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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No. S-17-2242-18-CO01
Whether there has been a violation of the)
Securities Act of Washington by:) CONSENT ORDER
)
)
Fan Kam Yip;)
)
)
Respondent.)

INTRODUCTION

Pursuant to the Securities Act of Washington, RCW 21.20, the Securities Division of the Department of Financial Institutions (“Securities Division”) and Respondent Fan Kam Yip do hereby enter into this Consent Order in settlement of the matters alleged herein. Respondent Fan Kam Yip neither admits nor denies the Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

Respondent

1. Fan Kam Yip, aka Andy Yip, (“Yip”) is a resident of Bellevue, Washington. Yip is not currently registered with the Securities Division in any capacity. Between June 2008 and October 2016, Yip was registered with the Securities Division as a securities salesperson and investment adviser representative at Raymond James Financial Services (“Raymond James”). Raymond James is a member firm of the Financial Industry Regulatory Authority (“FINRA”), a self-regulatory organization. While Yip was associated with a FINRA member firm, he was required to comply with FINRA Rules. On September 14, 2016, Yip was terminated by Raymond James after a client initiated a lawsuit against Yip and the firm. Yip’s Central Registration Depository (“CRD”) number is 4775948.

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Related Party

2. Sino-US Corporate Services, LLC (“Sino-US Corp”) is a Washington State limited liability company that was formed on June 26, 2012. Yip is the manager and sole member of the company.

Nature of the Conduct

3. Between at least April and November 2013, Yip engaged in dishonest or unethical business practices by effecting transactions in securities that were not recorded on the regular books and records of his firm. In addition, Yip took steps to conceal his selling away activities from Raymond James, and he failed to disclose to Raymond James his participation in an outside business activity.

Selling Away from Raymond James

4. A securities salesperson cannot offer or sell securities that are not recorded on the regular books and records of his firm without prior written approval. If a securities salesperson offers or sells these securities without approval, it is called “selling away.” Selling away is prohibited because it prevents firms from evaluating or conducting due diligence on the securities, or determining whether the securities are suitable for its customers.

5. In or around April 2013, Yip was introduced to a weight management company (“the Company”) that was attempting to raise funds to further its business plan. The securities being issued by the Company were not on the regular books and records of Raymond James. Yip told the Company that he had a group of investors from Hong Kong and mainland China who might be interested in the Company’s offering. On April 18, 2013, Yip entered into a compensation agreement with the Company. The Company agreed to pay Yip a 6% commission for each investment that resulted from Yip referring the investor to the Company.

6. In or around June 2013, Yip recommended an investment in the Company to one of his Raymond James customers. The investment was a \$50,000 promissory note with 8% annual interest, and the first interest payment was due in six months. Yip facilitated the customer’s investment in the Company. Yip

1 reviewed the Company's financial statements, reviewed the Company's offering documents, filled out some
2 of the investment documents for the customer, collected the payment check from the customer, and delivered
3 the investment documents and payment check to the Company. The customer did not have any contact with
4 the Company before she invested. As a result of the customer's investment, Yip received a \$3,000 commission
5 from the Company.

6 7. In July 2013, Yip invited the Company to offer its investment to a delegation of prospective
7 investors from China. Yip proposed that the Company pay \$1,000 to host a lunch during the delegation's visit,
8 which was happening in August 2013. The Company would present their investment offer to the group of
9 prospective investors, and a Chinese interpreter would be made available for the Company's presentation. On
10 or around July 30, 2013, the Company paid \$1,000 to sponsor the lunch. At Yip's direction, the Company
11 wrote the payment check to Sino-US Corp, Yip's LLC. On August 5, 2013, the Company presented its
12 offering to approximately 12 prospective investors from the Chinese delegation.

13 8. On or around August 20, 2013, Yip introduced the Company to an additional prospective
14 investor. Yip facilitated negotiations between the Company and the prospective investor. Yip scheduled the
15 initial meeting between the Company and the prospective investor, attended meetings to negotiate the
16 investment offer, and delivered a negotiated draft investment offer from the Company to the prospective
17 investor. Yip also explained the prospective investor's hesitancy about investing to the Company, advised the
18 Company on possible changes to the investment offer, and delivered a \$10,000 check for earnest money from
19 the prospective investor to the Company. In the negotiations, the Company and the prospective investor
20 contemplated that Yip would receive a 6% commission in shares of the Company, and that Yip would have a
21 seat on the Company's board to represent the interests of the prospective investor. In or around November
22 2013, the prospective investor declined the Company's investment offer, and the Company ceased operations.
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Outside Business Activity

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2 12. Yip failed to disclose an outside business activity to Raymond James. FINRA Rule 3270
3 prohibits a securities salesperson from participating in an outside business activity unless the securities
4 salesperson gives prior written notice to his firm. The firm must then review the outside business activity to
5 determine whether any restrictions or conditions should be placed on the securities salesperson's participation
6 in the outside business activity. To ensure compliance with this Rule, Raymond James's internal policies
7 required that Yip disclose all of his outside business activities to the firm, and that Yip get approval from the
8 firm before he engaged in any outside business activity. In 2012, Yip attested in the firm's annual compliance
9 questionnaire that he understood that all outside business activities must be submitted for approval before
10 engaging in the activity.

11 13. On or around June 26, 2012, Yip formed Sino-US Corp, a limited liability company. Yip was
12 the sole member of the LLC, which received income from his wife's notary business. As described above,
13 Yip used Sino-US Corp for securities-related activities when he instructed the Company to make its \$1,000
14 payment check payable to the LLC. Despite his ownership of the LLC, the receipt of income from the LLC,
15 and Yip's use of the LLC for securities-related activities, Yip did not disclose the outside business activity to
16 Raymond James.

FINRA Action

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19 14. On or around August 25, 2017, Yip entered into a Letter of Acceptance, Waiver, and Consent
20 ("AWC") with FINRA. In the AWC, FINRA alleged that Yip violated NASD Rule 3040 (now FINRA Rule
21 3280) and FINRA Rule 2010 by engaging in a private securities transaction with the Raymond James
22 customer. The AWC also alleged that Yip failed to disclose his participation in the private securities
23 transaction to Raymond James by falsely answering the firm's 2014 and 2015 compliance questionnaires.
24 Without admitting or denying FINRA's allegations, Yip agreed to a three month suspension from association
25

1 with any FINRA member firm, and he agreed to pay restitution in the amount of \$5,000 to the Raymond
2 James customer.

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4 Based upon the above Findings of Fact, the following Conclusions of Law are made:

5 **CONCLUSIONS OF LAW**

6 1. Fan Kam Yip engaged in dishonest or unethical practices as a securities salesperson, as defined
7 by WAC 460-22B-090(2), by effecting securities transactions away from Raymond James. Such conduct is
8 grounds for the denial of any future securities salesperson registration applications, the imposition of a fine,
9 and the charging of costs pursuant to RCW 21.20.110(1)(g) and RCW 21.20.110(7).

10 2. Fan Kam Yip engaged in dishonest or unethical practices as a securities salesperson, as defined
11 by WAC 460-22B-090(19), by failing to disclose his outside business activity to the firm in violation of
12 FINRA Rule 3270. Such conduct is grounds for the denial of any future securities salesperson registration
13 applications, the imposition of a fine, and the charging of costs pursuant to RCW 21.20.110(1)(g) and RCW
14 21.20.110(7).

15 3. Fan Kam Yip engaged in dishonest or unethical practices as an investment adviser
16 representative, as defined by WAC 460-24A-220(20), by taking steps to conceal from Raymond James that
17 he was selling away. Such conduct is grounds for the denial of any future investment adviser representative
18 registration applications, the imposition of a fine, and the charging of costs pursuant to RCW 21.20.110(1)(g)
19 and RCW 21.20.110(7).

20 4. Fan Kam Yip is the subject of a settlement with FINRA that suspended his association with
21 any FINRA member firm for three months. This suspension of Yip's registration by a self-regulatory
22 organization is grounds for the denial of any future securities salesperson or investment adviser representative
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1 registration applications, the imposition of a fine, and the charging of costs pursuant to RCW
2 21.20.110(1)(e)(iii) and RCW 21.20.110(7).

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4 Based upon the foregoing and finding it in the public interest:

5 **CONSENT ORDER**

6 IT IS AGREED AND ORDERED that Respondent Fan Kam Yip shall not make application for, nor
7 be granted, securities salesperson or investment adviser representative registration for a period of six months
8 from the entry of this Consent Order.

9 IT IS FURTHER AGREED AND ORDERED that Respondent Fan Kam Yip shall be liable for and
10 shall pay a fine of \$1,000 on or before the entry of this Consent Order.

11 IT IS FURTHER AGREED AND ORDERED that Respondent Fan Kam Yip shall be liable for and
12 shall pay the investigative costs of this matter in the amount of \$500 on or before the entry of this Consent
13 Order.

14 IT IS FURTHER AGREED that the Securities Division has jurisdiction to enter this Consent Order.

15 IT IS FURTHER AGREED that Respondent Fan Kam Yip entered into this Consent Order freely and
16 voluntarily and with a full understanding of its terms and significance.

17 IT IS FURTHER AGREED that, in consideration of the foregoing, Respondent Fan Kam Yip waives
18 his right to a hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05
19 RCW.
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22 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**
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Signed this 21st day of June 2018.

Signed by:

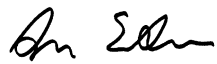
/s/
Fan Kam Yip, CRD #4775948

SIGNED and ENTERED this 25th day of June 2018.



William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Holly Mack-Kretzler
Financial Legal Examiner

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor