



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 is 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 filed the Affidavit of Maria Carelli sworn September 18, 2012 with the Commission 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 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 the Consultant’s plan with the OSC manager on November 12, 2012;

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

AND WHEREAS Staff has advised that Staff’s investigation of CEFI is ongoing;

AND WHEREAS Staff requests that the Temporary Order be extended until March 1, 2013 and counsel for CEFI has advised that CEFI consents to the terms of this Order;

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. Paragraph 5 of the Terms and Conditions is deleted and replaced as follows:

“5. As of December 3, 2012, the Monitor will:

(a) review a random sample of 50% of applications from New Clients of CEFI with an income less 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, contact the New Client; and

(b) review a random sample of 10% of applications from New Clients of CEFI 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, contact the New Client.”

2. The Temporary Order is extended to March 1, 2013 or until such further order of the Commission; and
3. The hearing is adjourned 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.

DATED at Toronto this 6th day of December, 2012.

“James E. A. Turner”

James E.A. Turner