



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 March 6, 2014, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) in relation to the Statement of Allegations filed by Staff of the Commission (“Staff”) on March 5, 2014 with respect to Knowledge First Financial Inc. (“KFFI”);

AND WHEREAS KFFI entered into a Settlement Agreement dated March 5, 2014 (the “Settlement Agreement”) in relation to certain of the matters set out in the Statement of Allegations;

AND WHEREAS the Settlement Agreement acknowledged KFFI’s co-operation with Staff and set out the costs incurred by KFFI in retaining an independent consultant (the “Consultant”) to prepare and assist KFFI in implementing a plan to strengthen KFFI’s “compliance system” within the meaning of section 11.1 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

AND WHEREAS the Settlement Agreement set out that a manager in the Compliance and Registrant Regulation Branch of the Commission (the “OSC Manager”) approved the amended Consultant’s plan dated November 16, 2012 and that the OSC Manager reviewed the progress reports detailing KFFI’s progress with respect to the implementation of the amended Consultant’s plan as revised by various progress reports (the “Amended Consultant’s Plan”);

AND WHEREAS the Settlement Agreement set out that the Consultant confirmed by letter dated October 17, 2013 that the Amended Consultant's Plan had been fully implemented;

AND WHEREAS the Commission issued a Notice of Hearing dated March 6, 2014, with respect to a hearing to consider the approval of the Settlement Agreement;

AND WHEREAS on March 7, 2014, the Commission ordered that: (a) the Settlement Agreement be approved; (b) no later than May 7, 2015, KFFI will provide the OSC Manager with its report which reports on whether the revised policies and procedures and internal conflicts set out in the Amended Consultant's Plan and any subsequent revisions are: (i) being followed by KFFI; (ii) working appropriately; and (iii) being adequately administered and enforced by KFFI, such report to include a description of the Consultant's testing to support its conclusions for the 12 month period ending March 7, 2015; and (c) KFFI be reprimanded;

AND WHEREAS counsel for KFFI made an application to the Commission returnable June 6, 2014 to vary the Settlement Agreement between Staff and KFFI to delete the heading that reads "PART IV – CONDUCT CONTRARY TO THE PUBLIC INTEREST" and replace it with "PART IV – CONDUCT TO BETTER SERVE THE PUBLIC INTEREST" (the "Variation Motion");

AND WHEREAS counsel for KFFI filed a motion record for the Variation Motion which included the Notice of Motion dated May 28, 2014 and the affidavit of George Hopkinson sworn May 26, 2014 and counsel for KFFI filed a factum in support of the Variation Motion and Staff filed a responding factum;

AND WHEREAS on June 6, 2014, the Commission heard oral submissions from counsel for KFFI and Staff on the Variation Motion and Staff opposed the Variation Motion;

AND WHEREAS the Commission concluded that it did not have legal authority to vary the Settlement Agreement as requested by KFFI;

AND WHEREAS the Commission advised the parties that it would have approved the Settlement Agreement with the variation requested by KFFI;

AND WHEREAS the Commission requested that, in fairness to KFFI in the circumstance, Staff reconsider whether to amend the Settlement Agreement as requested by KFFI;

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

IT IS HEREBY ORDERED THAT:

1. The Variation Motion is dismissed.

DATED at Toronto, Ontario this 13th day of June, 2014

“James E. A. Turner”

James E. A. Turner