

IN THE MATTER OF  
THE *SECURITIES ACT*, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- and -

IN THE MATTER OF  
RETURN ON INNOVATION ADVISORS LTD. (formerly RETURN ON INNOVATION  
MANAGEMENT LTD.), TRUSTEE AND INVESTMENT FUND MANAGER OF  
ROI HIGH INCOME PRIVATE PLACEMENT FUND, ROI PRIVATE PLACEMENT  
FUND, ROI STRATEGIC PRIVATE PLACEMENT FUND, AND ROI INSTITUTIONAL  
PRIVATE PLACEMENT FUND  
("Respondent")

### **SETTLEMENT AGREEMENT**

#### **PART I – INTRODUCTION**

1. The Parties to this Settlement Agreement ("Agreement") are the Respondent and the Director of Enforcement for the Nova Scotia Securities Commission ("Commission").
2. The Parties agree that the Commission has jurisdiction over this matter.
3. The Parties agree to recommend to the Commission approval of this Agreement in accordance with the terms and process set out herein.

#### **PART II – PROCEDURE FOR APPROVAL OF THE AGREEMENT**

4. The Director of Enforcement for the Commission ("Director") agrees to request that a Notice of Hearing be issued setting down a hearing ("Settlement Hearing") wherein the Commission will consider whether it is in the public interest to approve this Agreement and to issue an Order in the form attached as **Schedule "A"**.
5. The Parties agree that the Agreement constitutes the entirety of evidence to be submitted to the Commission at the Settlement Hearing.
6. The Director agrees to recommend that the allegations acknowledged and admitted by the Respondent be resolved and disposed of in accordance with this Agreement.
7. The Parties acknowledge that this Agreement will become a public document upon its approval by the Commission at the Settlement Hearing.

### **PART III – STATEMENT OF AGREED FACTS**

8. The Parties agree with the facts and conclusions set out in this Part of the Agreement.
9. The Respondent is an extra-provincial corporation with registered office located at 37 Front Street East, Toronto, Ontario.
10. The Respondent is the Trustee and Investment Fund Manager of the following issuer investment funds:
  - a) ROI High Income Private Placement Fund;
  - b) ROI Private Placement Fund;
  - c) ROI Strategic Private Placement Fund; and
  - d) ROI Institutional Private Placement Fund,(collectively the "ROI Pooled Funds").
11. Neither the Respondent nor any of the ROI Pooled Funds are reporting issuers in Nova Scotia or any other Canadian jurisdiction.
12. Neither a preliminary prospectus nor a prospectus has been filed with the Commission for any of the ROI Pooled Funds and the Commission has not issued any receipts for the filing of same.
13. The securities of the ROI Pooled Funds are distributed through registered dealers in reliance upon the prospectus exemptions at parts 2.3 [*Accredited investor*], 2.9 [*Offering Memorandum*], 2.10 [*Minimum amount investment*] and 2.19 [*Additional investment in investment funds*] of *National Instrument 45-106*.
14. During the period February 27, 2008 to February 10, 2011, securities of the ROI Pooled Funds were distributed on 65 occasions to investors resident in Nova Scotia.
15. The Respondent failed to file Reports of Exempt Distributions in Form 45-106F1 within ten days after the distribution of such ROI Pooled Fund in connection with 35 distributions of the ROI Pooled Funds to investors resident in Nova Scotia under part 2.9 [*Offering Memorandum*] of *National Instrument 45-106*.
16. The Respondent failed to file Reports of Exempt Distributions in Form 45-106F1 within 30 days after the financial year-end of such ROI Pooled Fund in connection with one distribution of an ROI Pooled Fund to an



investor resident in Nova Scotia under part 2.3 [*Accredited investor*] of *National Instrument 45-106*.

17. The aggregate amount of the distributions of ROI Pooled Funds described in paragraphs 15 and 16 of this Agreement was \$965,927.00.
18. By failing to file the Reports of Exempt Distributions in Form 45-106F1 for the distributions described in paragraphs 15 and 16 within the applicable time frames, the Respondent breached part 6 of *National Instrument 45-106*.

#### **PART IV – STATEMENT OF ALLEGATIONS ACKNOWLEDGED AND ADMITTED BY THE RESPONDENT**

19. The Respondent admits the facts set forth in Part III herein and acknowledges and admits that it violated part 6 of *National Instrument 45-106*.
20. The Respondent acknowledges that its actions are contrary to the public interest.

#### **PART V – MITIGATING FACTORS**

21. The Respondent acknowledges and accepts responsibility for its conduct which is the subject matter of this Agreement.
22. The Respondent cooperated with the Director's investigation of this matter.
23. In connection with the distributions of ROI Pooled Funds described in paragraphs 15 and 16 of this Agreement, all of the investors resident in Nova Scotia were eligible to purchase the ROI Pooled Funds under the applicable prospectus exemptions within Nova Scotia securities laws.
24. The Respondent has since filed the Reports of Exempt Distributions in Form 45-106F1, in reliance upon the exemptions at parts 2.3 [*Accredited investors*] and 2.9 [*Offering Memorandum*] of *National Instrument 45-106* for the exempt distributions described in paragraphs 15 and 16 of this Agreement.
25. The Respondent undertook a review of its policies and procedures to seek to ensure that future filings of Reports of Exempt Distributions will be filed in a timely manner in accordance with Nova Scotia securities laws.



## **PART VI – TERMS OF SETTLEMENT**

26. The terms of settlement are set forth in the order contained in **Schedule “A”** to this Agreement which is expressly incorporated herein.
27. The Respondent consents to the Order attached as **Schedule “A”**.

## **PART VII – COMMITMENTS**

28. If this Agreement is approved and the Order as set out in **Schedule “A”** is granted, the parties agree to waive any right to a full hearing and judicial review and appeal of this matter.
29. If this Agreement is approved by the Commission, the parties will not in any way make any statement, public or otherwise, that is inconsistent with the terms of this Agreement.
30. If this Agreement is approved by the Commission, the Respondent agrees to abide by all terms of this Agreement as set out in the Order attached as **Schedule “A”**.
31. If, for any reason whatsoever, this Agreement is not approved, or the Order set forth in **Schedule “A”** is not granted by the Commission:
  - a) The parties will be entitled to proceed to a hearing of the allegations which are the subject matter of this Agreement unaffected by the Agreement or the settlement negotiations;
  - b) The terms of this Agreement will not be raised in any other proceeding or disclosed to any person except with the written consent of both parties or as may otherwise be required by law; and
  - c) The Respondent agrees that it will not raise in any proceeding the Agreement or the negotiations or process of approval thereof as a basis of any attack or challenge of the Commission’s jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other challenge that may otherwise be available.
32. If, in the view of the Director and prior to the approval of this Agreement by the Commission, there are new facts or issues of substantial concern regarding the facts set out in Part III of this Agreement, the Director will be at liberty to withdraw from this Agreement. Notice of such intention will be provided to the Respondent in writing. In the event of such notice being given, the provisions of paragraph 31 in this Part will apply as if this Agreement had not been approved in accordance with the procedures set out herein.



**VIII – DISCLOSURE OF SETTLEMENT AGREEMENT**

33. The parties may refer to any or all parts of this Agreement as required by the General Rules of Practice and Procedure and in the course of the Settlement Hearing. Otherwise, this Settlement Agreement and its terms will be treated as confidential by all parties to it until approved by the Commission, and forever if, for any reason whatsoever, this settlement is not approved by the Commission.

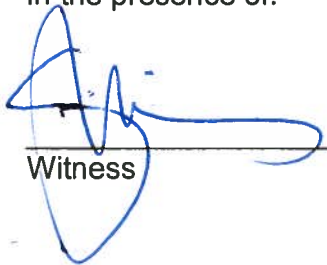
**IX – EXECUTION OF SETTLEMENT AGREEMENT**

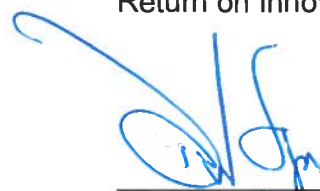
34. This Agreement may be signed in one or more counterparts that together shall constitute a binding agreement and a facsimile copy of any signature shall be as effective as an original signature.

**DATED** at Toronto, Ontario, this 20<sup>th</sup> day of December, 2012.

**SIGNED, SEALED AND DELIVERED**  
In the presence of:

Return on Innovation Advisors Ltd.

  
\_\_\_\_\_  
Witness

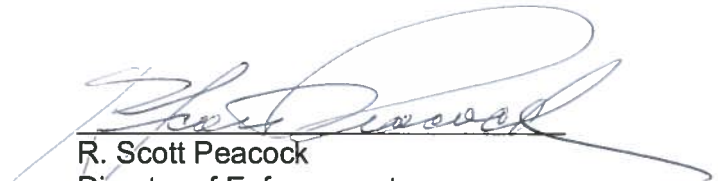
  
\_\_\_\_\_  
Per: David Sharpe  
Position: President

**DATED** at Halifax, Nova Scotia, this 21 day of January, 2013.

**SIGNED, SEALED AND DELIVERED**  
In the presence of:

Nova Scotia Securities Commission  
Enforcement Branch

  
\_\_\_\_\_  
Witness

  
\_\_\_\_\_  
R. Scott Peacock  
Director of Enforcement

**SCHEDULE "A"**

IN THE MATTER OF  
THE *SECURITIES ACT*, R.S.N.S. 1989, CHAPTER 418, AS AMENDED ("Act")

- and -

IN THE MATTER OF  
RETURN ON INNOVATION ADVISORS LTD. (formerly RETURN ON INNOVATION  
MANAGEMENT LTD.), TRUSTEE AND INVESTMENT FUND MANAGER OF  
ROI HIGH INCOME PRIVATE PLACEMENT FUND, ROI PRIVATE PLACEMENT  
FUND, ROI STRATEGIC PRIVATE PLACEMENT FUND, AND ROI INSTITUTIONAL  
PRIVATE PLACEMENT FUND  
("Respondent")

**ORDER**

(Sections 134, 135, and 135A)

**WHEREAS** on \_\_\_\_\_, 2012 the Nova Scotia Securities Commission ("Commission") issued a Notice of Hearing to the Respondent pursuant to sections 134, 135, and 135A of the Act;

**AND WHEREAS** the Respondent entered into a Settlement Agreement with the Director of Enforcement for the Commission ("Director of Enforcement") whereby it agreed to a proposed settlement of the proceeding, subject to the approval of the Commission;

**AND WHEREAS** the Director of Enforcement recommended approval of the Settlement Agreement;

**AND UPON** reviewing the Settlement Agreement and the Notice of Hearing, and upon hearing submissions of Stephanie Atkinson, counsel for the Director of Enforcement, and Kara L. Beitel, counsel for the Respondent;

**AND UPON** the Commission considering it to be in the public interest to make this Order;

**IT IS HEREBY ORDERED** that:

1. The Settlement Agreement dated \_\_\_\_\_, 2012, a copy of which is attached, is approved;
2. Pursuant to section 134(1)(a) of the Act, the Respondent shall comply with Nova Scotia securities laws;
3. Pursuant to section 135 of the Act, the Respondent shall



forthwith pay an administrative penalty in the amount of ten thousand dollars (\$10,000.00); and

4. Pursuant to section 135A of the Act, the Respondent shall forthwith pay costs in connection with the investigation and conduct of the proceedings before the Commission in the amount of one thousand five hundred dollars (\$1,500.00).

**DATED** at Halifax, Nova Scotia, this       day of       , 2012.

**NOVA SCOTIA SECURITIES COMMISSION**



---

(Chairman)