

**IN THE MATTER OF THE SECURITY FRAUDS PREVENTION ACT
R.S.N.B. 1973, c. S-6 AS AMENDED**

AND

**IN THE MATTER OF
JONES HEWARD INVESTMENT COUNSEL INC./
JONES HEWARD CONSEILLER EN VALEURS INC. ("JONES HEWARD")**

ORDER

WHEREAS on June 13, 2003, the Administrator of the Securities Administration Branch issued a Notice of Hearing in respect of Jones Heward Investment Counsel Inc./Jones Heward Conseiller en Valeurs Inc.

AND WHEREAS Jones Heward entered into a settlement agreement dated August 14th, 2003 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding, subject to the approval of the Administrator;

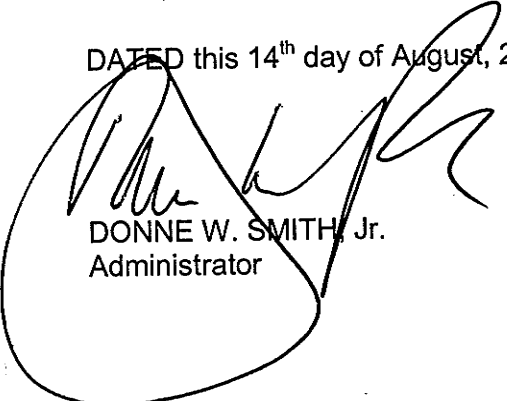
AND UPON REVIEWING the Settlement Agreement and the statement of allegations of Staff of the Branch;

AND WHEREAS the Administrator is of the opinion that it is in the public interest to make this Order;

IT IS HEREBY ORDERED THAT:

- (1) the Settlement Agreement, a copy of which is attached to this Order, is hereby approved;
- (2) Jones Heward pay, pursuant to section 25(2) of the *Security Frauds Prevention Act* an amount of \$1,000 to the Minister of Finance for the Province of New Brunswick, for the costs of the investigation.

DATED this 14th day of August, 2003.



DONNE W. SMITH, Jr.
Administrator

**IN THE MATTER OF
THE SECURITY FRAUDS PREVENTION ACT
OF NEW BRUNSWICK, CHAPTER S-6
R.S.N.B. 1973, AS AMENDED**

AND

**IN THE MATTER OF
JONES HEWARD INVESTMENT COUNSEL INC.
JONES HEWARD CONSEILLER EN VALEURS INC.**

SETTLEMENT AGREEMENT

AGREED STATEMENT OF FACTS

1 Jones Heward Investment Counsel Inc. / Jones Heward conseiller en valeurs Inc. (“**Jones Heward**”) is a body corporate incorporated under the laws of the Province of Ontario on March 2, 1982 as #505392 Ontario Inc. registration #505392. Its constating documents were subsequently amended as follows:

- (a) April 19, 1982 – name changed to Reed Monahan Nicholson Investment Counsel Inc.;
- (b) January 31, 1986 – articles of incorporation amended;
- (c) July 31, 1990 – name changed to RMN Investment Counsel Inc.;
- (d) May 1, 1992 – name changed to Jones Heward Investment Counsel Inc.;
- (e) July 2, 1993 – articles of incorporation amended;
- (f) November 18, 1998 – name changed to Jones Heward Investment Counsel Inc. / Jones Heward conseiller en valeurs Inc. and articles of incorporation amended.

2 Jones Heward was registered in New Brunswick as an extra-provincial corporation on July 16, 1996, by registration #075466. The registration was amended on August 31, 1999 to reflect the change in name of Jones Heward.

3 Over the relevant period of time, Jones Heward’s ownership and management underwent substantial changes. In 1991 Burns Fry Limited acquired RMN Investment Counsel Inc. and in 1992 changed its name to Jones Heward Investment Counsel Inc. In 1994 Bank of Montreal acquired Burns Fry Limited, and therefore, Jones Heward.

4 At all material times, Jones Heward was primarily engaged in advising or counselling with respect to portfolio management and investment of pension funds, endowments, trusts, insurance company reserves, corporate surpluses and mutual funds and did not execute any trades of securities on behalf of its clients.

5 On December 20, 1993, Jones Heward entered into an agreement with the New Brunswick Pipe Trades Pension Trust Fund (the "Fund") effective January 1, 1994 to provide investment counselling and portfolio management services for the Fund.

6 For 1993 and for subsequent years until 1998 inclusive, Jones Heward failed to register to trade as a broker restricted to providing investment counselling and portfolio management services pursuant to the *Securities Act (New Brunswick)* as required by the legislation.

7 Jones Heward provided investment counselling and portfolio management services for the Fund from January 1, 1994 until April 17, 1998. During that period, Jones Heward received \$532,940.24 including GST in consideration for its services to the Fund. The Fund was the only client of Jones Heward in New Brunswick during this period and Jones Heward did not execute any trades on behalf of the Fund while it was a client.

8 After April 17, 1998 Jones Heward did not have any clients in New Brunswick.

9 In anticipation of pursuing business in New Brunswick, Jones Heward decided in late 2002 to register, pursuant to the *Securities Act*, with the Securities Administration Branch for New Brunswick to permit it to provide investment counselling and portfolio management services in New Brunswick. Jones Heward's registration was effective as of January 1, 2003.

10 On or about February 6, 2003, Jones Heward was informed that the Securities Administration Branch for New Brunswick had received a complaint from a third party against Jones Heward who or which was not a client of Jones Heward, and requested information on Jones Heward's business in New Brunswick. Jones Heward cooperated fully with the Securities Administration Branch and provided all requested information on or about March 11, 2003.

11 In June 2003, Jones Heward was served with a Notice of Hearing before the Administrator of Securities scheduled for July 31, 2003. The Statement of Allegations attached to the Notice states that Jones Heward traded on behalf of New Brunswick clients without being registered to do so.

12 This agreement is being entered into by Jones Heward and the Administrator to settle the issues raised in the Notice of Hearing.

TERMS OF SETTLEMENT

13 Jones Heward undertakes:

- (a) to comply fully with the *Securities Act* and any applicable regulations, policies and guidelines ;
- (b) that it will not say anything, in writing or orally, which may contradict the terms of this settlement or call these terms into question;
- (c) to pay to the Public Legal Education and Information Service Fund to be used for the purposes of investment education, upon execution of this settlement agreement, the sum of \$20,000; and

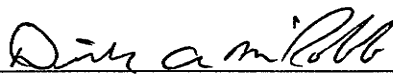
(d) to pay to the Minister of Finance the sum of \$1,000 as a contribution to the costs of the investigation.


WAIVER

14 Jones Heward waives any right it may have, under the *Securities Act* or otherwise, to a review, judicial review or appeal related to, in connection with, or incidental to this agreement.

Dated at Saint John, New Brunswick, this 14th of August, 2003.

JONES HEWARD INVESTMENT COUNSEL INC.


By: Dirk McRobb
Chief Financial Officer, Chief Compliance
Officer & Director


~~Donna W. Smith~~ **CHRISTINA TAYLOR**
~~Administrator~~ **Deputy Administrator**
Securities Administration Branch
Department of Justice
Province of New Brunswick