



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

**- and -**

**IN THE MATTER OF SENTRY INVESTMENTS INC. and SEAN DRISCOLL**

**ORDER  
(Subsections 127(1) and 127.1)**

**WHEREAS:**

1. on March 31, 2017, the Ontario Securities Commission (the “Commission”) issued a Notice of Hearing pursuant to subsections 127(1) and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), in connection with the allegations set out in the Statement of Allegations of Staff of the Commission (“Staff”) dated March 31, 2017 (the “Statement of Allegations”), to consider whether it is in the public interest to make orders, as specified therein, against and in respect of Sentry Investments Inc. (“Sentry”) and Sean Driscoll (“Driscoll”) (collectively the “Respondents”);
2. the Respondents and Staff have entered into a Settlement Agreement dated March 31, 2017 (the “Settlement Agreement”);
3. prior to the Settlement Agreement, Sentry signed an undertaking on February 2<sup>nd</sup>, 2017 which is attached to this Order as Schedule “A” (the “Undertaking”) in order to begin taking immediate corrective action in relation to certain compliance issues;

4. pursuant to the Undertaking, Sentry has entered into an agreement (the “Agreement”) with a consultant (the “Consultant”), namely, PricewaterhouseCoopers LLP, that was approved by a Manager in the Compliance & Registrant Regulation Branch of the Commission (the “OSC Manager”), to examine, among other areas, Sentry’s sales practice system, with a view to making recommendations to be included in a plan to be submitted to the OSC Manager no later than 90 days from the date of the Undertaking for review and approval by the OSC Manager (the “Plan”);
5. Sentry Investments Corp. (“SIC”) owns all of the voting shares of Sentry and all of the voting shares of SIC are owned by Petro Assets Inc., whose shares are owned by the Driscoll family;
6. the Respondents have represented to the Commission that Petro Assets Inc. has no direct involvement in the supervision or daily operations of Sentry or SIC;
7. the individual who controls the voting of all the shares of Petro Assets Inc. has signed an undertaking to the Commission that for so long as he exercises direct or indirect control over at least 51% of the voting shares of SIC, he shall ensure that a majority of the directors of SIC are independent of management of Sentry and not members of the Driscoll family;
8. Sentry has confirmed receipt of a reparation payment of \$100,000 from Driscoll;
9. this Order may form the basis for parallel orders in other jurisdictions in Canada;
10. the Commission has reviewed the Settlement Agreement, the Notice of Hearing, and the Statement of Allegations, and heard submissions from counsel for the Respondents and from Staff; and
11. the Commission is of the opinion that it is in the public interest to make this Order;

**IT IS ORDERED THAT:**

1. the Settlement Agreement is approved;
2. the Respondents are reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
3. Sentry shall
  - a. continue to submit to a review of its practices and procedures in accordance with the terms set out in the Undertaking attached hereto as Schedule "A" and shall refrain from hosting a Mutual Fund Sponsored Conference, without approval of the Consultant that is reported to the OSC Manager, until the OSC Manager has communicated to Sentry that the OSC Manager is satisfied that the conclusions expressed in the Attestation Letter by the Consultant described in Schedule "A" are valid, pursuant to paragraph 4 of subsection 127(1) of the Act;
  - b. pay an administrative penalty in the amount of \$1,500,000 to the Commission, which amount shall be designated for allocation or for use by the Commission in accordance with subsections 3.4(2)(b)(i) or (ii) of the Act, pursuant to paragraph 9 of subsection 127(1) of the Act; and
  - c. pay costs of the Commission's investigation in the amount of \$150,000, pursuant to section 127.1 of the Act; and
4. Driscoll
  - a. shall resign all positions that he holds as a director or officer of any investment fund manager ("IFM") or other registrant and as a director of any affiliate of Sentry, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;
  - b. is prohibited from becoming or acting as a director or officer of SIC or of any IFM or other registrant or as a director of any affiliate of Sentry

for a period of 2 years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;

- c. is prohibited from becoming or acting as a UDP or CCO of any IFM or other registrant for a period of 5 years commencing on the date of the Commission's order approving this Settlement Agreement, pursuant to paragraphs 8.2 and 8.4 of subsection 127(1) of the Act;
- d. shall successfully complete the PDO Exam and Chief Compliance Officers Qualifying Exam referred to in section 3.1 of National Instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registrant Obligations* ("NI 31-103") as a condition of becoming an officer or director of SIC or of any IFM or other registrant and as a condition for future registration as a UDP; and
- e. shall successfully complete the PDO Exam and Chief Compliance Officers Qualifying Exam referred to in section 3.1 of NI 31-103 and the Osgoode Certificate in Regulatory Compliance and Legal Risk Management for Financial Institutions offered by Osgoode Professional Development as a condition for future registration as a CCO.

**DATED** at Toronto, this 5<sup>th</sup> day of April, 2017.

*"Philip Anisman"*

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Philip Anisman

## Schedule “A”

### Undertaking

**WHEREAS** an investigation of conduct relating to Sentry Investment Inc.’s (“**Sentry**”) mutual fund sales practices has been initiated by Staff of the Ontario Securities Commission (the “**Commission**”) as a result of a compliance review by the Compliance and Registrant Regulation (“**CRR**”) Branch and is not concluded;

**AND WHEREAS** a special committee composed of independent directors of the board of directors of Sentry Investments Corp. (the “**Special Committee**”), the direct shareholder of Sentry, has resolved, *inter alia*, to retain an independent compliance consultant (“the **Consultant**”) to review and recommend improvements to certain aspects of Sentry’s internal policies, procedures, practices and internal controls, and to require the Consultant to report its findings to the Commission;

**AND WHEREAS** Sentry supports and accepts the retention of the Consultant and seeks to take immediate corrective action in relation to certain compliance issues noted to date;

Sentry hereby undertakes that:

1. within 30 days of signing this Undertaking, Sentry will enter into an agreement (the “**Agreement**”) with a Consultant that has been approved by a Manager in the CRR Branch of the Commission (the “**OSC Manager**”);
2. the Agreement will provide that the Consultant will examine the areas set out in (i) and (ii) below, with a view to making recommendations to be included in a plan to be submitted to the OSC Manager no later than 90 days from the date of this Undertaking for review and approval by the OSC Manager (the “**Plan**”). In particular, the Consultant will examine:
  - (i) Sentry’s operations, internal controls, practices, policies and procedures relating to sales practices (the “**Sales Practice System**”) to ensure that:
    - a. the Sales Practice System fully complies with applicable law, including National Instrument 81-105 *Mutual Fund Sales Practices* (“**NI 81-105**”) and section 11.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“**NI 31-103**”);
    - b. the Sales Practice System is tailored to the specific manner of business conducted by Sentry and is consistent with prudent business practices and best industry standards;
    - c. Sentry’s staff are required to report any misconduct or non-compliance in a timely manner and that there is an appropriate escalation process in place to ensure that Sentry’s senior management, its board of directors and the board of directors of Sentry Investments Corp., can adequately oversee Sentry’s activities in respect of the Sales Practice System;

- d. the Sales Practice System is designed to identify any non-compliance at an early stage and to allow for correction of the conduct in a timely manner; and
  - e. all applicable Sentry staff are trained on business promotion matters (including Sentry's Ultimate Designated Person and members of Sentry's executive team) to ensure compliance with applicable laws related to the Sales Practice System, including NI 81-105;
- (ii) Sentry's operations, internal controls, practices, policies and procedures relating to the daily operation of Sentry's Investment Funds to ensure that Sentry's Transfer Agent, Fund Accounting, Trust Accounting, Portfolio Management and Independent Review Committee functions, fully comply with applicable laws, including section 11.1 of NI 31-103;
3. the Agreement will also provide that the Consultant will:
- (i) include in the Plan, a description of the review performed, the results of the review, and the Consultant's recommendations for any changes or improvements that the Consultant reasonably deems necessary to conform with 2 (i) to (ii) above;
  - (ii) assist Sentry in the implementation of the Plan including assisting Sentry and Sentry's counsel, in the preparation of policies, procedures and/or training materials, or in amending existing policies, procedures and/or training materials to ensure compliance with 2(i) and (ii) above;
  - (iii) submit written progress reports ("**Progress Report**") to the OSC Manager, every 90 days commencing 90 days after the approval of the Plan by the OSC Manager, detailing Sentry's progress with respect to the implementation of the Plan and stating whether the specific recommendations included in the Plan have been implemented and, if not, the expected date of completion and person(s) responsible for the implementation. The Consultant shall submit Progress Reports until the Plan has been fully implemented to the satisfaction of the OSC Manager;
  - (iv) submit, within 12 months of receiving confirmation from the OSC Manager that the Plan has been fully implemented (the "**Confirmation Date**"), a letter (the "**Attestation Letter**"), expressing his or her conclusions on whether the revised policies and procedures and internal controls set out in the Plan were working appropriately and adequately followed, administered and enforced by Sentry for the 9 month period commencing from the Confirmation Date;
  - (v) Include a report with the Attestation Letter which provides a description of the testing performed to support the conclusions contained in the Attestation Letter; and

- (vi) submit such additional reports as may be requested by the OSC Manager for the purpose of satisfying the OSC Manager that the conclusions expressed in the Attestation Letter described above is valid.
4. the Plan and the Progress Reports will be reviewed and approved by the Special Committee and signed by a representative of the Special Committee as evidence of its review and approval;
  5. Sentry shall provide the Consultant with reasonable access to all of Sentry's books and records necessary to complete the Consultant's mandate and will allow the Consultant to meet privately with Sentry's officers, directors and employees. Sentry shall require its officers, directors and employees to cooperate fully with the Consultant with respect to the Consultant's work and with respect to the implementation of the Plan or any of its specific recommendations; and
  6. Sentry shall immediately submit to the Commission a direction giving consent for unrestricted access by Staff of the Commission to communicate with the Consultant regarding the Consultant's work and Sentry's progress with respect to the implementation of the Plan or any or its specific recommendations.