with a business authorization issued to it.*

22. Section 31 of the Act further prohibits the use of the term "deposit" in a misleading way:

31 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
 - (c) *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.

23. Black's Law Dictionary (7th edition) defines "deposit" as:

The act of giving money or other property to another who promises to preserve it or to use it and return it in kind; esp. The act of placing money in a bank for safety and convenience.

24. The Oxford English Dictionary (7th edition) defines "deposit" as:

Things stored or entrusted for safekeeping. Pay as pledge for fulfilment of a contract or for the payment.

25. I find that WTFL, WTAG operate together under the same controlling mind of Fourie and also do business under the names Worldtransact Bank and Worldtransact Financial Group. WTAG also operates under the controlling minds of its other officers and directors Ducette, MacDonald and Yamaguchi.
26. WTFL and WTAG individually and doing business as Worldtransact Bank and Worldtransact Financial Group solicit deposit business and conduct deposit business. WTAG is deemed to be doing business in British Columbia by virtue of the fact that they are a British Columbia incorporated entity. All controlling minds of the operations are listed as officers and directors of WTAG, the British Columbia incorporated business. Fourie resides in British Columbia. The contact information for the deposit business is located in British Columbia. Fourie admits that WTFL and WTFG have employees in British Columbia. WTFL and WTFG rent office space and banks in British Columbia. Worldtransact Bank holds out as operating in British Columbia. The websites operated by the entities are registered to a British Columbia address and administered in British Columbia.
27. I find that WTFL, WTFG, WTAG, Fourie, Ducette, MacDonald and Yamaguchi are conducting deposit business in British Columbia without a business authorization to do so, contrary to Section 81 of the *Act*.
28. I further find that WTFL, WTFG, WTAG, Fourie, Ducette, MacDonald and Yamaguchi are using the term "deposit" in connection with their business in a way likely to deceive or mislead the public about their ability to undertake deposit business.
29. I agree with Staff that a hearing of this matter would require at least five witnesses and take approximately one week of hearing time, and could not be held for at least three months due to scheduling and preparation requirements.
30. I further agree that the length of time that would be required to hold a hearing would be detrimental to the due administration of the *Act*.
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31. These persons are not authorized to conduct deposit taking business. This means that none of the reporting, corporate governance, know your client requirements and solvency safeguards are in place to protect depositors, nor is there any deposit insurance available to depositors.
32. Deposits admittedly top 380 000 Euros. Soliciting continues through the websites www.worldtransact.com and www.worldtransactfinancial.com. There may be other marketing websites or materials of which we are unaware.
33. If this conduct continues for another three months or more, then thousands of additional deposits may be solicited and taken which is contrary to the public interest. This would enable unregulated and unsupervised funds to enter into and leave the Canadian and/or foreign financial systems. This conduct places the reputation and safety of the British Columbian, Canadian, and international financial industries at risk.

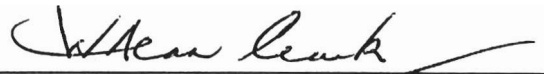
WHEREAS the Financial Institutions Commission has delegated to the Superintendent the powers and duties under section 244 of the *Act* in the Instrument of Delegation executed June 2, 2005.

NOW THEREFORE the Superintendent orders pursuant to Sections 244(2)(a) and (f)(i) and 238 of the *Act* that WORLDTRANSACT FINANCIAL LIMITED, WORLDTRANSACT ASSET GROUP INC. individually and doing business as WORLDTRANSACT BANK and WORLDTRANSACT FINANCIAL GROUP, CRAIG MARK FOURIE, DANIEL DUCETTE, GARY G. B. MACDONALD, and TOSHIO YAMAGUCHI cease from either directly or indirectly carrying on unauthorized deposit business in British Columbia.

AND FURTHERMORE the Superintendent orders pursuant to Section 244(2)(a) and (f)(i) of the *Act* WORLDTRANSACT FINANCIAL LIMITED, WORLDTRANSACT ASSET GROUP INC. individually and doing business as WORLDTRANSACT BANK and WORLDTRANSACT FINANCIAL GROUP, CRAIG MARK FOURIE, DANIEL DUCETTE, GARY G. B. MACDONALD, and TOSHIO YAMAGUCHI cease using the term "deposit" in connection with their business in a way likely to deceive or mislead the public about their ability to undertake deposit business in British Columbia.

TAKE NOTICE THAT WORLDTRANSACT FINANCIAL LIMITED, WORLDTRANSACT ASSET GROUP INC. individually and doing business as WORLDTRANSACT BANK and WORLDTRANSACT FINANCIAL GROUP, CRAIG MARK FOURIE, DANIEL DUCETTE, GARY G. B. MACDONALD, and TOSHIO YAMAGUCHI each may request a hearing before the Superintendent under section 238(2)(a) of the *Act* or appeal to the Financial Services Tribunal under section 238(2)(b) of the *Act*.

Dated at the
City of Surrey,
Province of British Columbia
this 25th day of September, 2007



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

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