



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 subsections 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 ordered, with the consent of CEFI, that the Temporary Order against CEFI be extended until December 7, 2012 and 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 Commission ordered, with the consent of CEFI that the Temporary Order be extended to March 1, 2013 and the hearing be 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;

AND WHEREAS on February 28, 2013, the Commission ordered, with the consent of CEFI that: (i) the terms of the monitoring be varied as set out in paragraph 5 of the Terms and Conditions; and (ii) the Temporary Order be extended to May 13, 2013; and (iii) the hearing be adjourned to May 10, 2013;

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

AND WHEREAS on July 19, 2013, the Commission ordered, with the consent of CEFI that: (i) paragraphs 4, 5, 6, 7, 8, 9, 10 and 11 of the Terms and Conditions be deleted; (ii) paragraph 12 of the Terms and Conditions be deleted and replaced with a new paragraph; (iii) the Temporary Order be extended to August 28, 2013; and (iv) the hearing be adjourned to August 26, 2013 at 10:00 a.m.;

AND WHEREAS on August 26, 2013, the Commission ordered, with the consent of CEFI that: (i) the Temporary Order as amended by Commission Order dated July 19, 2013 be extended to September 23, 2013; (ii) the hearing be adjourned to September 20, 2013 at 10:00 a.m.; and (iii) the hearing date of August 26, 2013 at 10:00 a.m. be vacated;

AND WHEREAS on September 20, 2013, the Commission ordered that: (i) the Temporary Order be extended to October 24, 2013; and (ii) the hearing be adjourned to October 21, 2013 at 2:00 p.m.;

AND WHEREAS on October 21, 2013, Staff filed an affidavit of Lina Creta sworn October 21, 2013 which updated the Commission on Staff's dealings with CEFI and the Consultant since the last appearance;

AND WHEREAS on October 21, 2013 ,the OSC Manager testified concerning the information requested by Staff from the Consultant on October 16, 2013 and the parties made submissions on whether paragraph 13 of the Terms and Conditions should be continued and on the information requested by Staff;

AND WHEREAS on October 21, 2013, the Commission ordered that: (i) paragraphs 1, 2, 3 and 12.1 of the Terms and Conditions be deleted; (ii) the Temporary Order be extended to November 29, 2013 or until such further order of the Commission; and (iii) the hearing be adjourned to November 26, 2013 at 2:00 p.m. for the purpose of providing the Commission with an update on this matter;

AND WHEREAS on November 26, 2013, Staff filed the affidavit of Lina Creta sworn November 25, 2013 attaching the Consultant's attestation letter and the amended Chart of Progress against Plan Recommendations dated November 5, 2013;

AND WHEREAS the Consultant has confirmed that: (i) the procedures and controls recommended by the Consultant have been implemented; (ii) based on the Consultant's design, review and verification of the compliance system and structures that CEFI is complying with the new procedures and controls; and (iii) the new procedures and controls appear to be working effectively and appear to be being enforced;

AND WHEREAS the parties agree that paragraph 13 of the Terms and Conditions should be deleted and the Temporary Order revoked;

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. The remaining Term and Condition imposed by the Temporary Order, namely paragraph 13, is deleted.
2. The Temporary Order is revoked.

DATED at Toronto this 26th day of November, 2013.

"James E. A. Turner"

James E. A. Turner