



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 orders (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 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 by Order dated March 21, 2013, the Commission ordered: (i) the role of the Monitor suspended effective April 5, 2013; (ii) the Temporary Order be extended to June 20, 2013; and (iv) the hearing be adjourned to June 19, 2013 at 10:00 a.m.;

AND WHEREAS the Monitor has filed its last Monitor report with the OSC Manager as required by the Terms and Conditions on April 6, 2013;

AND WHEREAS the Consultant has filed 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) eight Progress Reports;

AND WHEREAS by Order dated June 18, 2013, the Commission ordered: (i) the Temporary Order be extended to June 25, 2013; (ii) the hearing be adjourned to June 21, 2013 at 2:00 p.m.; and (iii) the hearing date of June 19, 2013 be vacated;

AND WHEREAS Staff has filed an Affidavit of Lina Creta sworn June 20, 2013 attaching the Monitor Reports dated March 23 and April 6, 2013, the Progress Reports dated April 10, May 10 and June 10, 2013 and a letter from the Consultant stating that the Consultant does not object to the suspension of the condition in paragraph 12 of the Terms and Conditions;

AND WHEREAS the parties agree that paragraphs 4, 5, 6, 7, 8, 9, 10, 11 and 12 of the Terms and Conditions should be deleted and replaced with paragraphs 11.1 and 12.1 set out in this Order;

AND WHEREAS the parties agree that: (i) the Temporary Order be extended to October 24, 2013; and (ii) the hearing be adjourned to October 22, 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. Paragraphs 4, 5, 6, 7, 8, 9 and 10 of the Terms and Conditions are deleted.
2. Paragraph 11 of the Terms and Conditions is deleted and replaced with:
“11.1 The Consultant shall submit Progress Reports on a bimonthly basis, with the next such report to be submitted no later than August 10, 2013, until the Plan has been fully implemented.”
3. Paragraph 12 of the Terms of Conditions is deleted and replaced with:
“12.1 KFFI 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 KFFI has sufficient compliance resources to oversee the proposed new branch location.”
4. The Temporary Order is extended to October 24, 2013.
5. The hearing is adjourned to October 22, 2013 at 3:00 p.m.

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

“James E. A. Turner”

James E. A. Turner