



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

**- AND -**

**IN THE MATTER OF ANIL KUMAR JAIN**

**STATEMENT OF ALLEGATIONS  
OF STAFF OF THE ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission (“Staff”) make the following allegations:

**I. THE RESPONDENT**

1. The Respondent, a former registrant, is an individual who resides in Oakville, Ontario and carries on the business of acting as an advisor as well as an accounting practice at 481 North Service Road, Oakville, Ontario.

**II. OVERVIEW OF STAFF’S ALLEGATIONS**

2. Staff allege that Jain acted as an adviser without being registered in accordance with section 25(1)(c) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the “*Act*”), by engaging in conduct which amounted to recommending the purchase of specific securities and by offering his opinion to his clients on the investment merits of specific securities.

3. Staff also allege that Jain engaged in conduct which constituted trading in securities without being registered to trade in securities in accordance with section 25(1)(a) of the *Act*, by

carrying out acts directly or indirectly in furtherance of a trade by forwarding trading instructions from or on behalf of his client and providing those trading instructions to certain registrants.

### **III. PARTICULARS OF ALLEGATIONS**

4. Since May 23, 2003, the Respondent has been providing investment advisory services and has been trading securities while unregistered. Until March 30, 2008, he had an active website located at [www.aniljain.com](http://www.aniljain.com). The website described the investment services he offered which included preparing a financial plan, preparing periodic financial reports and rebalancing client accounts. The website also set out his fee schedule for providing advisory services.

5. The Respondent started his accounting practice in 1992. In the early days of his practice, he referred his clients to an investment advisor for their investment advice needs. On January 7, 1999, the Respondent became registered as a salesperson with IPC Investment Corporation.

6. The Respondent was employed, off and on, as a salesperson by various registrants until May 23, 2003 when his employment with Sterling Mutual Funds Inc. was terminated. He has not been registered with the Commission in any capacity since that date.

7. Between June 2003 and approximately December 2003 to June 2004, the Respondent had a relationship with Phillips, Hager & North Investment Funds Ltd. ("PHN"). He transacted trades through them on behalf of his clients. Based on his understanding of what he was advised by PHN, he could have his clients' transactions processed through PHN as PHN assigned a registered representative to review the trades. During this time, the Respondent obtained Powers of Attorney from his clients. The Powers of Attorney enabled him to provide trading instructions to PHN. However, he confirmed his trading instructions with his clients before instructing trades on their behalf. As a result, he performed acts in furtherance of a trade while unregistered to trade securities. During this time, he held Powers of Attorney and trading authority over approximately 40 trading accounts. Some clients had multiple accounts, and the Respondent had, in total, approximately 15 clients with as much as \$4 million under management.

8. In early to mid 2004, the Respondent started a relationship with ASL Direct Inc. ("ASL"). He provided a completed Form 4 for registration as a Mutual Fund Representative to ASL. He was provided with a representative code by ASL to enable processing of trades. He transacted trades on behalf of his clients through ASL.

9. In the summer of 2005, the Respondent was advised that he was not registered with the Commission. He contacted ASL and requested that the registration issue be resolved. He pursued this issue with ASL until approximately September 2007.

10. On October 24, 2005, the Respondent contacted the Commission to determine why he was not registered.

11. On July 18, 2006, he again contacted the Commission inquiring about his registration status with ASL. In a letter to ASL dated September 11, 2006, the Respondent discussed with ASL his understanding that ASL was dealing with the Commission and the MFDA on his registration issue.

12. In August 2006, Staff informed ASL that the Respondent's application for registration was deficient.

13. The Respondent continued to conduct business and process trades through ASL until September 2007, when he was terminated by ASL.

14. In July 2007, the Respondent registered with WFG Securities of Canada Inc. ("WFG"). He was provided with a representative code.

15. In February 2008, the Respondent prepared an application for registration for WFG to file on his behalf. The Commission, however, has not received an application for registration for the Respondent from WFG.

16. At present, the Respondent's investment practice consists of approximately 10 clients for a total of approximately \$3 million dollars under management.

#### **IV. VIOLATIONS OF THE ACT AND CONDUCT CONTRARY TO THE PUBLIC INTEREST**

17. The Respondent's conduct included acting as advisor without being registered as an advisor and performing acts in furtherance of trades while unregistered to trade securities contrary to section 25(1) (a) and (c) of the *Act* and was contrary to the public interest.

#### **V. SUMMARY**

18. In summary, Staff allege that since May 1, 2003, Jain has advised without being registered in violation of section 25(1)(c) of the *Act* and thereby is acting contrary to the Ontario securities law and contrary to the public interest. Staff also allege that since May 1, 2003, Jain traded securities without being registered with the Commission contrary to section 25(1)(a) and thereby is acting contrary to Ontario securities law and contrary to the public interest.

19. Staff reserves the right to make such further and other allegations as the Commission may permit.

**DATED** at Toronto this 30<sup>th</sup> of May, 2008.