



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 -**

**WILTON J. NEALE, MULTIPLE STREAMS OF INCOME (MSI) INC.  
and 360 DEGREE FINANCIAL SERVICES INC.**

**SETTLEMENT AGREEMENT**

**I. INTRODUCTION**

1. By Notice Hearing dated March 12, 2010 ("the Notice of Hearing") Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider:

- (i) whether, pursuant to s. 127(5) of the Act, that the temporary order made January 15, 2010 and subsequently continued on March 25, 2010 against the above noted Respondents be continued to the conclusion of the hearing on the merits.
- (ii) whether, in the opinion of the Commission, it is in the public interest, pursuant to ss. 127 and 127.1 of the Act to order that:
  - (a) trading in any securities by the Respondents cease permanently or for such period as is specified by the Commission;
  - (b) the acquisition of any securities by the Respondents is prohibited permanently or for such other period as is specified by the Commission;
  - (c) any exemptions contained in Ontario securities law do not apply to the Respondents permanently or for such period as is specified by the Commission;
  - (d) the Respondents be reprimanded;

- (e) Wilton J. Neale (the “Individual Respondent”) resign one or more positions that they hold as a director or officer of any issuer, registrant or investment fund manager;
  - (f) the Individual Respondent be prohibited from becoming or acting as a director or officer of any issuer, a registrant or investment fund manager;
  - (g) the Respondents be prohibited from becoming or acting as a registrant, as an investment fund manager or as a promoter;
  - (h) the Respondents each pay an administrative penalty of not more than \$1 million for each failure by that Respondent to comply with Ontario securities law;
  - (i) each of the Respondents disgorge to the Commission any amounts obtained as a result of non-compliance by that Respondent with Ontario securities law;
  - (j) the Respondents be ordered to pay the costs of the Commission investigation and the hearing; and,
- (ii) whether to make such further orders as the Commission considers appropriate.

2. Staff of the Commission (“Staff”) has agreed to recommend settlement of the proceeding initiated in respect of the Respondent Wilton J. Neale (“Neale”), Multiple Streams of Income (MSI) Inc. (“MSI”) and 360 Degree Financial Services Inc. (“360”) by the Notice of Hearing in accordance with the terms and conditions set out below. These Respondents consent to the making of an Order against them in the form attached as Schedule “A” on the basis of the facts set out below.

## **II. STATEMENT OF FACTS**

### **Acknowledgement**

3. For the purposes of this proceeding and any other proceeding commenced by a Securities Regulatory Agency, these Respondents agree with the facts set out in this Part II.

**Facts**

4. Wilton J. Neale (“Neale”) was licensed as a sales person of Keybase Financial Group Inc., a dealer registered in the category of mutual funds dealer, from February 18, 2006 to January 18, 2007 when he was terminated for cause. Neale has not been registered by the Commission in any capacity since that date.

5. Neale was also licensed to sell life insurance and accident and sickness insurance by the Financial Services Commission of Ontario (“FSCO”) at the material time. FSCO issued a permanent cease and desist order against Neale on March 4, 2009 prohibiting him from carrying on the business of insurance in the Province of Ontario.

6. 360 Degree Financial Services Inc. (“360°”) was incorporated in Ontario by Neale on February 2, 2005. Neale at all material times was the sole officer, director and controlling mind of 360°, which was also licensed by FSCO to sell insurance products.

7. 360° was party to a Distribution Agreement with AGF Trust which enabled 360° to apply on behalf of its customers to AGF Trust for loans which were required to be invested in RSP eligible products (the “Distribution Agreement”).

8. FSCO issued a permanent cease and desist order against 360° on March 4, 2009 prohibiting it from carrying on the business of insurance in Ontario.

9. Multiple Streams of Income (MSI) Inc., (“MSI”) was incorporated under the *Canada Business Corporations Act* by Neale on July 7, 2006. Neale is the sole officer and director of MSI and is its controlling mind. MSI was never registered in any capacity with the Commission nor was it licensed by FSCO.

**The Issuance of Debenture Securities By These Respondents**

10. During the years 2007 and 2008, 360° was experiencing financial difficulty. In an effort to raise capital for 360° Neale through MSI solicited investors to purchase debentures issued by MSI.

11. Neale solicited investment capital totalling \$584,500 from several individuals and caused MSI to issue debentures to them.

12. Although some of the MSI debenture investors were told that their money would be applied to special projects of benefit to their community, the funds raised were in fact commingled in the bank account of 360° and used by 360° in the ordinary course of its business.

13. None of the debentures were repaid at maturity or at any other time.

14. Neale and MSI were not registered to trade or advise in securities. MSI was at no time registered to issue securities. The MSI debenture securities were not offered pursuant to a prospectus nor was there any prospectus exemption available to MSI for the debenture financing described above.

#### **The Dominion Investment Club Forex Scheme**

15. Albert James (“James”) and Ezra Douse (“Douse”) both came into contact with Neale in 2008. James, Douse and others are the incorporators of Dominion Investments Club Inc. (“Dominion”), which they incorporated in Ontario on June 11, 2008. James, Douse and Dominion are all Respondents in related enforcement proceedings before the Commission.

16. Dominion investors were counseled by James and Douse to apply for RSP loans and to invest borrowed money in a forex investment club. To that end James and Douse obtained Neale’s and 360°’s assistance in obtaining RSP loans by means of 360°’s Distribution Agreement.

17. 360° entered into the Distribution Agreement with AGF Trust on May 10, 2007. The purpose of that agreement was to allow 360°, as a managing general insurance agency, to avail itself of programs offered by AGF Trust, including the provision of loans for the purpose of making RSP-eligible investments.

18. The Distribution Agreement provided for a “Multi Fund Option” whereby AGF loan proceeds were paid to 360°, and 360° undertook to AGF Trust as follows:

**“You (viz. 360°) agree to invest such loan proceeds in eligible investments in accordance with the Customer’s Investment instructions upon receipt of Loan proceeds from AGF Trust.”**

19. Neale was aware of the terms and conditions of the Distribution Agreement and the AGF Trust RSP loan application form.

20. In the early months of 2008 Neale was approached by James on behalf of Dominion who proposed that 360° would apply for AGF Trust RSP loans on behalf of the Dominion investors. Using the Multi Fund Option, 360° would receive the loan proceeds, and then transfer the loan proceeds to Dominion which in turn would invest the proceeds with foreign exchange brokers ostensibly on behalf of the Dominion investors.

21. Neale agreed with James’ proposal and the two entered into an arrangement whereby Neale received fees and commissions for facilitating RSP loans from AGF Trust to 360° on behalf of Dominion. When the RSP loan proceeds were received by 360°, 360° unbeknownst to AGF Trust, transferred the loan proceeds to Dominion for the purpose of making forex investments, having first deducted commissions and fees from the loan proceeds.

22. Pursuant to this arrangement Neale on behalf of 360° facilitated approximately \$1,363,414 in RSP loans from AGF Trust, the proceeds of which were not directed to RSP eligible products.

23. Of the approximately \$1,363,414 borrowed from AGF Trust, 360° retained approximately \$265,179 from the AGF Trust loan proceeds for its own use and did not transfer those funds to Dominion as it had agreed to do, thereby depriving the borrowers of those funds.

24. The majority of the Dominion investors lost all or substantially all of their invested capital. As that capital had been borrowed from AGF Trust, they remain indebted to AGF

Trust for the amounts of their RSP loans. The value of their Dominion investments is presently nil. The investors have been financially harmed by virtue of their involvement with these Respondents.

25. Neale acknowledges that he and MSI engaged in the unauthorized distribution of securities contrary to Section 53(1) of the *Act*, and further that he, MSI and 360° engaged in misleading conduct contrary to Section 126.2 of the *Act*.

26. Further Neale acknowledges that he, 360° and MSI have acted contrary to the public interest.

### **III. TERMS OF SETTLEMENT**

27. These respondents agree to the following terms of settlement and the Commission will make an order to the following effect:

- (a) Neale will be reprimanded by the Commission;
- (b) Neale will disgorge to the Commission the sum of \$265,179;
- (c) An administrative penalty in the amount of \$500,000 will be imposed upon Neale, MSI and 360°;
- (d) Neale will cease trading in all securities for a period of 15 years;
- (e) Any exemptions contained in the Act will not apply to any of the Respondents;
- (f) Neale will be prohibited from becoming, acting as or holding the title of director or officer of any market participant for a period of 15 years;
- (g) Upon the approval of this settlement, Neale will make a payment of \$10,000 to the Commission in respect of a portion of the Commissions' costs with respect to this matter; and

- (h) Neale will attend the hearing in person.

#### **IV. STAFF COMMITMENT**

28. If the Commission approves this Settlement Agreement, Staff will not commence any proceeding under Ontario securities law in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 29 below.

29. If the Commission approves this Settlement Agreement and the Respondent fails to comply with any of the terms of the Settlement Agreement, Staff may bring proceedings under Ontario securities law against the Respondent. These proceedings may be based on, but are not limited to, the facts set out in Part III of this Settlement Agreement as well as the breach of the Settlement Agreement.

#### **V. PROCEDURE FOR APPROVAL OF SETTLEMENT**

30. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for October 1, 2010, or on another date agreed to by Staff and the Respondent, according to the procedures set out in this Settlement Agreement and the Commission's Rules of Practice.

31. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing on the Respondent's conduct, unless the parties agree that additional facts should be submitted at the settlement hearing.

32. If the Commission approves this Settlement Agreement, the Respondent agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

33. If the Commission approves this Settlement Agreement, neither party will make any public statement that is inconsistent with this Settlement Agreement or with any additional agreed facts submitted at the settlement hearing.

34. Whether or not the Commission approves this Settlement Agreement, the Respondent will not use, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other remedies or challenges that may otherwise be available.

#### **VI. DISCLOSURE OF SETTLEMENT AGREEMENT**

35. If the Commission does not approve this Settlement Agreement or does not make the order attached as Schedule "A" to this Settlement Agreement:

- (a) this Settlement Agreement and all discussions and negotiations between Staff and the Respondent before the settlement hearing takes place will be without prejudice to Staff and the Respondent; and,
- (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations contained in the Statement of Allegations. Any proceedings, remedies and challenges will not be affected by this Settlement Agreement, or by any discussions or negotiations relating to this agreement.

36. Both parties will keep the terms of the Settlement Agreement confidential until the Commission approves the Settlement Agreement. At that time, the parties will no longer have to maintain confidentiality. If the Commission does not approve the Settlement Agreement, both parties must continue to keep the terms of the Settlement Agreement confidential, unless they agree in writing not to do so or if required by law.



**VII. EXECUTION OF SETTLEMENT AGREEMENT**

37. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.

38. A faxed copy of any signature will be treated as an original signature.

Dated this 29<sup>th</sup> day of September, 2010.

ONTARIO SECURITIES COMMISSION

“Tom Atkinson”  
Director of Enforcement  
Ontario Securities Commission

“Wilton J. Neale”  
Wilton J. Neale

“Anne Paiement”  
Witness

“Wilton J. Neale”  
Multiple Streams of Income (MSI) Inc.  
by its duty authorized officer in that  
behalf

“Wilton J. Neale”  
360° Financial Services Inc.  
by its duty authorized officer  
in that behalf

**“SCHEDULE A”**



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- and -  
WILTON J. NEALE, MULTIPLE STREAMS OF INCOME (MSI) INC.  
and 360 DEGREE FINANCIAL SERVICES INC.**

**ORDER**

WHEREAS on March 12, 2010, the Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the “Act”) in respect of a breach of an Order of the Ontario Securities Commission (the “Commission”) by the respondents;

AND WHEREAS on March 12, 2010, Staff of the Commission filed a Statement of Allegations;

AND WHEREAS the respondents entered into a Settlement Agreement dated ●, (the “Settlement Agreement”) in relation to the matters set out in the Statement of Allegations;

UPON reviewing the Settlement Agreement, the Notice of Hearing, the Statement of Allegations, and upon considering submissions from the respondents and from Staff of the Commission;

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 Settlement Agreement dated ●, between Staff of the Commission and the respondents is approved;
- (2) Pursuant to s. 127(1)2, Wilton J. Neale (“Neale”) is prohibited for 15 years from trading in securities;
- (3) Pursuant to s. 127(1)8, Neale is prohibited for 15 years from becoming or acting as a director or officer of any market participant;
- (4) Upon approval of this Settlement Agreement, Neale will pay costs of the investigation of this matter to the Commission in the amount of \$10,000;
- (5) Neale will disgorge the sum of \$265,179 to the Commission;
- (6) The respondents will pay an administrative penalty of \$500,000; and
- (7) Neale will attend the hearing in **person** and be reprimanded.

Dated at Toronto, Ontario this      day of      , 2010.

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