

IN THE MATTER OF THE *SECURITIES ACT*,
S.N.B. 2004, c. S-5.5
AND

IN THE MATTER OF

JAMES EDWARD SELLARS
(Applicant)

AND

IN THE MATTER OF

KEYBASE FINANCIAL GROUP INC., and
STAFF OF THE NEW BRUNSWICK SECURITIES COMMISSION
(Respondents)

DECISION AND ORDER ON MOTION

WHEREAS on 7 September 2010, the Applicant, James Edward Sellars ("Sellars") filed a Request for Hearing and Review, requesting a hearing and review by the New Brunswick Securities Commission of the order (the "Order") of the Executive Director, Kenrick E. Hancox ("Executive Director"), dated 6 August 2010; and

WHEREAS the Order imposed terms and conditions on the registration of Keybase Financial Group Inc. ("Keybase") and Sellars, pursuant to subsection 48(2) of the New Brunswick *Securities Act* (the "*Act*"); and

WHEREAS a hearing was initially scheduled for 19 July 2011 and adjourned at the request of the Applicant to continue on 16 January 2012; and

WHEREAS counsel for the respondent Keybase confirmed that Keybase would not be appearing at the hearing and review; and

WHEREAS Sellars and the respondent Staff of the New Brunswick Securities Commission ("Staff") agreed that the hearing and review would proceed by way of a hearing *de novo*; and

WHEREAS an Amended and Consolidated Notice of Hearing was issued on 27 October 2011 scheduling the hearing to commence on 16 January 2012; and

WHEREAS on 6 January 2012 Sellars filed a motion seeking a stay of the Order pending final disposition of the hearing and review of this matter by the Commission (the "Motion"); and

WHEREAS on 16 January 2012 Mr. André Richard, Q.C. and Ms. Josie Marks appeared on behalf of Sellars, and Mr. Mark McElman appeared on behalf of Staff; and

WHEREAS the Commission reviewed the affidavit of Sellars filed 6 January 2012 in support of the Motion and the affidavit of Mark McElman filed 10 January 2012, on behalf of Staff; and

WHEREAS on 18 January 2012 the Commission heard the submissions of counsel for Sellars and counsel for Staff regarding the Motion; and

WHEREAS the Commission received evidence that there has been substantial compliance with the provisions of paragraphs 2(a) and 2(b) of the Order and full compliance with the provisions of paragraph 2(d) of the Order; and

WHEREAS the Commission received evidence that Keybase has, in accordance with the provisions of paragraph 2(a) of the Order, adopted policies, procedures and guidelines with respect to all aspects of leveraging ("Leveraging Guidelines") that are satisfactory to the Mutual Fund Dealers Association; and

WHEREAS the Commission received evidence that Keybase has taken some corrective action in communicating with and responding to those clients found to have unsuitable accounts; and

WHEREAS the Commission received evidence from Sellars that he has fully familiarized himself with the Leveraging Guidelines and that he will be conducting all dealings in accordance with the Leveraging Guidelines; and

WHEREAS the Commission, after reviewing the evidence and submissions of Staff and Sellars, finds that it is in the public interest to grant a partial stay of the Order pending final disposition of the hearing and review of this matter by the Commission;

NOW THEREFORE IT IS ORDERED pursuant to subsection 193(7) of the Act and pending final disposition of this matter by the Commission that:

- (a) until further Order by the Commission the prohibitions contained in paragraph 1 of the Order be stayed in so far as they apply to the use of

borrowed money to invest in registered investments; and

- (b) until further Order by the Commission any orders or direction enjoining Keybase to take any further action under paragraph 2(c) of the Order be stayed.

DATED this 20th day of January 2012.

"original signed by"
Denise A. LeBlanc, Q.C., Panel Chair

"original signed by"
Céline Trifts, Panel Member

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