



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

**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.**

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

**STAFF OF THE ONTARIO SECURITIES COMMISSION MAKE THE
FOLLOWING ALLEGATIONS:**

1. Children's Education Funds Inc. ("CEFI") distributes units of three types of education plans which are Registered Education Savings Plans under the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supp.), as amended.
2. CEFI is registered with the Commission as both an investment fund manager and as a dealer in the category of scholarship plan dealer.
3. CEFI has been the subject of four compliance field review reports since 2003 by Staff of the Compliance and Registrant Regulation Branch ("CRR Staff"). CEFI also had terms and conditions previously imposed on its registration by CRR Staff, namely, from July 9, 2004 to June 16, 2005. The last compliance field review report on CEFI dated June 14, 2012 (the "2012 Compliance Report") had a review period of June 1, 2010 to May 31, 2011. In some cases, CRR Staff found CEFI to be deficient in similar areas to those previously identified as containing deficiencies.

4. As set out in the 2012 Compliance Report, on or between October 1, 2010 to September 30, 2011, CEFI did not meet reasonable compliance practices by failing to adequately meet its compliance obligations in certain of its sales supervision and compliance activities and thereby engaged in conduct contrary to the public interest.

Dated at Toronto this 31st day of March, 2014.