



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
CHILDREN'S EDUCATION FUNDS INC.**

ORDER

WHEREAS on September 14, 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 Children's Education Funds Inc. ("CEFI") that the terms and conditions (the "Terms and Conditions") set out in Schedule "A" to the Commission order dated September 14, 2012 be imposed on CEFI (the "Temporary Order");

AND WHEREAS on September 14, 2012, the Commission ordered that the Temporary Order shall take force immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission and ordered that the matter be brought back before the Commission on September 26, 2012 at 10:00 a.m.;

AND WHEREAS on September 20, 2012, the Commission issued a Notice of Hearing pursuant to section 127 in respect of a hearing to be held on September 26, 2012 at 10:00 a.m. to consider whether, in the opinion of the Commission, it was in the public interest, pursuant to subsection 127(7) and (8) of the Act to extend the Temporary Order;

AND WHEREAS on September 26, 2012, Staff of the Commission ("Staff") filed with the Commission the Affidavit of Maria Carelli sworn September 18, 2012 in support of the extension of the Temporary Order;

AND WHEREAS on September 26, 2012, the Commission extended the Temporary Order against CEFI until December 7, 2012 and ordered that the matter be brought back before the Commission on December 6, 2012 at 10:00 a.m.;

AND WHEREAS the Terms and Conditions of the Temporary Order required CEFI to retain a consultant (the “Consultant”) to prepare and assist CEFI 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 set out in the Terms and Conditions;

AND WHEREAS CEFI retained Compliance Support Services Inc. (“Compliance Support”) as both its Monitor and its Consultant;

AND WHEREAS Compliance Support filed its Consultant’s plan on October 2, 2012 and filed an addendum to Consultant’s plan with the OSC Manager on November 12, 2012;

AND WHEREAS on December 6, 2012, Staff filed an Affidavit of Lina Creta sworn December 3, 2012 setting out the monitoring and consulting work completed to date by Compliance Support;

AND WHEREAS on December 6, 2012, the Commission approved a revised monitoring regime which consisted of a review of a random sample of 50% of applications from new clients of CEFI with an income less than \$50,000 and a random sample of 10% of applications from new clients with an income greater than \$50,000 for the purpose of ensuring adequate KYC Information in order to determine suitability of the investment and should the Monitor not be satisfied with the KYC Information for this purpose, to contact the new client;

AND WHEREAS on December 6, 2012, the Temporary Order was extended to March 1, 2013 and adjourned the hearing to February 28, 2013 at 10:00 a.m. for the purpose of providing the Commission with an update on the work completed by the Monitor and the Consultant and to consider whether any changes are required to the Terms and Conditions;

AND WHEREAS on February 28, 2013, the Commission varied the terms of the monitoring set out in paragraph 5 of the Terms and Conditions, extended the Temporary Order to May 13, 2013 and adjourned the hearing to May 10, 2013;

AND WHEREAS on May 10, 2013, Staff filed an Affidavit of Lina Creta sworn May 9, 2013 attaching the Progress report and Monitor reports filed with Staff since February 23, 2013

and attached a letter to the OSC Manager dated May 7, 2013 stating that the Consultant recommends a suspension of the Monitor;

AND WHEREAS on May 10, 2013, the Commission ordered: (i) as at the close of business on May 10, 2013, the role and activities of the Monitor shall be suspended; (ii) the Temporary Order extended to July 22, 2013; and (iii) the hearing adjourned to July 19, 2013 at 10:00 a.m.;

AND WHEREAS on July 19, 2013, Staff filed an affidavit of Lina Creta sworn July 17, 2013 which attached the fifth progress report dated July 15, 2013;

AND WHEREAS the parties agree that paragraphs 4, 5, 6, 7, 8, 9, 10, 11 and 12 of the Terms and Conditions can be deleted and paragraph 12 replaced as set out below;

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. paragraphs 4, 5, 6, 7, 8, 9, 10 and 11 of the Terms and Conditions are deleted;
2. paragraph 12 of the Terms and Conditions is deleted and replaced with “12.1 CEFI is prohibited from opening any new branch locations unless the Consultant has provided a letter in writing to the OSC Manager, in respect of each proposed new branch location, confirming that the new branch location has a suitable branch manager and that CEFI has sufficient compliance resources to oversee the proposed new branch location.”;
3. the Temporary Order is extended to August, 28, 2013; and
4. the hearing in this matter is adjourned to August 26, 2013 at 10:00 a.m.

DATED at Toronto this 19th day of July, 2013.

“James E. A. Turner”

James E. A. Turner