

**IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

and

IN THE MATTER OF IAN OVERTON

**SETTLEMENT AGREEMENT BETWEEN
STAFF OF THE ONTARIO SECURITIES COMMISSION AND IAN OVERTON**

PART I - INTRODUCTION

1. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Securities Act, R.S.O. 1990, c. S-5, as amended (the "Act"), it is in the public interest for the Commission to make certain orders in respect of Ian Overton ("Overton" or "the Respondent").

PART II - JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceeding commenced by Notice of Hearing (the "Proceeding") against Overton according to the terms and conditions set out in Part VI of this Settlement Agreement. Overton agrees to the making of an order in the form attached as Schedule "A" based on the facts set out below.

PART III - AGREED FACTS

3. For this proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, Overton agrees with the facts set out in this Part of this Settlement Agreement.
4. Between 2007 and 2010 (the "Material Time"), Overton was an officer of MAK Allen & Day Capital Partners Inc. ("MAK") and, as of June 2007, Overton was registered with the Commission as the Designated Compliance Officer ("DCO") of MAK.
5. MAK was registered as a limited market dealer or as an exempt market dealer during the

Material Time. MAK was part of the frontierAlt ("FALT") financial organization by virtue of it being a wholly owned subsidiary of the FALT parent company frontierAlt Capital Corporation.

6. The FALT financial organization consisted of, among other things, a public mutual fund, frontierAlt Resource Capital Class Fund ("FALT Resource"), and two limited partnerships organized as public non-redeemable investment funds namely frontierAlt 2007 Energy & Precious Metals Flow-Through Limited Partnership ("FALT 2007 LP") and frontierAlt 2008 Precious Metals & Energy Flow-Through Limited Partnership ("FALT 2008 LP" and together with FALT 2007 LP, the "FALT LPs").
7. FALT Resource and the FALT LPs (collectively the "FALT Investment Funds") retained a third-party investment counsel and portfolio manager ("ICPM") to provide ICPM services to the FALT Investment Funds pursuant to portfolio management contracts.
8. The FALT LPs prepared and filed prospectuses and raised approximately \$24 million from the public in December 2007 and April 2008. The FALT LPs and FALT Resource were active purchasers and sellers of securities of resource issuers including private placement purchases which in the case of the FALT LPs were principally flow through securities which generated income tax benefits for the FALT LPs limited partners. MAK's market intermediation consisted predominantly of facilitating the private placement purchases of securities of resource issuers by the FALT Investment Funds.
9. In practice, investment recommendations to the ICPM were routinely made by representatives of MAK, principally Overton, and the approval of the investments by the ICPM was routinely received by MAK verbally. No written trade instructions were received by MAK from the ICPM and MAK did not record the trade instructions from the ICPM.
10. During the Material Time, Overton failed to ensure that MAK kept proper books and records respecting its dealer activities. Overton failed to ensure that MAK maintained an adequate trading blotter, a record of trade instructions received from the ICPM of the FALT Investment Funds and a complete record of client documentation including subscription agreements for all its clients.

11. In 2009, MAK earned fees through a fee splitting referral arrangement with a third-party dealer. Such dealer had arranged for a flow-through investment in an issuer by a party unrelated to FALT. On the authority of a principal of MAK, a portion of the MAK-earned fee (warrants) was paid directly to Overton. Overton failed to ensure that all the fees earned by MAK under the fee splitting referral arrangement with the dealer were properly reflected in MAK's books and records.
12. In September 2009, Overton, on the authority of a principal of MAK, received shares directly from a third-party issuer pursuant to an engagement with MAK. Overton failed to ensure that all of the fees received by MAK pursuant to the engagement were properly reflected in MAK's books and records.
13. Also in 2009, an issuer engaged MAK to provide consulting services. On the authority of a principal of MAK, Overton received directly a portion of the fee (shares) earned by MAK. Overton failed to ensure that all the fees earned by MAK were properly reflected in MAK's books and records.
14. During the Material Time as described in this Part, Overton failed in his duty as the DCO at MAK to provide adequate compliance oversight and supervision over the activities of MAK and to ensure adequate books and records were kept.

**PART IV - CONDUCT CONTRARY TO ONTARIO SECURITIES LAW AND
CONTRARY TO THE PUBLIC INTEREST**

15. Overton, being a market participant, failed to ensure books, records and other documents as were necessary for the proper recording of the business transactions and financial affairs of MAK were kept by MAK contrary to section 19(1) of the Act. Overton, as a registrant, failed in his duty to act fairly with his clients by receiving compensation directly from a third party and failing to ensure that such compensation earned by MAK under a fee splitting and other consulting engagements were properly reflected in MAK's books and records contrary to section 2.1 of OSC Rule 31-505 *Conditions of Registration*. Overton as the DCO at MAK failed to provide adequate compliance oversight and supervision over the activities of MAK contrary to sections 1.3 and 3.1 of OSC Rule 31-505 *Conditions of Registration*. By engaging in this conduct as described in Part III, Overton acted contrary to Ontario securities law and contrary to the public

interest.

PART V - TERMS OF SETTLEMENT

16. The Respondent agrees to the terms of settlement listed below.
17. The Commission will make an order pursuant to section 127(1) and section 127.1 of the Act that:
 - (a) the settlement agreement is approved;
 - (b) the Respondent is prohibited from being registered under the Act in any capacity for one year and until the Respondent completes all proficiency requirements and the Conduct and Practices Handbook Course (the "CPH") and upon such registration, the Respondent will be subject to close supervision for 6 months;
 - (c) the Respondent cease trading in securities for one year except for trading on his own behalf in his own account or in the account of his holding company, Loudon Hill Inc.;
 - (d) the Respondent is prohibited from acquiring securities for one year except for acquisitions on his own behalf in his own account or in the account of his holding company, Loudon Hill Inc.;
 - (e) any exemptions contained in Ontario securities law do not apply to the Respondent for one year except as permitted under this order respecting the trading of securities on his own behalf in his own account or in the account of his holding company, Loudon Hill Inc.;
 - (f) the Respondent is reprimanded;
 - (g) with the exception of any position as a director or officer that he holds in his holding company, Loudon Hill Inc., the Respondent resign any position he holds as a director or as a chief executive officer, a chief operating officer or a president of any issuer;
 - (h) with the exception of any position as a director or officer that he holds in his

holding company, Loudon Hill Inc., the Respondent is prohibited from becoming or acting as a director or as a chief executive officer, a chief operating officer or a president of any issuer for three years;

- (i) the Respondent resign any position he holds as a director or as an ultimate designated person or a chief compliance officer of a registrant;
 - (j) the Respondent is prohibited from becoming or acting as a director or as an ultimate designated person or a chief compliance officer of a registrant for three years and until he completes the PDO exam as defined in Part 3.1 of National Instrument 31-103 (the "PDO exam");
 - (k) the Respondent resign any position he holds as a director or an ultimate designated person or a chief compliance officer of an investment fund manager;
 - (l) the Respondent is prohibited from becoming or acting as a director or an ultimate designated person or a chief compliance officer of an investment fund manager for three years and until he completes the PDO exam;
 - (m) the Respondent is prohibited from becoming or acting as an investment fund manager for three years or as a promoter for one year;
 - (n) the Respondent pay an administrative penalty of \$10,000 to be allocated under section 3.4(2)(b) of the Act to or for the benefit of third parties; and
 - (o) the Respondent will pay the costs of the Commission's investigation in the amount of \$15,000.
18. The Respondent agrees to personally make any payments ordered above by certified cheque within 15 days from when the Commission approves this Settlement Agreement. The Respondent will not be reimbursed for, or receive a contribution toward, this payment from any other person or company.
19. The Respondent undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in sub-paragraphs 17(b) to (d) above. These

prohibitions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

PART VI- STAFF COMMITMENT

20. 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 21 below.
21. 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.

PART VII- PROCEDURE FOR APPROVAL OF SETTLEMENT

22. The parties will seek approval of this Settlement Agreement at a public hearing before the Commission scheduled for September 14, 2011 p.m. 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.
23. Staff and the Respondent agree that this Settlement Agreement will form all of the agreed facts that will be submitted at the settlement hearing.
24. 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.
25. 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.
26. 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.

PART VIII- DISCLOSURE OF SETTLEMENT AGREEMENT

27. 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.
28. 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 are required by law to disclose the terms.

PART IX - EXECUTION OF SETTLEMENT AGREEMENT

29. The parties may sign separate copies of this agreement. Together, these signed copies will form a binding agreement.
30. A fax copy of any signature will be treated as an original signature.

Dated this day of "Sep 8", 2011.
Ian Overton "Ian Overton"

"Tracy Pratt"
Witness

"Tom Atkinson"
Tom Atkinson
Director, Enforcement



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen ouest
Toronto ON M5H 3S8

Schedule "A"

IN THE MATTER OF THE SECURITIES ACT R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF IAN OVERTON

ORDER (Sections 127(1) and 127.1)

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the "Act") in respect of Ian Overton (the "Respondent");

AND WHEREAS the Respondent and Staff of the Commission ("Staff") entered into a Settlement Agreement (the "Settlement Agreement") in which they agreed to a settlement of the proceeding commenced by a Statement of Allegations subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and upon hearing submissions from counsel for Staff and counsel for the Respondent;

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

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;
2. pursuant to paragraph 127(1)1 of the Act, the Respondent is prohibited from being registered under the Act in any capacity for one year and until the Respondent completes all proficiency requirements and the Conduct and Practices Handbook Course (the “CPH”) and upon such registration, the Respondent will be subject to close supervision for 6 months;
3. pursuant to section 127(1)2 of the Act, the Respondent will cease trading in securities for one year except for trading on his own behalf in his own account or in the account of his holding company, Loudon Hill Inc.;
4. pursuant to section 127(1)2.1 of the Act, the Respondent is prohibited from acquiring securities for one year except on his own behalf in his own account or in the account of his holding company, Loudon Hill Inc.;
5. pursuant to section 127(1)3 of the Act, any exemptions contained in Ontario securities law do not apply to the Respondent for one year except as permitted under this order respecting the trading of securities on his own behalf in his own account or in the account of his holding company, Loudon hill Inc.;
6. pursuant to section 127(1)6 of the Act, the Respondent is reprimanded;
7. pursuant to section 127(1)7 of the Act, with the exception of any position he holds as a director or officer in his holding company, Loudon Hill Inc., the Respondent resign any positions he holds as a director or as a chief executive officer, a chief operating officer or a president of any issuer;
8. pursuant to section 127(1)8 of the Act, with the exception of any position he holds as a director or officer in his holding company, Loudon Hill Inc., the Respondent is prohibited from becoming or acting as a director or as a chief executive officer, a chief operating officer or a president of any issuer for three years;

9. pursuant to section 127(1)8.1 of the Act, the Respondent resign any position he holds as a director or as an ultimate designated person or as a chief compliance officer of a registrant;
10. pursuant to section 127(1)8.2 of the Act, the Respondent is prohibited from becoming or acting as a director or as an ultimate designated person or a chief compliance officer of a registrant for three years and until he completes the PDO exam as defined in Part 3.1 of National Instrument 31-103 the (“PDO exam”);
11. pursuant to section 127(1)8.3 of the Act, the Respondent resign any position he holds as a director or as an ultimate designated person or a chief compliance officer of an investment fund manager;
12. pursuant to section 127(1)8.4 of the Act, the Respondent is prohibited from becoming or acting as a director or as an ultimate designated person or a chief compliance officer of an investment fund manager for three years and until he completes the PDO exam;
13. pursuant to section 127(1)8.5 of the Act, the Respondent is prohibited from becoming or acting as an investment fund manager for three years or a promoter for one year;
14. pursuant to section 127(1)9 of the Act, the Respondent pay an administrative penalty of \$10,000 to be allocated under section 3.4(2)(b) of the Act to or for the benefit of third parties; and
15. pursuant to section 127.1 of the Act, the Respondent pay a portion of the costs of the Commission’s investigation in the amount of \$15,000.

DATED at Toronto this day of September, 2011.

James E. A. Turner
Vice-Chair