

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

AND

ANIL KUMAR JAIN

**SETTLEMENT AGREEMENT BETWEEN
ANIL KUMAR JAIN and STAFF
OF THE ONTARIO SECURITIES COMMISSION**

I. INTRODUCTION

1. By Notice of Hearing dated May 30, 2008, the Ontario Securities Commission (the “Commission”) announced that it proposed to hold a hearing to consider whether, pursuant to section 127 of the *Securities Act*, R.S.O. 1990, c. S.5 (the “Act”), it is in the public interest for the Commission to make an order approving the Settlement Agreement entered into between Staff of the Commission (“Staff”) and the Respondent Anil Kumar Jain.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff recommend settlement with Anil Kumar Jain (referred to hereafter as the “Respondent”) in accordance with the terms and conditions set out below. The Respondent agrees to this settlement and consents to the making of an Order in the Form attached as Schedule “A” on the basis of the facts set out in Part IV of this Agreement.

3. The terms of this Settlement Agreement, including the attached Schedule “A” will be released to the public only if and when the Settlement Agreement is approved by the Commission.

III. ACKNOWLEDGEMENT

4. Only for the purposes of this proceeding, and any other proceeding commenced by a securities regulatory agency, the Respondent agrees with the facts as set out in Part IV of this Settlement Agreement.

IV. AGREED FACTS

(a) Background

5. 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.

(b) Unregistered Advising and Trading

6. 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. 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.

(c) Particulars

(i) Registration History

7. 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.

8. 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.

9. 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.

10. 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.

11. 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.

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

13. 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.

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

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

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

17. 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.

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

V. VIOLATIONS OF THE ACT AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

19. 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.

VI. MITIGATING FACTORS

20. The Respondent cooperated with Staff's investigation.
21. The Respondent has removed all references to investment practice from his website effective March 30, 2008.
22. The Respondent has commenced transfer of his investment practice to a registered representative.
23. The Respondent has not engaged in any acts in furtherance of a trade since termination of his relationship with ASL in September 2007.

VII. TERMS OF SETTLEMENT

24. The Respondent agrees to the following terms of settlement, to be set out in an order by the Commission as follows:
 - (a) pursuant to paragraph 2 of section 127(1) of the *Act*, that the Respondent cease trading in securities for nine months;
 - (b) pursuant to paragraph 2.1 of section 127(1) of the *Act*, that the Respondent be prohibited from acquiring any securities for nine months;
 - (c) pursuant to paragraph 3 of subsection 127(1) of the *Act*, that any exemptions contained in Ontario securities law do not apply to the Respondent for nine months; and
 - (d) pursuant to subsection 127.1 of the *Act*, that the Respondent pay costs of \$3,000 toward the cost of this hearing.

VIII. STAFF COMMITMENT

25. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law in respect of any conduct or alleged conduct of the Respondent in relation to the facts set out in Part IV of this Settlement Agreement, subject to the provisions of paragraph 30 below.

IX. PROCEDURE FOR APPROVAL OF SETTLEMENT

26. Approval of this Settlement Agreement shall be sought at a hearing of the Commission on a date agreed to by Staff and the Respondent.

27. Staff and the Respondent may refer to any part, or all, of the Settlement Agreement at the Settlement Hearing. Staff and the Respondent also agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the Respondent in this matter, and the Respondent agrees to waive his rights to a full hearing, judicial review or appeal of the matter under the Act.

28. Staff and the Respondent agree that if this Settlement Agreement is approved by the Commission, neither Staff nor the Respondent will make any public statement inconsistent with this Settlement Agreement.

29. If this Settlement Agreement is approved by the Commission and, at any subsequent time, the Respondent fails to honour any of the Terms of Settlement set out in Part VII herein, Staff reserve the right to bring proceedings under Ontario securities law against the Respondent based on, but not limited to, the facts set out in Part IV of the Settlement Agreement, as well as the breach of the Settlement Agreement.

30. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or an Order in the Form attached as Schedule "A" is not made by the

Commission, each of Staff and the Respondent will be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing of the allegations in the Notice of Hearing and Statement of Allegations, unaffected by this Settlement Agreement or the settlement negotiations.

31. Whether or not this Settlement Agreement is approved by the Commission, the Respondent agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement as the basis for any allegation against the Commission of lack of jurisdiction, bias, appearance of bias, unfairness, or any other remedy or challenge that may otherwise be available.

X. DISCLOSURE OF AGREEMENT

32. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission, and forever if, for any reason whatsoever, this Settlement Agreement is not approved by the Commission, except with the written consent of both the Respondent and Staff or as may be required by law.

33. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission.

XI. EXECUTION OF SETTLEMENT AGREEMENT

34. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.

35. A facsimile copy of any signature shall be effective as an original signature.

Dated this 30th day of May, 2008

“Brandi Czyz”

Witness

“Anil Kumar Jain”

ANIL KUMAR JAIN

Dated this 30th day of May, 2008

STAFF OF THE ONTARIO
SECURITIES COMMISSION

“Michael Watson”

Michael Watson
Director, Enforcement Branch

Schedule “A”**IN THE MATTER OF THE *SECURITIES ACT*
R.S.O. 1990, c.S.5, AS AMENDED****AND****ANIL KUMAR JAIN****ORDER**

WHEREAS on May 30, 2008, 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 respect of the actions of Anil Kumar Jain (“Jain”);

AND WHEREAS on May 30, 2008, Staff of the Commission (“Staff”) filed a Statement of Allegations;

AND WHEREAS on May 30, 2008, Jain entered into a Settlement Agreement dated May 30, 2008 (the “Settlement Agreement”) in relation to the matters set out in the Statement of Allegations;

AND WHEREAS on May 30, 2008, the Commission issued a Notice of Hearing setting out that it proposed to consider the Settlement Agreement;

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

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 May 30, 2008 between Staff of the Commission and Jain is approved;
2. pursuant to paragraph 2 of section 127(1) of the *Act*, that the Respondent cease trading in securities for nine months;
3. pursuant to paragraph 2.1 of section 127(1) of the *Act*, that the Respondent be prohibited from acquiring any securities for nine months;

4. pursuant to paragraph 3 of subsection 127(1) of the *Act*, that any exemptions contained in Ontario securities law do not apply to the Respondent for nine months; and
5. pursuant to subsection 127.1 of the *Act*, that the Respondent pay costs of \$3,000 towards the cost of this hearing.

Dated at Toronto, Ontario this day of June, 2008
