



The murky beginnings of a new Canadian bank



Canadian bank headquarters stand on Bay Street in Toronto on Monday August 29, 2011.

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ROBERT FIFE > OTTAWA BUREAU CHIEF

STEVEN CHASE >

OTTAWA

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The founder and a chief investor of a new Canadian bank aimed at Chinese Canadians was fined for mishandling client insurance claims and faced allegations he duped Chinese immigrants into buying expensive policies they could not afford.

Another principal investor in Wealth One Bank of Canada misrepresented his credentials on the bank's website, claiming he was a senior ranking member of China's legislature and an advisory body to that country's leaders.

Wealth One was established with \$50-million from four key investors. Its principal goal is to get deposits from Chinese Canadians and provide mortgages.

It is one of about 30 Schedule 1 banks in Canada today, meaning it is a domestic, not foreign, bank and is licensed to accept deposits.

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The Globe and Mail delved into the business past of Shenglin Xian, president of Shenglin Financial Corp. and founder and vice-chair of Wealth One Bank of Canada, after reporting he paid \$1,500 to attend a cash-for-access Liberal Party fundraiser on May 19 at which Prime Minister Justin Trudeau was the prized guest.

At the time, Mr. Xian was waiting for final approval from the federal banking regulatory agency for Wealth One. That was granted a month later. Mr. Xian told The Globe he did not discuss Wealth One with Mr. Trudeau.

"Nothing, nothing, I just met him," he said. "We never mentioned it. It was just ... to say hi, that's all. We never mentioned ... Wealth One."

The Globe also discovered that Chinese-Canadian grocery entrepreneur Yuansheng Ou Yang, a director and key investor, misrepresented his biography on the Wealth One website. It claimed he had served as a member of China's National People's Congress, which is the country's legislature, and the Chinese People's Political Consultative Conference (CPPCC), a political advisory board to Beijing.

This would mean that Mr. Ou Yang was a powerful political figure in China before he came to Canada. In interviews The Globe conducted with four of the directors, including the chairman

and chief executive, the bank acknowledged the website information was incorrect.

"He has nothing to do with the government's congress. Nothing. Also, by law, no overseas Chinese is entitled to be a member of the Chinese congress, so there must be a translation mistake," Mr. Xian said. "He has nothing to do with the legislature, nothing to do with the congress. He is not a 100-per-cent member. He is a Canadian."

Corporate director Jeffrey Graham, who is also a lawyer with Borden Ladner, said Mr. Ou Yang's assistant "screwed up" and inflated her boss's achievements to "make him sound more impressive."

Mr. Xian said Mr. Ou Yang had been recommended by China's Toronto consul-general to visit the People's Consultative Congress on March, 2015, as an observer, and insisted his multimillionaire friend is not a big player in the eyes of China's government.

"This guy, Mr. Ou Yang, has no education. In no way would he be a person to be consulted about by the government," Mr. Xian said.

The Globe and Mail asked Wealth One about whether several incidents in Mr. Xian's career as an insurance magnate were dealt with during the federal approval process for the bank. In 2013, the Insurance Council of British Columbia fined Mr. Xian \$2,000 for proceeding with life-insurance policies for a married couple without obtaining proper written authorization on changes to the policy.

In 2003, two Chinese immigrants in Oakville, Ont., complained to Advocis, the Financial Advisors Association of Canada, alleging Mr. Xian duped them into investing \$20,000 of their savings in the first-year premiums of three life-insurance policies they could not afford. Mr. Xian later left the Financial Advisors Association "after a dispute over the findings of disciplinary panels," the Toronto Star reported in 2005.

Advocis did not respond to a request to explain what happened. In an interview on Thursday, Mr. Xian blamed a "smear campaign." He said Advocis dropped the matter. Mr. Graham said Mr. Xian was also reviewed and investigated by the Financial Services Commission of Ontario and "no regulatory action was taken."

In the B.C. matter, the Insurance Council's ruling said: "[Mr. Xian] took responsibility for his error in allowing another party to sign on behalf of the female client without proper written authorization." Mr. Xian told the council he spoke with the female client on the phone and had

obtained verbal authorization for her sister to sign on her behalf, along with a promise she would provide written authorization for this to happen. This authorization was not obtained.

"The [broker's] position was that this was an isolated event in his otherwise unblemished 22-year insurance career. [He] stated that he recognizes and is embarrassed by his error, and gave his assurance that it will not happen again," the council said.

On Thursday, Mr. Xian said his office was supposed to collect the relevant power of attorney, but his secretary resigned "because of a pregnancy complication" and it did not happen.

He also said the B.C. matter occurred in an atmosphere of rivalry from competitors, who were "trying to kill me before I was even born" in the years after he began operating in that province.

Wealth One Bank got tentative approval for letters of patent on July 22, 2015, from then-finance minister Joe Oliver. Mr. Oliver said Finance Canada officials had not raised concerns with him about Mr. Xian or any other major shareholder. "I was not made privy to any irregularities [of the shareholders]," Mr. Oliver said. "It didn't invoke anything that I can recall that was problematic. When something comes to me, it has been vetted by the appropriate authorities. The due diligence is done by the [Finance] department."

Mr. Ou Yang was sued by a minority shareholder in his grocery business, Barry Wan, who has alleged in court documents he was not paid a fair share from the Yuan Ming Supermarket. A document filed in a civil court case filed in 2013 said Mr. Ou Yang and his wife, Ming Zhu Zhuang, made "accounting irregularities." The court later ordered Mr. Ou Yang to buy out Mr. Wan's 10-per-cent interest, according to Mr. Ou Yang's lawyer, Andrea Habas.

Wealth One did not know about the civil suit, but CEO Charles Lambert said the bank had carefully vetted the directors.

"We have gone through a thorough due diligence of our directors," Mr. Lambert said. "We have obviously vetted our members quite extensively."

Another bank director is Mao Hua Chen, a wealthy Vancouver real estate developer. He and his wife, Mingyan Lin, are listed as key investors in Wealth One. The couple operate the North America Investment and Trade Promotion Association, which promotes close economic ties between Canada, China and the United States.

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351 King Street East, Suite 1600, Toronto, ON Canada, M5A 0N1

Phillip Crawley, Publisher