



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- AND -

**IN THE MATTER OF
KNOWLEDGE FIRST FINANCIAL INC.**

ORDER

WHEREAS on August 10, 2012, the Ontario Securities Commission (the “Commission”) ordered pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5 as amended (the “Act”) and with the consent of Knowledge First Financial Inc. (“KFFI”) that the terms and conditions set out in Schedule “A” to the Commission order (the “Terms and Conditions”) be imposed on KFFI (the “Temporary Order”);

AND WHEREAS on August 21, 2012, the Commission extended the Temporary Order against KFFI until November 14, 2012;

AND WHEREAS the Terms and Conditions required KFFI to retain a consultant (the “Consultant”) to prepare and assist KFFI in implementing plans to strengthen their compliance systems and to retain a monitor (the “Monitor”) to review all applications of New Clients and contact New Clients as defined and set out in the Terms and Conditions;

AND WHEREAS KFFI retained Deloitte & Touche LLP as its Monitor and retained Sanford Eprile & Company as its Consultant;

AND WHEREAS on September 24, 2012, KFFI brought an application for directions seeking interpretations of paragraphs 5 and 6 of the Terms and Conditions;

AND WHEREAS by Order dated October 10, 2012, the Commission clarified the process to be followed by the Monitor including the suitability guidelines to be applied, set out the content of the Monitor's bi-weekly reports and extended the time for the Monitor to complete calls to New Clients and, in appropriate cases, to unwind New Clients' plans;

AND WHEREAS by Order dated November 14, 2012, the Commission extended the Temporary Order until December 21, 2012 on the consent of the parties and adjourned the hearing to December 20, 2012;

AND WHEREAS by Order dated December 20, 2012, the Commission: (i) deleted and replaced paragraph 5 of the Terms and Conditions with paragraphs 5.1 and 5.2 which set out the sample of New Client applications to be reviewed by the Monitor and the sample of New Clients to be contacted by the Monitor; and (ii) extended the Temporary Order to March 22, 2013;

AND WHEREAS the Consultant has filed the following documents with the OSC Manager as required by the Terms and Conditions: (i) the Consultant's Plan dated October 10, 2012; (ii) an amended Consultant's Plan dated November 16, 2012; and (iii) five Progress Reports dated November 9, December 10, 2012, January 9, February 8 and March 11, 2013;

AND WHEREAS the Monitor has filed eleven Monitor reports with the OSC Manager as required by the Terms and Conditions;

AND WHEREAS Staff has filed an Affidavit of Lina Creta sworn March 15, 2013 setting out the work completed by the Monitor and the Consultant;

AND WHEREAS the Consultant has provided a letter to the OSC Manager stating that the Consultant does not object to a suspension of the role of the Monitor given the progress made by KFFI implementing the Consultant's Plan and given that the implementation of the new KYC and suitability policy and procedures is scheduled to commence on April 8, 2013;

AND WHEREAS the parties agree that: (i) the role and activities of the Monitor set out in paragraphs 5, 6, 7 and 8 of the Terms and Conditions as amended by Commission Order dated December 20, 2012 should be suspended as of April 5, 2013; (ii) the Monitor will report to the

OSC Manager on its findings up to and including April 5, 2013 in its final Monitor report; and (iii) the Temporary Order should be extended until June 20, 2013;

AND WHEREAS the Commission considers that it is in the public interest to make this Order;

IT IS HEREBY ORDERED pursuant to section 127 of the Act that:

1. As of the close of business on April 5, 2013, the role and activities of the Monitor as set out in paragraphs 5, 6, 7 and 8 of the Terms and Conditions, as amended by Commission Order dated December 20, 2012, and the activity of KFFI as set out in paragraph 8 of the Terms and Conditions will be suspended.
2. Further to paragraph 10 of the Terms and Conditions, the resumption of any future monitoring or any subsequent changes to that monitoring in furtherance of the implementation of the Plan, if any, shall take place on the recommendation of the Consultant and with the agreement of the OSC Manager and the parties may seek the direction from the Commission in the event that the parties are unable to agree on any future possible monitoring.
3. The Temporary Order is extended to June 20, 2013 or until such further order of the Commission.
4. The hearing is adjourned to June 19, 2013 at 11:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Consultant and to consider the possible extension of the Temporary Order.

DATED at Toronto this 21st day of March, 2013.

“James E. A. Turner”

James E. A. Turner