

The Ontario Securities Commission

OSC Bulletin

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The Ontario Securities Commission Administers the Securities Act of Ontario (R.S.O. 1990, c. S.5) and the Commodity Futures Act of Ontario (R.S.O. 1990, c. C.20)

The Ontario Securities Commission

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Chapter 1

Notices / News Releases

1.1 Notices

1.1.1 Current Proceedings Before The Ontario Securities Commission

MARCH 10, 2006

CURRENT PROCEEDINGS

BEFORE

ONTARIO SECURITIES COMMISSION

Unless otherwise indicated in the date column, all hearings will take place at the following location:

The Harry S. Bray Hearing Room
Ontario Securities Commission
Cadillac Fairview Tower
Suite 1700, Box 55
20 Queen Street West
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Robert L. Shirriff, Q.C.	—	RLS
Suresh Thakrar, FIBC	—	ST
Wendell S. Wigle, Q.C.	—	WSW

SCHEDULED OSC HEARINGS

March 22, 2006 **Joseph Edward Allen, Abel Da Silva, Chateram Ramdhani and Syed Kabir**
10:00 a.m.

s.127

J. Waechter in attendance for Staff

Panel: RLS/ST/DLK

March 30, 2006 **Mega-C Power Corporation, Rene Pardo, Gary Usling, Lewis Taylor Sr., Lewis Taylor Jr., Jared Taylor, Colin Taylor and 1248136 Ontario Limited**
10:00 a.m.

S. 127

T. Hodgson in attendance for Staff

Panel: TBA

April 3, 5 to 7, 2006
10:00 a.m. **Momentas Corporation, Howard Rash, Alexander Funt, Suzanne Morrison and Malcolm Rogers**

April 4, 2006
2:30 p.m.

s. 127 and 127.1

P. Foy in attendance for Staff

Panel: WSW/RWD/CSP

April 11, 2006
10:00 a.m. **Fulcrum Financial Group Inc., Secured Life Ventures Inc., Zephyr Alternative Power Inc., Troy Van Dyk, William L. Rogers, Leszek Dziadecki, Werner Reindorf and Reindorf Investments Inc.**

s. 127 and 127.1

G. Mackenzie in attendance for Staff

Panel: TBA

April 12, 2006 **Thomas Hinke**
10:00 a.m.

s. 127 and 127.1

A. Sonnen in attendance for Staff

Panel: TBA

Notices / News Releases

April 13, 2006 10:00 a.m.	Jose L. Castaneda s.127 T. Hodgson in attendance for Staff Panel: WSW	October 16, 2006 to November 10, 2006 10:00 a.m.	James Patrick Boyle, Lawrence Melnick and John Michael Malone* s. 127 and 127.1 Y. Chisholm in attendance for Staff Panel: TBA
April 19, 2006 9:30 a.m.	Maitland Capital Ltd., Allen Grossman, Hanouch Ulfan, Leonard Waddingham, Ron Garner, Gord Valde, Marianne Hyacinthe, Diana Cassidy, Ron Catone, Steven Lanys, Roger McKenzie, Tom Mezinski, William Rouse and Jason Snow s.127 & 127.1 D. Ferris in attendance for Staff Panel: PMM	TBA	* Malone settled December 22, 2005 Yama Abdullah Yaqeen s. 8(2) J. Superina in attendance for Staff Panel: TBA
June 9, 2006 10:00 a.m.	Olympus United Group Inc. s.127 M. MacKewn in attendance for Staff Panel: TBA	TBA	Cornwall et al s. 127 K. Manarin in attendance for Staff Panel: TBA
June 9, 2006 10:00 a.m.	Norshield Asset Management (Canada) Ltd. s.127 M. MacKewn in attendance for Staff Panel: TBA	TBA	Robert Patrick Zuk, Ivan Djordjevic, Matthew Noah Coleman, Dane Alan Walton, Derek Reid and Daniel David Danzig s. 127 J. Waechter in attendance for Staff Panel: TBA
June 26, 2006 10:00 a.m.	Universal Settlement International Inc.	TBA	John Illidge, Patricia McLean, David Cathcart, Stafford Kelley and Devendranauth Misir S. 127 & 127.1
June 27, 2006 2:30 p.m.	s. 127 & 127.1 Y. Chisholm in attendance for Staff		K. Manarin in attendance for Staff
June 28-30, 2006 10:00 a.m.	Panel: TBA		Panel: TBA
July 31, 2006 10:00 a.m.	Firestar Capital Management Corp., Kamposse Financial Corp., Firestar Investment Management Group, Michael Ciavarella and Michael Mitton s. 127 J. Cotte in attendance for Staff Panel: TBA	TBA	Hollinger Inc., Conrad M. Black, F. David Radler, John A. Boulton and Peter Y. Atkinson s.127 J. Superina in attendance for Staff Panel: SWJ/RWD/MTM

TBA **Philip Services Corp., Allen Fracassi**, Philip Fracassi**, Marvin Boughton**, Graham Hoey**, Colin Soule*, Robert Waxman and John Woodcroft****

s. 127

K. Manarin in attendance for Staff

Panel: TBA

* Settled November 25, 2005

** Settled March 3, 2006

TBA **Portus Alternative Asset Management Inc., Portus Asset Management Inc. Boaz Manor, Michael Mendelson, Michael Labanowich and John Ogg**

s.127 & 127.1

M. MacKewn in attendance for Staff

Panel: TBA

ADJOURNED SINE DIE

Global Privacy Management Trust and Robert Cranston

Andrew Keith Lech

S. B. McLaughlin

Livent Inc., Garth H. Drabinsky, Myron I. Gottlieb, Gordon Eckstein, Robert Topol

Andrew Stuart Netherwood Rankin

1.1.2 Regulators Revise Proposals on Institutional Trade Processing

FOR IMMEDIATE RELEASE

REGULATORS REVISE PROPOSALS ON INSTITUTIONAL TRADE PROCESSING

March 3, 2006 - Montréal - Today, the Canadian Securities Administrators (CSA) published a revised rule and policy to accelerate institutional trade matching processes. The revisions to the original rule and policy respond to public comments made on the first versions published in April 2004.

"The majority of comments on the 2004 proposals support a CSA rule requiring institutional trade matching on trade date," said Jean St-Gelais, Chair of the CSA, and President and Chief Executive Officer of Québec's Autorité des marchés financiers. "However, almost all of the commenters found it unfeasible to require institutional trade matching by the earlier proposed deadlines. We have revised our proposals to facilitate institutional trade matching by focusing on policies and procedures and by allowing a transition towards institutional trade matching on the day of trade by July 1, 2008."

Proposed *National Instrument 24-101 — Institutional Trade Matching and Settlement*, and Proposed *Companion Policy 24-101CP — to National Instrument 24-101 – Institutional Trade Matching and Settlement* are available on various CSA members' web sites. Comments on the proposals are requested by May 2, 2006.

The CSA, the council of the securities regulators of Canada's provinces and territories, coordinates and harmonizes regulation for the Canadian capital markets.

For more information:

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Autorité des marchés financiers
514-940-2176

1.1.3 CSA Notice 44-303 - Filing of Notice of Intention to be Qualified to File a Short Form Prospectus under NI 44-101 Short Form Prospectus Distributions

**CSA NOTICE 44-303
FILING OF NOTICE OF INTENTION
TO BE QUALIFIED TO FILE
A SHORT FORM PROSPECTUS UNDER
NATIONAL INSTRUMENT 44-101
SHORT FORM PROSPECTUS DISTRIBUTIONS**

March 10, 2006

Background

On October 21, 2005, the Canadian Securities Administrators (CSA) published a notice relating to the replacement of National Instrument 44-101 *Short Form Prospectus Distributions* (NI 44-101). NI 44-101 came into force on December 30, 2005.

CSA Notice 44-302 Replacement of National Instrument 44-101 *Short Form Prospectus Distributions* (CSA Notice 44-302) detailed the process for filing the qualification notice during the transition period from December 30, 2005 until SEDAR changes were in place to accommodate filing of the qualification notice under NI 44-101. The SEDAR changes became effective Monday, March 6, 2006.

Substance and Purpose

NI 44-101 modified the qualification, disclosure and other requirements of the short form prospectus system so that this prospectus system could build on and be more consistent with recent developments and initiatives of the CSA.

Process for Filing Notice of Intention to be Qualified to File Short Form Prospectus under NI 44-101

Section 2.8(1) of NI 44-101 requires issuers to file a one-time notice of intention to be qualified to file a short form prospectus (a qualification notice) at least 10 business days prior to filing its first preliminary short form prospectus under NI 44-101.

With the SEDAR changes now effective, the process for filing the qualification notice and the withdrawal notice under NI 44-101 is as follows:

1. Access the Securities Offering filing category in SEDAR;
2. Choose the newly created filing type "NI 44-101 Notice of Intent";
3. Under this filing type, two folders (subtypes) are displayed:
 - a. NI 44-101 Notice of Intent to Qualify;
 - b. NI 44-101 Withdrawal Notice;

4. File the qualification notice under NI 44-101 Notice of Intent to Qualify. This notice should be in substantially the form of Appendix 'A' to NI 44-101;
5. There is no prescribed form of withdrawal notice. It is filed under NI 44-101 Withdrawal Notice.

NI 44-101 Notice of Intent is an auto public filing type in SEDAR.

Attached as Appendix 'A' to this Notice is a list of issuers whose Initial AIFs were accepted for filing after the list of grandfathered issuers was published with CSA Notice 44-302 on December 16, 2005 and prior to December 30, 2005, along with any issuers that were omitted from the list.

Attached as Appendix 'B' to this Notice is a list of issuers who have filed the qualification notice under "Other Filings" during the transition period.

Issuers whose names appear on Appendix A or B of this Notice and issuers whose names were on Appendix 'A' of CSA Notice 44-302 are not required to file a qualification notice again under the newly created filing type NI 44-101 Notice of Intent.

Issuers that identify inaccuracies in the lists are requested to contact CSA staff of their notice regulator as defined in s. 2.8(3) of NI 44-101.

Questions

Please refer your questions to any of the following:

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March 10, 2006

APPENDIX A

Issuer Name

1. Allen-Vanguard Corporation
2. American Express Canada Credit Corp.
3. Bankers Petroleum Ltd.
4. Coalcorp Mining Inc.
5. EPCOR Power LP
6. Flint Energy Services Ltd.
7. Penn West Energy Trust
8. Peregrine Energy Ltd.
9. Producers Oilfields Services Inc.
10. Superior Plus Inc.
11. Wajax Income Fund
12. Xceed Mortgage Trust

APPENDIX B

Issuer Name	
1. 724 Solutions Inc.	51. Liquor Stores Income Fund
2. Adaltis Inc.	52. Look Communications Inc.
3. Aeroplan Income Fund	53. Lund Gold Ltd.
4. Afriore Limited	54. Madison Minerals Inc.
5. AirIQ Inc.	55. Medical Intelligence Technologies Inc.
6. Amergio Resources Ltd.	56. Medical Ventures Corp.
7. AMR Technologies Inc.	57. Medisys Health Group Income Fund
8. Anatolia Minerals Development Limited	58. MethylGene Inc.
9. Anvil Mining Limited	59. Mexivada Mining Corp.
10. Arizona Star Resource Corp.	60. Minacs Worldwide Inc.
11. Ascalade Communications Inc.	61. Moto Goldmines Limited
12. Ashton Mining of Canada Inc.	62. New Gold Inc.
13. Atna Resources Ltd.	63. Nuvo Research Inc.
14. Atrium Biotechnologies Inc.	64. Oromin Explorations Ltd.
15. Augusta Resource Corporation	65. Osta Biotechnologies Inc.
16. Breaker Energy Ltd.	66. Parkland Income Fund
17. Builders Energy Services Trust	67. PetroWorld Corp.
18. Bulldog Resources Inc.	68. Pioneer Metals Corporation
19. Canexus Income Fund	69. Public Storage Canadian Properties
20. Canwel Building Materials Income Fund	70. Pure Energy Services Ltd.
21. CanWest MediaWorks Income Fund	71. QuestAir Technologies Inc.
22. Chariot Resources Limited	72. Qustream Corporation
23. Cipher Pharmaceuticals Inc.	73. redCity Search Company Inc.
24. CML Healthcare Income Fund	74. Research In Motion Limited
25. Coastal Contacts Inc.	75. Rock Energy Inc.
26. Contact Diamond Corporation	76. Silvercorp Metals Inc.
27. CoolBrands International Inc.	77. SIR Royalty Income Fund
28. D-Box Technologies Inc.	78. Solana Resources Limited
29. Dianor Resources Inc.	79. Sonomax Healing Healthcare Inc.
30. Divestco Inc.	80. Spur Ventures Inc.
31. Dynetek Industries Ltd.	81. Stephenson's Rental Services Income Fund
32. Eastern Platinum Limited	82. Stoneham Drilling Trust
33. Ecopia BioSciences Inc.	83. Strategic Energy Fund
34. Endeavour Mining Capital Corp.	84. Student Transportation of America Ltd.
35. Eveready Income Fund	85. Student Transportation of America ULC
36. Exile Resources Inc.	86. SunOpta Inc.
37. Falcon Oil & Gas Ltd.	87. Taiga Building Products Ltd.
38. Fieldex Exploration Inc.	88. Terra Energy Corp.
39. Freewest Resources Canada Inc.	89. The Data Group Income Fund
40. Fronteer Development Group Inc.	90. Tonbridge Power Inc.
41. High Arctic Energy Services Trust	91. Tournigan Gold Corporation
42. Hot House Growers Income Fund	92. Twoco Petroleums Ltd.
43. IBI Income Fund	93. UEX Corporation
44. Imaging Dynamics Company Ltd.	94. Unique Broadband Systems, Inc.
45. Intrinsyc Software International, Inc.	95. UrAsia Energy Ltd.
46. Jaguar Mining Inc.	96. Vaaldiam Resources Ltd.
47. Kangaroo Media Inc.	97. Wenzel Downhole Tools Ltd.
48. Kimber Resources Inc.	98. Wesdome Gold Mines Ltd. (formerly River Gold Mines Ltd.)
49. Kinross Gold Corporation	99. Western Canadian Coal Corp.
50. Lake Shore Gold Corp.	100. Westfield Real Estate Investment Trust
	101. Winstar Resources Ltd.
	102. Yamiri Gold and Energy Inc.

1.1.4 CSA Notice 52-313 - Status of Proposed MI 52-111 Reporting on Internal Control over Financial Reporting and Proposed Amended and Restated MI 52-109 Certification of Disclosure in Issuers' Annual and Interim Findings

CANADIAN SECURITIES ADMINISTRATORS NOTICE 52-313

**STATUS OF
PROPOSED MULTILATERAL INSTRUMENT 52-111
REPORTING ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

AND

**PROPOSED AMENDED AND RESTATED MULTILATERAL INSTRUMENT 52-109
CERTIFICATION OF DISCLOSURE IN ISSUERS' ANNUAL AND INTERIM FILINGS**

Purpose of this notice

The securities regulatory authorities in all Canadian jurisdictions are issuing this notice to update market participants on the status of our deliberations on proposed internal control reporting requirements.

After extensive review and consultation and in view of the delays and the debate underway in the US over the rules implementing section 404 of the *Sarbanes-Oxley Act of 2002* (the Sox 404 Rules), we have determined not to proceed with proposed Multilateral Instrument 52-111 *Reporting on Internal Control over Financial Reporting* (Proposed MI 52-111).

As more fully discussed below, we propose to expand Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109) to include the following additional provisions in respect of internal control over financial reporting:

- The CEO and CFO of a reporting issuer, or persons performing similar functions, will be required to certify in their annual certificates that they have evaluated the effectiveness of the issuer's internal control over financial reporting as of the end of the financial year and caused the issuer to disclose in its annual MD&A their conclusions about the effectiveness of internal control over financial reporting as of the end of the financial year based on such evaluation.
- The issuer will not be required to obtain from its auditor an internal control audit opinion concerning management's assessment of the effectiveness of internal control over financial reporting.
- These requirements will apply to all reporting issuers, other than investment funds, in all Canadian jurisdictions.
- The *earliest* that these requirements will apply is in respect of financial years ending on or after December 31, 2007.

Background

On February 4, 2005, the securities regulatory authorities in every Canadian jurisdiction, other than British Columbia, published for comment Proposed MI 52-111 and a proposed amended and restated version of MI 52-109.

Proposed MI 52-111, as it was published for comment, was substantially similar to the requirements of the Sox 404 Rules. Under Proposed MI 52-111, management of an issuer would have been required to evaluate the effectiveness of the issuer's internal control over financial reporting, as at the end of the issuer's financial year, against a suitable control framework. In addition, the issuer would have been required to file the following with the securities regulatory authorities:

- a report of management on its assessment of the effectiveness of the issuer's internal control over financial reporting, including a statement as to whether the issuer's internal control over financial reporting is effective; and
- a report of the issuer's auditor prepared in accordance with the CICA's auditing standard for internal control audit engagements.

The British Columbia Securities Commission did not publish Proposed MI 52-111 for comment; however, it published and sought comment on its views on internal control reporting requirements under BCN 2005/08 *BCSC Comments on Proposed Multilateral Instrument 52-111*.

The comment period on Proposed MI 52-111 and the proposed amended and restated MI 52-109 expired on June 30, 2005. We received and reviewed 64 comment letters on Proposed MI 52-111 and the amended and restated MI 52-109 and five comment letters on the British Columbia Securities Commission's request for comment. We also actively solicited feedback on Proposed MI 52-111 through discussion forums held in Vancouver, Calgary and Toronto and consultation with a wide range of

stakeholders, including reporting issuers, audit firms and legal advisers to reporting issuers, internal control consultants and investor groups. In addition, we closely monitored ongoing developments in the US surrounding the Sox 404 Rules and the related internal control auditing standard.

Proposed internal control reporting requirements

What will we require?

After careful consideration of the feedback received and recent developments internationally, particularly in the US, we propose to expand MI 52-109 to include the internal control reporting requirements discussed below.

- The CEO and CFO of a reporting issuer, or persons performing similar functions, will be required to certify in their annual certificates that they have evaluated the effectiveness of the issuer's internal control over financial reporting as of the end of the financial year. They will also be required to certify that, based on their evaluation, they have caused the issuer to disclose in its annual MD&A their conclusions about the effectiveness of internal control over financial reporting as of the end of the financial year.
- As noted above, the issuer's annual MD&A will include disclosure regarding its internal control over financial reporting. This disclosure will include a description of the process for evaluating the effectiveness of the issuer's internal control over financial reporting and the conclusions about the effectiveness of internal control over financial reporting as of the end of the financial year.

The issuer will not be required to obtain from its auditor an internal control audit opinion concerning management's assessment of the effectiveness of internal control over financial reporting.

The board of directors and its audit committee, in consultation with management, may choose to consider whether they wish to engage the issuer's auditor to assist in discharging their respective responsibilities for (i) the issuer's internal control systems and (ii) review and approval of the issuer's annual MD&A. However, engagement of the auditor will not be a requirement under MI 52-109.

The proposed internal control reporting requirements discussed above do not diminish the existing obligations of the issuer's auditor under generally accepted auditing standards to (i) understand the issuer's internal controls relevant to the audit of the issuer's financial statements and (ii) read materials with which the auditor is deemed to be associated, such as the issuer's MD&A, assess whether they are inconsistent with their knowledge and take appropriate action if they are aware of any material misstatements of fact or, if applicable, misrepresentations.

What are we trying to achieve with these internal control reporting requirements?

The objectives of the proposed internal control reporting requirements are to improve the quality, reliability and transparency of financial reporting. We believe the proposed additional internal control reporting requirements will increase management's focus on, and accountability for, the quality of internal control over financial reporting. This will contribute towards achieving our objectives while balancing the costs and benefits associated with the internal control reporting requirements.

We intend to monitor implementation of the proposed approach and to evaluate the extent to which it has been effective in achieving our objectives. CSA staff will review the disclosure in the MD&A regarding internal control over financial reporting, together with the related certifications, as part of our continuous disclosure reviews. We may enquire into the procedures that support the disclosure and certifications, particularly where the continuous disclosure filings contain material misstatements or apparent errors.

Based on the results of this monitoring and in light of experience in Canada and internationally, we will consider in the future whether a requirement for auditor involvement with the evaluation of the effectiveness of an issuer's internal control over financial reporting would contribute in a cost-effective manner to further improving the quality and consistency of disclosure to investors.

To whom will these internal control reporting requirements apply?

We propose that the additional internal control reporting requirements apply to all reporting issuers, other than investment funds. This is consistent with the current scope of application of MI 52-109.

We do not propose to distinguish between non-venture issuers and venture issuers, with the result that issuers will have to comply with the additional internal control reporting requirements regardless of where their securities may be listed or quoted. This proposal recognizes that internal control over financial reporting is important for all reporting issuers, regardless of their size or listing.

When will these internal control reporting requirements apply?

We believe the process of evaluating the effectiveness of internal control over financial reporting will be a significant undertaking for many issuers. Therefore, we intend to allow significant lead time for issuers to plan and implement efficiently the activities required to support the additional certifications and disclosure relating to internal control over financial reporting. The *earliest* that these requirements will apply is in respect of financial years ending on or after December 31, 2007. We propose a single implementation date for all issuers.

Will the requirement for CEOs and CFOs to certify that they have designed internal control over financial reporting and caused the disclosure of certain changes in internal control over financial reporting be deferred?

Currently under MI 52-109, beginning with financial years ending on or after June 30, 2006, CEOs and CFOs, or persons performing similar functions, are required to certify that they have designed internal control over financial reporting and caused certain changes in internal control over financial reporting to be disclosed in the issuer's MD&A. The implementation of these requirements will not be deferred even though we propose to implement the requirement to certify the evaluation of the effectiveness of internal control over financial reporting at a later date.

Will the additional internal control reporting requirements affect the requirement for CEOs and CFOs to evaluate the effectiveness of disclosure controls and procedures?

No. CEOs and CFOs, or persons performing similar functions, are required to certify that they have evaluated the effectiveness of disclosure controls and procedures as of the end of the financial year for financial years ended or ending on or after March 31, 2005. Please refer to our responses to comments in respect of amendments to MI 52-109 set out in our notice dated April 1, 2005 for guidance on how to implement this requirement.

Project plan

The foregoing is a high-level summary of our proposed internal control reporting requirements. We intend to seek public comment on the proposed requirements, together with other amendments to MI 52-109 previously published for comment in February 2005. Accordingly, we will publish an amended and restated MI 52-109 for comment later this year.

Withdrawal of notices

We have determined that the following notices are no longer required and they are therefore withdrawn in all Canadian jurisdictions in which they were published:

- Canadian Securities Administrators Staff Notice 52-308 *Status of Proposed Instrument regarding Reporting on Internal Control over Financial Reporting*; and
- Canadian Securities Administrators Notice 52-310 *Regarding Proposed Timing of Proposed Multilateral Instrument 52-111 and Companion Policy 52-111CP Reporting on Internal Control over Financial Reporting*.

Questions

Please refer your questions to any of:

Ontario Securities Commission

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March 10, 2006

1.2 Notices of Hearing

1.2.1 Fulcrum Financial Group Inc. et al. - ss. 127, 127.1

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

AND

**IN THE MATTER OF
FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADDECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.**

**NOTICE OF HEARING
(Sections 127 and 127.1)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 and section 127.1 of the *Securities Act* (the "Act") at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on Monday the 6th day of March, 2006, at 2:00 p.m. or as soon thereafter as the hearing can be held.

AND TAKE NOTICE THAT the purpose of the Hearing is for the Commission to consider whether it is in the public interest to approve the settlement of the proceeding entered into between Staff of the Commission ("Staff") and the respondent Leszek Dziadecki;

BY REASON OF the allegations set out in the Amended Statement of Allegations of Staff and such additional allegations as counsel may advise and the Commission may permit.

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing.

AND TAKE FURTHER NOTICE THAT, upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 1st day of March, 2006

"Daisy G. Aranha"
Per: Secretary to the Commission

1.2.2 Fulcrum Financial Group Inc. et al. - s. 127

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

AND

**FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADDECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.**

**NOTICE OF HEARING
(Section 127)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to section 127 of the *Securities Act* (the "Act") at the Commission's offices on the 17th floor, 20 Queen Street West, Toronto, Ontario, commencing on Monday the 6th day of March, 2006, at 2:00 p.m. or as soon thereafter as the hearing can be held.

AND TAKE NOTICE THAT the purpose of the Hearing is for the Commission to consider whether it is in the public interest to approve the settlement of the proceeding entered into between Staff of the Commission ("Staff") and the respondent Zephyr Alternative Power Inc.;

BY REASON OF the allegations set out in the Amended Statement of Allegations of Staff and such additional allegations as counsel may advise and the Commission may permit.

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing.

AND TAKE FURTHER NOTICE THAT, upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 1st day of March, 2006

"Daisy G. Aranha"
Per: Secretary to the Commission

1.2.3 Thomas Hinke - ss. 127, 127.1

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

AND

**IN THE MATTER OF
THOMAS HINKE**

**NOTICE OF HEARING
(Sections 127 and 127.1)**

TAKE NOTICE that the Ontario Securities Commission (the "Commission") will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "*Act*") at the Commission offices, 20 Queen Street West, 17th Floor, in the Harry S. Bray Hearing Room, Toronto, Ontario commencing on the 12th day of April, 2006 at 10:00 a.m. or as soon thereafter as the hearing can be held, to consider whether it is in the public interest to make an order that:

- (a) pursuant to section 127(1) clause 2 of the *Act*, Thomas Hinke ("Hinke") cease trading in securities of Thermal Energy International Inc. ("TEI") permanently or for such period or under such conditions as the Commission directs;
- (b) pursuant to section 127(1) clause 2 of the *Act*, Hinke cease trading for five years in securities of any reporting issuer in which Hinke holds more than 5% of any class of securities or for which he is deemed an Insider pursuant to the *Act*;
- (c) pursuant to section 127(1) clause 9 of the *Act*, Hinke pay an administrative penalty of \$32,000, or such quantum as the Commission deems appropriate;
- (d) pursuant to section 127(1) clause 6 of the *Act*, Hinke be reprimanded;
- (e) pursuant to section 127.1 of the *Act*, Hinke pay a portion of the costs of the investigation and this proceeding;
- (f) such other order as the Commission may deem appropriate.

BY REASON OF the allegations set out in the Statement of Allegations of Staff and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel if that party attends or submits evidence at the hearing;

AND TAKE FURTHER NOTICE that upon the failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 6th day of March, 2006

"Daisy G. Aranha"
Per: Stevenson
Secretary to the Commission

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

AND

**IN THE MATTER OF
THOMAS HINKE**

**STATEMENT OF ALLEGATIONS
OF STAFF OF THE
ONTARIO SECURITIES COMMISSION**

Staff of the Ontario Securities Commission make the following allegations:

1. Thomas Hinke ("Hinke") is an individual residing in Ontario. During the time period April 11, 2005 to January 3, 2006 (the "Material Period"), Hinke held in excess of 10% of the shares of Thermal Energy International Inc. ("TEI"). In addition to holding in excess of 10% of the shares of TEI, during the material period, Hinke held the position of Chief Technical Officer until his termination on June 23, 2005.
2. TEI was incorporated pursuant to the laws of Ontario and is a reporting issuer, as defined in the *Securities Act*, R.S.O. 1990 c. S.5.
3. Prior to the Material Period Hinke held a number of senior officer and director positions at TEI. During the period March 11, 2005 to March 17, 2005 Hinke resigned as Chief Compliance Officer, Chief Financial Officer, Director and Co-Chair of the Board.

Failure to File Insider Trades

4. During the Material Period Hinke executed trades over 32 time periods in TEI, which resulted in the reduction of Hinke's holdings in TEI from 16.1% to 11.5%. The trades resulted in the sale of 870,050 shares valued at a total of \$188,518.40 in TEI during the Material Period. The sales were executed through the following accounts:
 - account no. BC 12346C held by Hinke at Bolder Investment Partners ("Bolder")
 - account no. 04306160 held by Hinke at Global Securities Corporation ("Global")
 - account no. 5650471013 held by Hinke at CIBC World Markets Inc. ("CIBC")
5. For each of the above-noted trades in TEI, Hinke failed to file an insider report as required by the Act.
6. On December 12, 2005, Hinke was notified by Staff of the Commission of the failure to file reports as noted above. Notwithstanding this notice, Hinke continued to trade in shares of TEI and continued to file insider reports on a delinquent basis, as more particularly detailed in Schedule "A" attached hereto. Subsequently, Hinke brought current all insider reports for the Material Period.
7. Section 107(2) of the Ontario *Securities Act*, R.S.O. 1990, c.S.5, as amended requires Hinke to file a report of each change in his direct or indirect beneficial ownership of the reporting issuer, TEI. Section 107(2) required Hinke to file the reports within 10 days from the day the change in ownership took place.

Breach of Prior Settlement Agreement

8. Pursuant to a an Executive Director's Settlement Agreement dated April 9, 2002 between Hinke and the Executive Director of the Commission (the "Agreement"), Hinke acknowledged that he had contravened Ontario Securities law by failing to file insider reports pursuant to s. 107(2) for trades of shares in TEI. Pursuant to the terms of the Agreement, Hinke undertook to comply with all regulatory filing requirements in relation to TEI and was ordered to pay \$8,000 to the Ontario Securities Commission's Investor Education Fund.

Conduct Contrary to the Public Interest

9. The failure to file insider trading reports was a failure to comply with his Agreement and undertaking.

10. By failing to file insider trading reports as required by section 107(2) and by breaching the express terms of the Agreement, Hinke has repeatedly breached Ontario securities law and engaged in conduct contrary to the public interest.

DATED AT TORONTO this 6th day of March, 2006.

Schedule A

Hinke		Bolder Acct. BC12346C						
Date	Buy/Sell	Quantity	Price	Cdn/USD	Report Filed	Date of Filing	Late Filing	Value
11/4/2005	Sell	8,500	0.330	C	Yes	29/12/2005	Yes	2,805.00
11/4/2005	Sell	32,000	0.325	C	Yes	29/12/2005	Yes	10,400.00
11/4/2005	Sell	1,500	0.330	C	Yes	29/12/2005	Yes	495.00
15/4/2005	Sell	9,000	0.320	C	Yes	29/12/2005	Yes	2,880.00
19/4/2005	Sell	6,500	0.350	C	Yes	29/12/2005	Yes	2,275.00
21/4/2005	Sell	500	0.325	C	Yes	29/12/2005	Yes	162.50
25/4/2005	Sell	24,000	0.325	C	Yes	29/12/2005	Yes	7,800.00
25/4/2005	Sell	4,000	0.330	C	Yes	29/12/2005	Yes	1,320.00
18/5/2005	Sell	500	0.300	C	Yes	29/12/2005	Yes	150.00
19/5/2005	Sell	10,000	0.300	C	Yes	29/12/2005	Yes	3,000.00
24/5/2005	Sell	10,000	0.300	C	Yes	29/12/2005	Yes	3,000.00
24/5/2005	Sell	10,000	0.315	C	Yes	29/12/2005	Yes	3,150.00
24/5/2005	Sell	10,000	0.310	C	Yes	29/12/2005	Yes	3,100.00
25/5/2005	Sell	15,000	0.320	C	Yes	29/12/2005	Yes	4,800.00
27/5/2005	Sell	20,500	0.305	C	Yes	29/12/2005	Yes	6,252.50
27/5/2005	Sell	10,000	0.295	C	Yes	29/12/2005	Yes	2,950.00
30/5/2005	Sell	19,000	0.290	C	Yes	29/12/2005	Yes	5,510.00
10/6/2005	Sell	20,000	0.280	C	Yes	29/12/2005	Yes	5,600.00
13/6/2005	Sell	5,000	0.335	C	Yes	29/12/2005	Yes	1,675.00
16/6/2005	Sell	3,000	0.280	C	Yes	29/12/2005	Yes	840.00
16/6/2005	Sell	3,500	0.270	C	Yes	29/12/2005	Yes	945.00
16/6/2005	Sell	10,000	0.275	C	Yes	29/12/2005	Yes	2,750.00
24/6/2005	Sell	11,000	0.270	C	Yes	29/12/2005	Yes	2,970.00

Total Volume 243,500 **Total Value 74,830.00**

Bolder Acct BC12346C

4/7/2005	Sell	8,500	0.280	C	Yes	4/1/2006	Yes	2,380.00
4/7/2005	Sell	10,000	0.275	C	Yes	4/1/2006	Yes	2,750.00
4/7/2005	Sell	10,000	0.280	C	Yes	4/1/2006	Yes	2,800.00
13/7/2005	Sell	17,000	0.250	C	Yes	4/1/2006	Yes	4,250.00

Total Volume 45,500 **Total Value 12,180.00**

Global Acct. 04306160

6/9/2005	Sell	32,000	0.270	C	Yes	4/1/2006	Yes	8,640.00
13/10/2005	Sell	20,000	0.250	C	Yes	4/1/2006	Yes	5,000.00

Total Volume 52,000 **Total Value 13,640.00**

CIBC Wood Acct. 5002066123

10/11/2005	Sell	550	0.19	C	Yes	28/2/2006	Yes	103.40
Total Volume 550						Total Value		103.40

Global Acct. 04306160

10/11/2005	Sell	11,500	0.200	C	Yes	4/1/2006	Yes	2,300.00
11/11/2005	Sell	13,000	0.180	C	Yes	4/1/2006	Yes	2,340.00
28/11/2005	Sell	10,000	0.260	C	Yes	4/1/2006	Yes	2,600.00
28/11/2005	Sell	10,000	0.250	C	Yes	4/1/2006	Yes	2,500.00
Total Volume 44,500						Total Value		9,740.00

CIBC Wood Acct. 5650471013

9/12/2005	Sell	3,000	0.185	C	Yes	16/1/2006	Yes	555.00
14/12/2005	Sell	54,000	0.160	C	Yes	16/1/2006	Yes	8,640.00
14/12/2005	Sell	36,500	0.165	C	Yes	16/1/2006	Yes	6,022.50
14/12/2005	Sell	1,500	0.170	C	Yes	16/1/2006	Yes	255.00
15/12/2005	Sell	46,500	0.160	C	Yes	16/1/2006	Yes	7,440.00
15/12/2006	Sell	23,500	0.165	C	Yes	16/1/2006	Yes	3,877.50
15/12/2005	Sell	1,000	0.185	C	Yes	16/1/2006	Yes	185.00
Total Volume 166,000						Total Value		26,975.00

CIBC Wood Acct. 5650471013

15/12/2005	Sell	4,000	0.185	C	Yes	28/2/2006	Yes	740.00
Total Volume 4,000						Total Value		740.00

CIBC Wood Acct. 5650471013

16/12/2005	Sell	4,500	0.185	C	Yes	16/1/2006	Yes	832.50
19/12/2005	Sell	38,000	0.150	C	Yes	16/1/2006	Yes	5,700.00
19/12/2005	Sell	12,000	0.160	C	Yes	16/1/2006	Yes	1,920.00
22/12/2005	Sell	32,500	0.155	C	Yes	16/1/2006	Yes	5,037.50
22/12/2005	Sell	22,500	0.160	C	Yes	16/1/2006	Yes	3,600.00
22/12/2005	Sell	5,000	0.170	C	Yes	16/1/2006	Yes	850.00
23/12/2005	Sell	42,500	0.150	C	Yes	16/1/2006	Yes	6,375.00
23/12/2005	Sell	7,500	0.155	C	Yes	16/1/2006	Yes	1,162.50
Total Volume 164,500						Total Value		25,477.50

Global Acct. 04306160

29/12/2005	Sell	10,000	0.180	C	Yes	16/1/2006	Yes	1,800.00
29/12/2005	Sell	25,000	0.170	C	Yes	16/1/2006	Yes	4,250.00
30/12/2005	Sell	14,500	0.185	C	Yes	16/1/2006	Yes	2,682.50
Total Volume 49,500						Total Value		8,732.50

CIBC Wood Acct. 5650471013

3/1/2006	Sell	95,000	0.160	C	Yes	16/1/2006	Yes	15,200.00
3/1/2006	Sell	5,000	0.180	C	Yes	16/1/2006	Yes	900.00
Total Volume 100,000						Total Value		16,100.00

1.3 News Releases

1.3.1 Freeze Orders Continued on Martin Tremblay Accounts

**FOR IMMEDIATE RELEASE
March 2, 2006**

**FREEZE ORDERS CONTINUED ON
MARTIN TREMBLAY ACCOUNTS**

TORONTO – Yesterday, the Superior Court of Justice made orders continuing until June 1, 2006 or further order of the Court three freeze directions issued by the Ontario Securities Commission (OSC) directing Research Capital, Jones Gable and TD Waterhouse to retain the funds, securities or property held in accounts in the name of or otherwise under the control of Martin Tremblay, as set out in the freeze directions.

A copy of each order is available on the OSC web site (www.osc.gov.on.ca).

For Media Inquiries: Wendy Dey
Director, Communications
and Public Affairs
416-593-8120

Eric Pelletier
Manager, Media Relations
416-595-8913

For Investor Inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4 Notices from the Office of the Secretary

1.4.1 Philip Services Corp. et al.

**FOR IMMEDIATE RELEASE
March 2, 2006**

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

AND

**IN THE MATTER OF
PHILIP SERVICES CORP., ALLEN FRACASSI,
PHILIP FRACASSI, MARVIN BOUGHTON,
GRAHAM HOEY, ROBERT WAXMAN
AND JOHN WOODCROFT**

TORONTO – The Commission issued an Order today in the above named matter, adjourning the commencement of the hearing to March 8, 2006 at 10:00 a.m.

A copy of the Order is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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Eric Pelletier
Manager, Media Relations
416-595-8913

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.2 Fulcrum Financial Group Inc. et al.

FOR IMMEDIATE RELEASE
March 2, 2006

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

AND

**IN THE MATTER OF
FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS,
LESZEK DZIADDECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.**

TORONTO – The Commission issued a Notice of Hearing to consider whether it is in the public interest to approve the settlement of the proceeding entered into between Staff of the Commission and the respondent Zephyr Alternative Power Inc. on Monday, March 6, 2006 at 2:00 p.m. in the Large Hearing Room.

A copy of the Notice of Hearing is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

For media inquiries: Wendy Dey
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Manager, Media Relations
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1-877-785-1555 (Toll Free)

1.4.3 Fulcrum Financial Group Inc. et al.

FOR IMMEDIATE RELEASE
March 2, 2006

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

AND

**IN THE MATTER OF
FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADDECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.**

TORONTO – The Commission issued a Notice of Hearing to consider whether it is in the public interest to approve the settlement of the proceeding entered into between Staff of the Commission and the respondent Leszek Dziadecki on Monday, March 6, 2006 at 2:00 p.m. in the Large Hearing Room.

A copy of the Notice of Hearing is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1-877-785-1555 (Toll Free)

1.4.4 Christopher Freeman

**FOR IMMEDIATE RELEASE
March 2, 2006**

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

AND

**IN THE MATTER OF
CHRISTOPHER FREEMAN**

TORONTO – The Commission issued an Order today in the above named matter, adjourning the commencement of the hearing to March 3, 2006 at 2:00 p.m.

A copy of the Order is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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1.4.5 Philip Services Corp. et al.

**FOR IMMEDIATE RELEASE
March 3, 2006**

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

AND

**IN THE MATTER OF
PHILIP SERVICES CORP., ALLEN FRACASSI,
PHILIP FRACASSI, MARVIN BOUGHTON,
GRAHAM HOEY, ROBERT WAXMAN
AND JOHN WOODCROFT**

TORONTO – The Commission issued an Order today approving the Settlement Agreement reached between Staff of the Commission and Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey and John Woodcroft.

A copy of the Order and Settlement Agreement are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
JOHN P. STEVENSON
SECRETARY

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416-593-8120

Eric Pelletier
Manager, Media Relations
416-595-8913

For investor inquiries: OSC Contact Centre
416-593-8314
1-877-785-1555 (Toll Free)

1.4.6 Christopher Freeman

**FOR IMMEDIATE RELEASE
March 6, 2006**

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

AND

**IN THE MATTER OF
CHRISTOPHER FREEMAN**

TORONTO – The Commission held a hearing on Friday, March 3, 2006 to consider whether it is in the public interest to make an order approving the Settlement Agreement entered into by Staff of the Commission and the respondent, Christopher Freeman.

The Commission issued an Order on the same day, approving the Settlement Agreement.

A copy of the Order and Settlement Agreement are available at www.osc.gov.on.ca.

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1.4.7 Fulcrum Financial Group Inc. et al.

**FOR IMMEDIATE RELEASE
March 7, 2006**

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

AND

**IN THE MATTER OF
FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADDECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.**

TORONTO – The Commission held a hearing on Monday, March 6, 2006 to consider whether it is in the public interest to make an order approving the Settlement Agreement entered into by Staff of the Commission and the respondent, Zephyr Alternative Power Inc.

The Commission issued an Order on the same day, approving the Settlement Agreement.

A copy of the Order and Settlement Agreement are available at www.osc.gov.on.ca.

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1.4.8 Fulcrum Financial Group Inc. et al.

FOR IMMEDIATE RELEASE
March 7, 2006

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

AND

**IN THE MATTER OF
FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADDECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.**

TORONTO – The Commission held a hearing on Monday, March 6, 2006 to consider whether it is in the public interest to make an order approving the Settlement Agreement entered into by Staff of the Commission and the respondent, Leszek Dziadecki.

The Commission issued an Order on the same day, approving the Settlement Agreement.

A copy of the Order and Settlement Agreement are available at www.osc.gov.on.ca.

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1.4.9 Olympus United Group Inc.

FOR IMMEDIATE RELEASE
March 7, 2006

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

AND

**IN THE MATTER OF
OLYMPUS UNITED GROUP INC.**

TORONTO – The hearing to consider whether to extend the temporary orders made by the Commission on May 13, 2005 and May 20, 2005, is adjourned until June 9, 2006 at 10:00 a.m.; and the temporary orders issued on May 13, 2005 and May 20, 2005 are continued until the hearing on June 9, 2006, or until further order of this Commission.

A copy of the Order is available at www.osc.gov.on.ca.

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1.4.10 Olympus United Group Inc.

**FOR IMMEDIATE RELEASE
March 7, 2006**

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

AND

**IN THE MATTER OF
OLYMPUS UNITED GROUP INC.**

TORONTO – The hearing to consider whether to extend the temporary orders made by the Commission on May 13, 2005 and May 20, 2005, is adjourned until June 9, 2006 at 10:00 a.m.; and the temporary orders issued on May 13, 2005 and May 20, 2005 are continued until the hearing on June 9, 2006, or until further order of this Commission.

A copy of the Order is available at www.osc.gov.on.ca.

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1.4.11 Norshield Asset Management (Canada) Ltd.

**FOR IMMEDIATE RELEASE
March 7, 2006**

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

AND

**IN THE MATTER OF
NORSHIELD ASSET MANAGEMENT (CANADA) LTD.**

TORONTO – The hearing to consider whether to extend the Temporary Order is adjourned until June 9, 2006 at 10:00 a.m.; and the suspension of Norshield's registration is continued until that time or until such other time as may be ordered by this Commission.

A copy of the Order is available at www.osc.gov.on.ca.

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1.4.12 Thomas Hinke

FOR IMMEDIATE RELEASE
March 8, 2006

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

AND

IN THE MATTER OF
THOMAS HINKE

TORONTO – The Office of the Secretary issued a Notice of Hearing scheduling a hearing on April 12, 2006 at 10:00 a.m. in the above noted matter.

A copy of the Notice of Hearing and the Statement of Allegations are available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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SECRETARY

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1.4.13 Philip Services Corp. and Robert Waxman

FOR IMMEDIATE RELEASE
March 8, 2006

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

AND

IN THE MATTER OF
PHILIP SERVICES CORP. AND
ROBERT WAXMAN

TORONTO – The Commission issued an Order today in the above named matter, adjourning the hearing scheduled to commence on March 8, 2006, until the completion of the preliminary hearing of the proceeding against Robert Waxman under the *Criminal Code of Canada*.

A copy of the Order and Robert Waxman's Undertaking to the Ontario Securities Commission is available at www.osc.gov.on.ca.

OFFICE OF THE SECRETARY
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SECRETARY

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Chapter 2

Decisions, Orders and Rulings

2.1 Decisions

2.1.1 BluMont Man Alternative Yield Fund - MRRS Decision

Headnote

MRRS for Exemptive Relief Applications – exemption granted to an investment fund from the requirement in section 14.2(3)(b) of National Instrument 81-106 Investment Fund Continuous Disclosure to calculate its net asset value on a daily basis subject to the requirement to calculate its net asset value at least once per month based on the nature of the holdings in the investment portfolio. An additional condition was added to the decision requiring the fund to calculate its NAV at least twice per month if the reporting by the underlying hedge funds becomes more frequent.

Rules Cited

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 14.2(3)(b), 17.1.

February 24, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, QUEBEC,
SASKATCHEWAN, MANITOBA, ONTARIO,
NEWFOUNDLAND AND LABRADOR,
NEW BRUNSWICK AND NOVA SCOTIA
(the Jurisdictions)**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
BLUMONT MAN ALTERNATIVE YIELD FUND
(THE FILER)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the Decision Maker) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the daily calculation of net asset value requirement of the Legislation (the Requested Relief):

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

In this decision

“BluMont Man Yield Fund Ltd.” means a newly created investment entity to be established under the laws of Bermuda;

“Business Day” means any day, other than a Saturday or a Sunday or a day on which commercial banks in Toronto, Ontario, New York, New York or Hamilton, Bermuda are required or authorized by law to remain closed;

“Common Share Portfolio” means a portfolio of common shares of Canadian public companies;

“Counterparty” means the Canadian Imperial Bank of Commerce or an affiliate thereof;

“Forward Agreement” means a forward purchase and sale agreement between the Counterparty and the Filer which will provide the Filer with exposure to the returns of a leveraged investment portfolio;

“Investment Advisor” means Man Investments Limited, the investment advisor to BluMont Man Yield Fund Ltd.;

“Investment Portfolio” means a portfolio consisting of income producing securities including Canadian business income trusts, real estate investment trusts, utility income trusts, corporate bonds and convertible bonds;

“Manager” means BluMont Capital Corporation, the manager of the Filer;

“NI 81-106” means National Instrument 81-106 – *Investment Fund Continuous Disclosure*;

“Notice Period” means the month of May, commencing May 2007, of any year during which the Unitholders may surrender their respective Units to be redeemed as of the applicable Redemption Date during such year;

Decisions, Orders and Rulings

“Preliminary Prospectus” means the preliminary prospectus of the Filer dated December 16, 2005;

“Redemption Date” means the last Business Day in June of each year (commencing in June 2007);

“Redemption Payment Date” means the date on or about the 45th day following the Redemption Date in any year in respect of which the applicable Unit redemption price is determined;

“Termination Date” means a date that is approximately ten years from the closing date of the offering of Units under the final prospectus of the Filer;

“TSX” means the Toronto Stock Exchange;

“Units” means the units of the Filer; and

“Unitholders” means the holders of Units.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer will be an investment trust established under the laws of Ontario by a trust agreement between the Manager and Computershare Trust Company of Canada as trustee.
2. The Filer’s investment objectives are: (i) to provide Unitholders with a stable stream of tax-efficient monthly cash distributions targeted to be \$0.05 per Unit (representing a yield of approximately 6% per annum on the issue price of \$10.00 per Unit); and (ii) to preserve capital and to achieve growth over the term of the Filer, which is expected to run until the Termination Date.
3. The Filer will make an offering to the public, on a best efforts basis, of Units pursuant to a final prospectus that will be filed in February, 2006 with the securities regulatory authorities in each of the provinces of Canada.
4. The Filer will invest the net proceeds of the offering of Units in the Common Share Portfolio.
5. The Filer will enter into the Forward Agreement with the Counterparty, which will provide the Filer with exposure to the Investment Portfolio which will consist of allocations to two investment programmes managed by the Investment Advisor or one of its affiliates: the Glenwood Portfolio and the AHL Diversified Programme. The Investment Portfolio will be constructed to provide an initial exposure of approximately 75% to the Glenwood Portfolio and approximately 25% exposure to the AHL Diversified Programme, and is expected to be rebalanced from time to time by the Investment Advisor to maintain such approximate exposure allocations between the investment programmes.

The allocations between the investment programmes may be varied at the discretion of the Investment Advisor in accordance with prevailing market conditions.

6. The Glenwood Portfolio is a fund of investment hedge funds managed by managers which are not affiliated with the Investment Advisor. There is no published market for the securities of these hedge funds. The managers of these underlying hedge funds provide financial reports to the Investment Advisor no more frequently than monthly.
7. The Investment Portfolio will be held by BluMont Man Yield Fund Ltd., a Bermuda company.
8. The Filer will partially settle the Forward Agreement to the extent required to facilitate the payment of monthly distributions to Unitholders of \$0.05 per Unit.
9. The Manager is the promoter of the Filer and has been retained to act as manager for the Filer. The Manager will be responsible for providing or arranging for the provision of administrative services required by the Filer.
10. The Manager will appoint a custodian to act as custodian of the assets of the Filer.
11. The Units are expected to be listed and posted for trading on the TSX. An application requesting conditional listing approval has been made on behalf of the Trust to the TSX.
12. Commencing in 2007, Units may be surrendered for redemption during any Notice Period. Units surrendered for redemption during the Notice Period will be redeemed as of the Redemption Date. Unitholders will receive a redemption price per Unit equal to the NAV per Unit, determined as at the Redemption Date on or about the Redemption Payment Date. Any redemption of Units or payment of redemption proceeds is subject to the Manager’s right to suspend such redemption of Units or the payment of redemption proceeds in certain circumstances. The NAV per Unit will vary depending on the performance of the Investment Portfolio by virtue of the Forward Agreement.
13. As a result, the Filer will not be a “mutual fund” under applicable securities legislation, but will be a “non-redeemable investment fund” for purposes of NI 81-106.
14. The NAV per Unit reflects, by virtue of the Forward Agreement, the value of the Investment Portfolio. The Glenwood Portfolio, which will represent initially 75% of the investment exposure of the Investment Portfolio, is valued monthly based on reports from the managers of the underlying hedge funds, a process which takes up to 30

Business Days from the receipt of the reports to complete. As a result, the Manager will calculate the NAV per Unit on a monthly basis. The Manager will post the NAV per Unit on its website.

15. The Preliminary Prospectus contains, and the final prospectus of the Filer will contain, disclosure with respect to leverage arrangements as well as securities lending by the Filer.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the final prospectus of the Filer discloses:

- (i) that the net asset value calculation of the Filer is available to the public upon request; and
- (ii) a website that the public can access for this purpose

for so long as:

- (iii) the Units are listed on the TSX;
- (iv) the Filer calculates its net asset value at least monthly; and
- (v) if a sufficient number of the underlying hedge fund managers provide financial reports to the Filer more frequently than once monthly to enable the Fund to do so, the Filer must calculate its net asset value at least bi-weekly.

"Leslie Byberg"
Manager, Investment Funds
Investment Funds Branch
Ontario Securities Commission

2.1.2 Claymore Investments, Inc. and ClaymoreETF FTSE RAFI Canadian Index Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Exemptive relief granted to unitholders of exchange traded funds that track certain indexes from formal take-over bid requirements in connection with normal course purchases of units on the Toronto Stock Exchange. – For exemption to apply unitholders must provide trustee/manager of the funds with an undertaking not to exercise any votes attached to units which represent more than 20% of the votes attached to all outstanding units of the funds – Securities Act (Ontario).

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 95, 96, 97, 98, 100, 104(2)(c), 147.

Rules Cited

National Instrument 81-102 Mutual Funds.

February 14, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC,
NEW BRUNSWICK, NOVA SCOTIA, PRINCE EDWARD
ISLAND, NEWFOUNDLAND AND LABRADOR, YUKON,
NORTHWEST TERRITORIES AND NUNAVUT
(the "Jurisdictions")**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
CLAYMORE INVESTMENTS, INC.
(the "Filer")**

AND

**IN THE MATTER OF
CLAYMOREETF FTSE RAFI CANADIAN INDEX FUND**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions has received an application from the Filer for a decision (the "Decision") under the securities legislation of the Jurisdictions (the "Legislation") exempting all holders ("Unitholders") of

units (“Units”) of ClaymorETF FTSE RAFI Canadian Index Fund, an exchange traded mutual fund (the “Existing Fund”), and any additional exchange-traded funds that the Filer may establish that have the investment objective of replicating, to the extent possible, the returns of an index, net of expenses (the “Future Funds” and together with the Existing Fund, the “Funds”), from the requirements of the Legislation related to take-over bids, including the requirement to file a report of a take-over bid and the accompanying fee with each applicable Jurisdiction, (the “Take-over Bid Requirements”) in respect of take-over bids for the Funds.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

1. the Ontario Securities Commission is the principal regulator for this application; and
2. this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

“Basket of Securities” means, in relation to a particular Fund, a group of securities determined by the Filer from time to time representing the constituents of the applicable index, in approximately the same weightings as such constituents are weighted in such index, based on each security’s sale price at the last valuation time.

“Designated Brokers” means registered brokers and dealers that enter into agreements with the Funds to perform certain duties in relation to the Funds.

“index” means an index provided to the Filer by a third party provider for use in connection with a Fund.

“Prescribed Number of Units” means, in relation to a Fund, the number of Units of the Fund determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

“Underwriters” means registered brokers and dealers that have entered into underwriting agreements with the Funds and that subscribe for and purchase Units from the Funds, and “Underwriter” means any one of them.

“Unitholders” means beneficial and registered holders of Units.

Defined terms contained in National Instrument 14-101 – *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

Background

1. The Existing Fund is, and it is expected that each of the Future Funds will be, a mutual fund trust governed by the laws of Ontario and a reporting issuer under the laws of all of the Jurisdictions.
2. The Filer has applied to list the Units of the Existing Fund on the Toronto Stock Exchange (the “TSX”) and will apply to list the Units of each of the Future Funds on the TSX. The Filer will not file a final prospectus for any Fund until the TSX has conditionally approved the listing of Units of such Fund.
3. Units issued by the Funds will be index participation units within the meaning of National Instrument 81-102 – Mutual Funds. The Funds will be generally described as exchange traded funds (“ETFs”).
4. The Filer is, or will be, the trustee and manager of the Funds and is a registered investment counsel and portfolio manager in Ontario and is registered as an investment adviser with the U.S. Securities and Exchange Commission. The Filer is a wholly-owned subsidiary of Claymore Group LLC, a financial services and asset management company based in the Chicago, Illinois area. Claymore Group LLC and its affiliates include two investment advisers registered with the U.S. Securities Exchange Commission under the Investment Advisers Act of 1940 and a broker-dealer registered with the U.S. National Association of Securities Dealers.
5. The investment objective of each Fund is, or will be, to replicate the performance of an index, net of expenses. The investment objective and applicable index for each Fund, as well as its investment strategy, will be disclosed on an ongoing basis in the prospectus of each Fund.
6. Units may only be subscribed for or purchased directly from the Funds by Underwriters or Designated Brokers and orders may only be placed for Units in the Prescribed Number of Units (or an integral multiple thereof) on any day when there is a trading session on the TSX.
7. The Funds will appoint Designated Brokers to perform certain functions which include standing in the market with a bid and ask price for Units of each Fund for the purpose of maintaining liquidity for the Units.
8. Each Underwriter or Designated Broker that subscribes for Units must deliver, in respect of each Prescribed Number of Units to be issued, a Basket of Securities and cash in an amount sufficient so that the value of the Basket of Securities and cash delivered is equal to the net asset value of the Units subscribed for next

- determined following the receipt of the subscription order. In the discretion of the Filer, the Funds may also accept subscriptions for Units in cash only, in securities other than Baskets of Securities and/or in a combination of cash and securities other than Baskets of Securities, in an amount equal to the net asset value of the Units next determined following the receipt of the subscription order.
9. The net asset value per Unit of each Fund will be calculated and published daily.
10. Upon notice given by the Filer from time to time and, in any event, not more than once quarterly, a Designated Broker will subscribe for Units in cash in an amount not to exceed 0.3% of the net asset value of the Existing Fund, or such other amount established by the Filer in respect of each Future Fund and disclosed in the prospectus of such Future Fund, next determined following delivery of the notice of subscription to that Designated Broker.
11. Neither the Underwriters nor the Designated Brokers will receive any fees or commissions in connection with the issuance of Units to them. The Filer may, at its discretion, charge an administration fee on the issuance of Units to the Designated Brokers or Underwriters.
12. Except as described in paragraphs 6 through 10 above, Units may not be purchased directly from the Funds. Investors are generally expected to purchase Units through the facilities of the TSX. However, Units may be issued directly to Unitholders upon the reinvestment of distributions of income or capital gains and in accordance with the distribution reinvestment plan to be established by each Fund, as disclosed in the preliminary prospectus for the Existing Fund and as will be disclosed in the prospectus of each Future Fund.
13. Unitholders that wish to dispose of their Units may generally do so by selling their Units on the TSX, through a registered broker or dealer, subject only to customary brokerage commissions. A Unitholder that holds a Prescribed Number of Units or an integral multiple thereof may exchange such Units for Baskets of Securities and cash; Unitholders may also redeem their Units for cash at a redemption price equal to 95% of the closing price of the Units on the TSX on the date of redemption.
14. As trustee and manager, the Filer will be entitled to receive a fixed annual fee from each Fund. Such annual fee will be calculated as a fixed percentage of the net asset value of each Fund. The Filer will be responsible for the payment of all expenses of the Funds, except for the management fee, any administration fee payable by Designated Brokers or Underwriters in connection with the issuance of Units, any redemption fees payable by Unitholders upon the redemption of a Prescribed Number of Units, any withholding taxes and any income taxes and any extraordinary expenses.
15. Unitholders holding at least the Prescribed Number of Units of a Fund will be entitled to vote the applicable portion of the securities of constituent issuers of the applicable index held by such Fund. Unitholders holding less than a Prescribed Number of Units will have no rights to vote the securities of constituent issuers of the applicable index.
16. Unitholders will have the right to vote at a meeting of Unitholders in respect of a Fund prior to any change in the fundamental investment objectives of such Fund, any change to their voting rights and prior to any increase in the amount of fees payable by a Fund.
17. Although Units will trade on the TSX and the acquisition of Units can therefore be subject to the Take-over Bid Requirements:
- (a) it will not be possible for one or more Unitholders to exercise control or direction over a Fund as the Declaration of Trust in respect of each Fund will ensure that there can be no changes made to the Fund which do not have the support of the Filer;
 - (b) it will be difficult for purchasers of Units to monitor compliance with Take-over Bid Requirements because the number of outstanding Units will always be in flux as a result of the ongoing issuance and redemption of Units by the Funds; and
 - (c) the way in which Units will be priced deters anyone from either seeking to acquire control, or offering to pay a control premium, for outstanding Units because Unit pricing will be dependent upon, and will generally represent a prescribed percentage of, the level of the applicable index.
18. The application of the Take-over Bid Requirements to the Funds would have an adverse impact upon Unit liquidity because they could cause Designated Brokers and other large Unitholders to cease trading Units once prescribed take-over bid thresholds are reached. This, in turn, could serve to provide conventional mutual funds with a competitive advantage over the Funds.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the purchase of Units by a person or company (a "**Unit Purchaser**") in the normal course through the facilities of the TSX is exempt from the Take-over Bid Requirements for so long as the Funds remain ETFs provided that, prior to making any take-over bid for Units that is not otherwise exempt from the Take-over Bid Requirements, the Unit Purchaser, and any person or company acting jointly or in concert with the Unit Purchaser (a "**Concert Party**"), provide the Filer with an undertaking not to exercise any votes attached to the Units held by the Unit Purchaser and any Concert Party which represent more than 20% of the votes attached to all outstanding Units.

"Paul Moore"
Vice Chair

"Wendell S. Wigle"
Commissioner

2.1.3 Claymore Investments, Inc. and ClaymoreETF FTSE RAFI Canadian Index Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Exemptive relief granted to exchange traded funds that track certain indexes from certain provisions of securities legislation for initial and continuous distribution of units, including: relief from registration requirements for futures commission merchants, relief to permit the funds and its promoter to disseminate sales communication promoting the funds subject to compliance with Part 15 of NI 81-102, and relief from requirement that the funds' prospectus contain an underwriter's certificate - Securities Act (Ontario).

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c.S.5, as am., ss. 25(1), 59(1), 74(1), 147.

Rules Cited

National Instrument 81-102 Mutual Funds – Part 15.

February 14, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION
OF BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUÉBEC, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND,
NEWFOUNDLAND AND LABRADOR, YUKON,
NORTHWEST TERRITORIES AND NUNAVUT
(the "Jurisdictions")**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
CLAYMORE INVESTMENTS, INC.
(the "Filer")**

AND

**IN THE MATTER OF
CLAYMOREETF FTSE RAFI CANADIAN INDEX FUND**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer for a decision under the

securities legislation of the Jurisdictions (the “**Legislation**”) that:

1. the registration requirement of the Legislation does not apply to the Filer in connection with its dissemination of sales communications relating to the distribution of units (“**Units**”) of ClaymorETF FTSE RAFI Canadian Index Fund, an exchange traded mutual fund (the “**Existing Fund**”), and any additional exchange-traded funds that the Filer may establish that have the investment objective of replicating, to the extent possible, the returns of an index, net of expenses (the “**Future Funds**” and together with the Existing Fund, the “**Funds**”);
2. the registration requirement of the Legislation does not apply to the Filer in connection with trades in Units of the Funds by registered futures commission merchants registered in Jurisdictions other than British Columbia and Quebec (“**FCMs**”) that may not be registered securities dealers under the Legislation; and
3. in connection with the distribution of securities of the Funds pursuant to a prospectus, the Funds be exempt from the requirement that the prospectus contain a certificate of the underwriter or underwriters who are in a contractual relationship with the issuer whose securities are being offered.

Under the Mutual Reliance Review System for Exemptive Relief Applications:

1. the Ontario Securities Commission is the principal regulator for this application; and
2. this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

“**Basket of Securities**” means, in relation to a particular Fund, a group of securities determined by the Filer from time to time representing the constituents of the applicable index, in approximately the same weightings as such constituents are weighted in such index, based on each security’s sale price at the last valuation time.

“**Designated Brokers**” means registered brokers and dealers that enter into agreements with the Funds to perform certain duties in relation to the Funds.

“**index**” means an index provided to the Filer by a third party provider for use in connection with a Fund.

“**Prescribed Number of Units**” means, in relation to a Fund, the number of Units of the Fund determined by the Filer from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes.

“**Underwriters**” means registered brokers and dealers that have entered into underwriting agreements with the Funds

and that subscribe for and purchase Units from the Funds, and “**Underwriter**” means any one of them.

“**Unitholders**” means beneficial and registered holders of Units.

Defined terms contained in National Instrument 14-101 – *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

Background

1. The Existing Fund is, and it is expected that each of the Future Funds will be, a mutual fund trust governed by the laws of Ontario and a reporting issuer under the laws of all of the Jurisdictions.
2. The Filer has applied to list the Units of the Existing Fund on the Toronto Stock Exchange (the “**TSX**”) and will apply to list the Units of each of the Future Funds on the TSX. The Filer will not file a final prospectus for any Fund until the TSX has conditionally approved the listing of Units of such Fund.
3. Units issued by the Funds will be index participation units within the meaning of National Instrument 81-102 – Mutual Funds (“**NI 81-102**”). The Funds will be generally described as exchange traded funds (“**ETFs**”).
4. The Filer is, or will be, the trustee and manager of the Funds and is a registered investment counsel and portfolio manager in Ontario and is registered as an investment adviser with the U.S. Securities and Exchange Commission. The Filer is a wholly-owned subsidiary of Claymore Group LLC, a financial services and asset management company based in the Chicago, Illinois area. Claymore Group LLC and its affiliates include two investment advisers registered with the U.S. Securities Exchange Commission under the Investment Advisers Act of 1940 and a broker-dealer registered with the U.S. National Association of Securities Dealers.
5. The investment objective of each Fund is, or will be, to replicate the performance of an index, net of expenses. The investment objective and applicable index for each Fund, as well as its investment strategy, will be disclosed on an ongoing basis in the prospectus of each Fund.
6. Units may only be subscribed for or purchased directly from the Funds by Underwriters or Designated Brokers and orders may only be placed for Units in the Prescribed Number of Units

- (or an integral multiple thereof) on any day when there is a trading session on the TSX.
7. The Funds will appoint Designated Brokers to perform certain functions which include standing in the market with a bid and ask price for Units of each Fund for the purpose of maintaining liquidity for the Units.
 8. Each Underwriter or Designated Broker that subscribes for Units must deliver, in respect of each Prescribed Number of Units to be issued, a Basket of Securities and cash in an amount sufficient so that the value of the Basket of Securities and cash delivered is equal to the net asset value of the Units subscribed for next determined following the receipt of the subscription order. In the discretion of the Filer, the Funds may also accept subscriptions for Units in cash only, in securities other than Baskets of Securities and/or in a combination of cash and securities other than Baskets of Securities, in an amount equal to the net asset value of the Units next determined following the receipt of the subscription order.
 9. The net asset value per Unit of each Fund will be calculated and published daily.
 10. Upon notice given by the Filer from time to time and, in any event, not more than once quarterly, a Designated Broker will subscribe for Units in cash in an amount not to exceed 0.3% of the net asset value of the Existing Fund, or such other amount established by the Filer in respect of each Future Fund and disclosed in the prospectus of such Future Fund, next determined following delivery of the notice of subscription to that Designated Broker.
 11. Neither the Underwriters nor the Designated Brokers will receive any fees or commissions in connection with the issuance of Units to them. The Filer may, at its discretion, charge an administration fee on the issuance of Units to the Designated Brokers or Underwriters.
 12. Except as described in paragraphs 6 through 10 above, Units may not be purchased directly from the Funds. Investors are generally expected to purchase Units through the facilities of the TSX. However, Units may be issued directly to Unitholders upon the reinvestment of distributions of income or capital gains and in accordance with the distribution reinvestment plan to be established by each Fund, as disclosed in the preliminary prospectus for the Existing Fund and as will be disclosed in the prospectus of each Future Fund.
 13. Unitholders that wish to dispose of their Units may generally do so by selling their Units on the TSX, through a registered broker or dealer, subject only to customary brokerage commissions. A Unitholder that holds a Prescribed Number of Units or an integral multiple thereof may exchange such Units for Baskets of Securities and cash; Unitholders may also redeem their Units for cash at a redemption price equal to 95% of the closing price of the Units on the TSX on the date of redemption.
 14. The Funds expect that FCMs may seek to trade Units of the Funds in order to hedge their futures and other derivative holdings that provide exposure to the indices replicated by the Funds. In the Jurisdictions, other than British Columbia and Quebec, FCMs may be registered under commodity futures legislation only, or trade exclusively in "exchange contracts", and may not be registered to trade in securities.
 15. As trustee and manager, the Filer will be entitled to receive a fixed annual fee from each Fund. Such annual fee will be calculated as a fixed percentage of the net asset value of each Fund. The Filer will be responsible for the payment of all expenses of the Funds, except for the management fee, any administration fee payable by Designated Brokers or Underwriters in connection with the issuance of Units, any redemption fees payable by Unitholders upon the redemption of a Prescribed Number of Units, any withholding taxes and any income taxes and any extraordinary expenses.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that:

1. the registration requirement of the Legislation does not apply to the Filer in connection with its dissemination of sales communications relating to the distribution of Units of the Funds, provided the Filer complies with Part 15 of NI 81-102;
2. the registration requirement of the Legislation does not apply to registered FCMs that may not be registered securities dealers under the Legislation in connection with their trades in Units of the Funds, provided that:
 - (a) the FCMs are registered for trading purposes under the commodity futures legislation or requirements (if any) of the Jurisdiction where such FCMs

- carry on the business of dealing in futures contracts,
- (b) trades in Units of the Funds are made only for such members' own account, and
- (c) FCMs will not trade in Units of the Funds on behalf of their clients; and
3. in connection with the distribution of Units of the Funds pursuant to a prospectus or any renewal prospectus, the Funds are exempt from the requirement of the Legislation that the prospectus or renewal prospectus contain a certificate of the Underwriters.

"Paul Moore"
Vice Chair

"Wendell S. Wigle"
Commissioner

2.1.4 Crestview Towers Limited Partnership - s. 83

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

March 1, 2006

Datile Securities Inc.

208-1 West Pearce Street,
Richmond Hill, Ontario L4B 3K3

Attention: Mr. Lewis Martin, President

Dear Sir:

Re: Crestview Towers Limited Partnership (the "Applicant") – Application to Cease to be a Reporting Issuer under Section 83 of the Securities Act (Ontario)

The Applicant has applied to the Ontario Securities Commission for an order under section 83 of the Act to be deemed to have ceased to be a reporting issuer.

As the Applicant has represented to the Commission that:

- The outstanding securities of the Applicant, including debt securities are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada;
- No securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101;
- The Applicant is not in default of any of its obligations under the Act as a reporting issuer; and
- The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant be deemed to have ceased to be a reporting issuer.

"Erez Blumberger"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.5 Rosedale Place Limited Partnership - s. 83

Headnote

Issuer meets the requirements set out in OSC Staff Notice 12-703 – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

March 2, 2006

Datile Securities Inc.

208-1 West Pearce Street,
Richmond Hill, Ontario
L4B 3K3

Attention: Mr. Lewis Martin, President

Dear Sir:

Re: Rosedale Place Limited Partnership (the “Applicant”) – Application to Cease to be a Reporting Issuer under Section 83 of the Securities Act (Ontario)

We are applying to the Ontario Securities Commission as Applicant for an order under section 83 of the Act and consistent with Ontario Securities Commission Staff Notice 12-703, that the Applicant is deemed to have ceased to be a reporting issuer.

As the Applicant has represented to the Commission that:

- The outstanding securities of the Applicant, including debt securities are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada;
- No securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101;
- The Applicant is not in default of any of its obligations under the Act as a reporting issuer; and
- The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is deemed to have ceased to be a reporting issuer.

“Charlie MacCready”
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.6 Top of the Valley Limited Partnership - s. 83

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

March 1, 2006

Datile Securities Inc.

208-1 West Pearce Street,
Richmond Hill, Ontario L4B 3K3

Attention: Mr. Lewis Martin, President

Dear Sir:

Re: Top of the Valley Limited Partnership (the “Applicant”) – Application to Cease to be a Reporting Issuer under Section 83 of the Securities Act (Ontario)

The Applicant has applied to the Ontario Securities Commission for an order under section 83 of the Act to be deemed to have ceased to be a reporting issuer.

As the Applicant has represented to the Commission that:

- The outstanding securities of the Applicant, including debt securities are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada;
- No securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101;
- The Applicant is not in default of any of its obligations under the Act as a reporting issuer; and
- The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is deemed to have ceased to be a reporting issuer.

“Erez Blumberger”
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.7 La Jolla Cove Limited Partnership - s. 83

Headnote

Issuer meets the requirements set out in OSC Staff Notice 12-703 – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

March 2, 2006

Datile Securities Inc.

208-1 West Pearce Street,
Richmond Hill, Ontario
L4B 3K3

Attention: Mr. Lewis Martin, President

Dear Sir:

Re: La Jolla Cove Limited Partnership (the “Applicant”) – Application to Cease to be a Reporting Issuer under Section 83 of the Securities Act (Ontario)

We are applying to the Ontario Securities Commission as Applicant for an order under section 83 of the Act and consistent with Ontario Securities Commission Staff Notice 12-703, that the Applicant is deemed to have ceased to be a reporting issuer.

As the Applicant has represented to the Commission that:

- The outstanding securities of the Applicant, including debt securities are beneficially owned, directly or indirectly, by less than 15 security holders in Ontario and less than 51 security holders in Canada;
- No securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101;
- The Applicant is not in default of any of its obligations under the Act as a reporting issuer; and
- The Applicant will not be a reporting issuer or the equivalent in any jurisdiction in Canada immediately following the Director granting the relief requested.

The Director is satisfied that it would not be prejudicial to the public interest to grant the requested relief and orders that the Applicant is deemed to have ceased to be a reporting issuer.

“Charlie MacCready”
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.8 Brompton Advantaged Tracker Fund - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Investment fund using specified derivatives exempted from the requirement to calculate its net asset value on a daily basis, subject to certain conditions. - Subsection 14.2(3)(b) of National Instrument 81-106 Investment Fund Continuous Disclosure.

Rules Cited:

National Instrument 81-106 Investment Fund Continuous Disclosure, ss. 14.2(3)(b), 17.1.

February 9, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,
NORTHWEST TERRITORIES, YUKON
AND NUNAVUT (the “Jurisdictions”)**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
BROMPTON ADVANTAGED TRACKER FUND
(the “Filer”)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the “**Decision Maker**”) in each of the Jurisdictions has received an application (the “**Application**”) from the Filer dated January 13, 2006 for a decision under the securities legislation (the “**Legislation**”) of the Jurisdictions for an exemption from section 14.2(3)(b) of National Instrument 81-106 *Investment Funds Continuous Disclosure* (“**NI 81-106**”), which requires an investment fund that uses specified derivatives (as such term is defined in National Instrument 81-102 *Mutual Funds*) to calculate net asset value at least once every business day (the “**Requested Relief**”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application; and

- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is an investment trust established under the laws of Ontario pursuant to a declaration of trust between the Manager and the Trustee (as defined below).
2. Brompton BTF Management Limited (the "**Manager**") is the promoter and manager of the Filer and will perform administrative services on behalf of the Filer.
3. Brompton Capital Advisors Inc. (the "**Advisor**") will be the investment advisor to the Filer. The Advisor is registered as an advisor in the category of investment counsel and portfolio manager and is registered as a limited market dealer.
4. Computershare Trust Company of Canada (the "**Trustee**") will act as the trustee, registrar, transfer agent and distribution agent of the Filer.
5. It is expected that RBC Dexia Investor Services Inc. (the "**Custodian**") will act as the custodian of the assets of the Filer and will be responsible for certain aspects of the day-to-day administration of the Filer.
6. A preliminary prospectus of the Filer dated December 16, 2005 (the "**Preliminary Prospectus**") has been filed with the securities regulatory authorities in each of the Provinces and Territories of Canada in connection with a proposed issuance of units of the Filer (the "**Units**").
7. The Units are expected to be listed and posted for trading on the Toronto Stock Exchange (the "**TSX**"). An application requesting conditional listing approval has been made on behalf of the Filer to the TSX.
8. The Units will be redeemable at the option of the holders of Units (the "**Unitholders**") on both a monthly and an annual basis. The monthly redemptions are at a price computed by reference to the market price of the Units on the redemption date. Since the primary purpose of the Filer is to invest money provided by its Unitholders, the Filer does not invest for the purpose of exercising effective control, seeking to exercise effective

control or being actively involved in the management of the issuers in which it invests. As a result, the Filer will not be a "mutual fund" under applicable securities legislation, but will be a "non-redeemable investment fund" for purposes of the Legislation.

9. The Filer's investment objectives are to provide Unitholders with the benefits of monthly tax advantaged cash distributions and low management fees together with the opportunity for capital appreciation based on the performance of an equally weighted diversified portfolio of those income funds which will be included from time to time by S&P in the S&P/TSX Composite Index and which pay a regular distribution (the "**Portfolio**").
10. The Portfolio will be held by ATF Trust, a trust to be incorporated under the laws of the Province of Ontario. ATF Trust will be established for the purpose of acquiring and holding the Portfolio. A Canadian financial institution (the "**Counterparty**") will be the initial beneficial owner of all of the Units of ATF Trust.
11. The Filer will invest the net proceeds of the offering of Units in a portfolio consisting of shares of Canadian public companies that are "Canadian Securities" for the purposes of the *Income Tax Act* (Canada) (the "**Common Share Portfolio**").
12. The Filer will enter into a forward agreement (the "**Forward Agreement**") with the Counterparty which will provide the Filer with the economic return generated by the Portfolio. Under the terms of the Forward Agreement, the Counterparty will agree to pay to the Filer on February 28, 2016 (the "**Forward Termination Date**"), or earlier in whole or in part at the request of the Filer, an amount equal to the redemption proceeds of the number of units of ATF Trust specified in the Forward Agreement in exchange for the Common Share Portfolio. At the time that the Filer enters into the Forward Agreement, the aggregate net asset value of ATF Trust will be equal to the value of the Common Share Portfolio.
13. From time to time, the Filer may hold a portion of its assets in cash and cash equivalents.
14. The terms of the Forward Agreement provide that the Forward Agreement may be settled in whole or in part prior to the Forward Termination Date by the Filer in its discretion to permit the Filer to fund distributions, redemptions and repurchases of Units from time to time and to fund operating expenses and other liabilities of the Filer.
15. The Manager is the promoter of the Filer and has been retained to act as manager for both the Filer and ATF Trust. The Manager will be responsible for providing or arranging for the provision of

- administrative services required by both the Filer and ATF Trust.
16. The Manager will appoint the Advisor as advisor to the Filer and ATF Trust.
17. Units of ATF Trust (the “**Trust Units**”) will be redeemable at the demand of its unitholders. The Trust Units will be redeemed at a price computed by reference to the net asset value per unit of ATF Trust.
18. The net asset value per Unit of the Filer will be calculated and made available to the financial press for publication on a weekly basis. The Manager will post the net asset value per Unit of the Filer on its website at www.bromptongroup.com.
19. The Advisor will employ leverage in the Portfolio to enhance the Portfolio’s total returns.
20. In order to generate additional returns, the Filer may lend Common Share Portfolio securities to borrowers acceptable to the Filer pursuant to the terms of a securities lending agreement between the Filer and any such borrower (a “**Securities Lending Agreement**”). Under any Securities Lending Agreement: (i) the borrower will pay to the Filer a negotiated securities lending fee and will make compensation payments to the Filer equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans will qualify as “securities lending arrangements” for the purposes of the *Income Tax Act* (Canada); and (iii) the Filer will receive prescribed collateral

security which it may pledge as security under the Forward Agreement.

21. The Preliminary Prospectus contains, and the Prospectus will contain, disclosure with respect to securities lending by the Filer.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the authority to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the prospectus discloses:

- (a) that the net asset value calculation of the Filer is available to the public upon request;
- (b) a website that the public can access to obtain the net asset value;

for so long as:

- (c) the Units are listed on the TSX; and
- (d) the Filer calculates its net asset value per Unit at least weekly.

“Rhonda Goldberg”
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

2.1.9 CML Healthcare Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – exemption from continuous disclosure, annual information form and certification requirements for an exchangeable share issuer, subject to certain conditions – exchangeable shares are exchangeable into units of an income fund that owns all of the common shares of the issuer.

Applicable Legislative Provisions

National Instrument 51-102 Continuous Disclosure Obligations.

Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings.

March 2, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,
YUKON, NORTHWEST TERRITORIES AND NUNAVUT
(collectively, the Jurisdictions)**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
CML HEALTHCARE INC. (THE FILER)**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that:
 - 1.1 in Ontario, British Columbia, Alberta, Manitoba and Nova Scotia (collectively, the **AIF Jurisdictions**), the Filer be exempted (the **AIF Relief**) from Part 6 (Annual Information Form) of National Instrument 51-102 - *Continuous Disclosure Obligations* (**NI 51-102**);
 - 1.2 in Ontario, New Brunswick, Yukon, Northwest Territories and Nunavut, the Filer be exempted (the **NI 51-102 Relief**) from NI 51-102 and any comparable continuous disclosure requirements under the securities legislation of such Jurisdictions that have not yet been repealed or otherwise rendered ineffective as a consequence of the adoption of NI 51-102 (the **NI 51-102 Requirements**); and
 - 1.3 in each of the Jurisdictions, the Filer be exempted from the requirements contained in Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings* (**MI 52-109**) (the **MI 52-109 Relief**).
2. Under the Mutual Reliance Review System for Exemptive Relief Applications (the **MRRS**):
 - 2.1 the Ontario Securities Commission is the principal regulator for this application; and
 - 2.2 this MRRS decision document evidences the decision of each Decision maker.

Interpretation

3. Defined terms contained in National Instrument 14-101 - *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

4. The decision is based on the following facts represented by the Filer:
- 4.1 The Filer was amalgamated under the *Business Corporations Act* (Ontario) on February 23, 2004 in accordance with the terms of the a plan of arrangement pursuant to the amalgamation of CML, as it existed prior to the said amalgamation, AcquisitionCo, Diagnostic Acquisition Limited, 1603728 Ontario Inc. and 1602928 Ontario Inc.
 - 4.2 The head office and registered office of the Filer is located in Mississauga, Ontario.
 - 4.3 The Filer is a reporting issuer in each of the Jurisdictions where such status exists.
 - 4.4 The authorized share capital of the Filer includes an unlimited number of common shares (the **Common Shares**) and an unlimited number of exchangeable shares (the **Exchangeable Shares**).
 - 4.5 Neither the Common Shares nor the Exchangeable Shares are listed or quoted on any marketplace.
 - 4.6 CML Healthcare Income Fund (the **Fund**) was established pursuant to a declaration of trust dated January 12, 2004 under the laws of Ontario.
 - 4.7 The Fund is, for the purposes of the *Income Tax Act* (Canada), an unincorporated, open-ended trust.
 - 4.8 The head office of the Fund is located in Mississauga, Ontario.
 - 4.9 The Fund is a reporting issuer in each of the Jurisdictions where such status exists, and is not in default of any of its obligations under the Legislation.
 - 4.10 Units of the Fund (the **Units**) are listed and posted for trading on the TSX.
 - 4.11 The authorized capital of the Fund consists of an unlimited number of Units and an unlimited number of special voting units.
 - 4.12 The Fund owns all of the issued and outstanding securities of the Filer, other than the Exchangeable Shares.
 - 4.13 The unitholders of the Fund (the **Unitholders**) are the sole beneficiaries of the Fund and the Filer is the administrator of the Fund.
 - 4.14 The Exchangeable Shares are exchangeable into Units having voting attributes equivalent to those of the Units and, to the extent possible, are the economic equivalent of the Units.
 - 4.15 Holders of Exchangeable Shares will receive all disclosure that the Fund is required to send to holders of Units under the Legislation.
 - 4.16 The exchange rights attaching to the Exchangeable Shares are governed by a voting and exchange trust agreement among the Fund, the Filer and CIBC Mellon Trust Company, as the initial trustee thereunder (the **Voting Trust Trustee**) that provides the Voting Trust Trustee the right to require the Fund to exchange the Exchangeable Shares and which will trigger automatically the exchange of the Exchangeable Shares for Units upon the occurrence of certain specified events.
 - 4.17 Under a support agreement among the Fund and the Filer, the Fund will take certain actions and make certain payments and will deliver or cause to be delivered Units in satisfaction of the obligations of the Filer.
 - 4.18 Pursuant to an MRRS decision document dated March 10, 2004 (the **2004 Decision**), the Filer obtained relief from the following requirements under the Legislation:
 - 4.18.1 in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and Newfoundland and Labrador (collectively, the **Original Jurisdictions**), the requirements to issue a press release and file a report upon the occurrence of a material change, file an annual report, file interim financial statements and audited annual financial statements and deliver such statements to its securityholders, and file and deliver an information circular or make an annual filing in lieu of filing an information circular; and

- 4.18.2 in each of Saskatchewan, Ontario Quebec and Newfoundland and Labrador, the requirements to file management's discussion and analysis of financial condition and results of operations (the **MD&A**) and an annual information form (the **AIF**).
- 4.19 Pursuant to section 13.2 of NI 51-102, the Filer is exempt, in each of the Original Jurisdictions, from the provisions of NI 51-102 that are substantially similar to the provisions that the Filer is exempt from under the 2004 Decision.
- 4.20 MI 52-109 requires every issuer to file certain certificates at the time of filing an AIF, annual and interim financial statements and MD&As. As the Filer is not required to file continuous disclosure, the required certification is not useful.

Decision

5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.
6. The decision of the Decision Makers under the Legislation is as follows:
- 6.1 The NI 51-102 Relief is granted for so long as:
- 6.1.1 the Fund is a reporting issuer in at least one of the jurisdictions listed in Appendix "B" of Multilateral Instrument 45-102 - *Resale of Securities* and is an electronic filer under SEDAR;
- 6.1.2 the Fund concurrently sends to all holders of Exchangeable Shares resident in the Jurisdictions all disclosure material furnished to holders of Units under the continuous disclosure requirements in NI 51-102 (the **Continuous Disclosure Requirements**);
- 6.1.3 the Fund files with each Decision Maker copies of all documents required to be filed pursuant to NI 51-102 (the **Fund Continuous Disclosure Documents**);
- 6.1.4 concurrently with the filing of the Fund Continuous Disclosure Documents, the Fund files in electronic format under the SEDAR profile of the Filer either:
- 6.1.4.1 the Fund Continuous Disclosure Documents, or
- 6.1.4.2 a notice that indicates that:
- 6.1.4.2.1 the Filer has been granted an exemption from the Continuous Disclosure Requirements;
- 6.1.4.2.2 the Fund has filed the Fund Continuous Disclosure Documents, and
- 6.1.4.2.3 where a copy of the Fund Continuous Disclosure Documents can be found for viewing on SEDAR by electronic means;
- 6.1.5 the Fund is in compliance with the requirements in the Legislation and of any marketplace on which the securities of the Fund are listed or quoted in respect of making public disclosure of material information on a timely basis;
- 6.1.6 the Filer issues a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the affairs of the Filer that are not also material changes in the affairs of the Fund;
- 6.1.7 the Fund includes in all mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement that explains the reason the mailed material relates solely to the Fund, indicates that Exchangeable Shares are the economic equivalent of the Units and describes any rights associated with the Exchangeable Shares;
- 6.1.8 the Fund remains a direct or indirect beneficial owner of all of the issued and outstanding voting securities of the Filer;

- 6.1.9 the business of the Filer continues to be the same as the business of the Fund in that the Fund has no independent business operations, interests in other businesses or material assets and liabilities other than its direct or indirect investment in the Filer and its subsidiaries; and
- 6.1.10 the Filer does not issue any securities other than Exchangeable Shares, securities issued to the Fund or its affiliates or debt securities issued to credit unions, insurance companies or other financial institutions.
- 6.2 The AIF Relief is granted for so long as:
 - 6.2.1 the Filer is exempt from or otherwise not subject to the NI 51-102 Requirements;
 - 6.2.2 the business of the Filer continues to be the same as the business of the Fund in that the Fund has no independent business operations, interests in other businesses or material assets and liabilities other than its direct or indirect investment in the Filer and its subsidiaries; and
 - 6.2.3 the Filer and the Fund are in compliance with the conditions of the 2004 Decision specifically related to the exemptive relief granted to the Filer from Continuous Disclosure Requirements and the requirements to file an AIF and to provide an MD&A (the **2004 Decision Conditions**).
- 6.3 The MI 52-109 Relief is granted for so long as:
 - 6.3.1 the Filer is not required to, and does not, file its own interim filings and annual filings (as those terms are defined under MI 52-109);
 - 6.3.2 the Fund files in electronic format under the SEDAR profile of the Filer the:
 - 6.3.2.1 interim financial statements required under section 4.3 of NI 51-102;
 - 6.3.2.2 annual financial statements required under section 4.2 of NI 51-102;
 - 6.3.2.3 certification of interim filings required under Part 3 of MI 52-109; and
 - 6.3.2.4 certification of annual filings required under Part 2 of MI 52-109 of the Fund, at the same time as such documents are required to be filed on its own behalf under the Legislation; and
 - 6.3.3 the Filer is exempt from or otherwise not subject to the Continuous Disclosure Requirements and the Filer and the Fund are in compliance with the 2004 Decision Conditions.

“Iva Vranic”
Manager, Corporate Finance
Ontario Securities Commission

2.1.10 Canico Resource Corp. - s. 83

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

March 2, 2006

Stikeman Elliott LLP

1700 Park Place
666 Burrard Street
Vancouver, BC V6C 2X8

Dear Ms. Aberdeen:

**Re: Canico Resource Corp. (the "Applicant") -
Application to Cease to be a Reporting Issuer
under the securities legislation of Alberta,
Saskatchewan, Manitoba, Ontario, Quebec,
New Brunswick, Nova Scotia and
Newfoundland and Labrador (the
"Jurisdictions")**

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

- (a) the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
- (b) no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
- (c) the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- (d) the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been

met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

Dated this 2nd day of March, 2006 in the City of Toronto in the Province of Ontario.

"Charlie MacCready"
Assistant Manager, Corporate Finance
Ontario Securities Commission

2.1.11 Imperial Tobacco Canada Limited - MRRS Decision

MRRS DECISION DOCUMENT

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Application by reporting issuer (Filer) for an order deeming it to have ceased to be a reporting issuer – Filer is a reporting issuer as a result of an amalgamation with a reporting issuer in 2000 – Filer assumed predecessor entity's publicly traded debt, which debt matured in November 2005 – Filer is a wholly-owned indirect subsidiary of UK company listed on the London Stock Exchange – Filer does not have any securities that are publicly held, other than notes that have been privately placed in Europe (the European Notes) – European Notes are fully and irrevocably guaranteed by UK parent – UK continuous disclosure requirements comparable to those of the Jurisdictions – European Notes are listed on Luxembourg Stock Exchange and subject to requirements of that exchange – Filer has exercised best efforts to ascertain exact number of European Noteholders resident in Canada – based on reasonable enquiry, Filer believes that residents of Canada do not hold more than 2% of the outstanding securities of the Filer and do not represent more than 2% of the total number of holders of securities of the Filer – none of the Filer's securities are traded on a marketplace in Canada – Filer has no current intention of distributing securities in Canada through a public or private offering – Issuer has issued a press release relating to application and filed certain undertakings with the Commissions – Filer will remain a reporting issuer in Québec and certain other jurisdictions but has made application for continuous disclosure relief in Québec and will rely on MI 11-101 for the other jurisdictions – under a related application – Issuer deemed to have ceased to be a reporting issuer.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

March 1, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, NEWFOUNDLAND AND
LABRADOR AND NEW BRUNSWICK
(the "Jurisdictions")**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
IMPERIAL TOBACCO CANADA LIMITED
(the "Filer")**

Background

The local securities regulatory authority or regulator (the "**Decision Maker**") in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "**Legislation**") that the Filer be deemed to have ceased to be a reporting issuer (the "**Requested Relief**").

Under the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 – *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer is a validly subsisting company which results from the amalgamation of British American Tobacco (Canada) Limited and Imasco Limited ("**Imasco**"), through articles of amalgamation dated February 1, 2000, under the *Canada Business Corporations Act*, as part of a corporate restructuring of Imasco (the "**Reorganization**").
2. The Filer's head office is located at 3711 St-Antoine Street, Montreal, Quebec, H4C 3P6.
3. The Filer is a wholly-owned indirect subsidiary of British American Tobacco ("**BAT**"), a corporation incorporated under the laws of England.
4. Shares of BAT are currently listed on the London Stock Exchange. As such, BAT is a public company subject to European continuous disclosure requirements comparable to those of the Jurisdictions.
5. The Filer is a reporting issuer in each of the Jurisdictions and is thus subject to continuous disclosure requirements under the respective securities statutes of each of the Jurisdictions. The Filer is not in default of any of its continuous disclosure obligations.
6. Prior to the Reorganization, the common shares of Imasco were listed on the Toronto Stock Exchange, the Montreal Stock Exchange, and the

- Vancouver Stock Exchange. On February 1, 2000, as part of the Reorganization, all of Imasco's issued and outstanding common shares were indirectly acquired by BAT.
7. The Filer remained a reporting issuer following the Reorganization as a result of having assumed Imasco's public debt which, at the time of the Reorganization, consisted of notes and debentures issued pursuant to prospectuses (the "**Canadian Securities**"). The last of the Canadian Securities, which had been fully and irrevocably guaranteed by BAT, expired on November 15, 2005, and no other securities of any kind have been issued in Canada by the Filer since the Reorganization.
 8. On November 13, 2001, the Filer issued €500,000,000 worth of 5.125% notes (the "**Euro Notes**") and £217,000,000 worth of 6.5% notes (the "**Sterling Notes**") in Europe (together, the "**European Notes**"), which will mature on November 14, 2006 and November 13, 2008, respectively.
 9. The European Notes were issued by way of private placement on the European market and no European Notes were issued in Canada. The subscription agreement employed during the private placement contains specific restrictions which prevented the distribution of the European Notes in Canada during the placement. The existence of these restrictions was reflected in the information memorandum circulated to investors during the private placement.
 10. In connection with the offering of the European Notes, the Filer filed a notice pursuant to section 12 of the *Securities Act* (Quebec), R.S.Q. c. V.1-1.
 11. The European Notes are governed by two trust deeds governed by English law and are fully and irrevocably guaranteed by BAT.
 12. Two securities depositaries were employed during the placement of the European Notes: Clearstream Services Luxembourg ("**Clearstream**") and Euroclear Bank S.A. ("**Euroclear**").
 13. The European Notes are listed on the Luxembourg Stock Exchange and are therefore governed by the requirements of that exchange.
 14. The Filer does not have any reporting issuer obligations under the securities legislation of the United States.
 15. None of the Filer's securities are traded on a marketplace in Canada as defined in National Instrument 21-101 – *Marketplace Operation*.
 16. No other securities of the Filer are publicly held apart from the European Notes.
 17. Certain features of the European market and of the European Notes themselves make it practically impossible for the Filer to confirm the number of Canadian European Note holders unequivocally.
 18. The Filer has nonetheless exercised its best efforts in attempting to ascertain the exact number of European Note holders resident in Canada.
 19. Specifically, the Filer has sought and obtained confirmation from CIBC World Markets, National Bank Financial, BMO Nesbitt Burns, RBC Capital Markets, and TD Securities that none of their clients, with the exception of one individual, are holders of European Notes. The one reported Canadian holder, who is registered with RBC Capital Markets, holds €50,000 worth of Euro Notes, representing 0.006% of the entire issuance of European Notes.
 20. Similarly, the Filer has also sought confirmation from Euroclear and Clearstream regarding the number of Canadian holders of European Notes represented in their records.
 21. Together, Clearstream and Euroclear are able to confirm the nationalities of the holders of a combined €290,561,000 worth of Euro Notes, constituting 58% of the entire €500,000,000 issuance, of which €8,012,000 worth is confirmed to be held between two Canadian investors.
 22. Together, Clearstream and Euroclear are also able to confirm the nationalities of the holders of a combined £92,039,000 worth of Sterling Notes, constituting 42% of the entire £217,000,000 issuance, of which £49,000 worth is confirmed to be held by one Canadian investor.
 23. Expressed in Canadian dollars, Euroclear and Clearstream are thus together able to confirm the nationalities of the holders of CDN \$593,033,304 worth of debt, representing 52% of the Filer's CDN \$1,140,559,400 worth of European Notes. The amount of that debt which is confirmed to be Canadian-held totals CDN \$11,254,668, which is equivalent to 1.898% of the amount of debt in respect of which investor nationality can be confirmed. The Filer has no reason to suspect that this proportion is not representative of the remaining portion of the European Notes for which investor nationality cannot be confirmed.
 24. Accordingly, the above confirmations support the conclusion that (a) residents of Canada do not hold more than 2% of the outstanding securities of the Filer; (b) residents of Canada do not represent more than 2% of the total number of holders of securities of the Filer; and (c) that there are fewer

than 15 holders of the Filer's securities resident in any province and fewer than 51 in total resident in Canada.

25. The Filer has no current intention of distributing its securities in any jurisdiction in Canada through a public or private offering.
26. The Filer has undertaken in favour of the securities regulatory authorities of the Jurisdictions that it will not, prior to November 13, 2008, distribute its securities in Canada pursuant to an exemption from the registration requirement and the prospectus requirement of the securities legislation of any jurisdiction in Canada.
27. The Filer has undertaken in favour of the securities regulatory authorities of the Jurisdictions that it will continue to comply with the all requirements of the Luxembourg Stock Exchange until the expiration of the European Notes.
28. The Filer has undertaken to issue and file a press release announcing that it has submitted an application to the Decision Makers to be deemed to have ceased to be a reporting issuer in the Jurisdictions.
29. Since the Filer cannot confirm unequivocally that it has fewer than 15 security holders whose addresses as shown in the records of the Filer are in Quebec, the Filer is unable to obtain an order under the securities legislation of Quebec to revoke its status as a reporting issuer. As such, an application is concurrently being filed with the *Autorité des marchés financiers* for an order exempting the Filer from the continuous disclosure requirements of the securities legislation of Quebec. By virtue of Multilateral Instrument 11-101 – *Principal Regulator System*, the granting of such relief in Quebec will also release the Filer from any continuous disclosure obligations in Manitoba, Newfoundland and Labrador, and Nova Scotia.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted.

"Carol S. Perry"
Ontario Securities Commission

"Paul M. Moore", Q.C.
Ontario Securities Commission

2.1.12 Rockyview Oil & Gas Ltd. - s. 83

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

Citation: Rockyview Oil & Gas Ltd., 2006 ABASC 1081

February 2, 2006

Burnet, Duckworth & Palmer LLP

1400, 350 - 7 Avenue SW
Calgary, AB T2P 3N9

Attention: Brenda L. Kidd

Dear Madam:

Re: Rockyview Oil & Gas Ltd. (the "Applicant") - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan and Ontario (the "Jurisdictions")

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer in the Jurisdictions.

Relief requested granted on the 2nd day of February, 2006.

“Blaine Young”
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.13 Foremost Industries Income Fund - s. 153 of Securities Act (Alberta)

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - issuer deemed to be no longer a reporting issuer under securities legislation (for MRRS Decisions).

Applicable Alberta Statutory Provisions

Securities Act, R.S.A. 2000, c. S-4, s. 153.

Citation: Foremost Industries Income Fund, 2006 ABASC 1040

January 19, 2006

Foremost Industries Income Fund

300, 509 - 8 Avenue SW
Calgary, AB T2P 1G1

Attention: James T. Grenon

Dear Sir:

Re: Foremost Industries Income Fund (the “Applicant”) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Ontario, Québec and Nova Scotia (the “Jurisdictions”)

The Applicant has applied to the local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions for a decision under the securities legislation (the “Legislation”) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been

met and orders that the Applicant is deemed to have ceased to be a reporting issuer in the Jurisdictions.

Relief requested granted on the 19th day of January, 2006.

"Blaine Young"
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.14 Tim Hortons Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – relief from registration and prospectus requirements in connection with the use of electronic roadshow materials – cross-border offering of securities – compliance with new U.S. offering rules leads to non-compliance with Canadian regime – relief required relief required as use of electronic roadshow materials constitutes a distribution requiring compliance with prospectus and registration requirements – relief granted from sections 25 and 53 of the Securities Act (Ontario) and National Policy 47-201 – Trading Securities Using the Internet and Other Electronic Means in connection with a cross-border offering.

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 25, 53.
National Policy 47-201 – Trading Securities Using the Internet and Other Electronic Means.

March 6, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NEWFOUNDLAND
AND LABRADOR, NEW BRUNSWICK, NOVA SCOTIA,
PRINCE EDWARD ISLAND, YUKON,
NORTHWEST TERRITORIES AND NUNAVUT
(the Jurisdictions)**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
TIM HORTONS INC. (the Filer)**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the **Decision Maker**) in each of the Jurisdictions has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) for a ruling exempting the posting of certain roadshow materials on www.retailroadshow.com during the "waiting period" from the prospectus requirement and, except in British Columbia where registration relief is not required, the registration requirement under the Legislation (collectively, the **Requested Relief**).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) Ontario is the principal regulator for this application; and
- (b) this MRRS decision document evidences the decisions of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 – *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer was incorporated under the laws of the State of Delaware under the name Delcan, Inc. on December 4, 1995. On November 18, 2005, Delcan, Inc. changed its name to Tim Hortons Inc.
2. The principal office of the Filer is located at 874 Sinclair Road, Oakville, Ontario, L6K 2Y1.
3. On December 1, 2005, the Filer filed a preliminary base PREP prospectus in respect of the Offering. Contemporaneously, the Filer also filed a registration statement with the United States Securities and Exchange Commission (**SEC**) in respect of the Offering.
4. The Filer intends to file an amended and restated preliminary base PREP prospectus in connection with the Offering on or about February 27, 2006 (the **Amended Prospectus**) and to commence the marketing of the Offering after the Amended Prospectus is filed and a MRRS decision document is obtained therefor.
5. During the “waiting period”, the Filer intends to utilize electronic roadshow materials (the **Website Materials**) as part of the marketing of the Offering. In light of the international nature of the Offering, the Filer intends to make the Website Materials available equally to Canadian and U.S. investors.
6. Rule 433(d)(8)(ii) under the U.S. *Securities Act of 1933*, which came into effect in December 2005, requires the Filer to either file the Website Materials with the SEC or make them “available without restriction by means of graphic communication to any person”
7. Compliance with applicable U.S. securities laws thus requires either making the Website Materials available in a manner that affords unrestricted access to the public, or filing the Website Materials on the SEC’s EDGAR system, which will have the same effect of affording unrestricted access; however, this is inconsistent with Canadian securities laws, in particular, the prospectus requirement and ‘waiting period’ which

when applied together require that access to the Website Materials be controlled by the Filer or the underwriters by such means as password protection and otherwise as suggested by National Policy 47-201 – *Trading Securities Using the Internet and Other Electronic Means (NP 47-201)*.

8. The Filer wishes to comply with applicable U.S. securities laws by posting the Website Materials on www.retailroadshow.com. Access to the Website Materials on www.retailroadshow.com will not be controlled by the Filer or the underwriters in the manner suggested by NP 47-201; however, the Filer and the underwriters intend to take the measures described herein with respect to the Website Materials posted on www.retailroadshow.com.
9. The Website Materials will contain a statement that information conveyed through the Website Materials does not contain all of the information in the Amended Prospectus and that the Amended Prospectus should be reviewed by prospective purchasers for complete information.
10. The Website Materials will also contain a hyperlink to the Amended Prospectus.
11. The Website Materials, as well as each of the Amended Prospectus and the final base PREP prospectus of the Filer (the **Prospectus**) will state that Canadian purchasers of shares of common stock of the Filer will have a contractual right of action against the Filer and the underwriters in connection with the information contained in the Website Materials posted on www.retailroadshow.com.
12. At least one underwriter signing the Amended Prospectus and the Prospectus will be registered in each of the Jurisdictions.
13. Canadian purchasers will only be able to purchase shares of common stock of the Filer through an underwriter that is registered in the Jurisdiction of residence of the purchaser.
14. The Filer acknowledges that the Requested Relief relates only to the posting of the Website Materials on www.retailroadshow.com, and not in respect of the Amended Prospectus and the Prospectus.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided that the

Amended Prospectus, and any further amendments thereto, and the Prospectus state that Canadian purchasers of the Filer's shares of common stock have a contractual right of action against the Filer and the Canadian underwriters, substantially in the following form:

"As required by U.S. securities law, we may make available certain materials describing the offering (the "Website Materials") on www.retailroadshow.com under the heading "Tim Hortons Inc. (IPO)" during the period prior to obtaining a final MRRS decision document for our prospectus from the Canadian securities regulatory authorities. In order to give Canadian purchasers the same unrestricted access to the Website Materials as provided to U.S. purchasers, we have applied for exemptive relief from the securities regulatory authority in each of the provinces and territories of Canada. Pursuant to the terms of that exemptive relief, we and the Canadian Underwriters will agree that, in the event that the Website Materials contained any untrue statement of a material fact or omitted to state a material fact required to be stated or necessary in order to make any statement therein not misleading in light of the circumstances in which it was made (a "misrepresentation"), a purchaser resident in any province or territory of Canada who purchases shares of common stock offered by our prospectus during the period of distribution shall have, without regard to whether the purchaser relied on the misrepresentation, rights against us and each Canadian Underwriter with respect to such misrepresentation as are equivalent to the rights under section 130 of the *Securities Act* (Ontario) and the comparable provision of the securities legislation of each of the other provinces and territories of Canada, as if such misrepresentation was contained in a prospectus."

"Susan Wolburgh Jenah"

"Paul M. Moore"

2.1.15 Medical Intelligence Technologies Inc. - MRRS Decision

Headnote

Application made under Mutual Reliance Review System for Exemptive Relief Applications and Multilateral Instrument 11-101 - relief granted from the requirements contained in Section 2.2 (d) of NI 44-101 to have current annual financial statements and a current annual information form in order to file a short form prospectus, subject to conditions.

Applicable National Instrument

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.2, 8.1.

February 24, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
QUÉBEC AND ONTARIO
(THE JURISDICTIONS)**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
MEDICAL INTELLIGENCE TECHNOLOGIES INC.
(THE "FILER")**

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdiction has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the "Legislation") for a decision under Part 8 - Exemption of National Instrument 44-101 *Short Form Prospectus Distribution* ("NI 44-101") for:

- An exemption from the requirements contained in Section 2.2 (d) of NI 44-101 to have current financial statements and a current annual information form (AIF) in order to file a short form prospectus.

Application of Principal Regulator System

Under Multilateral Instrument 11-101 *Principal Regulator System* (MI 11-101) and the Mutual Reliance Review System for Exemptive Relief Applications

- (a) the Autorité des Marchés Financiers is the principal regulator for the Filer,

- (b) the Filer is relying on the exemption in Part 4 of MI 11-101 in Québec, Alberta and British Columbia and
- (c) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision otherwise defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

- 1. The Filer was incorporated under the *Canada Business Corporations Act* (CBCA) on March 11, 2004 under the name St-Moritz Capital Inc. By a certificate of amendment dated April 16, 2004, the Filer amended its articles to delete the private company restrictions.
- 2. The Filer completed its initial public offering on July 29, 2004.
- 3. The common shares of the Filer are listed on the TSX Venture Stock Exchange since July 29, 2004.
- 4. The Filer is a reporting issuer in the provinces of Quebec, Ontario, Alberta and British Columbia.
- 5. The head-office of the Filer is in Québec City, Quebec.
- 6. On April 27, 2005, the Filer has purchased all the issued and outstanding shares of Medical Intelligence Inc. (MIC) in exchange of 35,000,000 common shares of the capital of the Filer, which transaction is considered as its qualifying transaction under Policy 2.4 of the TSX Venture Inc. Corporate Finance Manual (the Qualifying Transaction). MIC now being a wholly owned subsidiary of the Filer.
- 7. In connection with the Qualifying Transaction, the Filer has filed a long form prospectus (the Prospectus) in order to qualify the 35,000,000 common shares issued in connection with the Qualifying Transaction and to distribute 7,500,000 units (each unit comprised of one common share and one half common share subscription warrant) for gross proceeds of \$3,000,000 in the provinces of Quebec, Ontario, Alberta and British Columbia (the Offering).
- 8. The Prospectus was filed on March 31, 2005 under SEDAR project #742220, in the provinces of Quebec, Ontario, Alberta and British Columbia for which an MRRS Decision document evidencing receipt by the regulators in each such

provinces was issued on April 1st, 2005. The closing of both the Qualifying Transaction and the Offering took place on April 27, 2005.

- 9. The Prospectus complied with applicable securities legislation and included disclosure in accordance with item 14.5 of Form 51-102 F5.
- 10. The Filer has changed its name from St-Moritz Capital Inc. to Medical Intelligence Technologies Inc. by a certificate of amendment dated June 28, 2005.
- 11. MIC was incorporated on February 16, 2001 under Part IA of the Companies Act (Quebec), as a private company.
- 12. After the Qualifying Transaction, the Filer changed its name to Medical Intelligence Canada Inc. by a certificate of amendment date July 6, 2005.
- 13. The Filer is not in default of its obligations as a reporting issuer under the legislation of any jurisdiction in which it is a reporting issuer or its equivalent.
- 14. The Filer financial year-end is December 31.
- 15. As mentioned in the Prospectus, before the Qualifying Transaction, the Filer's main business activity was to identify and assess business or assets with a view of completing a Qualify Transaction. After the Qualifying Transaction, the Filer continued to carry on the business of MIC which is the design of portable detection and locating devices for the benefit of persons suffering from cognitive disorders or cardiovascular diseases.
- 16. The Filer has the intention to proceed to a distribution of securities by way of a short form prospectus pursuant to NI 44-101.
- 17. The Filer has never filed an AIF.
- 18. The Filer, as a successor issuer after the Qualify Transaction, does not have current annual financial statements but has not yet been required to file such annual financial statements under the applicable continuous disclosure rule of the jurisdictions where it is a reporting issuer.

Decision

The Decision Makers being satisfied that each has jurisdiction to make this decision and that the relevant test under the Legislation has been met, the Requested Relief is provided that:

- 1. The Filer includes in the short form prospectus the information required by section 11.1 of Form 44-101F1 Short Form Prospectus;

2. the Relief will expire not later than April 30, 2006, being 120 days from the end of the Filer's financial year ended December 31, 2005.

"Louis Auger"
Chef du Service du financement des sociétés
Autorité des marchés financiers

2.1.16 Canam International Partnership 1990 - s. 83

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – Partnership is deemed to have ceased to be a reporting issuer in compliance with the requirements set out in CSA Notice 12-307.

Applicable Ontario Statutory Provisions, Rules and Notices

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.
CSA Staff Notice 12-307 - Ceasing to be a Reporting Issuer under the Mutual Reliance Review System for Exemptive Relief Applications. (2003) 26 OSCB 6348.

February 28, 2006

Torys LLP
79 Wellington St. West, Suite 3000
Box 270, TD Centre
Toronto, Ontario
M5K 1N2

Attention: Aaron Emes

Dear Mr. Emes:

**Re: Canam International Partnership 1990 (the "Applicant")
Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Manitoba and Ontario (the "Jurisdictions")
Application No.: 073/06**

The Applicant has applied to the local securities regulatory authority or regulator (the "Decision Maker") in each of the Jurisdictions for a decision under the securities legislation (the "Legislation") of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that,

- the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada;
- no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
- the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
- the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

- each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met and orders that the Applicant is deemed to have ceased to be a reporting issuer.

“Leslie Byberg”
Manager, Investment Funds Branch

2.1.17 Deer Creek Energy Limited - s. 83

Headnote

Mutual Reliance Review System for Exemptive Relief Applications – issuer deemed to have ceased to be a reporting issuer.

Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., s. 83.

Citation: Deer Creek Energy Limited, 2006 ABASC 1041

January 20, 2006

Macleod Dixon LLP

377, Canterra Tower
400 - 3 Avenue SW
Calgary, AB T2P 4H2

Attention: Karen Uehara

Dear Madam:

Re: Deer Creek Energy Limited (the “Applicant”) - Application to Cease to be a Reporting Issuer under the securities legislation of Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick and Newfoundland & Labrador (the “Jurisdictions”)

The Applicant has applied to the local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions for a decision under the securities legislation (the “Legislation”) of the Jurisdictions to be deemed to have ceased to be a reporting issuer in the Jurisdictions.

As the Applicant has represented to the Decision Makers that:

1. the outstanding securities of the Applicant, including debt securities, are beneficially owned, directly or indirectly, by less than 15 security holders in each of the jurisdictions in Canada and less than 51 security holders in total in Canada;
2. no securities of the Applicant are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*;
3. the Applicant is applying for relief to cease to be a reporting issuer in all of the jurisdictions in Canada in which it is currently a reporting issuer; and
4. the Applicant is not in default of any of its obligations under the Legislation as a reporting issuer,

each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been

met and orders that the Applicant is deemed to have ceased to be a reporting issuer in the Jurisdictions.

Relief requested granted on the 20th day of January, 2006.

“Blaine Young”
Associate Director, Corporate Finance
Alberta Securities Commission

2.1.18 Accumulus Management Ltd. et al. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - Exemptive relief granted to mutual funds allowing extension of prospectus lapse date. - New lapse date to coincide with filing of initial management reports of fund performance. - Securities Act (Ontario)

Applicable Legislative Provisions

Securities Act, R.S.O. 1990, c. S.5, as am., s. 62(5).

February 23, 2006

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
BRITISH COLUMBIA, ALBERTA, SASKATCHEWAN,
MANITOBA, ONTARIO, NEW BRUNSWICK,
NOVA SCOTIA, PRINCE EDWARD ISLAND AND
NEWFOUNDLAND AND LABRADOR
(THE “JURISDICTIONS”)

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
ACCUMULUS MANAGEMENT LTD.
(THE “MANAGER”)
AND
ACCUMULUS TALISMAN FUND,
ACCUMULUS DIVERSIFIED MONTHLY INCOME
FUND,
ACCUMULUS SHORT TERM INCOME FUND AND
ACCUMULUS BALANCED FUND
(THE “FUNDS”)

MRRS DECISION DOCUMENT

Background

The local securities regulatory authority or regulator (the “**Decision Maker**”) in each of the Jurisdictions has received an application from the Manager and the Funds for a decision under the securities legislation of the Jurisdictions (the “**Legislation**”) that the time limits for the renewal of the simplified prospectuses of the Funds dated February 23, 2005 (the “**Prospectus**”) be extended to those time limits that would be applicable if the lapse date of the Prospectus was March 31, 2006 (the “**Requested Relief**”).

Under the Mutual Reliance Review System (“**MRRS**”) for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

Interpretation

Defined terms contained in National Instrument 14-101 *Definitions* have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Applicant:

- (a) The Manager is the manager of the Funds.
- (b) The Funds are open-end investment funds created under the laws of Ontario.
- (c) The Funds are currently qualified for distribution in all of the provinces and territories of Canada (other than Quebec) under the Prospectus.
- (d) The Funds are reporting issuers under the Legislation. None of the Funds is in default of any of the requirements of the Legislation.
- (e) A *pro forma* prospectus for the Funds was filed on January 24, 2006 (SEDAR Project # 881876), which was a date not less than thirty days prior to the lapse date of the Prospectus.
- (f) A substantial amount of work must be done by the Manager in connection with the preparation of the Management Reports of Fund Performance ("**MRFP Reports**") for the Funds as required by National Instrument 81-106 - Investment Fund Continuous Disclosure ("**NI 81-106**") in time for their due date for filing of April 28, 2006. This is the first occasion that MRFP Reports are being prepared for the Funds pursuant to NI 81-106 and staff of the Manager are being trained and becoming acquainted for the first time with the requirements in this regard. These members of the Manager's staff are also the individuals with the requisite knowledge for the simplified prospectus and annual information form of the Funds and, therefore, would be intimately involved with their preparation. The Manager has and continues to utilize substantial

business and financial resources to ensure it can complete the MRFP Reports within the regulatory timeframes. Such costs are charged to the Funds as fund operating expenses.

- (g) Section 7.4 of National Instrument 81-101 - Mutual Fund Prospectus Disclosure ("**NI 81-101**") provides that Items 8, 11 and 13.1 of Part B of Form 81-101F1 do not apply to a mutual fund that has filed a MRFP Report pursuant to NI 81-106.
- (h) Based on the current requirement to file a final prospectus for the Funds by March 3, 2006, and the MRFP Reports by April 28, 2006, the Funds must provide each Fund's principal holdings, past performance and financial highlights in both the Prospectus as well as in the MRFP Reports. Doing so would in many respects be duplicative and there are also differences in the content and manner of presentation of the information in the Prospectus and MRFP Reports.
- (i) If the Funds are required to provide disclosure in both the Prospectus and MRFP Reports, it will require that the resources the Manager has available will be spending unnecessary time and incurring additional costs in preparing information for disclosure in the Prospectus which, pursuant to section 7.4 of NI 81-101, will no longer be required once the MRFP Reports have been filed. As one example, the disclosure in the Prospectus will all be based on the year ended December 31, 2004, while the financial information in the MRFP Reports (being a full year more current) will render the information in the Prospectus (which, even in the first instance, will be more than 14 months old and therefore of little, if any, practical value) of no value whatsoever.
- (j) Since February 23, 2005, the date of the Prospectus, no undisclosed material change has occurred. Accordingly, the Prospectus provides accurate information regarding the Funds. The extension requested will not affect the currency or accuracy of the information contained in the Prospectus and accordingly, will not be prejudicial to the public interest.

Decision

Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

The decision of the Decision Makers under the Legislation is that the Requested Relief is granted provided a simplified prospectus is filed no later than 10 days after March 31, 2006 and that the MRFP Reports for the Funds are filed no later than April 10, 2006.

"Rhonda Goldberg"
Assistant Manager, Investment Funds Branch
Ontario Securities Commission

2.1.19 Enbridge Inc. - MRRS Decision

Headnote

Mutual Reliance Review System for Exemptive Relief Applications - relief from the requirements in Part 4 of NI 51-102 to send financial statements and related MD&A to requesting securityholders concurrently with the filing of its financial statements and related MD&A with the SEC, which effectively comes about through the operation of section 4.2(a) and 4.4(a), 4.6(3), 5.2(1) and 5.6(1) of NI 51-102.

The Filer is an SEC issuer as defined in NI 51-102. The Filer must file its financial statements and related MD&A with Canadian securities regulatory authorities when it files them with the SEC. The Filer prepares and files its financial statements and related MD&A with the SEC before it would otherwise be required to file them with Canadian securities regulatory authorities. Under NI 51-102, the Filer's deadline for delivering its financial statements and related MD&A to requesting securityholders is the date the financial statements are filed with the SEC. The Filer will send its financial statements and related MD&A to requesting securityholders by the later of the day it would be required to file them with Canadian securities regulatory authorities if it did not file the financial statements with the SEC, and 10 days after receiving the request for the financial statements.

Applicable Ontario Provisions

National Instrument 51-102, Parts 4.2(a), 4.4(a), 4.6(3), 5.2(1), 5.6(1).

Citation: Enbridge Inc., 2006 ABASC 1149

March 6, 2006

**IN THE MATTER OF
THE SECURITIES LEGISLATION OF
ALBERTA, BRITISH COLUMBIA, SASKATCHEWAN,
MANITOBA, ONTARIO, QUEBEC, NEW BRUNSWICK,
NOVA SCOTIA AND NEWFOUNDLAND
AND LABRADOR**

AND

**IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS**

AND

**IN THE MATTER OF
ENBRIDGE INC. (THE FILER)**

MRRS DECISION DOCUMENT

Background

1. The local securities regulatory authority or regulator (the Decision Maker) in each of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador (the Jurisdictions) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) for an exemption from the requirement to send its interim financial statements and its annual financial statements (collectively, the Financial Statements) and interim and annual MD&A (collectively, MD&A) by the date the Filer files its Financial Statements and related MD&A with the SEC to any securityholder that requests a copy of the Financial Statements and related MD&A (the Requested Relief).
2. Under the Mutual Reliance Review System for Exemptive Relief Applications:
 - 2.1 the Alberta Securities Commission is the principal regulator for this application; and
 - 2.2 this MRRS Decision Document evidences the decision of each Decision Maker.

Interpretation

3. Defined terms contained in National Instrument 14-101 *Definitions* and in National Instrument 51-102 *Continuous Disclosure Obligations* have the same meaning in this decision unless they are otherwise defined in this MRRS Decision Document.

Representations

4. This decision is based on the following facts represented by the Filer:
- 4.1 The Filer is incorporated under the laws of Canada with its head office located in Calgary, Alberta.
 - 4.2 The Filer is a reporting issuer in each of the Jurisdictions where that concept exists and is a SEC issuer within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* (NI 51-102).
 - 4.3 The Filer is up-to-date in its current continuous filing obligations under the Legislation and is not on the list of defaulting reporting issuers maintained by any of the Decision Makers.
 - 4.4 The common shares of the Filer are listed on the Toronto Stock Exchange and the New York Stock Exchange.
 - 4.5 The Filer files its Financial Statements and related MD&A with the securities regulatory authorities in each of the Jurisdictions in accordance with the Legislation concurrently with filing those materials with the SEC in accordance with the 1934 Act.
 - 4.6 The Filer files one set of financial statements in both Canada and the United States of America (US) prepared in accordance with Canadian generally accepted accounting principles (GAAP) and audited in accordance with Canadian generally accepted auditing standards. The notes to the annual financial statements include a summary of differences between Canadian and US GAAP.
 - 4.7 Under the Legislation, the Filer is required to send a copy of the Financial Statements and related MD&A to security holders of the Filer who have requested Financial Statements and related MD&A (Requesting Security Holders).
 - 4.8 The Legislation requires that copies of the requested Financial Statements and MD&A must be sent to a Requesting Security Holder by the later of:
 - 4.8.1 the filing deadline of the Financial Statements and MD&A requested (the Delivery Deadline), and
 - 4.8.2 10 calendar days after the Filer receives the request.
 - 4.9 The filing deadline for the Filer is determined pursuant to provisions in the Legislation which state that the Financial Statements and MD&A must be filed:
 - 4.9.1 in the case of the Filer's annual financial statements and related MD&A, on or before the earlier of:
 - 4.9.1.1 the 90th day after the end of its most recently completed financial year; and
 - 4.9.1.2 the date of filing of the Filer's annual financial statements with the SEC; or
 - 4.9.2 in the case of the Filer's interim financial statements and related MD&A, on or before the earlier of:
 - 4.9.2.1 the 45th day after the end of the interim period; and
 - 4.9.2.2 the date of filing of the Filer's interim financial statements with the SEC.
 - 4.10 The Filer files its Financial Statements and related MD&A in each of the Jurisdictions in accordance with the Legislation, concurrent with the filing of those materials with the SEC and, in the ordinary course, these filings are made prior to the filing deadline otherwise applicable pursuant to the Legislation if such materials were not also filed with the SEC.
 - 4.11 Accordingly, the Delivery Deadline for Financial Statements and related MD&A is generally determined by reference to the date the Financial Statements are filed with the SEC.

Decisions, Orders and Rulings

- 4.12 Under the Legislation, reporting issuers that are not SEC issuers, or that do not otherwise file financial statements with a foreign securities regulatory authority, have until 45 days, in the case of interim financial statements and related MD&A, or 90 days, in the case of annual financial statements and related MD&A, following the applicable reporting period to send their financial statements regardless of when the financial statements and related MD&A are filed with Canadian securities regulatory authorities.
- 4.13 Because the Delivery Deadline under the Legislation is effectively triggered for the Filer by the filing of the Financial Statements and related MD&A with the SEC, the Filer would have to delay filing its Financial Statements and related MD&A with Canadian securities regulatory authorities and the SEC, even though they are available for filing, in order to be able to satisfy the delivery obligations under the Legislation.

Decision

5. Each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.
6. The decision of the Decision Makers under the Legislation is that the Requested Relief is granted, provided that the Filer sends its Financial Statements and related MD&A to a Requesting Securityholder:
- 6.1 in the case of annual financial statements and related MD&A, by the later of:
- 6.1.1 90 days after the end of the applicable financial year end; and
- 6.1.2 10 calendar days after the Filer receives the request; and
- 6.2 in the case of interim financial statements and related MD&A, by the later of:
- 6.2.1 45 days, after the end of the applicable interim period; and
- 6.2.2 10 calendar days after the Filer receives the request.

“Agnes Lau”, CA
Associate Director, Capital Markets

2.2 Orders

June 12 to June 16, 2006 (except Tuesday 13)
June 19, 2006
June 26 to June 30, 2006 (except Tuesday 27)

2.2.1 Philip Services Corp. et al.

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, c. S.5, AS AMENDED
(the "Act")**

AND

**IN THE MATTER OF
PHILIP SERVICES CORP.,
ALLEN FRACASSI, PHILIP FRACASSI,
MARVIN BOUGHTON, GRAHAM HOEY,
ROBERT WAXMAN AND JOHN WOODCROFT**

ORDER

WHEREAS on December 12, 2005, the Ontario Securities Commission issued an Amended Notice of Hearing pursuant to s. 127 of the Ontario *Securities Act*, as amended, with respect to Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Robert Waxman and John Woodcroft;

AND WHEREAS at the pre-hearing held on April 21, 2005, the hearing of this matter was scheduled to commence on February 6, 2006, with additional dates to follow;

AND WHEREAS the Commission, by Order dated January 31, 2006, adjourned the commencement of the hearing to March 6, 2006 with the consent of the Respondents, Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Robert Waxman and John Woodcroft, and Philip Services Corp not opposing the adjournment;

AND WHEREAS Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Robert Waxman and John Woodcroft consent to adjourn the commencement of the hearing to 10:00 a.m. on March 8, 2006, and Philip Services Corp. does not oppose the adjournment;

IT IS ORDERED THAT:

1. The hearing in this matter shall take place on the following dates:

March 8 to March 10, 2006

April 10 to April 13, 2006 (except Tuesday 11 and not Good Friday 14)

April 17 to 21, 2006 (except Tuesday 18)

April 24 to 28, 2006 (except Tuesday 25)

May 1 to May 5, 2006 (except Tuesday 2)

May 8 to May 12, 2006 (except Tuesday 9)

May 17 to May 19, 2006

May 24 to May 26, 2006

2. The additional dates required for the hearing of this matter are to be scheduled on agreement between the parties or by the Secretary to the Commission or as ordered by the Commission.

DATED at Toronto this 2nd day of March, 2006.

"Paul Moore"

2.2.2 Christopher Freeman - ss. 127, 127.1

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

AND

**IN THE MATTER OF
CHRISTOPHER FREEMAN**

ORDER

WHEREAS on August 8, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing and Statement of Allegations pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended;

AND WHEREAS the hearing of this matter is scheduled to commence at 10:00 a.m. on March 2, 2006 for two consecutive days;

AND WHEREAS the parties have requested an adjournment of the commencement of the hearing until March 3, 2006 at 2 p.m.;

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 hearing of this matter is adjourned until 2:00 p.m. on March 3, 2006.

DATED at Toronto this 2nd day of March, 2006

"Susan Wolburgh Jenah"

2.2.3 Philip Services Corp. et al. - ss. 127, 127(1)

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

AND

**IN THE MATTER OF
PHILIP SERVICES CORP., ALLEN FRACASSI,
PHILIP FRACASSI, MARVIN BOUGHTON,
GRAHAM HOEY, ROBERT WAXMAN
AND JOHN WOODCROFT**

ORDER

(Sections 127 and 127.1)

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing dated August 30, 2000 and an Amended Notice of Hearing dated December 12, 2005 (the "Amended Notice of Hearing") pursuant to section 127 of the Ontario *Securities Act*, as amended, with respect to Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Robert Waxman and John Woodcroft;

AND WHEREAS on August 30, 2000, a Statement of Allegations was delivered and subsequently amended on October 12, 2005 and December 9, 2005, (the "Amended Statement of Allegations");

AND WHEREAS the respondents Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey and John Woodcroft (the "Respondents") entered into a settlement agreement dated February 28, 2006 (the "Settlement Agreement"), in which the respondents agreed to a proposed settlement of the proceeding commenced by the Amended Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Amended Statement of Allegations, and upon hearing submissions from counsel for the Respondents and from Staff of the Commission;

AND WHEREAS 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 dated February 28, 2006, attached to this Order as Schedule "1", is hereby approved;
2. pursuant to clause 6 of subsection 127(1) of the Act, the Respondents will be reprimanded by the Commission;
3. pursuant to subsection 127(1) clause 7 of the Act, the Respondents shall immediately resign any positions that they each hold or may hold as a director or officer of any reporting issuer;

4. pursuant to subsection 127(1) clause 8 of the Act,
- a. Allen Fracassi is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of twelve years commencing on the date that this Settlement Agreement is approved;
 - b. Philip Fracassi is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of ten years commencing on the date that this Settlement Agreement is approved;
 - c. Marvin Boughton is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of ten years commencing on the date that this Settlement Agreement is approved;
 - d. John Woodcroft is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of ten years commencing on the date that this Settlement Agreement is approved;
 - e. Graham Hoey is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of five years commencing on the date that this Settlement Agreement is approved;
5. pursuant to section 127.1 of the Act, the Respondents will each pay costs to the Commission in the amount of \$100,000 (for total costs to be paid of \$500,000); and
6. the Respondents will attend the hearing to approve the settlement in person.

DATED at Toronto this 3rd day of March, 2006.

"Suresh Thrakrar"

"Paul K. Bates"

2.2.4 Covington Strategic Capital Fund Inc. - s. 62(5)

Headnote

Exemptive Relief Application – Extension of lapse date to allow sufficient time for staff and the applicant to resolve an application.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 62(2), 62(5).

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, CHAPTER S.5,
AS AMENDED (the "Act")**

AND

**IN THE MATTER OF
COVINGTON STRATEGIC CAPITAL FUND INC.
(the "Fund")**

**ORDER
(Subsection 62(5))**

UPON an application from the Fund for an order pursuant to subsection 62(5) of the Act that the time limits pertaining to the distribution of qualified securities ("Securities") under the current prospectus of the Fund be extended to those time limits that would be applicable if the lapse date of the Prospectus was February 3, 2006;

AND UPON considering the application and the recommendations of the staff of the Ontario Securities Commission (the "Commission");

AND UPON the Fund having represented to the Commission that:

- (a) Covington Capital Corporation is the manager of the Fund (the "Manager").
- (b) The Fund was incorporated under the laws of the Province of Ontario by articles of incorporation dated November 18, 2003.
- (c) The Fund is registered as a labour sponsored investment fund corporation under the *Community Small Business Investment Funds Act* (Ontario), and qualifies as a prescribed labour-sponsored venture capital corporation under the *Income Tax Act* (Canada), as amended. The Fund is a mutual fund pursuant to the securities legislation of the Province of Ontario.
- (d) The Class A Shares, Series I, and Class A Shares, Series II, of the Fund are currently qualified for distribution in

Ontario under a long-form prospectus dated January 4, 2005 as amended on September 5, 2005 (the "Prospectus")

- (e) The Fund is a reporting issuer under the Act and is not in default of any of the requirements of the securities legislation of the Province of Ontario.
- (f) A change in control of the Manager (the "Change in Control") occurred on July 28, 2005. On April 23, 2005, notice was mailed to the Fund's securityholders providing notice of the proposed change of control which was expected to close early in the 3rd quarter of 2005. Additionally, the Change in Control has been disclosed in the Fund's annual report and annual management report of fund performance for the year ended August 31, 2005 for the Fund, which was mailed to the Fund's securityholders on or about November 16, 2005, and was filed on SEDAR and is available on the Fund's website.
- (g) The lapse date for the Fund is January 4, 2006. The Fund filed a pro forma prospectus on December 5, 2005.
- (h) In connection with staff's review of the Fund's pro forma prospectus dated December 5, 2005, staff posed certain questions to counsel for the Fund and counsel to the Fund has made representations to staff in order to resolve such questions. Both staff and the Fund have expressed a desire to have more time to review and resolve such matters. The Fund has also applied for exemptive relief from certain requirements in section 2.1 of National Instrument 81-105 and both staff and the Fund have expressed a desire to have more time to resolve the application.
- (i) Since September 5, 2005, the date of the Prospectus, no undisclosed material changes have occurred. Accordingly, the Prospectus provides accurate information regarding the Fund.
- (j) If the requested relief is not granted the Fund will no longer be qualified to distribute securities in Ontario pursuant to the Prospectus.

Prospectus are hereby extended to the time limits that would be applicable if the lapse date for the distribution of securities under the Prospectus of the Funds was February 3, 2006.

Dated at Toronto, Ontario, January 16, 2006.

"Rhonda Goldberg"
Assistant Manager, Investment Funds Branch

AND UPON the undersigned being satisfied that to do so would not be prejudicial to the public interest;

IT IS ORDERED pursuant to subsection 62(5) of the Act that the time limits provided by the Act as they apply to the distribution of Securities pursuant to the

2.2.5 Christopher Freeman - s. 127.1

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

AND

IN THE MATTER OF
CHRISTOPHER FREEMAN

ORDER
(Section 127.1)

WHEREAS on August 8, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), in relation to the Statement of Allegations dated August 8, 2005.

AND WHEREAS the hearing of this matter was scheduled to proceed on October 12, 2005 and was adjourned to March 2 and 3, 2006, by order of the Commission dated October 7, 2006.

AND WHEREAS the commencement of the hearing of this matter was further adjourned to March 3, 2006;

AND WHEREAS the Respondent, Christopher Freeman ("Freeman"), entered into a Settlement Agreement with Staff of the Commission dated March 2, 2006 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND WHEREAS the Commission issued a Notice of Hearing dated March 2, 2006 setting down the hearing to consider the settlement;

AND WHEREAS in addition to the terms of the order below, Freeman has undertaken the following:

- (a) Freeman shall file insider reports regarding the transactions referred to in paragraph 9 of the Settlement Agreement within 10 days of the hearing which shall contain all of the applicable information required by Form 55-102F2 - *Insider Report* under National Instrument 55-102 - *System for Electronic Disclosure by Insiders (SEDI)* and which shall contain the name of the person or company that owned the securities over which Freeman had control or direction in the field provided for "registered holder";
- (b) Freeman shall pay any late fees attributable to the filings in (a) as required by OSC Rule 13-502 – *Fees*;

(c) Except as set out in (d) below, Freeman shall transfer any remaining shares of Interquest presently registered to him, in trust, to a non-insider trustee or to the beneficial owner directly within 10 days of this Settlement Agreement and Freeman shall file any related insider reports regarding the transfers within 10 days from the date of the transfer;

(d) With respect to a share certificate issued in June 1998 representing 582,000 shares of Interquest and a share certificate issued in June 1996 representing 10,000 shares of Interquest, both of which are registered to Freeman in trust, Freeman shall transfer such shares to a non-insider trustee or to the beneficial owner directly within 30 days of this Settlement Agreement and shall file the related insider reports regarding the transfer within 10 days from the date of the transfer. In the event Freeman is unable to affect such transfer he shall file an insider report in respect of such shares in accordance with (a) above;

(e) Freeman shall not act as a trustee for securities of a reporting issuer in Ontario in circumstances where he is an insider of the issuer unless an insider report is filed by Freeman in respect of the transaction; and

(f) Freeman shall disclose and verify the names of any beneficial owners of securities held in trust by Freeman in an investment account in Ontario maintained by him.

AND UPON reviewing the Settlement Agreement and the Notice of Hearing and Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Freeman and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT pursuant to section 127.1 of the Act, Freeman pay \$7,000.00 in costs.

Dated at Toronto this 3rd day of March, 2006

"Susan Wolburgh Jenah"

"Carol Perry"

2.2.6 Fulcrum Financial Group Inc. et al. - s. 127

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

AND

**FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADDECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.**

**ORDER
(Section 127)**

WHEREAS on March 1, 2006, the Ontario Securities Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of Zephyr Alternative Power Inc. ("Zephyr");

AND WHEREAS Zephyr entered into a Settlement Agreement with Staff of the Commission dated March 1, 2006 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND WHEREAS Zephyr has made undertakings to Staff of the Commission as described in the Settlement Agreement;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing and Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Zephyr and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to approve the Settlement Agreement, attached hereto as Schedule "A";

IT IS HEREBY ORDERED THAT

- (a) pursuant to clause 4 of s.127(1), Zephyr will immediately institute the program prescribed by Schedule 1 to the Settlement Agreement to ensure that future exempt sales of securities by Zephyr are in compliance with Ontario securities law; and
- (b) pursuant to clause 6 of s.127(1), Zephyr is reprimanded; and
- (c) pursuant to clause 2 of s.127(1) and s. 144, the temporary order made on November 3, 2005 and continued until April 11, 2006 by order of the Commission, shall cease to apply to Zephyr as of this date.

IT IS FURTHER ORDERED pursuant to s.3.4(2)(b) of the Act, that any money received by the Commission pursuant to this Order is hereby allocated to or for the benefit of such third parties as may be determined in accordance with the Settlement Agreement and the rescission protocol accompanying it, or otherwise as may be determined by the Commission.

DATED at Toronto this 6th day of March, 2006

"Paul M. Moore"

"Robert W. Davis"

"David L. Knight"

2.2.7 Fulcrum Financial Group Inc. et al. - ss. 127, 127.1

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

AND

**FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADDECKI, WERNER REINDORF
and REINDORF INVESTMENTS INC.**

**ORDER
(Sections 127 and 127.1)**

WHEREAS on March 1, 2006, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act") in respect of Leszek Dziadecki ("Dziadecki");

AND WHEREAS Dziadecki entered into a Settlement Agreement with Staff of the Commission dated March 1, 2006 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND WHEREAS Dziadecki has made undertakings to Staff of the Commission as described in the Settlement Agreement;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing and Amended Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Dziadecki and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to approve the Settlement Agreement, attached hereto as Schedule "A";

IT IS HEREBY ORDERED THAT

- (a) pursuant to clause 1 of s. 127(1), that terms and conditions be imposed on Dziadecki's registration requiring close supervision of Dziadecki's trading by his sponsoring dealer for a period of two years and that, within this time period, Dziadecki complete the Conduct and Practices Course;
- (b) pursuant to clause 6, of s. 127(1), Dziadecki be reprimanded; and
- (c) pursuant to s. 127.1, Dziadecki pay to the Commission \$5,000 in costs.

IT IS FURTHER ORDERED pursuant to s.3.4(2)(b) of the Act, that any money received by the Commission pursuant to this Order, other than as payment of costs, is hereby allocated to or for the benefit of such third parties as may be determined in accordance with the Settlement Agreement, Staff's settlement agreement with Zephyr Alternative Power Inc. and the rescission protocol accompanying it, or otherwise as may be determined by the Commission.

DATED at Toronto this 6th day of March, 2006

"Paul M. Moore"

"Robert W. Davis"

"David L. Knight"

2.2.8 Norshield Asset Management (Canada) Ltd. - s. 127

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

AND

**IN THE MATTER OF
NORSHIELD ASSET MANAGEMENT (CANADA) LTD.**

**ORDER
(Section 127)**

WHEREAS on May 20, 2005, the Ontario Securities Commission (the "Commission") made an order suspending the registration of Norshield Asset Management (Canada) Ltd. ("Norshield") and requiring, as a term and condition of Norshield's registration, that a monitor (the "Monitor") be retained by Norshield to oversee its financial and business affairs (the "Temporary Order");

AND WHEREAS on May 20, 2005, 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") to hold a hearing on June 3, 2005, to consider whether it is in the public interest to extend the Temporary Order;

AND WHEREAS on June 2, 2005, on consent, the Commission made an order:

1. imposing the following term and condition on the registration of Norshield:

"RMS Richter Inc. will act as the Monitor until terminated in accordance with the term of the retainer dated June 1, 2005 or until the Commission orders otherwise"
2. adjourning the hearing to consider whether to extend the Temporary Order until July 8, 2006; and
3. continuing the suspension of Norshield's registration until that time or until such other time as ordered by the Commission;

AND WHEREAS by orders of the Commission dated July 6, 2005, October 5, 2005 and December 12, 2005, the hearing to consider the extension of the Temporary Order was further adjourned and is scheduled to take place on March 7, 2006;

AND WHEREAS on June 29, 2005, by Order of Justice Campbell of the Ontario Superior Court of Justice (Commercial List), RSM Richter Inc. ("Richter") was appointed as Receiver over the assets, undertakings and properties of Norshield and other related entities;

AND WHEREAS on July 6, 2005, the Commission made an order pursuant to section 144 of the Act revoking the term of the Commission's Order of June 2, 2005, requiring the continued retainer of Richter as Monitor;

AND WHEREAS the Commission is of the opinion that it is in the public interest to make this order;

AND WHEREAS Staff of the Commission and Richter, as Receiver over Norshield, consent to the making of this order;

AND WHEREAS by Commission order made November 1, 2005 pursuant to section 3.5(3) of the Act, each of W. David Wilson, Susan Wolburgh Jenah and Paul M. Moore, acting alone, is authorized to make orders under section 127 of the Act;

IT IS HEREBY ORDERED that:

1. the hearing to consider whether to extend the Temporary Order is adjourned until June 9, 2006 at 10:00 a.m.; and
2. the suspension of Norshield's registration is continued until that time or until such other time as may be ordered by this Commission.

DATED at Toronto this 6th day of March, 2006.

"Paul M. Moore"

2.2.9 Philip Services Corp. and Robert Waxman

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

AND

**IN THE MATTER OF
PHILIP SERVICES CORP. AND
ROBERT WAXMAN**

ORDER

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing dated August 30, 2000 and an Amended Notice of Hearing dated December 12, 2005 (the "Amended Notice of Hearing") pursuant to section 127 of the Ontario *Securities Act*, as amended, with respect to Philip Services Corp. ("Philip") and Robert Waxman;

AND WHEREAS on August 30, 2000, a Statement of Allegations was delivered and subsequently amended on October 12, 2005 and December 9, 2005, (the "Amended Statement of Allegations");

AND WHEREAS Robert Waxman (the "Respondent") has been charged with 12 counts of fraud in excess of \$5,000 contrary to section 380 of the *Criminal Code* of Canada (the "Criminal Code") pursuant to an information identified by police file no. "RCMP (Hamilton-Niagara) 1998-1174" (referred to herein as the "Proceeding under the Criminal Code"). The Proceeding under the Criminal Code relates to the Respondent's conduct as an officer of Philip;

AND WHEREAS the Respondent has agreed to certain bail conditions in relation to the Proceeding under the Criminal Code, including an agreement by him to refrain from acting as an officer or director of a "publicly traded company" as that term is defined in the *Securities Act* (Ontario);

AND WHEREAS the Respondent requests an adjournment of this proceeding until the conclusion of the preliminary hearing of the Proceeding under the Criminal Code;

AND WHEREAS Staff consent to this request for an adjournment;

AND WHEREAS the Respondent has previously given an undertaking to the Commission that pending the conclusion of the proceedings commenced by the Amended Notice of Hearing dated December 12, 2005, he will refrain from acting or becoming an officer or director of a "reporting issuer" or "affiliated company" of a reporting issuer, as these terms are defined in the Act (Ontario) (the "Act"), and in particular, subsections 1(1) and 1(1.1) of the Act, respectively;

AND WHEREAS the Commission considers it to be in the public interest to make this Order;

IT IS ORDERED THAT pursuant to section 21 of the Statutory Power Procedure Act, R.S.O. 1990, c.S.22, as amended, the hearing before the Commission is adjourned until the completion of the preliminary hearing of the Proceeding under the Criminal Code, such hearing to be returnable on no less than seven days' notice, or as otherwise ordered by the Commission.

DATED at Toronto this 8th day of March, 2006.

"Paul M. Moore"

"Robert W. Davis"

"David L. Knight"

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

AND

**IN THE MATTER OF
ROBERT WAXMAN**

**UNDERTAKING TO THE
ONTARIO SECURITIES COMMISSION**

I, Robert Waxman, am a Respondent to an Amended Notice of Hearing dated December 12, 2005 issued by the Ontario Securities Commission (the "Proceeding"). I undertake to the Ontario Securities Commission (the "Commission"), that pending the Commission's final decision on liability and sanctions in the Proceeding, or an Order of the Commission releasing me from this undertaking or aspects of the undertaking, I agree to refrain from acting or becoming an officer or director of a "reporting issuer" or "affiliated company" of a reporting issuer, as these terms are defined in the *Securities Act* (Ontario) (the "Act"), and in particular, subsections 1(1) and 1(1.1) of the Act, respectively.

"Alan Lenczner"

Witness

Date: March 8, 2006

"Robert Waxman"

Robert Waxman

Date: March 8, 2006

Acknowledged as Received by,

"Daisy G. Aranha"

Per: John Stevenson, Secretary to the
Ontario Securities Commission

Chapter 3

Reasons: Decisions, Orders and Rulings

3.1 OSC Decisions, Orders and Rulings

3.1.1 Philip Services Corp. et al.

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

AND

IN THE MATTER OF
PHILIP SERVICES CORP., ALLEN FRACASSI,
PHILIP FRACASSI, MARVIN BOUGHTON,
GRAHAM HOEY, ROBERT WAXMAN
AND JOHN WOODCROFT

SETTLEMENT AGREEMENT
RE: ALLEN FRACASSI, PHILIP FRACASSI,
MARVIN BOUGHTON, GRAHAM HOEY,
JOHN WOODCROFT

I. INTRODUCTION

1. By Notice of Hearing dated August 30, 2000 and Amended Notice of Hearing dated December 12, 2005 (the "Amended Notice of Hearing"), the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to subsections 127(1) and 127.1(1) of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), it is in the public interest for the Commission to make an order that:
 - (a) the Respondents cease trading in securities, permanently or for such time as the Commission may direct;
 - (b) the individual Respondents are prohibited from becoming or acting as a director or officer of any issuer;
 - (c) the individual Respondents resign any positions they may have as a director and/or officer of any issuer;
 - (d) the Respondents be reprimanded;
 - (e) the Respondents, or any of them, pay the costs of Staff's investigation and this proceeding; and/or
 - (f) such further orders as the Commission may deem appropriate.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission ("Staff") agree to recommend settlement of the proceedings initiated against Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey and John Woodcroft (the "Respondents") by the Amended Notice of Hearing in accordance with the terms and conditions set out below. The Respondents consent to the making of an order against them in the form attached as Schedule "A" on the basis of the facts set out in Part III below.

III. STATEMENT OF FACTS

3. Staff and the Respondents agree, solely for the purposes of this Settlement Agreement and any order of the Commission contemplated hereby, with the facts and conclusions set out in Part III of this Settlement Agreement. Staff and the Respondents agree that this Settlement Agreement is without prejudice to the Respondents in any past, present or future civil proceeding which may be brought by any person. Nothing in this Settlement Agreement is intended to be an admission of civil liability by the Respondents to any person or company; such liability is expressly denied.

The Respondents

4. Allen Fracassi ("A. Fracassi") was the President, Chief Executive Officer ("CEO") and a Director of Philip Services Corp. ("Philip" or the "Company").
5. Philip Fracassi ("P. Fracassi") was the Executive Vice-President, Chief Operating Officer ("COO") and a Director of Philip.
6. Marvin Boughton ("Boughton") was the Executive Vice-President and Chief Financial Officer ("CFO") of Philip. Boughton is a chartered accountant. Prior to joining Philip in or around 1991, Boughton was a partner in the Hamilton, Ontario office of the accounting firm of Deloitte & Touche LLP ("Deloitte") and had been employed by Deloitte for approximately 32 years.
7. Graham Hoey ("Hoey") was Senior Vice-President, Finance of Philip. Hoey is a chartered accountant. Prior to joining Philip in 1996, he was a partner with Deloitte.
8. John Woodcroft ("Woodcroft") was the Executive Vice-President, Operations of Philip. Woodcroft is a chartered accountant.

The Other Parties

9. Robert Waxman ("Waxman") became a Director of Philip in January, 1994 and became the President of the Company's Metals Recovery Group (the "Metals Group") in February, 1996. His resignation as a Director of Philip and as President of the Metals Group was publicly announced in a press release dated January 5, 1998.
10. Colin Soule ("Soule") was the General Counsel, Executive Vice-President and Corporate Secretary of Philip. The Commission has approved a settlement agreement between Staff and Soule.

Background

11. Philip was a reporting issuer in Ontario, Alberta, British Columbia, Quebec, Saskatchewan, Nova Scotia and Newfoundland. Philip's common shares were listed for trading on the Toronto Stock Exchange ((then) the "TSE"), the Montreal Exchange and the New York Stock Exchange under the symbol PHV. Philip was a corporation amalgamated under the laws of the province of Ontario, with its head office in the City of Hamilton.
12. Philip provided metal recovery and processing services to major industry sectors throughout North America. According to Philip's Annual Report (the "Form 10-K"), Philip "was one of North America's leading suppliers of metals recovery and industrial services". Philip's year end was December 31st. For the year ended December 31, 1997, Philip reported revenues of US \$1.75 billion, of which US \$1.1 billion was attributed to the Metals Group.
13. On or around September 29, 1995, A. Fracassi, as President and CEO, advised Philip's Board of Directors that the Company expected consolidated revenue to reach Cdn \$1.5 billion by the end of 1997 as a result of internal growth and acquisitions. (All amounts referred to below are in U.S. dollars, unless otherwise indicated.)
14. In 1997, Philip's business was organized into two operating divisions - the Metals Group and the Industrial Services Group ("ISG"). Both of these divisions reported to Philip's head office ("Corporate").
15. The Metals Group was Philip's largest operating division, accounting for more than 60% of the Company's revenue in 1996 and 1997.
16. Deloitte was Philip's external auditor from 1990 until December, 1999 and provided Philip with a wide range of professional services.

The November 1997 Offering

17. On November 6, 1997, Philip made a public offering of 20 million common shares (the "November Offering"), 15 million of which were sold in the United States and 5 million of which were sold in Canada and internationally. The November Offering raised approximately \$364 million and closed on or about November 12, 1997. The price per each offered common share was \$16.50.
18. In connection with the November Offering, on October 24, 1997, Philip filed an amended preliminary prospectus with the Commission. Philip subsequently filed a final Prospectus (the "Prospectus") with the Commission and obtained a final receipt on November 6, 1997. As required pursuant to section 58 of the Act, the Prospectus contained an Issuer's

Certificate signed by A. Fracassi, the CEO, Boughton, the CFO, and two directors, Waxman and Herman Turkstra, on behalf of Philip's Board of Directors. A registration statement (the "Registration Statement") was filed with the United States Securities and Exchange Commission (the "SEC") on or about November 6, 1997.

19. The Prospectus included audited financial statements for the Company for the years ended December 31, 1996 and December 31, 1995, for which Deloitte had issued unqualified audit opinions. Deloitte consented to the inclusion of these audit opinions in the Prospectus. Furthermore, the Prospectus contained unaudited interim financial statements for the six month periods ended June 30, 1997 and June 30, 1996. Deloitte provided a letter of comfort to the Commission dated November 5, 1997, with respect to the inclusion of the unaudited interim financial statements in the Prospectus. The Prospectus also included unaudited third quarter results for the three and nine month periods ended September 30, 1997.

Public Disclosures and Regulatory Filings

20. In a press release dated September 29, 1997, Philip announced that it had filed a Registration Statement in the United States and a preliminary prospectus in Canada with respect to an offering of 20 million of its common shares.
21. In a press release dated November 5, 1997, Philip reported record net earnings of \$25.4 million for the three month period ended September 30, 1997, a 105% increase over the \$12.4 million from continuing operations for the same period in 1996. It also reported that its revenues for the three month period ended September 30, 1997 increased 246% to \$502.2 million from \$145.2 million for the same quarter in 1996. The financial information released on November 5, 1997 was incorporated into the Prospectus.
22. In a press release dated November 18, 1997, Philip reported that total net proceeds from the November Offering amounted to approximately \$364 million.
23. In a press release dated January 5, 1998, Philip announced the resignation of Waxman as a Director and President of the Company's Metals Group.
24. Philip issued a press release dated January 26, 1998, announcing that:
- ... the Company will record a one time year end charge to earnings of between US \$250 million and US \$275 million, which on an after-tax basis, is between US \$175 million to US \$200 million. This one time charge will be comprised of two items. One item will be in the form of a restructuring charge, which on an after-tax basis will amount to between US \$100 million and US \$120 million. This restructuring charge includes a write-down of goodwill, which makes up 60% to 70% of this charge, severance payments, relocation costs and a variety of other items. The second component being US \$75 million to US \$80 million after-tax relates primarily to physical inventory adjustments and also to trading losses and charges relating to a market revaluation of inventory held for resale by our Metals Recovery Group.
25. In a press release dated January 27, 1998, Philip clarified its January 26, 1998 announcement, stating that the goodwill write-down related to a number of acquisitions the Company concluded over the period from 1993 to 1996. The amount of goodwill included would be 60% to 70% of the restructuring charge. It also stated that the second component related primarily to a book to physical inventory adjustment of approximately \$60 million after-tax in the Metals Group copper yard business.
26. On Friday, January 23, 1998, the closing price for Philip's shares on the TSE was \$18.90. On January 27, 1998, following the announcements of January 26 and 27, Philip's common shares on the TSE closed at \$12.00.
27. In a press release dated March 5, 1998, Philip announced its financial results for the year ending December 31, 1997 and the results of an audit conducted by external auditors into the copper inventory discrepancy. In this press release Philip made a number of disclosures, including that:
- (i) its 1997 year-end audited financial results included a \$185.4 million (pre-tax), one-time special and non-recurring charge related to the write-down of certain assets;
 - (ii) it reported a loss of \$95.8 million for its 1997 year-end;
 - (iii) it was restating its earnings for fiscal year 1995 to \$3.2 million (rather than approximately Cdn \$32.7 million as originally reported) and for fiscal year 1996 to a \$20 million loss (rather than a profit of approximately Cdn \$39 million as originally reported); and

- (iv) there was a discrepancy in the copper inventory in the audited financial statements for the year ended December 31, 1997 in the amount of approximately \$92 million (pre-tax) resulting from trading losses and a further amount of approximately \$32.9 million (pre-tax) caused by incorrect recording of copper transactions, which losses were incurred over a three year period as a result of speculative transactions done outside of Philip's normal business practices.
28. On or about March 31, 1998, Philip, pursuant to the United States *Securities Exchange Act* of 1934, filed the Form 10-K for its 1997 fiscal year with the SEC. The Form 10-K included an unqualified audit opinion signed by Deloitte on March 4, 1998.
29. In a press release dated April 1, 1998, Philip announced that on March 31, 1998, the Company had filed its Form 10-K for its 1997 fiscal year end and reported that "as part of its final audit review" it had determined that an additional charge of \$13.6 million had to be added to the special and non-recurring charges of \$185.4 million (pre-tax), disclosed in its news release of March 5, 1998. These additional charges included \$10 million in unrealized losses from copper swap contracts and \$3.6 million in "other" costs relating to copper operations.
30. In a press release dated April 23, 1998, Philip announced that its 1997 audited financial statements previously filed with its Annual Report on Form 10-K with the SEC "did not properly reflect the results of transactions in the Company's copper operation and as a result underestimated the Company's liabilities by an amount estimated to be approximately \$30 million". It also announced an adjustment to "certain balance sheet accounts" of approximately \$5 million.
31. On or about May 5, 1998, Philip filed a Material Change Report with the Commission, pursuant to section 75(2) of the Act, with respect to its announcement in the above press release of April 23, 1998.
32. On or about May 14, 1998, Philip filed an amended Form 10-K (the "Form 10-K/A") with the SEC which reflected the further adjustments to its 1997 audited financial statements as announced in its press release dated April 23, 1998.
33. On or about May 22, 1998, Philip filed its annual audited financial statements for its fiscal year ended December 31, 1997 with the Commission.

The Metals Group

34. In 1973, Waxman began working in the scrap metals industry for I. Waxman & Sons Limited, the Waxman family business. In or around September, 1993, I. Waxman & Sons Limited rolled all of its active operating assets into Waxman Resources Inc. ("Resources") and then sold all of the shares of Resources to Philip. At the time Philip purchased the shares of Resources, Waxman was the President and Chief Executive Officer of Resources.
35. In light of his substantial experience and contacts in the metals industry, Philip gave Waxman the responsibility of running the operations it had acquired from the Waxman family interests, as well as other metals holdings of Philip. Waxman performed an integral role for Philip in both the operations of the Metals Group and the strategic planning for the numerous acquisitions by Philip in the metals industry.
36. In January, 1994, Waxman became a Director of Philip. On February 28, 1996, Waxman was appointed President of the Metals Group. Waxman reported to A. Fracassi and, on a day-to-day basis, also reported to P. Fracassi and Woodcroft.
37. In early 1997, Peter McQuillan, the Vice President of Finance in the Metals Group, commenced a review of various copper cathode transactions entered into by the Metals Group. McQuillan had previously been moved from Philip's corporate head office to the position of Vice President of Finance in the Metals Group.
38. In the summer of 1997, Fred Cranston, the Vice-President, Financial Operations, was preparing a report for A. Fracassi regarding potentially inappropriate copper cathode transactions being effected in the Metals Group.
39. Subsequently, on October 28, 1997, Waxman executed a \$10 million promissory note ("Waxman Promissory Note") in favour of Philip for certain indebtedness he had to the Company.

The Special Charges

A. Overview

40. As noted above at paragraphs 24 and 25, on January 26 and 27, 1998, 11 weeks after the Prospectus was filed with the Commission, Philip issued two press releases announcing that the Company would be taking a restructuring charge. In the January 26, 1998 press release, Philip disclosed that it would be taking a restructuring charge and a

Reasons: Decisions, Orders and Rulings

charge relating to material financial transactions (the "Special Charges"). On January 27, 1998, Philip issued another news release further explaining these charges.

41. The inappropriate accounting treatment of the many material financial transactions, as subsequently corrected in 1998 as part of the Special Charges, caused the financial statements contained in the Prospectus to be incorrect.
42. In the late summer of 1997, Philip commenced a process to identify and calculate potential items to be included in a restructuring charge. The restructuring charge calculated during the course of this process was similar to the amounts ultimately announced on January 26 and 27, 1998, as set out above.
43. Many of these restructuring costs were identified prior to September 30, 1997, although the Board of Directors had not yet approved the potential restructuring actions on which some of the estimates were based. In particular, the following items were identified as of September 30, 1997, as of January 26, 1998 (the date of a press release by Philip regarding the charge), and actually recorded for the December 31, 1997 year-end and prior years:

\$US '000	Philip's Estimate at September 30, 1997	Press Release January 26, 1998	Adjustment Actually Recorded for December 31, 1997 and prior years
Industrial Services Group			
Quebec	\$ 20,000	\$ 10,400	\$ 17,532
Tech Services	26,000	23,700	21,868
Burlington Environmental	40,000	31,500	29,000
Kansas City	11,000	11,400	9,897
Other	<u>31,400</u>	<u>27,400</u>	<u>23,001</u>
TOTAL	<u>\$ 128,400</u>	<u>\$ 104,400</u>	<u>\$ 101,298</u>
Metals Group			
Centennial Plant Closure	(Cdn \$168,900)	122,214	45,600
Other	<u>(Cdn \$ 23,770)</u>	<u>17,200</u>	<u>3,775</u>
	<u>(Cdn \$192,670)</u>	<u>139,414</u>	<u>45,600</u>
		<u>45,600</u>	<u>\$54,422</u>
Special Charge – Restructuring	\$267,814	\$ 150,000	\$155,720
Special Charge - Inventory and related accounts		125,000	234,992
		<u> </u>	<u> </u>
	Total Special Charges (pre-tax)	<u>\$ 267,814</u>	<u>\$ 275,000</u>
		<u>\$ 275,000</u>	<u>\$ 390,712</u>

44. In the final financial statements for the year ended December 31, 1997, as audited by Deloitte, Philip recorded various Special Charges relating primarily to its copper business, including a restructuring charge of \$155.720 million and Special Charges relating to material financial transactions of \$234.992 million.
45. The Special Charges relating to material financial transactions impacted on previously reported earnings by Philip in the years ended December 31, 1995 and 1996 and the three quarters ended March 31, June 30 and September 30, 1997 respectively.

B. The Restructuring Charge**Background Facts**

46. In the 10-K filed with the SEC on April 1, 1998, Philip explained the restructuring charge.

As at December 31, 1997, the Company recorded a pre-tax charge of \$155.7 million (\$117.1 million after tax) reflecting the effects of (i) restructuring decision made in its Industrial Services Group following the mergers of All Waste and Serv-Tech, (ii) integration decisions in various of its acquired Metals Services Group businesses, the most significant of which were acquired in late October 1997 and (iii) impairments of fixed assets and related goodwill resulting both from decisions to exit various business locations and dispose of the related assets, as well as assessments of the recoverability of fixed assets and related goodwill of business units in continuing use.

All businesses assessed for asset impairment were acquired in purchase business combinations and, accordingly, the goodwill that arose in those transactions was included in the tests for recoverability. Assets to be disposed of were valued at the estimated net realizable value while the value of the assets of the business units to be continued were assessed at fair value principally using discounted cash flow methods.

Special and non-recurring charges relate to the impairment of fixed assets and related goodwill and are comprised of the following items:

	(\$US '000)
Business units, locations or activities to be exited:	
Goodwill written off	\$ 10,032
Fixed assets written down to estimated net realizable value of \$4,843K	47,584
Unavoidable future lease and other costs associated with properties	9,358
Other assets to be disposed, including \$7,800K accrued disposal costs	17,740
Business units to be continued:	
Goodwill impairment	49,558
Fixed assets written down to estimated net realizable value of \$8,810K	10,984
Severance, \$2,000K paid before year-end	4,464
Accrued costs	<u>6,000</u>
TOTAL	<u>\$ 155,720</u>

47. Prior to filing the Prospectus, Philip had identified as potential restructuring charges and estimated the value of most of these items that were ultimately written off. However, there was no specific disclosure in the Prospectus that Philip intended to take a restructuring charge. In addition, the minimal disclosure provided was not representative of what had been identified as potential restructuring items at the time the Prospectus was filed.

48. The only specific disclosures in the Prospectus that could be read as indicating that Philip was considering taking a restructuring charge stated as follows:

The "Risk Factors" section of the Prospectus contains the following:

"... in particular, reserves established or charges recorded in connection with the acquisitions or the integration thereof may be insufficient and the Company may be required to establish additional reserves or record additional charges at a later date."

Note 8 to the Unaudited Pro Forma Consolidated Financial Statements states as follows:

"Philip expects that it will incur non-recurring costs relating to severance, relocation and other integration costs. These costs are not quantifiable at this time."

49. Deloitte's management letters, prepared at the conclusion of the 1994 and 1995 engagements, indicate that the accounting for acquisitions, the capitalization of costs (especially start-up costs and losses) and the recognition of accounting for goodwill were serious concerns for its auditor on an annual basis.

The Quantification of the Restructuring Charge during 1997

50. In January and/or February of 1997, during the course of finalizing the 1996 engagement, Ron McNeill, the head Client Services Partner for Deloitte, advised A. Fracassi to consider a restructuring charge as synergies would be realized from the previous pattern of acquisitions, and the United States marketplace was not reacting adversely to restructuring charges at the time.

51. On February 24, 1997, a meeting was held to discuss finalizing the 1996 audit engagement. In attendance were A. Fracassi, Boughton, Peter Chant, the National Office Partner for Deloitte, and McNeill of Deloitte. Boughton's notes of the meeting record a discussion of a restructuring charge as follows:
 - "2 divisions" structure going forward[:] services - metals, and
 - [o]ut of this 're-org' - the Company is contemplating a restructuring charge in Q2/3 [of] 97.
52. Deloitte continued to provide advice to Philip on the issue of a restructuring charge and discussed the charge with Philip.
53. During the late spring or summer of 1997, various staff of Philip were made aware that a restructuring charge was contemplated. At the same time, in the early summer of 1997, the underwriters began meeting with Philip to discuss equity financing.
54. On August 1, 1997, Philip received a fax from Merrill Lynch containing an analysis of the impact of extraordinary charges on the stock price of other publicly listed companies. Attached to the fax were graphs illustrating the impact of extraordinary charges on the price of three separate public companies.
55. Shortly after August 5, 1997, Deloitte became aware that a prospectus was going to be issued in the United States and that Deloitte would be required to provide an opinion on the Philip financial results for January to June, 1997 (the "Q2 Review"). The Q2 Review was conducted by Deloitte in September, 1997. The main participants from Philip at Corporate in the Q2 Review were Boughton, Hoey, Connie Caisse (the Corporate Controller), and James Bellaire (Manager, Financial Reporting).
56. Prior to August 25, 1997, Caisse met with Boughton and McQuillan to identify and quantify items that might be included in a restructuring charge. At the meeting, Boughton assigned Caisse the responsibility of identifying items in Corporate and ISG that could be included in the restructuring charge. Boughton asked McQuillan to provide suggestions of components that might form part of a possible restructuring charge in the Metals Group.
57. On August 25, 1997, McQuillan submitted a memo addressed to Waxman, and copied to Boughton and Caisse. In the memo entitled "Write-off", McQuillan summarized what had been discussed at the meeting. The memo included a list of "items to consider" for a restructuring charge/write-off. McQuillan included the following on the list: the "closure of Centennial yard" and the "cost of exiting the solids copper business in Hamilton. Take hit on inventory".
58. Shortly after August 25, 1997, McQuillan gave Anita Buttenham (a Philip Financial Analyst) this memo and asked her to estimate a restructuring charge based on the items in it.
59. In early September, 1997, Buttenham prepared schedules quantifying the items that could be included in the restructuring charge. Buttenham prepared several iterations of a list compiling items that the Metals Group were suggesting could be included in a restructuring charge or write down. In spreadsheets dated September 2, 1997, Buttenham quantified the estimated "Metals Recovery Restructure Costs" as at July 31, 1997. The spreadsheets included the amount of Cdn \$127 million under the heading of "cathode". The items that Buttenham included in this category were primarily losses that had been inappropriately deferred on the books of the Metals Group and improperly recorded as an asset. These items would ultimately form part of the Special Charges disclosed by Philip in 1998. Buttenham submitted the analysis, totaling Cdn \$158 million, to McQuillan.
60. On September 4, 1997, McQuillan prepared a second memo entitled "Restructuring" that was addressed to Boughton and copied to Waxman. The memo commences with the sentence "...these are a number of items we would consider as part of a restructuring charge." The schedule attached to the memo, totaling Cdn \$193 million, referred to several items that were later included in the restructuring and Special Charges subsequently recorded in the 1997 annual financial statements.
61. In September of 1997, Philip management was considering exiting the cathode trading and copper brokerage business located at Centennial. Since early 1997, Philip had been exploring whether they could replace the Centennial yard with another location. When Cranston was re-positioned as Vice-President of the Metals Group on September 16, 1997, he was instructed to close out all cathode trades and not enter into any new ones. Cranston, as the new Vice-President of the Metals Group, reported to Woodcroft and Philip Fracassi.
62. During the first week of September, 1997, Buttenham received McQuillan's second memo dated September 4, 1997. At that time, Buttenham prepared another list of items in the Metals Group that could be included in the restructuring charge.

63. On or about September 9, 1997, McQuillan and Buttenham met briefly with Hoey and Caisse. At the meeting, McQuillan distributed copies of one of Buttenham's lists of restructuring charge items totalling Cdn \$194 million, which was based on estimates as at July 31, 1997.
64. On September 5, 1997, a spreadsheet totaling \$137 million in respect of potential restructuring items for ISG was prepared by Caisse and given to Boughton. Caisse continued to refine the list and faxed a slightly revised version to Bob Chiste (President, ISG Group) on September 30, 1997 which totaled \$128 million in ISG restructuring items.

The Prospectus & Philip's Effort to Quantify the Restructuring Charge

65. On September 24, 1997, a due diligence conference call session was held concerning the preliminary prospectus. Philip management was represented by Boughton, Hoey and Caisse. The participants (the representatives of the underwriters) were told that Philip was going to take charges to write-off goodwill. They were also advised that while the amount was not quantifiable, it would be sizeable. No further discussion of the approximate magnitude took place.
66. On September 25, 1997, the Board of Directors of Philip discussed and approved the share offering, thereby committing Philip to the transaction.
67. On September 26, 1997, the preliminary prospectus was filed with the Commission.
68. By September 30, 1997, Philip had identified a series of items for a potential restructuring charge totalling approximately Cdn \$194 million for the Metals Group and \$128 million for ISG.
69. In October, 1997, Buttenham, on the instructions of McQuillan, made certain recalculations to the restructuring schedules to reflect the revised estimates as at September 30, 1997 and gave this analysis to McQuillan.
70. In mid-October 1997, A. Fracassi again discussed with Deloitte that Philip was considering a charge, but there was no indication of the magnitude or possible causes of the charge.
71. On November 5, 1997, Philip held another due diligence session by conference call concerning the Prospectus. During the conference call, Philip advised that it was considering a restructuring charge but was not close to a decision. Boughton's notes of the conference call indicate that he informed the participants on the call that there "may be write-downs - looking at it - W/B of size". Deloitte participated in this call when Boughton made the statement that the potential write-downs would be "of size".
72. Alan Kesler, the U.S. Audit Partner for Deloitte, also had several discussions with Soule and Hoey regarding the restructuring charge. Soule and Hoey confirmed that the decision of whether to take a restructuring charge had not been made and that the asset impairments had not yet occurred.
73. The schedules prepared by Buttenham and McQuillan were not disclosed to Deloitte prior to 1998.
74. As noted above, the final restructuring charge taken by the two operating divisions, ISG and the Metals Group, amounted to \$101.298 million and \$54.422 million respectively for a total of \$155.720 million.

November to December 1997 – Post Prospectus

75. McQuillan prepared a spreadsheet dated November 28, 1997 which calculated the restructuring charge for the Metals Group at approximately Cdn \$201.599 million.
76. Caisse relied on this spreadsheet in preparing a list which consolidated the spreadsheet of the Metals Group with the ISG list. It contained the amount of \$146.087 million (Cdn \$201.599 million) for the Metals Group and the amount of approximately \$128 million for ISG. The adjustments totalling \$128 million were also noted in the list that Caisse faxed to the ISG President (Rob Chiste) on September 30, 1997. Caisse gave the spreadsheet to Boughton and Hoey on November 27, 1997 and subsequently met with them to discuss it.
77. On December 2, 1997, Boughton and Hoey attended a meeting to discuss a list entitled "Restructuring Charge", listing charges totaling approximately \$267 million. An amount of \$121 million is included in the list and is described as "Centennial Redundant Assets". This item was discussed at the meeting. The handwritten notes on two separate copies of the list reflect the amount being changed to \$100 million.
78. In late December, 1997, Boughton informed McNeill of Deloitte of "ball-park" numbers of the restructuring charge (\$200 million).

Reasons: Decisions, Orders and Rulings

79. On December 22, 1997, McNeill and Kesler of Deloitte attended a meeting with Boughton and Hoey in Boughton's office. Boughton outlined the proposed restructuring charge in general terms, but did not provide supporting detail. Boughton indicated that a charge would be taken of approximately \$100 million for ISG and \$100 million for Metals.
80. On December 23, 1997 Caisse distributed a memo and schedule at a meeting attended by P. Fracassi, Boughton, Woodcroft, Cranston (the Vice-President of the Metals Group) and Hoey. This meeting was convened to discuss the restructuring charge. According to the spreadsheet, Centennial is noted as having redundant assets of \$150 million with the action required being to "close yard and liquidate inventory".

January 1998

81. As described above, a significant component of the restructuring charge initially related to inventory at the Centennial yard. McQuillan's estimate as at September 4, 1997 of Cdn \$193 million included an amount of Cdn \$167 million for the write down of inventory at Centennial. Consequently items related to the incorrect accounting of inventory at Centennial comprised most of the Special Charges which were subsequently recorded in the 1997 financial statements. Originally, all these accounting irregularities formed part of the proposed restructuring charge.
82. By March 1998, the Centennial accounting items had been reclassified from being part of the restructuring charge to being part of the Special Charges because the items related to accounting irregularities and were not properly related to any restructuring. Most of the items included as a Special Charge, other than the Centennial items, were much smaller, and had come from assorted plans to consolidate yards and operations, and to move out of certain businesses.

Philip Discloses the Restructuring Charge

83. As described above, on January 26, 1998, Philip issued a news release announcing that Philip planned to take a "one-time year-end charge to earnings" of approximately \$250 million to \$275 million. One component of the charge related to a copper inventory adjustment of approximately \$60 million, after tax.
84. Messrs. A. Fracassi, P. Fracassi, Boughton, Hoey and Woodcroft acted contrary to the public interest by failing to ensure that Philip filed financial statements in the Prospectus that contained full, true and plain disclosure of a restructuring charge in the amount of \$155.720 million.

C. The Special Charges in Respect of Material Financial Transactions

85. In the financial statements for the year ended December 31, 1997, as audited by Deloitte, Philip explained the Special Charges in respect of certain material financial transactions, which related primarily to its copper business. In addition to the restructuring charge, the major components of the Special Charges regarding the Inventory and Related Accounts (the "material financial transactions"), as disclosed by Philip in the Form 10-K and the Form 10-K/A, are as follows:

	(\$US'000)
Non-recurring charges recorded as operating expenses	\$ 78,260
(including CIBC \$10 million and CCG \$30 million)	
Costing errors recorded as operating expenses	32,875
Previously incurred but unrecorded trading losses resulting from speculative trading of copper cathode, recorded as special charges	92,235
(including Holding Certificates \$31 million, Pechiney \$29 million	
and other "Cathode Trading Losses" (including Waxman Promissory Note) \$32.13 million)	
Overstatement of revenue and accounts receivable, recorded as	<u>31,622</u>
adjustments to revenue, of which \$22.114 million is separately identified.	
TOTAL	<u>\$ 234,992</u>

86. The Special Charges caused Philip to restate its comparative financials for the fiscal years ending December 31, 1996 and December 31, 1995, as they were inaccurate. The inaccurate financial statements for the fiscal years ending December 31, 1996 and December 31, 1995 were contained in the Prospectus.

Discovery of an Inventory Shortfall

87. The Special Charges were brought to Deloitte's attention in January 1998 as a result of the significant "shortfall" in the inventory of the Metals Group.
88. On behalf of certain of Philip's creditors, with the agreement and support of Philip's Board of Directors, Deloitte and another accounting firm (KPMG) conducted an investigation into the inventory discrepancy in the Metals Group.
89. KPMG and Deloitte quantified the accounting irregularities which accounted for the inventory shortfall as well as other accounting irregularities which did not impact on the inventory shortfall.
90. The accounting irregularities amounted to approximately \$110 million of the total \$234.992 million of Special Charges relating to material financial transactions, and are discussed as follows:
- Holding Certificates
 - Reversal of Invoices from Pechiney World Trade (USA), Inc. ("Pechiney")
 - Commodity Capital Group Metals Inc. ("CCG")
 - Canadian Imperial Bank of Commerce ("CIBC")
 - Waxman Promissory Note
91. None of the items discussed below were properly disclosed in the financial statements that were contained in the Prospectus.

1. Holding Certificates

92. At various times, Philip financed its operations with the use of holding certificates signifying that the inventory being held by Philip was the property of the customer. The Special Charges included an amount in respect of certain holding certificates issued in 1996 representing a total invoice value of approximately \$31 million which were issued to the following customers: \$8.8 million to Conversion Resources Inc. ("Conversion"); \$7.2 million to Pechiney; \$3.5 million to Pechiney; \$1.2 million to MIT; \$3.4 million to Parametal; \$1.9 million to Kataman Metals Inc. ("Kataman") and \$4.7 million to Southwire.
93. The majority of the holding certificates were signed by Waxman and Rik Barrese, Metals Manager, who reported to Waxman. Other documents were signed by employees who reported to Waxman and Boughton.
94. The use of holding certificates involved the "sale and repurchase" of metal inventory without a corresponding physical movement of the inventory and would immediately generate cash for Philip.
95. Kataman is an example of these holding certificate transactions. The transaction was recorded as a sale despite the fact that at least Waxman and Barrese were aware that Philip was obligated to pay back the cash by repurchasing the copper cathode or scrap at an inflated price in the future. The liability to repurchase the inventory was never recorded. Accordingly, the transaction should have been recorded as a financing arrangement in the Company's financial statements for the year ended December 31, 1996.
96. A. Fracassi, P. Fracassi, Boughton and Woodcroft acted contrary to the public interest by failing to ensure that Philip filed financial statements in the Prospectus that contained full, true and plain disclosure of approximately \$31 million for holding certificates.

2. Reversal of Invoices – Pechiney

97. In early 1997, McQuillan made an adjustment to the 1996 results in the amount of approximately \$29 million in order to increase profits. McQuillan achieved this by reversing seven invoices for the purchase of copper cathode from Pechiney. Consequently, the cost of sales and liabilities for 1996 were both understated in the amount of approximately \$29 million.
98. Ultimately, in or around April of 1997, Philip re-recorded the previous reversal of the Pechiney invoices and paid the \$29 million due to Pechiney. Consequently, the cost of sales for 1997 were overstated in the amount of approximately \$29 million, which offset the 1996 understatement of the same amount. This also corrected the 1996 understatement of liabilities.

99. Although the under and overstatements of cost of sales for 1996 and 1997 were offsetting, the purchases and repayments involving Pechiney were not properly recorded in the Company's financial statements for the year ended December 31, 1996 and for the quarters ended March 31, 1997, June 30, 1997 and September 30, 1997, and therefore these financial statements were misleading and not accurate.

100. A. Fracassi, P. Fracassi, Boughton and Woodcroft acted contrary to the public interest by failing to ensure that Philip filed financial statements in the Prospectus that contained full, true and plain disclosure of approximately \$29 million of unrecorded liabilities for invoices issued by its supplier, Pechiney, in 1996.

3. Commodity Capital Group Metals Inc. ("CCG")

101. In early 1997, Philip began negotiating a financing transaction with CCG, a corporation based in New York. In August and September of 1997, CCG provided approximately \$31 million in financing to Philip. In addition to the amount advanced from CCG, Philip also paid to CCG interest payments totaling approximately \$1.6 million.

i) The Agreements

102. On or about August 13, 1997, Philip finalized the financing arrangement with CCG. In summary, the arrangement consisted of the following:

- (a) Philip agreed to sell "commodity lots" (scrap metal) to CCG at the market value of the commodity;
- (b) Philip was obliged to repurchase the commodity lots from CCG at the same prices at which Philip sold the commodity lots to CCG, plus interest. Philip's obligation to repurchase the commodity lots was "absolute and unconditional". Philip also acknowledged that CCG's obligations to Philip were, at all times, subordinated to CCG's obligations to the banks that were financing the purchases by CCG; and,
- (c) According to holding certificates issued by Philip, "Philip agrees to indemnify and hold harmless CCG, the agent, the banks... from and against all claims and liabilities... as a result of holding such commodity lot at the location referred to above."

103. The invoices, backdated to June 30, 1997, were issued by Philip to CCG for the sale of 27 million pounds of inventory. On the same date, June 30, 1997, Philip issued holding certificates for 27 million pounds of inventory held on behalf of CCG.

ii) The August 19, 1997 and September 16, 1997 Transactions

104. On August 19, 1997, (the "First Transaction"), Philip "sold" 27 million pounds of various inventory (commodity lots) to CCG for \$26.550 million, although the invoice was dated June 30, 1997. In return, on August 22, 1997, CCG paid Philip \$25.225 million, which represented 95% of the purchase price. The 5% balance (net of interest and handling fees) was retained by CCG as a hold-back and was to be paid to Philip at the date Philip "repurchased" the commodity lot from CCG.

105. According to a memo prepared by the treasurer, Mike Myskiw, he

...instructed the accounting personnel at corporate that entries for the receipt and disbursement of funds were to be booked to the Metals Recovery intercompany account as the Metals Recovery group would handle the accounting for the sale and repurchase of inventory on their records.

106. On August 19, 1997, CCG issued an invoice to Philip for the sale to Philip of the same quantity of inventory and for the same price, with a due date of November 19, 1997. This invoice, dated August 19, 1997, was "approved for payment" by Woodcroft and Waxman. As a result, as at August 19, 1997, Philip was obligated to repurchase the inventory from CCG on November 19, 1997.

107. The accounting treatment of the First Transaction resulted in Philip's revenue being overstated by \$25.225 million for the year ending December 31, 1997, and there was a corresponding understatement of its liabilities.

108. On September 16, 1997, (the "Second Transaction") Philip "sold" 5.4 million pounds of various inventory (commodity lots) to CCG for approximately \$4.752 million. In return, Philip received approximately \$4.5 million which represented 95% of the purchase price. The balance was retained by CCG as a hold-back.

109. On the same day, CCG invoiced Philip for the sale to Philip of the same quantity of inventory and for the same price, due on December 17, 1997. As a result, as at September 16, 1997, Philip was obligated to repurchase the inventory on December 17, 1997. The Second Transaction was accounted for the same way as the First Transaction.
110. In November, 1997, Deloitte was unaware of these transactions with CCG.
111. On November 19, 1997, Philip and CCG "rolled" the First Transaction; that is, Philip received an extension of the repayment of the loan. Philip and CCG agreed to repeat a transaction that was identical in its terms to the transaction executed on August 19, 1997.
112. On December 17, 1997, Philip repurchased the inventory underlying the second transaction from CCG for approximately \$4.7 million. A December, 1997 journal entry processed the \$4.7 million payment to CCG, and since the underlying liability had not been recorded, the payment was inappropriately capitalized by charging it to acquisition expenses. The journal entry indicates it was authorized by Hoey.

iii) 1998

113. On or about February 17, 1998, Philip was obligated to repurchase the inventory underlying the first transaction from CCG. Philip paid to CCG the resulting interest and fees and a new agreement was put in place, resulting in a second "rolling" of the transaction. The new agreement required Philip to provide a greater amount of inventory and pay an additional hold-back of \$393,694.
114. On March 19, 1998, Philip terminated its involvement with CCG and repurchased the remaining inventory (58.2 million pounds) from CCG.

iv) Deloitte's Discovery of the Transaction

115. Deloitte eventually learned of the unrecorded liability for CCG in mid-April 1998.

v) The Adjustment

116. The financial statements that were contained in the Prospectus were misleading and not accurate due to the inappropriate accounting treatment of the CCG transaction.
117. After Philip filed its Form 10-K in March of 1998, an adjustment of approximately \$30 million was taken by Philip regarding the CCG transaction which was described as an unrecorded liability. The adjustment triggered the recall of Philip's Form 10-K and Deloitte's opinion on the financial statements contained in the Form 10-K.
118. A. Fracassi, P. Fracassi, Boughton and Woodcroft acted contrary to the public interest by failing to ensure that Philip filed financial statements in the Prospectus that contained full, true and plain disclosure of a financing arrangement between Philip and CCG in the approximate amount of \$30.222 million.

4. Canadian Imperial Bank of Commerce ("CIBC")

119. In or around May of 1997, Philip and CIBC began negotiating a complex financing arrangement, the purpose of which was to provide Philip with funds as a result of the "sale" of copper inventory to CIBC. At the same time, Philip agreed to:
- (a) process the inventory and store it on its premises; and
 - (b) market and sell the inventory on behalf of CIBC, remitting the proceeds to the bank.
120. On or about June 27, 1997, Philip finalized the agreement with CIBC. The Purchase, Sales Agency and Processing agreements ("the Agreements") were entered into with a special purpose trust vehicle of CIBC (the "Trust") signed by Myskiw and Hoey on behalf of Philip. Pursuant to the Agreements,
- (a) Philip agreed to sell to the Trust "commodities" (unprocessed copper) representing the equivalent of 31.5 million pounds of finished product;
 - (b) Philip agreed to retain physical possession of the inventory;
 - (c) The Trust "directed" Philip to process the commodities pursuant to a prescribed schedule;

- (d) The Trust "authorized and directed" Philip to sell the commodities in 11 monthly tranches;
- (e) The Trust "directed" Philip to remit the sales proceeds, at the COMEX price at the date of the sale, to the Trust, on each settlement date; and,
- (f) Philip received \$26.8 million in cash, net of prepaid interest and net of a hold-back of the processing and sales agency fees due to Philip.

121. Simultaneously, on June 27, 1997, Philip entered into a "swap agreement" with CIBC. The swap agreement was signed by Myskiw on behalf of Philip. The swap contract ensured that Philip would remit to CIBC proceeds of at least the amount initially paid by CIBC, plus interest, thus eliminating the risk to CIBC of future fluctuations in the price of copper. All of the risks of ownership of the inventory remained with Philip.
122. In correspondence dated October 21, 1997, CIBC provided Philip with a memo regarding the Philip "Inventory Monetization Program" which alerted Philip to issues with the accounting of the transaction. This memo was not disclosed to Deloitte. The memo stated, in part, as follows:

Accounting – Issues may arise in inventory monetizations in the US and Canada if each deal is done with a perfect hedge done back to back from Philip Services to CIBC, and then from CIBC to the Trust. Despite the fact that Philip has no obligation to repurchase any inventory, the auditors of Philip Services may view such transactions as appearing more like a pure financing arrangement which could violate its off-balance sheet treatment...

123. As noted above, each deal with CIBC was in fact done with a "perfect hedge", which was achieved through the swap agreements. As a result, the transaction should have been recorded as a financing transaction.

i) The Accounting for the Transaction

124. Philip did not process any of the inventory, as required pursuant to the agreements. Rather, as the swap agreements came due every month, Philip "rolled" the transaction. The "rolls" necessitated a net payment from Philip to CIBC or vice-versa.
125. Hoey instructed McQuillan to record the transaction as a sale with a corresponding reduction in inventory which would result in an increase in the cost of sales.
126. Philip recorded the transaction as a sale of its inventory and not a financing arrangement. As a result of this accounting treatment, gross profit in the second quarter of 1997 was overstated by \$3.2 million.

ii) The Disclosure of the Swap Agreements to Deloitte

127. On March 5, 1998, Philip issued a press release indicating that,

[t]he amount of the discrepancy was confirmed at \$92.2 million pre-tax caused by trading losses and \$32.9 million pre-tax caused by the incorrect recording of copper transactions within the copper division.

These figures did not include an adjustment for CIBC.

128. On or about March 19, 1998, while finalizing the audit, Deloitte discovered the swap agreements, which had not been previously disclosed to them, and understood their impact on the CIBC transaction and the lack of recognition of a liability. As a result, further adjustments to the financial statements were made by Philip at the request of Deloitte.

iii) The Adjustments

129. The financial statements that were contained in the Prospectus were misleading and not accurate due to the inappropriate accounting treatment of the financing arrangement with CIBC.
130. In the Form 10-K, the financing arrangement with CIBC formed a component of the Special Charges announced by Philip and made to its financial statements for the year-end December 31, 1997. The adjustment was in the amount of \$10 million.
131. A. Fracassi, P. Fracassi, Boughton, Hoey and Woodcroft acted contrary to the public interest by failing to ensure that Philip filed financial statements in the Prospectus that contained full, true and plain disclosure of \$10 million regarding a financing arrangement between Philip and CIBC in the amount of \$10 million.

5. Waxman Promissory Note

132. As indicated above at paragraph 39, the Waxman Promissory Note was in the amount of \$10 million. The Waxman Promissory Note was improperly recorded in the 1997 Q3 financial statements as inventory in the amount of \$10 million. The Waxman Promissory Note was, however, later written off as uncollectible and was also not included as an amount due from, or guaranteed by Waxman in his termination agreement dated January 5, 1998. The Waxman Promissory Note was included in the Special Charges as an item relating to cathode trading activities.
133. Woodcroft acted contrary to the public interest by failing to ensure that Philip filed financial statements in the Prospectus that contained full, true and plain disclosure of the \$10 million Waxman Promissory Note.

IV. MITIGATING FACTORS

134. The Respondents all remained employed with Philip after the matters that form the subject-matter of the Notice of Hearing came to light and continued in their respective roles for substantial periods of time, during which they each:
- Fully cooperated with and assisted in investigations conducted by an independent committee of the Board and by Philip's lenders; and
- Worked diligently to effect a restructuring of Philip pursuant to the *Companies' Creditors Arrangements Act* and Chapter 11 of the U.S. Bankruptcy Code in order to maximize recovery value for all stakeholders of Philip.
135. Allen Fracassi was re-appointed as Philip's interim Chief Executive Officer in November 1998, and remained on the Board of Directors into 2000.
136. The Respondents' continued involvement with Philip's business and affairs was all with the full support of the restructured Board and stakeholders of Philip.

V. TERMS OF SETTLEMENT

137. The Respondents agree to the following terms of settlement:
1. The Commission will make an order approving the settlement agreement;
 2. The Commission will make an order pursuant to clause 6 of subsection 127(1) of the Act, the Respondents will be reprimanded by the Commission;
 3. The Commission will make an order pursuant to subsection 127(1) clause 7 of the Act, the Respondents shall immediately resign any positions that they each hold or may hold as a director or officer of any reporting issuer;
 4. The Commission will make an order pursuant to subsection 127(1) clause 8 of the Act,
 - a. Allen Fracassi is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of twelve years commencing on the date that this Settlement Agreement is approved;
 - b. Philip Fracassi is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of ten years commencing on the date that this Settlement Agreement is approved;
 - c. Marvin Boughton is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of ten years commencing on the date that this Settlement Agreement is approved;
 - d. John Woodcroft is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of ten years commencing on the date that this Settlement Agreement is approved;
 - e. Graham Hoey is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of five years commencing on the date that this Settlement Agreement is approved;
 5. The Commission will make an order pursuant to section 127.1 of the Act, the Respondents will each pay costs to the Commission in the amount of \$100,000 (for total costs to be paid of \$500,000); and
 6. The Respondents will attend the hearing to approve the settlement in person.

VI. STAFF COMMITMENT

138. If this settlement 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 Respondents in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 143 below.

VII. PROCEDURE FOR APPROVAL OF SETTLEMENT

139. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission in accordance with the procedures described in this Settlement Agreement.

140. Staff and the Respondents agree that this Settlement Agreement will constitute the entirety of the evidence to be submitted at the Settlement Hearing.

141. If this Settlement Agreement is approved by the Commission, the Respondents agree to waive their rights to a full hearing, judicial review, or appeal of the matter under the Act.

142. Staff and the Respondents 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.

143. If this Settlement Agreement is approved by the Commission, and at any subsequent time the Respondents fail to honour the terms of the settlement set out in Part V herein, Staff reserve the right to bring proceedings under Ontario securities law against the Respondents based on, but not limited to, the facts set out in Part III of the Settlement Agreement, as well as the breach of the Settlement Agreement.

144. Whether or not this Settlement Agreement is approved by the Commission, the Respondents agree that they 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 attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VIII. DISCLOSURE OF AGREEMENT

145. 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 Respondents 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.

146. 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 Respondents and Staff or as may be required by law.

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

IX. EXECUTION OF SETTLEMENT AGREEMENT

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

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

Dated this "28th" day of February, 2006.

_____ Witness	_____ "Allen Fracassi" Allen Fracassi
_____ Witness	_____ "Philip Fracassi" Philip Fracassi
_____ Witness	_____ "Marvin Boughton" Marvin Boughton
_____ Witness	_____ "Graham Hoey" Graham Hoey

Witness

"John Woodcroft"
John Woodcroft

**STAFF OF THE ONTARIO
SECURITIES COMMISSION**

Per:

"Michael Watson"
Michael Watson
Director of Enforcement

SCHEDULE "A"

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

AND

**IN THE MATTER OF
PHILIP SERVICES CORP., ALLEN FRACASSI,
PHILIP FRACASSI, MARVIN BOUGHTON,
GRAHAM HOEY, ROBERT WAXMAN
AND JOHN WOODCROFT**

**ORDER
(Sections 127 and 127.1)**

WHEREAS the Ontario Securities Commission (the "Commission") issued a Notice of Hearing dated August 30, 2000 and an Amended Notice of Hearing dated December 12, 2005 (the "Amended Notice of Hearing") pursuant to section 127 of the Ontario *Securities Act*, as amended, with respect to Philip Services Corp., Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey, Robert Waxman and John Woodcroft;

AND WHEREAS on August 30, 2000, a Statement of Allegations was delivered and subsequently amended on October 12, 2005 and December 9, 2005, (the "Amended Statement of Allegations");

AND WHEREAS the respondents Allen Fracassi, Philip Fracassi, Marvin Boughton, Graham Hoey and John Woodcroft (the "Respondents") entered into a settlement agreement dated February 28, 2006 (the "Settlement Agreement"), in which the respondents agreed to a proposed settlement of the proceeding commenced by the Amended Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement and the Amended Statement of Allegations, and upon hearing submissions from counsel for the Respondents and from Staff of the Commission;

AND WHEREAS 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 dated February 28, 2006, attached to this Order as Schedule "1", is hereby approved;
2. pursuant to clause 6 of subsection 127(1) of the Act, the Respondents will be reprimanded by the Commission;
3. pursuant to subsection 127(1) clause 7 of the Act, the Respondents shall immediately resign any positions that they each hold or may hold as a director or officer of any reporting issuer;
4. pursuant to subsection 127(1) clause 8 of the Act,
 - a. Allen Fracassi is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of twelve years commencing on the date that this Settlement Agreement is approved;
 - b. Philip Fracassi is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of ten years commencing on the date that this Settlement Agreement is approved;
 - c. Marvin Boughton is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of ten years commencing on the date that this Settlement Agreement is approved;
 - d. John Woodcroft is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of ten years commencing on the date that this Settlement Agreement is approved;
 - e. Graham Hoey is prohibited from becoming or acting as a director or officer of any reporting issuer for a period of five years commencing on the date that this Settlement Agreement is approved;

Reasons: Decisions, Orders and Rulings

5. pursuant to section 127.1 of the Act, the Respondents will each pay costs to the Commission in the amount of \$100,000 (for total costs to be paid of \$500,000); and
6. the Respondents will attend the hearing to approve the settlement in person.

DATED at Toronto this day of March, 2006.

3.1.2 Christopher Freeman

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

AND

IN THE MATTER OF
CHRISTOPHER FREEMAN

SETTLEMENT AGREEMENT

I. INTRODUCTION

1. By Notice of Hearing dated March 2, 2006, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing to consider whether, pursuant to section 127.1 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, Christopher Freeman ("Freeman").

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff recommend settlement of the proceeding initiated in respect of Freeman in accordance with the terms and conditions set out below. Freeman consents to the making of an order against him in the form attached as Schedule "A" on the basis of the facts set out below.

III. STATEMENT OF FACTS

3. For the purposes of this Settlement Agreement, Freeman agrees with the facts set out in Part III.
4. Christopher Freeman is a solicitor who is called to the bar in Ontario.
5. Between January 2003 and March 31, 2005 (the "Material Time"), Christopher Freeman was a director and officer of Interquest Incorporated ("Interquest") and was a director of NIR Diagnostics Inc. ("NIR Diagnostics"). Freeman was therefore an insider of both Interquest and NIR Diagnostics.
6. Throughout the Material Time, Interquest and NIR Diagnostics were reporting issuers in Ontario. The common shares of NIR Diagnostics and, until February 21, 2005, Interquest traded on the TSX Venture Exchange.

The Trust Shares

7. Throughout the Material Time, Freeman maintained an investment account in the name of "Christopher Freeman in Trust" (the "trust account") in which he held shares of Interquest and NIR Diagnostics on behalf of certain beneficial owners (the "Beneficial Owners"). Freeman also held shares of Interquest and NIR Diagnostics in certificate form outside of the trust account on behalf of the Beneficial Owners. These shares were registered in Freeman's name, in trust.
8. Although Freeman had sole trading authority over the trust account and was the only individual who gave instructions with respect to the operation of the trust account, Freeman had no authority from the Beneficial Owners to exercise any voting rights or to deal with or dispose of the shares held in the trust account, except in accordance with their prior instructions. Equally, Freeman did not have any discretionary authority over the shares held registered in his name, in trust, that were held in certificate form outside of the trust account.

Transactions in Issue

9. During the Material Time, Freeman, directed 27 transactions in securities of Interquest and 4 transactions in securities of NIR Diagnostics held in trust which resulted in changes in Freeman's direction or control over the securities of Interquest and NIR Diagnostics. Freeman has not filed insider trading reports with the Commission in respect of these transactions.

Conduct Contrary to the Public Interest

10. By his conduct, Freeman did not act in accordance with the public interest.

11. In the circumstances, Freeman would not have been required to file insider reports if he had made alternative arrangements with a non-insider to act as a trustee with respect to the shares of the Beneficial Owners.

Position of Freeman

12. It is Freeman's position that it was his interpretation of section 107(2) of the Act, in the circumstances as set out above and as he was acting on behalf of the Beneficial Owners and in accordance with their prior instructions, while incorrect, did not require him to file insider trading reports.
13. Freeman did not charge a fee to the Beneficial Owners in respect of the transactions at issue, nor did he charge the Beneficial Owners any amount for maintaining the trust account.

IV. TERMS OF SETTLEMENT

14. Freeman agrees to the following terms of settlement:
- (a) the Commission will make an order pursuant to section 127.1 of the Act requiring Freeman to pay \$7,000.00 in costs;
 - (b) Freeman undertakes the following:
 - i. Freeman shall file insider reports regarding the transactions referred to above in paragraph 9 within 10 days of the hearing which shall contain all of the applicable information required by Form 55-102F2 - *Insider Report* under National Instrument 55-102 - *System for Electronic Disclosure by Insiders (SEDI)* and which shall contain the name of the person or company that owned the securities over which Freeman had control or direction in the field provided for "registered holder";
 - ii. Freeman shall pay any late fees attributable to the filings in (i) as required by OSC Rule 13-502 – *Fees*;
 - iii. Except as set out in (iv) below, Freeman shall transfer any remaining shares of Interquest presently registered to him, in trust, to a non-insider trustee or to the beneficial owner directly within 10 days of this Settlement Agreement and Freeman shall file any related insider reports regarding the transfers within 10 days from the date of the transfer;
 - iv. With respect to a share certificate issued in June 1998 representing 582,000 shares of Interquest and a share certificate issued in June 1996 representing 10,000 shares of Interquest, both of which are registered to Freeman in trust, Freeman shall transfer such shares to a non-insider trustee or to the beneficial owner directly within 30 days of this Settlement Agreement and shall file the related insider reports regarding the transfer within 10 days from the date of the transfer. In the event Freeman is unable to affect such transfer he shall file an insider report in respect of such shares in accordance with (i) above;
 - v. Freeman shall not act as a trustee for securities of a reporting issuer in Ontario in circumstances where he is an insider of the issuer unless an insider report is filed by Freeman in respect of the transaction; and
 - vi. Freeman shall disclose and verify the names of any beneficial owners of securities held in trust by Freeman in an investment account in Ontario maintained by him.

V. STAFF COMMITMENT

15. 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 Freeman in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 19 below.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

16. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for Friday, March 3, 2006, or such other date as may be agreed to by Staff and Freeman in accordance with the procedures described in this Settlement Agreement.

17. Staff and Freeman agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting the respondents in this matter, and Freeman agrees to waive his rights to a full hearing, judicial review, or appeal of the matter under the Act.
18. Staff and Freeman agree that if this Settlement Agreement is approved by the Commission, neither Staff nor Freeman will make any public statement inconsistent with this Settlement Agreement.
19. If Freeman fails to honour the agreement contained in paragraph 14 of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Freeman based on a failure to file section 107(2) reports and based on the breach of this Settlement Agreement.
20. 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 Freeman 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.
21. Whether or not this Settlement Agreement is approved by the Commission, Freeman 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 attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

22. 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 Freeman and Staff or as may be required by law.
23. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission.

VIII. EXECUTION OF SETTLEMENT AGREEMENT

24. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.
25. A facsimile copy of any signature shall be as effective as an original signature.

DATED this 2nd day of March, 2006

Signed in the presence of:

"Crawford Smith"

Witness

"Christopher Freeman"

Christopher Freeman

"Michael Watson"

Staff of the Ontario Securities Commission

**Per: Michael Watson
Director, Enforcement Branch**

Schedule "A"

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

AND

**IN THE MATTER OF
CHRISTOPHER FREEMAN**

**ORDER
(Section 127.1)**

WHEREAS on August 8, 2005, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act"), in relation to the Statement of Allegations dated August 8, 2005.

AND WHEREAS the hearing of this matter was scheduled to proceed on October 12, 2005 and was adjourned to March 2 and 3, 2006, by order of the Commission dated October 7, 2006.

AND WHEREAS the commencement of the hearing of this matter was further adjourned to March 3, 2006;

AND WHEREAS the Respondent, Christopher Freeman ("Freeman"), entered into a Settlement Agreement with Staff of the Commission dated March 1, 2006 (the "Settlement Agreement") in which he agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND WHEREAS the Commission issued a Notice of Hearing dated March 2, 2006 setting down the hearing to consider the settlement;

AND WHEREAS in addition to the terms of the order below, Freeman has undertaken the following:

- (a) Freeman shall file insider reports regarding the transactions referred to above in paragraph 9 within 10 days of the hearing which shall contain all of the applicable information required by Form 55-102F2 - *Insider Report* under National Instrument 55-102 - *System for Electronic Disclosure by Insiders (SEDI)* and which shall contain the name of the person or company that owned the securities over which Freeman had control or direction in the field provided for "registered holder";
- (b) Freeman shall pay any late fees attributable to the filings in (a) as required by OSC Rule 13-502 – *Fees*;
- (c) Except as set out in (d) below, Freeman shall transfer any remaining shares of Interquest presently registered to him, in trust, to a non-insider trustee or to the beneficial owner directly within 10 days of this Settlement Agreement and Freeman shall file any related insider reports regarding the transfers within 10 days from the date of the transfer;
- (d) With respect to a share certificate issued in June 1998 representing 582,000 shares of Interquest and a share certificate issued in June 1996 representing 10,000 shares of Interquest, both of which are registered to Freeman in trust, Freeman shall transfer such shares to a non-insider trustee or to the beneficial owner directly within 30 days of this Settlement Agreement and shall file the related insider reports regarding the transfer within 10 days from the date of the transfer. In the event Freeman is unable to affect such transfer he shall file an insider report in respect of such shares in accordance with (i) above;
- (e) Freeman shall not act as a trustee for securities of a reporting issuer in Ontario in circumstances where he is an insider of the issuer unless an insider report is filed by Freeman in respect of the transaction; and
- (f) Freeman shall disclose and verify the names of any beneficial owners of securities held in trust by Freeman in an investment account in Ontario maintained by him.

AND UPON reviewing the Settlement Agreement and the Notice of Hearing and Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Freeman and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT pursuant to section 127.1 of the Act, Freeman pay \$7,000.00 in costs.

Dated at Toronto this day of March, 2006

3.1.3 Fulcrum Financial Group Inc. et al.

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

AND

FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.

SETTLEMENT AGREEMENT
BETWEEN STAFF OF THE COMMISSION AND
ZEPHYR ALTERNATIVE POWER INC.

I. INTRODUCTION

1. By Notice of Hearing dated March 1, 2006, the Ontario Securities Commission (the "Commission") announced that it will hold a hearing on March 6, 2006 in respect of a settlement agreement ("Settlement Agreement") between Staff of the Commission and Zephyr Alternative Power Inc. ("Zephyr"). At the hearing, the Commission will consider whether, pursuant to section 127 of the *Securities Act* (the "Act"), it is in the public interest to approve the Settlement Agreement consisting of:

(a) an Order by the Commission that:

- (i) pursuant to clause 4 of s.127(1), Zephyr immediately institute the program prescribed by Schedule 1 to the Settlement Agreement to confirm that future exempt sales of securities by Zephyr are in compliance with Ontario securities law;
- (ii) pursuant to clause 6 of s.127(1), Zephyr be reprimanded; and
- (iii) pursuant to clause 2 of s.127(1) and section 144, the temporary order made on November 3, 2005 and continued until April 11, 2006 by order of the Commission, shall cease to apply to Zephyr.

(b) an undertaking by Zephyr that:

- (i) Zephyr will continue to cooperate with Staff in relation to the investigation of this matter and any related enforcement proceedings; and
- (ii) Zephyr will, in accordance with procedures acceptable to the Commission, make a rescission offer to any Zephyr convertible debenture holder who:
 - (i) was not an accredited investor at the time of purchase; or
 - (ii) received a Subscription Agreement referencing a 10% sales commission and, at the time of purchase, did not understand and would not have purchased a convertible debenture if he or she had understood that Zephyr would pay a 20% sales commission; or
 - (iii) was induced to purchase by a salesperson making misleading misrepresentations regarding the nature or level of risk regarding the convertible debenture and would otherwise not have purchased the convertible debenture.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (the "Staff") recommend settlement of the proceeding initiated in respect of Zephyr in accordance with the terms and conditions set out below. Zephyr consents to the making of an order against it in the form attached as Schedule "A" on the basis of the facts set out below.

III. STATEMENT OF FACTS

Acknowledgement

3. For the purposes of this Settlement Agreement, Zephyr agrees with the facts set out in Part III.

Agreed Facts

A. Background

4. Zephyr is an Ontario corporation that manufactures wind turbines. The President and CEO of Zephyr is Edward Tsang of King City, Ontario.
5. Since 2002, Zephyr has been in the business of developing and manufacturing electricity-generating small wind turbines. Zephyr has a proprietary wind turbine design and a patent for the technology used in its wind turbines. Zephyr's wind turbines are in the prototype and development stage, and are not yet commercially available.
6. As Zephyr's wind turbines are not yet commercially available, Zephyr does not yet earn any revenue. To fund its operations, Zephyr has raised capital through equity and debt financing, including the issuance of convertible debentures.

B. Convertible Debentures

7. In May 2005, Zephyr began to raise capital in Ontario, relying upon the accredited investor exemption in Rule 45-501. With the assistance of limited market dealers, Leszek Dziadecki of Mississauga, Ontario and Werner Reindorf of London, Ontario (the "LMDs"), Zephyr issued convertible debentures. The LMDs earned a sales commission of 20% for each convertible debenture sale.
8. Zephyr understood that the convertible debentures could only be sold to accredited investors who met the income or financial asset minimums prescribed by Rule 45-501. Between May and October 2005, Zephyr received proceeds of \$476,000 from the sale of convertible debentures to sixteen investors and paid \$95,200 in sales commissions, as summarized in the table below.

Zephyr Convertible Debentures: Total Sales

Limited Market Dealer	Sales	Purchasers	Commission (20%)
Werner Reindorf	\$305,000	6	\$61,000
Leszek Dziadecki	\$171,000	10	\$34,200 ¹
Total	\$476,000	16	\$95,200

9. The convertible debentures have a maturity date of March 31, 2009 and pay interest at 10.25% per annum, payable quarterly. Zephyr has made quarterly interest payments to convertible debenture holders as they have come due.

C. Sales Process

(a) Subscription Agreement

10. The sales process for Zephyr convertible debentures involved Zephyr and the LMDs.
11. Zephyr provided the LMDs with a Subscription Agreement for the convertible debentures. The Subscription Agreement included four schedules: Schedule "A" contained the definition of "accredited investor" from Rule 45-501; Schedule "B" was a form requiring a purchaser of a convertible debenture to certify that the purchaser was an accredited investor by checking a box for the category that qualified him or her as an accredited investor; Schedule "C" contained information about Zephyr, including information about the commission to be paid by Zephyr in connection with the sale of the convertible debenture; and Schedule "D" was the convertible debenture.

¹ In October 2005, Dziadecki made two convertible debenture sales totaling \$30,000 which Zephyr had not issued at the time of the Commission cease-trade order of November 3, 2005. These funds, including the \$6,000 sales commission payable to Dziadecki, were deposited in a dedicated bank account and are being held by Zephyr in this account pending an order by the Commission. Dziadecki and Zephyr have agreed that the \$6,000 will not be paid to Dziadecki. The \$6,000 will be paid by Zephyr, pursuant to this Settlement Agreement, either to the two investors in accordance with procedures acceptable to the Commission or to the Commission.

12. If a prospective investor wished to purchase a convertible debenture, the LMD would provide the investor with a Subscription Agreement. The investor was required to sign the Subscription Agreement and to complete Schedule "B", certifying the investor's accredited investor status. Specifically, the investor was required to check the appropriate box on Schedule B, indicating which of the accredited investor income or financial asset qualification criteria applied to the investor.
13. After a Subscription Agreement was signed by a prospective investor, the LMD sent Zephyr the Subscription Agreement, along with the investor's cheque for the amount of the proposed convertible debenture purchase, ranging from \$5,000 to \$100,000. Zephyr deposited the investor's cheque, had Mr. Tsang countersign the Subscription Agreement on behalf of Zephyr, and issued the convertible debenture. Zephyr would then send a copy of the countersigned Subscription Agreement to the investor, including a copy of the convertible debenture in the amount purchased by the investor.
14. Zephyr believed that all sales of its convertible debentures were in compliance with Ontario securities law.

(b) Problems with the Subscription Agreements

(i) Schedule "B" : Incomplete Accredited Investor Certification

15. As described above, the Subscription Agreement included a Schedule "B" which a prospective investor was required to complete in order to certify his or her accredited investor status.
16. Four of the sixteen Subscription Agreements signed by prospective investors and provided by Reindorf to Zephyr contained a Schedule "B" that was not completed and thus did not certify that the prospective investor was accredited. Zephyr did not notice that these Schedule "B"s were not completed. Zephyr countersigned the Subscription Agreements and issued the convertible debentures in respect of the four investors for proceeds of \$200,000, of which \$40,000 was paid by Zephyr to Reindorf in sales commissions.

(ii) Schedule "C": Inaccurate Commission Information

17. The information contained in Schedule "C" to the Subscription Agreement regarding sales commissions to be paid by Zephyr (specifically, clause (d) of Schedule "C") states:

"Additionally, the Corporation expects to pay commissions of twenty percent (20%) of the gross proceeds of the issuance of the convertible debentures"

18. Some of the Subscription Agreements provided to Zephyr by the LMDs, and in turn by Zephyr to investors who purchased convertible debentures, contained an early draft of Schedule "C" which said that "*commissions of ten percent (10%)*" would be paid by Zephyr, instead of the 20% which Zephyr paid to the LMDs .
19. Nine of the sixteen Subscription Agreements signed by investors and sent to Zephyr by the LMDs, including the four Subscription Agreements referred to in paragraph 16, contained a Schedule "C" referencing a 10% sales commission. Zephyr did not notice these errors. Zephyr countersigned the Subscription Agreements and issued the convertible debentures in respect of the nine investors for proceeds of \$361,000, of which \$72,200 was payable by Zephyr in sales commission.

D. Conduct Contrary to the Public Interest

20. In respect of certain sales of its convertible debentures, Zephyr:
 - i. In respect of the sales to the four investors described in paragraph 16, Zephyr failed to take steps to ensure that a prospectus exemption was available, contrary to its responsibilities as described in s. 3.3 of the Companion Policy to OSC Rule 45-501;
 - ii. In respect of the sales to the nine investors described in paragraph 19, Zephyr failed to ensure that the information contained in the Subscription Agreements regarding the amount of sales commissions to be paid to persons selling Zephyr convertible debentures was correct.

E. Co-Operation with Staff

21. Zephyr has cooperated with Staff in relation to the investigation of this matter.

IV. TERMS OF SETTLEMENT

22. Zephyr agrees to a settlement the terms of which include:

(a) an Order by the Commission that:

- (i) pursuant to clause 4 of s.127(1), Zephyr immediately institute the program prescribed by Schedule 1 to the Settlement Agreement to ensure that future exempt sales of securities by Zephyr are in compliance with Ontario securities law; and
- (ii) pursuant to clause 6 of s.127(1), Zephyr be reprimanded; and
- (iii) pursuant to clause 2 of s.127(1) and section 144, the temporary order made on November 3, 2005 and continued until April 11, 2006 by order of the Commission, shall cease to apply to Zephyr; and

(b) an undertaking by Zephyr that:

- (i) Zephyr will continue to cooperate with Staff in relation to the investigation of this matter and any related enforcement proceedings; and
- (ii) Zephyr will, in accordance with procedures acceptable to the Commission, make a rescission offer to any Zephyr convertible debenture holder who:
 - (iii) was not an accredited investor at the time of purchase; or
 - (iv) received a Subscription Agreement referencing a 10% sales commission and, at the time of purchase, did not understand and would not have purchased a convertible debenture if he or she had understood that Zephyr would pay a 20% sales commission; or
 - (v) was induced to purchase by a salesperson making misleading misrepresentations regarding the nature or level of risk regarding the Zephyr convertible debenture and would otherwise not have purchased the convertible debenture.

V. STAFF COMMITMENT

23. If this Settlement Agreement is approved by the Commission, Staff will not initiate any proceeding under Ontario securities law against Zephyr or any of its directors or officers in respect of any conduct or alleged conduct of Zephyr in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 27 below.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

24. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for March 6, 2006, or such other date as may be agreed to by Staff and Zephyr in accordance with the procedures described in this Settlement Agreement.

25. Staff and Zephyr agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting Zephyr in this matter, and Zephyr agrees to waive its rights to a full hearing, judicial review or appeal of the matter under the *Act*.

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

27. If Zephyr fails to honour the agreement contained in paragraph 26 of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Zephyr based on the facts set out in Part III of this Settlement Agreement or based on the breach of this Settlement Agreement.

28. 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 Zephyr 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.

29. Whether or not this Settlement Agreement is approved by the Commission, Zephyr agrees that it 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 attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

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

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

VIII. EXECUTION OF AGREEMENT

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

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

Dated this 1st day of March, 2006

ZEPHYR ALTERNATIVE POWER INC.

"Philip Anisman"

Per: _____
"Edward Tsang"
Edward Tsang
President and CEO

Dated this 2 day of March, 2006

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

**FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.**

**ORDER
(Section 127)**

WHEREAS on March 1, 2006, the Ontario Securities Commission issued a Notice of Hearing pursuant to section 127 of the *Securities Act* (the "Act") in respect of Zephyr Alternative Power Inc. ("Zephyr");

AND WHEREAS Zephyr entered into a Settlement Agreement with Staff of the Commission dated March 1, 2006 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND WHEREAS Zephyr has made undertakings to Staff of the Commission as described in the Settlement Agreement;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing and Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Zephyr and from Staff of the Commission;

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

IT IS HEREBY ORDERED THAT

- (a) pursuant to clause 4 of s.127(1), Zephyr will immediately institute the program prescribed by Schedule 1 to the Settlement Agreement to ensure that future exempt sales of securities by Zephyr are in compliance with Ontario securities law; and
- (b) pursuant to clause 6 of s.127(1), Zephyr is reprimanded; and
- (c) pursuant to clause 2 of s.127(1) and s. 144, the temporary order made on November 3, 2005 and continued until April 11, 2006 by order of the Commission, shall cease to apply to Zephyr as of this date.

DATED at Toronto this day of March, 2006

SCHEDULE "1"

Upon approval by the Commission of the settlement agreement between Staff of the Commission and Zephyr Alternative Power Inc. ("Zephyr") dated March 1, 2006 Zephyr will implement a compliance program, for a period of one year, pursuant to which compliance counsel will oversee prospectus-exempt and registration-exempt sales of securities by Zephyr to confirm Zephyr's compliance with Ontario securities law and in particular National Instrument 45-106. Specifically, compliance counsel will, in accordance with procedures accepted by the Commission:

- (i) confirm the registration status of any person engaged by Zephyr to sell securities of Zephyr; and
- (ii) review and verify the accuracy of all documentation provided by Zephyr to investors in connection with a prospectus-exempt or registration-exempt offering of its securities; and
- (iii) ensure that appropriate steps are taken by or on behalf of Zephyr to confirm the availability of a prospectus exemption, including a proposed sale of Zephyr securities to an accredited investor; and
- (iv) prepare a written policy to be adopted by Zephyr specifying procedures to be followed by Zephyr in connection with exempt offerings of its securities.

3.1.4 Fulcrum Financial Group Inc. et al.

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

AND

FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.

SETTLEMENT AGREEMENT
BETWEEN STAFF OF THE COMMISSION AND
LESZEK DZIADECKI

I. INTRODUCTION

1. By Notice of Hearing dated March 1, 2006, the Ontario Securities Commission (the "Commission") announced that it will hold a hearing on March 6, 2006 in respect of a settlement agreement ("Settlement Agreement") between Staff of the Commission and Leszek Dziadecki ("Dziadecki"). At the hearing, the Commission will consider whether, pursuant to section 127 and section 127.1 of the *Securities Act* (the "Act"), it is in the public interest to approve the Settlement Agreement consisting of:

(a) an Order by the Commission that:

- (i) pursuant to clause 1 of s. 127(1), that terms and conditions be imposed on Dziadecki's registration requiring close supervision of Dziadecki's trading by his sponsoring dealer for a period of two years and that, within this time period, Dziadecki complete the Conduct and Practices Course;
- (ii) pursuant to clause 6 of s. 127(1), Dziadecki be reprimanded; and
- (iii) pursuant to s. 127.1, Dziadecki pay to the Commission \$5,000 in costs.

(b) an undertaking by Dziadecki that:

- (i) Dziadecki will continue to cooperate with Staff in relation to the investigation of this matter and any related enforcement proceedings; and
- (ii) Dziadecki will make a settlement payment to the Commission of \$28,200 representing the total commissions paid to Dziadecki by Zephyr in respect of his sale of Zephyr convertible debentures and that these funds be designated for the benefit of certain investors, who purchased Zephyr convertible debentures in circumstances contrary to Ontario securities law, in accordance with procedures acceptable to the Commission.

II. JOINT SETTLEMENT RECOMMENDATION

2. Staff of the Commission (the "Staff") recommend settlement of the proceeding initiated in respect of Dziadecki in accordance with the terms and conditions set out below. Dziadecki consents to the making of an order against it in the form attached as Schedule "A" on the basis of the facts set out below.

III. STATEMENT OF FACTS

Acknowledgement

3. For the purposes of this Settlement Agreement, Dziadecki agrees with the facts set out in Part III.

Agreed Facts

A. Background

4. Zephyr is an Ontario corporation that manufactures wind turbines. The President and CEO of Zephyr is Edward Tsang of King City, Ontario.
5. Since 2002, Zephyr has been in the business of developing and manufacturing electricity-generating small wind turbines. Zephyr has a proprietary wind turbine design and a patent for the technology used in its wind turbines. Zephyr's wind turbines are in the prototype and development stage, and are not yet commercially available.
6. As Zephyr's wind turbines are not yet commercially available, Zephyr does not yet earn any revenue. To fund its operations, Zephyr has raised capital through equity and debt financing, including the issuance of convertible debentures.

B. Convertible Debentures

7. In July 2005, Dziadecki began selling convertible debentures on behalf of Zephyr, relying upon the accredited investor exemption in Rule 45-501. Dziadecki received from Zephyr a sales commission of 20% for each convertible debenture sale.
8. Dziadecki is registered with the Commission as a salesperson and branch manager in the categories of mutual fund dealer, limited market dealer and scholarship plan dealer. Dziadecki's sponsoring firm is Global Maxfin Investments Inc. ("Global"), a member of the Mutual Fund Dealers Association of Canada ("MFDA"). Dziadecki is the branch manager for Global's Mississauga branch.
9. Dziadecki failed to inform Global that he was selling Zephyr convertible debentures, which were sold without Global's knowledge or approval.
10. Between July and October 2005, Dziadecki sold \$171,000 worth of convertible debentures to ten investors and was paid \$28,200 in sales commissions by Zephyr. In October 2005, Dziadecki made two convertible debenture sales totaling \$30,000 which Zephyr had not issued at the time of the Commission cease-trade order of November 3, 2005. These funds, including the \$6,000 sales commission payable to Dziadecki, were deposited in a dedicated bank account and are being held by Zephyr in this account pending an order by the Commission. Dziadecki and Zephyr have agreed that the \$6,000 will not be paid to Dziadecki. The \$6,000 will be paid by Zephyr either to the two investors in accordance with procedures acceptable to the Commission or to the Commission.

C. Sales Process

(a) Subscription Agreement

11. The sales process for Zephyr convertible debentures involved Zephyr and Dziadecki.
12. Zephyr provided Dziadecki with a Subscription Agreement for the convertible debentures. The Subscription Agreement included four schedules: Schedule "A" contained the definition of "accredited investor" from Rule 45-501; Schedule "B" was a form requiring a purchaser of a convertible debenture to certify that the purchaser was an accredited investor by checking a box for the category that qualified him or her as an accredited investor; Schedule "C" contained information about Zephyr, including information about the commission to be paid by Zephyr in connection with the sale of the convertible debenture; and Schedule "D" was the convertible debenture.
13. If a prospective investor wished to purchase a convertible debenture, Dziadecki would provide the investor with a Subscription Agreement.
14. After a Subscription Agreement was signed by a prospective investor, Dziadecki sent Zephyr the Subscription Agreement, along with the investor's cheque for the amount of the proposed convertible debenture purchase, ranging from \$5,000 to \$26,000. Zephyr deposited the investor's cheque, had Mr. Tsang countersign the Subscription Agreement on behalf of Zephyr, and issued the convertible debenture. Zephyr would then send a copy of the countersigned Subscription Agreement to the investor, including a copy of the convertible debenture in the amount purchased by the investor.

(b) Problems with the Subscription Agreement: Inaccurate Commission Information

15. The information contained in Schedule "C" to the Subscription Agreement regarding sales commissions to be paid by Zephyr (specifically, clause (d) of Schedule "C") states:

"Additionally, the Corporation expects to pay commissions of twenty percent (20%) of the gross proceeds of the issuance of the convertible debentures"

16. Three of the Subscription Agreements provided by Dziadecki to investors who purchased convertible debentures contained an early draft of Schedule "C" which stated that "*commissions of ten percent (10%)*" would be paid to Dziadecki instead of the 20% which Zephyr paid to Dziadecki. Dziadecki did not notice these errors. Zephyr countersigned the Subscription Agreements in respect of the three investors for proceeds of \$56,000, of which \$11,200 was payable to Dziadecki in sales commission.

D. Conduct Contrary to the Public Interest

17. Dziadecki sold Zephyr convertible debentures in a manner contrary to the public interest, as follows:
- (i) Dziadecki sold Zephyr securities and accepted commission payments from Zephyr without the knowledge or approval of his sponsoring dealer contrary to MFDA rule 1.1.5(g) and (h). By doing so, Dziadecki prevented Global from fulfilling its duties of supervision in respect of Dziadecki's sales of convertible debentures and its duty to provide to purchasers written confirmation of their trades as required by s.36 of the Act; and
 - (ii) In respect of the three sales of Zephyr convertible debentures described in paragraph 16, Dziadecki failed to identify or correct erroneous information in the Subscription Agreement which indicated that Dziadecki would be paid a commission of 10% instead of 20%.

E. Co-operation with Staff

18. Dziadecki has cooperated fully with Staff in relation to the investigation of this matter.

IV. TERMS OF SETTLEMENT

19. Dziadecki agrees to a settlement the terms of which include:
- (a) an Order by the Commission that:
 - (i) pursuant to clause 1, of s. 127(1), that terms and conditions be imposed on Dziadecki's registration requiring close supervision of Dziadecki's trading by his sponsoring dealer for a period of two years and that, within this time period, Dziadecki complete the Conduct and Practices Course;
 - (ii) pursuant to clause 6 of s. 127(1), Dziadecki be reprimanded; and
 - (iii) pursuant to s. 127.1, Dziadecki pay to the Commission \$5,000 in costs.
 - (b) an undertaking by Dziadecki that:
 - (i) Dziadecki will continue to cooperate with Staff in relation to the investigation of this matter and any related enforcement proceedings; and
 - (ii) Dziadecki will make a settlement payment to the Commission of \$28,200 representing the total commissions paid to Dziadecki in respect of his sale of Zephyr convertible debentures and that these funds be designated for the benefit of certain investors, who purchased Zephyr convertible debentures in circumstances contrary to Ontario securities law, in accordance with procedures acceptable to the Commission.

V. STAFF COMMITMENT

20. 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 Dziadecki in relation to the facts set out in Part III of this Settlement Agreement, subject to the provisions of paragraph 24 below.

VI. PROCEDURE FOR APPROVAL OF SETTLEMENT

- 21. Approval of this Settlement Agreement shall be sought at the public hearing of the Commission scheduled for March 6, 2006, or such other date as may be agreed to by Staff and Dziadecki in accordance with the procedures described in this Settlement Agreement.
- 22. Staff and Dziadecki agree that if this Settlement Agreement is approved by the Commission, it will constitute the entirety of the evidence to be submitted respecting Dziadecki in this matter, and Dziadecki agrees to waive its rights to a full hearing, judicial review or appeal of the matter under the *Act*.
- 23. Staff and Dziadecki agree that if this Settlement Agreement is approved by the Commission, neither Staff nor Dziadecki will make any public statement inconsistent with this Settlement Agreement.
- 24. If Dziadecki fails to honour the agreement contained in paragraph 23 of this Settlement Agreement, Staff reserve the right to bring proceedings under Ontario securities law against Dziadecki based on the facts set out in Part III of this Settlement Agreement or based on the breach of this Settlement Agreement.
- 25. 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 Dziadecki 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.
- 26. Whether or not this Settlement Agreement is approved by the Commission, Dziadecki agrees that it 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 attack on the Commission's jurisdiction, alleged bias, appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

VII. DISCLOSURE OF AGREEMENT

- 27. 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 consent of both Dziadecki and Staff or as may be required by law.
- 28. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission.

VIII. EXECUTION OF AGREEMENT

- 29. This Settlement Agreement may be signed in one or more counterparts which together shall constitute a binding agreement.
- 30. A facsimile copy of any signature shall be effective as an original signature.

Dated this 1st day of March, 2006

"Beata Marliniak"
Witness

"Leszek Dziadecki"
Leszek Dziadecki

Dated this 2nd day of March, 2006

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

**FULCRUM FINANCIAL GROUP INC.,
SECURED LIFE VENTURES INC.,
ZEPHYR ALTERNATIVE POWER INC.,
TROY VAN DYK, WILLIAM L. ROGERS
LESZEK DZIADDECKI, WERNER REINDORF
AND REINDORF INVESTMENTS INC.**

**ORDER
(Sections 127)**

WHEREAS on March 1, 2006, the Ontario Securities Commission issued a Notice of Hearing pursuant to sections 127 and 127.1 of the *Securities Act* (the "Act") in respect of Leszek Dziadecki ("Dziadecki");

AND WHEREAS Dziadecki entered into a Settlement Agreement with Staff of the Commission dated March 1, 2006 (the "Settlement Agreement") in which it agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND WHEREAS Dziadecki has made undertakings to Staff of the Commission as described in the Settlement Agreement;

AND UPON reviewing the Settlement Agreement and the Notice of Hearing and Amended Statement of Allegations of Staff of the Commission, and upon hearing submissions from counsel for Dziadecki and from Staff of the Commission;

AND WHEREAS the Commission is of the opinion that it is in the public interest to approve the Settlement Agreement, attached hereto as Schedule "1";

IT IS HEREBY ORDERED THAT

- (d) pursuant to clause 1 of s. 127(1), that terms and conditions be imposed on Dziadecki's registration requiring close supervision of Dziadecki's trading by his sponsoring dealer for a period of two years and that, within this time period, Dziadecki complete the Conduct and Practices Course;
- (e) pursuant to clause 6, of s. 127(1), Dziadecki be reprimanded; and
- (f) pursuant to s. 127.1, Dziadecki pay to the Commission \$5,000 in costs.

DATED at Toronto this day of March, 2006

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Chapter 4

Cease Trading Orders

4.1.1 Temporary, Permanent & Rescinding Issuer Cease Trading Orders

Company Name	Date of Temporary Order	Date of Hearing	Date of Permanent Order	Date of Lapse/Revoke
Funtime Hospitality Corp.	03 Mar 06	15 Mar 06		

4.2.1 Temporary, Permanent & Rescinding Management Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Big Red Diamond Corporation	03 Mar 06	16 Mar 06			
Brainhunter Inc.	03 Jan 06	16 Jan 06	16 Jan 06	08 Mar 06	

4.2.2 Outstanding Management & Insider Cease Trading Orders

Company Name	Date of Order or Temporary Order	Date of Hearing	Date of Extending Order	Date of Lapse/ Expire	Date of Issuer Temporary Order
Argus Corporation Limited	25 May 04	03 Jun 04	03 Jun 04		
Big Red Diamond Corporation	03 Mar 06	16 Mar 06			
Brainhunter Inc.	03 Jan 06	16 Jan 06	16 Jan 06	08 Mar 06	
Fareport Capital Inc.	13 Sept 05	26 Sept 05	26 Sept 05		
Hip Interactive Corp.	04 Jul 05	15 Jul 05	15 Jul 05		
Hollinger Canadian Newspapers, Limited Partnership	21 May 04	01 Jun 04	01 Jun 04		
Hollinger Inc.	18 May 04	01 Jun 04	01 Jun 04		
Novelis Inc.	18 Nov 05	01 Dec 05	01 Dec 05		
Radiant Energy Corporation	01 Mar 06	14 Mar 06			

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Chapter 7

Insider Reporting

This chapter is available in the print version of the OSC Bulletin, as well as as in Carswell's internet service SecuritiesSource (see www.carswell.com).

This chapter contains a weekly summary of insider transactions of Ontario reporting issuers in the System for Electronic Disclosure by Insiders (SEDI). The weekly summary contains insider transactions reported during the seven days ending Sunday at 11:59 pm.

To obtain Insider Reporting information, please visit the SEDI website (www.sedi.ca).

Chapter 8

Notice of Exempt Financings

REPORTS OF TRADES SUBMITTED ON FORMS 45-106F1 AND FORM 45-501F1

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
02/24/2006	1	Adanac Moly Corp. - Units	500,000.00	625,000.00
02/09/2006	9	ADB Systems International Ltd. - Debentures	755,000.00	N/A
01/07/2005 to 12/23/2005	82	Addenda Bond Pooled Fund - Trust Units	740,434,097.00	133,437,406.00
01/07/2005 to 12/31/2005	63	Addenda Corporate Bond Pooled Fund - Trust Units	330,952,481.00	129,132,374.00
05/20/2005 to 11/18/2005	14	Addenda Long Term Corporate Bond Pooled Fund - Trust Units	185,185,010.00	17,761,887.00
05/20/2005 to 11/25/2005	9	Addenda Long Term Government Bond Pooled Fund - Trust Units	205,445,010.00	19,531,569.00
02/22/2006	5	Advanced ID Corporation - Units	106,782.60	620,000.00
02/01/2006	1	Agnico-Eagle Mines Limited - Flow-Through Shares	15,015,000.00	462,000.00
02/21/2006	51	Artek Exploration Ltd. - Common Shares	6,864,000.00	600,000.00
02/21/2006	12	Artek Exploration Ltd. - Flow-Through Shares	2,340,000.00	180,000.00
02/24/2006	11	Asia Now Resources Corp. - Units	3,985,000.00	7,970,000.00
01/20/2006	1	AXA Early Secondary Fund III-2, L.P. - L.P. Interest	9,634,100.00	9,634,100.00
02/16/2006	108	Bioxel Pharma Inc - Common Shares	4,697,904.18	13,817,366.00
02/28/2006	25	Blackdog Resources Ltd. - Common Shares	353,800.00	884,500.00
02/09/2006 to 02/10/2006	3	Blue Ocean Re Holdings Ltd. - Common Shares	6,889,489.35	59,704.00
02/23/2006	13	BorderWare Technologies Inc. - Notes	3,500,000.00	3,500,000.00
02/21/2006	27	Calvalley Petroleum Inc. - Common Shares	58,500,002.00	9,000,000.00
02/10/2006	31	CIT Group Inc. - Notes	549,840,000.00	150,000,000.00
02/01/2005	2	Clareste L.P. - L.P. Units	235,000.00	235.00
09/28/2005	12	Contact Exploration Inc. - Flow-Through Shares	1,000,000.00	1,300,000.00
03/03/2006	7	Coral Gold Resources Ltd. - Common Shares	4,500,000.00	1,500,000.00
01/20/2006 to 02/28/2006	12	Crowflight Minerals Inc. - Units	4,624,499.60	6,000,000.00

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
01/15/2006	32	Currency Capital Corp. - Common Shares	177,200.00	44,300.00
01/31/2005 to 12/31/2005	68	Delaney Capital Equity Fund - Units	3,782,334.00	26,370.58
01/01/2005 to 11/01/2005	3	DGAM Canadian Partners' Fund - Common Shares	53,271,177.00	43,884.27
07/01/2005 to 11/01/2005	2	DGAM Plan Fund - Common Shares	127,158,118.00	104,170.00
01/14/2005 to 11/30/2005	13	Duncan Ross Equity Fund - Units	193,565.00	886.00
01/06/2005 to 12/29/2005	17	Duncan Ross Pooled Trust - Units	35,620,538.00	76,292.00
01/01/2005 to 12/31/2005	20	Emerald Canadian Bond Pooled Fund Trust - Units	324,459,903.87	30,160,676.00
01/01/2005 to 12/31/2005	23	Emerald Canadian Equity Market Neutral Fund - Units	4,138,449.89	391,774.00
01/01/2005 to 12/31/2005	21	Emerald Canadian Equity Market Pooled Fund Trust II - Units	193,608,937.68	15,196,112.00
01/01/2005 to 12/31/2005	18	Emerald Canadian Long Bond Pooled Fund Trust - Units	398,566,789.70	34,857,452.00
01/01/2005 to 12/31/2005	6	Emerald Canadian Market Capped Pooled Fund Trust - Units	14,261,492.65	1,175,923.00
01/01/2005 to 12/31/2005	8	Emerald Canadian Real Return Bond Pooled Fund Trust - Units	10,245,384.97	776,726.00
01/01/2005 to 12/31/2005	1	Emerald Enhanced U.S. Equity Pooled Fund Trust - Units	7,122,067.11	648,534.00
01/01/2005 to 12/31/2005	2	Emerald Extended U.S. Market Pooled Fund Trust - Units	2,336,967.92	222,203.00
01/01/2005 to 12/31/2005	7	Emerald Global Equity Pooled Fund Trust - Units	18,603,026.75	2,441,765.00
01/01/2005 to 12/31/2005	4	Emerald Hedged Synthetic International Equity Pooled Fund Trust - Units	4,115,889.94	472,850.00
01/01/2005 to 12/31/2005	16	Emerald Hedged Synthetic U.S. Equity Pooled Fund Trust - Units	320,315,899.55	32,743,436.00
01/01/2005 to 12/31/2005	1	Emerald NA Equity Long/Short B - Units	88,000.00	8,240.00
01/01/2005 to 12/31/2005	2	Emerald NA Equity Pairs Fund - Units	65,000.00	6,101.00
01/01/2005 to 12/31/2005	24	Emerald Pooled U.S. Fund - Units	114,667,915.71	6,606,493.00

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
01/01/2005 to 12/31/2005	2	Emerald Unhedged Synthetic Int'l Equity Pooled Fund Trust - Units	60,252,162.58	8,546,452.00
01/01/2005 to 12/31/2005	9	Emerald Unhedged Synthetic U.S. Equity Pooled Fund Trust - Units	8,060,476.20	808,917.00
02/22/2006	132	Enterprise Oil Limited - Units	5,267,460.00	4,788,600.00
02/28/2006	33	ERAC Canada Finance Limited - Notes	150,000,000.00	150,000,000.00
02/17/2006	1	Erdene Gold Inc. - Common Shares	3,000,000.00	3,000,000.00
01/26/2006	3	Erste Bank der Oesterreichischen Sparkassen AG - Common Shares	3,098,468.00	58,953,600.00
02/21/2006	59	Esperanza Silver Corporation - Common Shares	1,800,000.00	1,518,300.00
02/23/2006 to 02/24/2006	1	Excalibur Limited Partnership - L.P. Units	2,044,201.58	7.43
12/31/2005	11	Fairlane Global Arbitrage Fund L.P. - L.P. Units	11,699,062.82	11,699.16
01/01/2005 to 05/01/2005	4	FairLane Global Opportunity Fund - L.P. Units	3,889,419.00	3,667.68
02/17/2006	19	Fieldex Exploration Inc - Common Shares	2,000,000.00	2,666,666.00
02/17/2006 to 02/27/2006	3	First Leaside Expansion Limited Partnership - L.P. Interest	763,380.00	763,380.00
02/28/2006	5	First Leaside Fund - Units	307,033.00	270,133.00
02/17/2006 to 02/27/2006	2	First Leaside Wealth Management Inc. - Preferred Shares	300,000.00	300,000.00
02/08/2006	18	Fjordland Exploration Inc. - Flow-Through Units	294,000.00	840,000.00
02/22/2006	42	Fortress Capital Corporation - Common Shares	351,950.00	2,346,667.00
03/15/2005 to 12/30/2005	7	Frontiers Canadian Equity Pool - Units	40,692,606.65	3,832,314.90
03/15/2005 to 12/30/2005	6	Frontiers Canadian Fixed Income Pool - Units	43,607,234.40	4,251,831.77
03/15/2005 to 12/30/2005	7	Frontiers Canadian Monthly Income Pool - Units	23,487,456.42	2,302,444.62
03/15/2005 to 12/30/2005	6	Frontiers Emerging Markets Equity Pool - Units	6,296,769.68	587,972.46
03/15/2005 to 12/30/2005	4	Frontiers Global Bond Pool - Units	5,782,717.78	603,317.88
03/15/2005 to 12/30/2005	6	Frontiers International Equity Pool - Units	10,435,551.42	1,028,081.07
03/15/2005 to 12/30/2005	7	Frontiers U.S. Equity Pool - Units	17,410,377.00	1,711,620.44

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
01/31/2005 to 12/31/2005	23	Full Cycle Energy Limited Partnership I - Units	4,850,000.00	4,850.00
02/16/2006	1	Full Metal Minerals Ltd. - Common Shares	19,800.00	20,000.00
02/20/2006 to 02/24/2006	18	General Motors Acceptance Corporation of Canada, Limited - Notes	6,725,150.32	6,725,150.32
01/30/2006	1	Geophysical Prospecting Inc. - Common Shares	2,000.00	200,000.00
01/30/2006	1	Geophysical Prospecting Inc. - Common Shares	5,000.00	500,000.00
01/20/2006	1	Geophysical Prospecting Inc. - Common Shares	5,000.00	200,000.00
01/30/2006	2	Geophysical Prospecting Inc. - Common Shares	50,000.00	5,000,000.00
01/16/2006	4	Geophysical Prospecting Inc. - Common Shares	23,750.00	950,000.00
01/16/2006	1	Geophysical Prospecting Inc. - Common Shares	0.00	5,000,000.00
01/25/2006	1	Geophysical Prospecting Inc. - Common Shares	50,000.00	2,000,000.00
01/24/2006	1	GMO Developed World Stock Fund - Units	1,061.93	42.39
02/17/2006	84	Gold-Ore Resources Ltd. - Common Shares	2,000,000.00	10,000,000.00
02/21/2006	26	Gold Port Resources Ltd. - Units	781,763.25	2,084,702.00
02/22/2006	51	Golden Eagle Energy Inc. - Common Shares	18,918,000.00	6,306,000.00
02/24/2006	1	Goldrea Resources Corp. - Units	190,000.00	500,000.00
01/01/2005 to 12/31/2005	432	Goodwood Fund - Units	45,994,540.90	3,335,056.07
02/23/2006	58	Gray Rock Resources Ltd. - Units	700,775.00	4,671,832.00
02/24/2006	32	Grayd Resource Corporation - Units	4,800,000.00	4,000,000.00
02/24/2006 to 03/01/2006	1	Grupo Aeroportuario del Pacifico, S.A. de C.V. - Common Shares	3,618,720.00	150,000.00
01/01/2005 to 12/31/2005	1	GS Financial Sq. Tax-Free MMKT Inst. Fund #477 - Units	14,920,649.82	404,917,308.80
01/01/2005 to 12/31/2005	11	GS USD Liquid Resources Fund #399 - Units	4,509,921.43	5,408,387.61
01/01/2005 to 12/31/2005	39	GS USD Liquid Reserves Fund #499 - Units	65,827,166.32	509,245,322.20
01/01/2005 to 12/31/2005	7	GS USD Liquid Reserves Fund #599 - Units	0.00	1,750,044.58
05/11/2005 to 12/30/2005	163	HFI Growth Fund - Trust Units	5,471,685.57	542,827.02
05/11/2005 to 12/30/2005	93	HFI Income Fund - Trust Units	2,681,651.46	265,800.51

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
09/15/2005 to 11/30/2005	27	HughesLittle Balanced Fund - Units	4,548,114.06	N/A
07/15/2005 to 10/15/2005	21	HughesLittle Value Fund - Units	3,909,604.64	N/A
02/17/2006	21	Imperial Metals Corporation - Common Shares	6,500,000.00	1,000,000.00
03/01/2006 to 03/02/2006	2	Investeco Private Equity Fund II, L.P. - L.P. Units	180,895.99	180.00
02/22/2006	30	JPMorgan Chase & Co. - Notes	500,000,000.00	500,000,000.00
01/19/2006	1	KBSH Corporate Bond Fund - Units	147,000.00	9,032.26
01/19/2006	1	KBSH Enhanced Income Fund - Units	147,000.00	12,668.05
01/19/2006	1	KBSH Private - Balanced Registered Fund - Units	34,500.00	3,198.00
02/28/2006	10	Kent Exploration Inc. - Warrants	100,550.00	670,333.00
02/22/2006	3	K. Hovnanian Enterprises, Inc. - Notes	7,467,200.00	6,500.00
01/01/2005 to 12/31/2005	8	Lancaster Balanced Fund 2 - Units	28,815,902.03	2,420,622.00
01/01/2005 to 12/31/2005	1	Lancaster Canadian Equity Fund - Units	5,849,875.78	364,176.00
01/01/2005 to 12/31/2005	9	Lancaster Fixed Income Fund - Units	23,347,240.64	1,824,854.00
01/01/2005 to 12/31/2005	1	Lancaster Global Ex-Canada Fund - Units	9,880,516.29	1,030,591.00
01/01/2005 to 12/31/2005	1	Lancaster Money Market Fund - Units	2,573,556.82	257,356.00
01/01/2005 to 12/31/2005	3	Lancaster Short Bond Fund - Units	3,154,448.95	309,599.00
02/15/2006	75	Lara Exploration Ltd. - Units	2,500,000.00	5,000,000.00
01/01/2005 to 12/31/2005	9	Legg Mason Canadian Equity Alpha Pool - Units	895,825.66	86,645.61
09/30/2005 to 12/20/2005	1	Legg Mason Canadian Sector Equity Pool - Units	1,254,701.33	92,999.68
02/22/2006	6	ListenUp Hearing Healthcare Canada Inc. - Common Shares	6,427,750.00	16,069,375.00
02/16/2006	1	Madison Dearborn Capital Partners V-A, L.P. - L.P. Interest	26,400,000.00	N/A
02/16/2006	3	Madison Dearborn Capital Partners V-B, L.P. - L.P. Interest	26,400,000.00	N/A
01/01/2005 to 12/31/2005	41	Manion, Wilkins & Associates Ltd. - Units	194,280,942.00	1,942,809.00

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
01/01/2005 to 12/31/2005	1	MB American Equity Fund - Units	500,000.00	5,786.93
01/01/2005 to 12/31/2005	1	MB Balanced Growth Fund - Units	780,000.00	58,223.73
01/01/2005 to 12/31/2005	2	MB Balanced Value Fund - Units	2,288,390.49	225,273.85
01/01/2005 to 12/31/2005	6	MB Canadian Equity Growth Fund - Units	1,758,347.00	23,239.97
01/01/2005 to 12/31/2005	8	MB Canadian Equity Value Fund - Units	5,922,038.26	515,570.72
01/01/2005 to 12/31/2005	5	MB Canadian Equity (Core) Fund - Units	7,554,595.52	650,730.52
01/01/2005 to 12/31/2005	26	MB Fixed Income Fund - Units	30,820,790.95	536,714.47
01/01/2005 to 12/31/2005	2	MB Fixed Income Plus Fund - Units	675,000.00	61,534.67
01/01/2005 to 12/31/2005	10	MB Global Equity Fund - Units	29,911,895.57	2,198,749.44
01/01/2005 to 12/31/2005	5	MB Global Equity Growth Fund - Units	2,571,102.00	264,866.51
01/01/2005 to 12/31/2005	2	MB Global Equity Value Fund - Units	706,072.24	65,434.11
01/01/2005 to 12/31/2005	3	MB International Equity Growth Fund - Units	10,408,371.98	N/A
01/01/2005 to 12/31/2005	18	MB Money Market Fund - Units	15,930,197.16	1,593,019.72
01/01/2005 to 12/31/2005	8	MB Private Balanced Fund - Units	10,088,638.25	938,919.59
01/01/2005 to 12/31/2005	3	MB Short Term Fixed Income Fund - Units	3,890,000.00	389,701.50
02/23/2006	58	Mystique Energy Inc. - Flow-Through Shares	2,535,000.00	3,900,000.00
02/24/2006	1	NETISTIX TECHNOLOGIES CORPORATION - Debentures	250,000.00	250,000.00
12/31/2005	1	New Solutions Financial (II) Corporation - Debentures	250,000.00	1.00
01/16/2006	2	New Solutions Financial (II) Corporation - Debentures	800,000.00	2.00
12/23/2005	1	New Solutions Financial (II) Corporation - Debentures	250,000.00	1.00

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
02/13/2006	19	NFX Gold Inc. - Units	600,000.00	2,000,000.00
02/16/2006	1	NioGold Mining Corp. - Common Shares	90,000.00	500,000.00
02/15/2006	76	NOVA Chemicals Corporation - Notes	0.00	400,000,000.00
02/03/2006 to 02/13/2006	1	Opel Inc. - Warrants	0.00	N/A
02/14/2006 to 02/15/2006	11	Open Range Energy Corp. - Common Shares	310,000.00	1,550,000.00
02/28/2006	1	Paragon Pharmacies Ltd. - Common Shares	7,500,000.00	5,000,000.00
02/20/2006	15	Patrician Diamonds Inc. - Units	240,000.00	3,000,000.00
06/23/2005	1	PCJ Canadian Equity Fund - Trust Units	250,000.00	24,044.94
02/28/2006	1	Planet Trust - Bonds	341,099.89	341.00
02/23/2006 to 02/28/2006	11	Powertree Limited Partnership I - L.P. Units	80,000.00	16.00
01/05/2005 to 09/30/2005	5	Putnam Canadian Global Trusts - Trust Units	12,978,570.82	614,374.28
02/17/2006	61	Red Lake Resources Inc. - Units	631,441.00	11,580,220.00
03/15/2005 to 12/30/2005	1	Renaissance Canadian Balanced Value Fund - Units	28,464,890.64	2,741,868.24
11/17/2003 to 12/29/2005	2	Renaissance Canadian Balanced Fund - Units	78,722,437.58	7,436,222.92
07/12/2005 to 12/30/2005	11	Renaissance Canadian Core Value Fund - Units	35,522,705.66	2,877,428.54
08/11/2005	1	Renaissance Canadian Dividend Income Fund - Units	35,700,000.00	3,570,000.00
07/12/2005 to 12/29/2005	9	Renaissance Canadian Growth Fund] - Units	160,071.76	15,725.20
07/12/2005 to 12/29/2005	9	Renaissance Canadian High Yield Bond Fund - Units	52,485.49	5,268.72
07/12/2005 to 12/28/2005	10	Renaissance Canadian Income Trust Fund II - Units	35,806,714.51	3,482,164.68
07/12/2005 to 11/22/2005	1	Renaissance Canadian Money Market Fund - Units	31,223.07	3,122.31
03/15/2005 to 12/29/2005	6	Renaissance Canadian Real Return Bond Fund - Units	6,035,796.30	571,061.33
07/12/2005 to 12/29/2005	9	Renaissance Canadian Small Cap Fund - Units	53,357.26	5,145.19
07/12/2005 to 12/28/2005	6	Renaissance Developing Capital Markets Fund - Units	8,114.10	793.05

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
07/12/2005 to 12/29/2005	8	Renaissance International Growth Fund - Units	77,401.02	7,565.88
03/15/2005 to 12/29/2005	11	Renaissance U.S. Basic Value Fund - Units	38,625,461.69	3,839,380.86
07/12/2005 to 12/29/2005	9	Renaissance U.S. Fundamental Growth Fund - Units	150,045.26	14,970.38
02/23/2006	65	Rose Investments I Limited Partnership - L.P. Units	55,420,000.00	55,420.00
02/24/2006	1	Sabina Silver Corporation - Common Shares	100,000.00	100,000.00
02/24/2006	11	Sabina Silver Corporation - Flow-Through Shares	10,000,500.00	6,667,000.00
02/28/2006	20	San Gold Resources Corporation - Debentures	4,988,000.00	4,988.00
01/01/2005 to 12/31/2005	1	Scheer, Rowelett & Associates US Equity Fund - Trust Units	2,942,806.38	392,297.79
01/01/2005 to 12/31/2005	1	Scheer, Rowlett & Associates Money Market Fund - Trust Units	3,152,288.87	315,228.89
01/01/2005	1	Scheer, Rowlett & Associates Balanced Fund - Trust Units	134,371,461.78	12,057,079.88
01/01/2005 to 12/31/2005	2	Scheer, Rowlett & Associates Bond Fund - Trust Units	105,360,711.98	9,946,100.19
01/01/2005 to 12/31/2005	1	Scheer, Rowlett & Associates Canadian Equity Fund - Trust Units	63,156,326.60	4,537,383.35
01/01/2005 to 12/31/2005	1	Scheer, Rowlett & Associates EAFE Equity Fund - Trust Units	882,060.55	109,813.18
01/01/2005 to 12/31/2005	1	Scheer, Rowlett & Associates Short Term Bond Fund - Trust Units	6,276,278.61	624,552.60
01/26/2006	7	Sea NG Management Corporation - Common Shares	1,455,000.00	727,500.00
02/24/2006	4	Sino Gold Limited - Common Shares	4,132,463.70	1,475,000.00
02/21/2006	37	Skye Resources Inc. - Common Shares	25,011,260.00	5,885,000.00
12/29/2005	26	Southern Arc Minerals Inc. - Units	1,320,025.00	3,771,500.00
03/06/2006	100	Staccato Gold Resources Ltd. - Units	3,000,000.00	5,000,000.00
02/24/2006	1	StemPath Inc. - Debentures	700,000.00	1.00
02/22/2006 to 02/28/2006	22	Stinson Hospitality Inc. - Notes	155,000.00	2.00
02/23/2006	1	Straight Forward Marketing Corporation - Common Shares	20,000.00	N/A
02/17/2006	123	sxr Uranium One Inc. - Common Shares	67,894,519.00	8,815,700.00

Notice of Exempt Financings

Transaction Date	# of Purchasers	Issuer/Security	Total Pur. Price (\$)	# of Securities Distributed
08/04/2000	1	The Baring Global Bond Fund - Units	41,994.00	N/A
02/16/2006	1	The Rosseau Resort Developments Inc. - Units	589,900.00	1.00
02/22/2006	145	Tournigan Gold Corporation - Warrants	45,250,150.00	31,207,000.00
02/28/2006	5	Trigence Corp. - Common Shares	3,400,002.00	20,000,000.00
02/16/2006	5	Trius Investments Inc. - Units	180,000.00	3,000,000.00
02/09/2006	78	Vaaldiam Resources Ltd. - Warrants	7,500,000.75	8,253,969.00
02/22/2006	10	Vigil Locating Systems Corporation - Units	290,000.00	5,800,000.00
02/15/2006	71	ViRexx Medical Corp. - Units	12,000,000.00	10,909,090.00
02/23/2006	107	Virgin Resources Limited - Receipts	22,000,000.00	22,000,000.00
02/23/2006	1	WALLBRIDGE MINING COMPANY LIMITED - Flow-Through Shares	1,000,000.26	2,380,953.00
02/14/2006	9	Western Quebec Mines Inc. - Units	2,850,000.00	1,425,000.00
10/01/2003 to 03/01/2005	10	Wingate Technology Performance Fund LP - L.P. Units	2,050,000.00	1,988.60
03/02/2006	219	Xtreme Coil Drilling Corp. - Common Shares	55,300,000.00	7,900,000.00
02/28/2006	42	Zaruma Resources Inc. - Units	990,000.00	11,000,000.00

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Chapter 11

IPOs, New Issues and Secondary Financings

Issuer Name:

Aecon Group Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 2, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

\$28,125,000.00 - 4,500,000 Common Shares Price: \$6.25 per Common Share

Underwriter(s) or Distributor(s):

National Bank Financial Inc.
GMP Securities L.P.
Paradigm Capital Inc.
Raymond James Ltd.

Promoter(s):

-

Project #897771

Issuer Name:

Chariot Resources Limited
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 7, 2006
Mutual Reliance Review System Receipt dated March 7, 2006

Offering Price and Description:

C\$17,200,000.00 - 40,000,000 Common Shares Price: C\$0.43 per Common Share

Underwriter(s) or Distributor(s):

Raymond James Ltd.
Haywood Securities Inc.

Promoter(s):

-

Project #899021

Issuer Name:

Discovery Air Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated March 3, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

\$2,000,000.00 (minimum) to \$3,000,000 (maximum) Up to 6,000,000 Class A Common Shares Price: \$0.50 per Class A Common Share

Underwriter(s) or Distributor(s):

GMP Securities L.P.

Promoter(s):

Pacific & Western Bank of Canada

Project #897845

Issuer Name:

EFI Balanced Growth Fund
EFI Canadian Stock Fund
Principal Regulator - British Columbia

Type and Date:

Preliminary Simplified Prospectuses dated March 2, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

Class A and D Units

Underwriter(s) or Distributor(s):

Credential Asset Management Inc.
Credential Asset Management Inc.

Promoter(s):

Ethical Funds Inc.

Project #897764

Issuer Name:

Enbridge Inc.
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Shelf Prospectus dated March 6, 2006
Mutual Reliance Review System Receipt dated March 7, 2006

Offering Price and Description:

\$1,200,000,000.00 - Medium Term Notes (Unsecured)

Underwriter(s) or Distributor(s):

TD Securities Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
HSBC Securities (Canada) Inc.
National Bank Financial Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.

Promoter(s):

-

Project #899101

Issuer Name:

Enerplus Resources Fund
Principal Regulator - Alberta

Type and Date:

Preliminary Short Form Prospectus dated March 7, 2006
Mutual Reliance Review System Receipt dated

Offering Price and Description:

\$220,400,000.00 - 3,800,000 Trust Units Price: \$58.00 per Trust Units

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
RBC Dominion Securities Inc.
BMO Nesbitt Burns Inc.
Scotia Capital Inc.
National Bank Financial Inc.
TD Securities Inc.
Canaccord Capital Corporation
FirstEnergy Capital Corp.
Raymond James Ltd.
HSBC Securities (Canada) Inc.
Desjardins Securities Inc.
Blackmont Capital Inc.
Dundees Securities Corporation

Promoter(s):

-

Project #899131

Issuer Name:

European Minerals Corporation
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 3, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

\$57,750,000.00 - 55,000,000 Units Price: \$1.05 per Unit

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation
Pacific International Securities Inc.

Promoter(s):

-

Project #897864

Issuer Name:

Excel-Tech Ltd.
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated February 28, 2006
Mutual Reliance Review System Receipt dated March 2, 2006

Offering Price and Description:

\$ * - * Common Shares Price: \$ * per Common Share

Underwriter(s) or Distributor(s):

GMP Securities L.P.
Canaccord Capital Corporation
Raymond James Ltd.
Versant Partners Inc.

Promoter(s):

-

Project #896985

Issuer Name:

Freeport Capital Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary CPC Prospectus dated March 3, 2006
Mutual Reliance Review System Receipt dated March 6, 2006

Offering Price and Description:

\$250,000.00 - 1,000,000 common shares Price: \$0.25 per common share

Underwriter(s) or Distributor(s):

Integral Wealth Securities Limited
Jones, Gable & Company Limited

Promoter(s):

J.R. Scott Prichard
Bradley M. Monoff

Project #898223

Issuer Name:

Glamis Resources Ltd.
Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated March 1, 2006
Mutual Reliance Review System Receipt dated March 1, 2006

Offering Price and Description:

Minimum Offering: 8,000 Units (\$8,000,000.00); Maximum Offering: 10,000 Units (\$10,000,000.00)
Price: \$1,000 Per Unit - Minimum Subscription: Five Units (\$5,000)

Underwriter(s) or Distributor(s):

GMP Securities L.P.

Promoter(s):

Brent McKercher

Project #896743

Issuer Name:

Intrinsyc Software International, Inc.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated March 2, 2006
Mutual Reliance Review System Receipt dated March 2, 2006

Offering Price and Description:

\$ * - * Units Price: \$ * per Unit

Underwriter(s) or Distributor(s):

TD Securities Inc.
Paradigm Capital Inc.

Promoter(s):

-

Project #897336

Issuer Name:

Medical Intelligence Technologies Inc.
Principal Regulator - Quebec

Type and Date:

Preliminary Short Form Prospectus dated March 2, 2006
Mutual Reliance Review System Receipt dated March 2, 2006

Offering Price and Description:

\$ * - * Units Price: \$ * per Unit

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

-

Project #897452

Issuer Name:

Norrep Performance 2006 Flow-Through Limited
Partnership

Principal Regulator - Alberta

Type and Date:

Preliminary Prospectus dated March 2, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

\$85,000,000.00 (Maximum Offering); \$10,000,000.00
(Minimum Offering); A minimum of 1,000,000 Limited
Partnership Units and a maximum of 8,500,000 Limited
Partnership Units Purchase Price: \$10.00 per Unit
Minimum Purchase: 1,000 Units (\$10,000.00)

Underwriter(s) or Distributor(s):

BMO Nesbitt Burns Inc.
TD Securities Inc.
Blackmont Capital Inc.
Richardson Partners Financial Limited
Berkshire Securities Inc.
Bieber Securities Inc.
Canaccord Capital Corporation
Dundee Securities Corporation
HSBC Securities (Canada) Inc.
Raymond James Ltd.
Wellington West Capital Inc.

Promoter(s):

Hesperian Capital Management Ltd.

Project #897857

Issuer Name:

PGB Trust
Principal Regulator - Ontario

Type and Date:

Preliminary Prospectus dated February 28, 2006
Mutual Reliance Review System Receipt dated March 1, 2006

Offering Price and Description:

\$ * - * Units Price: \$ * per Unit

Underwriter(s) or Distributor(s):

Westwind Partners Inc.

Promoter(s):

Lawrence Asset Management Inc.

Project #896254

Issuer Name:

Russel Metals Inc.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 1, 2006
Mutual Reliance Review System Receipt dated March 1, 2006

Offering Price and Description:

\$257,500,000.00 - 10,000,000 Common Shares Price:
\$25.75 per Common Share

Underwriter(s) or Distributor(s):

GMP Securities L.P.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
RBC Dominion Securities Inc.
Scotia Capital Inc.
TD Securities Inc.

Promoter(s):

-

Project #895875

Issuer Name:

Tim Hortons Inc.
Principal Regulator - Ontario

Type and Date:

Second Amended and Restated Preliminary PREP
Prospectus dated March 3, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

\$* - 29,000,000 Shares of Common Stock Price: \$ * Per
Share

Underwriter(s) or Distributor(s):

Goldman Sachs Canada Inc.
RBC Dominion Securities Inc.
J.P. Morgan Securities Canada Inc.
Scotia Capital Inc.
BMO Nesbitt Burns Inc.
CIBC World Markets Inc.
Merrill Lynch Canada Inc.
TD Securities Inc.

Promoter(s):

-

Project #866070

Issuer Name:

Vaaldiam Resources Ltd.
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 2, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

\$7,500,000.75 - Up to 9,079,366 Common Shares Issuable
Upon Exercise of 8,253,969 Special Warrants
Price: \$0.90 per Common Share Special Warrant and
\$1.05 per Flow-Through Special Warrant

Underwriter(s) or Distributor(s):

Wellington West Capital Markets Inc.
National Bank Financial Inc.
Westwind Partners Inc.

Promoter(s):

-

Project #897873

Issuer Name:

Wesdome Gold Mines Ltd. (formerly River Gold Mines Ltd.)
Principal Regulator - Ontario

Type and Date:

Preliminary Short Form Prospectus dated March 3, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

\$* - * Common Shares Price: \$* per Common Share

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.
Pollitt & Co. Inc.

Promoter(s):

-

Project #897875

Issuer Name:

Western Canadian Coal Corp.
Principal Regulator - British Columbia

Type and Date:

Preliminary Short Form Prospectus dated March 6, 2006
Mutual Reliance Review System Receipt dated March 7, 2006

Offering Price and Description:

\$109,000,000.00 - 7.5% Convertible Unsecured
Subordinated Debentures Due March 24, 2011
Price: \$1,000 per Debenture

Underwriter(s) or Distributor(s):

GMP Securities L.P.
Sprott Securities Inc.

Promoter(s):

-

Project #898888

Issuer Name:

Willowstar Capital Inc.

Type and Date:

Preliminary CPC Prospectus dated March 1, 2006
Received on March 2, 2006

Offering Price and Description:

Minimum Offering: \$400,000.00 or 2,666,666 Common Shares; Maximum Offering: \$1,000,000.00 or 6,666,666 Common Shares Price: \$0.15 per Common Share

Underwriter(s) or Distributor(s):

Credifinance Securities Limited

Promoter(s):

-

Project #896680

Issuer Name:

Brompton Split Banc Corp.
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated March 1, 2006
Mutual Reliance Review System Receipt dated March 2, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

Brompton SBC Management Limited

Project #888115

Issuer Name:

Canada Cartage Diversified Income Fund
Principal Regulator - Ontario

Type and Date:

Final Prospectus dated March 3, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

\$118,275,970.00 - 11,827,597 Units Price: \$10.00 per Unit

Underwriter(s) or Distributor(s):

CIBC World Markets Inc.

BMO Nesbitt Burns Inc.

Scotia Capital Inc.

TD Securities Inc.

WestWind Partners Inc.

HSBC Securities (Canada) Inc.

Promoter(s):

Canada Cartage System, Limited

Direct Integrated Transportation Inc.

Project #884911

Issuer Name:

Falcon Oil & Gas Ltd.

Principal Regulator - British Columbia

Type and Date:

Final Short Form Prospectus dated March 6, 2006
Mutual Reliance Review System Receipt dated March 7, 2006

Offering Price and Description:

\$90,090,000.00 - Up to 69,300,000 Common Shares Price: \$1.30 per Common Share

Underwriter(s) or Distributor(s):

MGI Securities Inc.

Dundee Securities Corporation

Promoter(s):

-

Project #891166

Issuer Name:

GGOF Global Diversified Fund
GGOF Small Cap Growth and Income Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated February 27, 2006
Mutual Reliance Review System Receipt dated March 1, 2006

Offering Price and Description:

Mutual fund units at net asset value

Underwriter(s) or Distributor(s):

Guardian Group of Funds Ltd.

Guardian Group of Funds Ltd.

Promoter(s):

Guardian Group of Funds Ltd.

Project #885006

Issuer Name:

IA Clarington Canadian Conservative Equity Fund
IA Clarington Dividend Income Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated March 1, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

Series A and Series F Units

Underwriter(s) or Distributor(s):

ClaringtonFunds Inc.

ClaringtonFunds Inc.

Promoter(s):

ClaringtonFunds Inc.

Project #878716

Issuer Name:

Merrill Lynch Financial Assets Inc.
Principal Regulator - Ontario

Type and Date:

Final Short Form Prospectus dated March 2, 2006
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

\$548,100,000.00 (Approximate) Commercial Mortgage
Pass-Through Certificates, Series 2006-Canada 18

Underwriter(s) or Distributor(s):

Merrill Lynch Canada Inc.
Credit Suisse Securities (Canada) Inc.

Promoter(s):

-

Project #892660

Issuer Name:

Mulvihill Canadian Bond Fund
Mulvihill Canadian Money Market Fund
Mulvihill Global Equity Fund
Premium Global Income Fund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated February 28, 2006
Mutual Reliance Review System Receipt dated March 1, 2006

Offering Price and Description:

Mutual Fund Securities @ Net Asset Value

Underwriter(s) or Distributor(s):

John P. Mulvihill
Mulvihill Capital Management Inc.

Promoter(s):

John P. Mulvihill
Sheila Szela

Project #882713

Issuer Name:

Northwest Specialty Equity Fund
Principal Regulator - Ontario

Type and Date:

Amendment #2 dated February 22, 2006 to the Simplified
Prospectus and Annual Information Form dated June 10, 2005

Mutual Reliance Review System Receipt dated March 2, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Northwest Mutual Fund Inc.
Northwest Mutual Funds Inc.

Promoter(s):

-

Project #777970

Issuer Name:

Radiant All Equity Portfolio
Radiant All Income Portfolio
Radiant Balanced Portfolio
Radiant Bond Portfolio
Radiant Conservative Portfolio
Radiant Defensive Portfolio
Radiant Growth Portfolio
Radiant High Growth Portfolio
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectuses dated February 27, 2006
Mutual Reliance Review System Receipt dated March 7, 2006

Offering Price and Description:

Series A units, Series I units

Underwriter(s) or Distributor(s):

Goodman & Company, Investment Counsel Ltd.
Goodman & Company, Investment Counsel Ltd.

Promoter(s):

Goodman & Company, Investment Counsel Ltd.

Project #881893

Issuer Name:

RBC Private U.S. Equity Pool
Principal Regulator - Ontario

Type and Date:

Amendment #1 dated February 23, 2006 to the Simplified
Prospectus and Annual Information Form dated August 22, 2005

Mutual Reliance Review System Receipt dated March 2, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

RBC Asset Management Inc.
RBC Asset Management Inc.
The Royal Trust Company

Promoter(s):

RBC Asset Management Inc.

Project #807142

Issuer Name:

Stonefire Energy Corp.
Principal Regulator - Alberta

Type and Date:

Final Prospectus dated March 6, 2006
Mutual Reliance Review System Receipt dated March 6, 2006

Offering Price and Description:

Minimum Offering: 9,000 Units (\$9,000,000.00); Maximum Offering: 11,000 Units (\$11,000,000.00) Price: \$1,000 Per Unit - Minimum Subscription: Five Units (\$5,000)

Underwriter(s) or Distributor(s):

Tristone Capital Inc.
Canaccord Capital Corporation
Haywood Securities Inc.
Raymond James Ltd.

Promoter(s):

Richard H. Dahl
John Ramescu
Project #888708

Issuer Name:

TD Private Canadian Strategic Opportunities Fund
Principal Regulator - Ontario

Type and Date:

Amendment #2 dated February 23, 2006 to the Simplified Prospectus and Annual Information Form dated April 11, 2005
Mutual Reliance Review System Receipt dated March 3, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

-

Promoter(s):

TD Asset Management Inc.
Project #744041

Issuer Name:

The Millennium BullionFund
Principal Regulator - Ontario

Type and Date:

Final Simplified Prospectus dated February 27, 2006
Mutual Reliance Review System Receipt dated March 1, 2006

Offering Price and Description:

Class A Units, Class F Units and Class I Units

Underwriter(s) or Distributor(s):

-

Promoter(s):

Bullion Management Services Inc.
Project #880396

Issuer Name:

Idaho General Mines, Inc.
Principal Jurisdiction - Ontario

Type and Date:

Preliminary Prospectus dated December 28th, 2005
Withdrawn on March 6th, 2006

Offering Price and Description:

\$ * - * Units Price: \$ * per Unit

Underwriter(s) or Distributor(s):

Canaccord Capital Corporation

Promoter(s):

-

Project #875020

Issuer Name:

Temple Energy Inc.
Principal Jurisdiction - Alberta

Type and Date:

Preliminary Prospectus dated January 31, 2006
Withdrawn on March 6th, 2006

Offering Price and Description:

-

Underwriter(s) or Distributor(s):

Firstenergy Capital Corp.

Promoter(s):

-

Project #885056

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Chapter 12

Registrations

12.1.1 Registrants

Type	Company	Category of Registration	Effective Date
New Registration	Pangaea Asset Management Inc.	Limited Market Dealer, Investment Counsel and Portfolio Manager	March 7, 2006
New Registration	E*TRADE Capital Markets, LLC	International Dealer	March 6, 2006
New Registration	Tradewinds NWQ Global Investors, LLC	International Adviser (Investment Counsel and Portfolio Manager)	March 3, 2006
Change of Name	From: SEI Capital Limited To: SEI Inc.	Limited Market Dealer	February 13, 2006

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Chapter 13

SRO Notices and Disciplinary Proceedings

13.1.1 CDS Rule Amendment Notice – Technical Amendments to CDS Procedures CCP Cap

THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED

TECHNICAL AMENDMENTS TO CDS PROCEDURES CCP CAP

NOTICE OF EFFECTIVE DATE

A. DESCRIPTION OF THE RULE AMENDMENT

Background

On November 23, 2005 the Board of Directors of The Canadian Depository for Securities Limited (“CDS”) approved amendments to CDS Participant Rules which concern the cap on a portion of the obligations incurred by Participants in central counterparty services (“CCP Cap”). The proposed amendments to the CDS Participant Rules were published for public review and comment on December 2, 2005 by the Ontario Securities Commission and the Autorité des marchés financiers.

The proposed amendments to CDS Participant Rules dealing with the CCP Cap will require CDS to amend its Participant Procedures to facilitate the implementation of the proposed rule changes.

The Procedures (“Participating In CDS Services”) marked for the amendments may be accessed at the CDS website at: <http://www.cds.ca/cdshome.nsf/Main-E?OpenFrameSet&Frame=content&Src=Pages%2F-EN-blacklined%3FOpen>.

Description of Proposed Amendments

The proposed amendments to CDS Participant Rules will change the current “hard” CCP Cap to a “soft” CCP Cap. The new “soft” CCP Cap will impose specific obligations upon a Participant when that Participant’s CCP Contributions Total (as this term is defined in the CDS Participant Rules) exceeds specific, defined thresholds. The proposed amendments provide that where a Participant’s CCP Contribution Total exceeds the prescribed thresholds:

- CDS will provide identified parties, including the Participant’s primary regulator, and, where threshold two and three have been exceeded, other Participants utilizing the same services that the Participant in question uses, with specific notice that the Participant has exceeded the threshold amounts; and
- the Participant must take appropriate action to reduce its outstanding positions, subject to facing additional collateralization on the added risk on an escalating basis. Additional collateral requirements are imposed where a Participant has breached threshold two, with further additional collateral requirements imposed where a Participant has exceeded threshold three.

Amendments to the “Participating in CDS Services” Participant Procedures include a description of each of three thresholds accompanied by a discussion of the consequences of each threshold breach (Sections 7.2). These thresholds are described as follows:

- *Threshold one* – is exceeded where a Participant’s CCP Contribution Total exceeds \$60 million (or 75% of the \$80 million cap);
- *Threshold two* – is exceeded where a Participant’s CCP Contribution Total exceeds \$80 million (or 100% of the cap);
- *Threshold three* – the amendments provide for a new threshold where a Participant’s CCP Contribution Total exceeds \$120 million (150% of the cap).

An additional paragraph has been added which provides that CDS will advise a Participant, its primary regulator and all other Participants who are members of the services utilized by the Participant, that the Participant has reduced their outstanding positions below the threshold, as appropriate.

B. REASONS FOR TECHNICAL CLASSIFICATION

The amendments proposed pursuant to this Notice are considered technical amendments as they are consequential amendments intended to implement proposed changes to CDS Participant Rules governing CCP Capping that were published for public comment on December 2, 2005.

C. EFFECTIVE DATE OF THE RULE

The effective date for these amendments is February 27, 2006.

D. QUESTIONS

Questions regarding this notice may be directed to:

Jamie Anderson
Senior Legal Counsel
The Canadian Depository for Securities Limited
85 Richmond Street West
Toronto, Ontario M5H 2C9

Telephone: 416-365-3876
Fax: 416-365-1984
e-mail: attention@cds.ca

TOOMAS MARLEY
Chief Legal Officer

13.1.2 MFDA Ontario Hearing Panel Makes Findings Against Ernest Ming Chung Lo

NEWS RELEASE
For immediate release

**MFDA ONTARIO HEARING PANEL MAKES FINDINGS
AGAINST ERNEST MING CHUNG LO**

March 3, 2006 (Toronto, Ontario) – A disciplinary hearing in the Matter of Ernest Ming Chung Lo was held today before a Hearing Panel of the Ontario Regional Council of the Mutual Fund Dealers Association of Canada (“MFDA”) in Toronto, Ontario. The Hearing Panel found that the three allegations set out by MFDA staff in the Notice of Hearing dated December 7, 2005, summarized below, had been established:

Allegation #1: Commencing in March 2004, Mr. Lo engaged in securities related business outside of the accounts and facilities of the Member, by facilitating the participation of a client, LC, in an investment (the “Braganza Investment”), contrary to MFDA Rule 1.1.1.

Allegation #2: Commencing in March 2004, Mr. Lo failed to observe high standards of ethics and conduct in the transaction of business by facilitating the participation of a client, LC, in the Braganza Investment, contrary to MFDA Rule 2.1.1 (b).

Allegation #3: Commencing on or about September 6, 2005, Mr. Lo failed to provide a report in writing as required by the MFDA in the course of an investigation, contrary to Section 22.1 of MFDA By-law No. 1.

The Hearing Panel advised that it was reserving its decision on the issue of penalty respecting the established allegations and that its decision and written reasons would be issued in due course.

A copy of the Notice of Hearing is available on the MFDA web site at www.mfda.ca.

The Mutual Fund Dealers Association of Canada is the self-regulatory organization for Canadian mutual fund dealers. The MFDA regulates the operations, standards of practice and business conduct of its 176 Members and their approximately 75,000 Approved Persons with a mandate to protect investors and the public interest.

For further information, please contact:

Shaun Devlin
Vice-President, Enforcement
(416) 943-4672 or sdevlin@mfda.ca

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Chapter 25

Other Information

25.1 Exemptions

25.1.1 Covington Strategic Capital Fund Inc.

Headnote

Application pursuant to s. 6.1 of OSC Rule 13-502 Fees - exemption from requirement to pay activity fee of \$1,500 in connection with the Application under item F(3) of Appendix C to Rule 13-502.

Statutes Cited

Securities Act, R.S.O. 1990, c. S.5 as am., s. 62(5).

Rules Cited

Ontario Securities Commission Rule 13-502 Fees, Appendix C, Item F(3).

January 16, 2006

LaBarge Weinstein Professional Corporation

515 Legget Drive, Suite 800
Kanata, Ontario
K2K 3G4

Attention: Prashant Watchmaker

Dear Sirs/Mesdames:

**Re: Covington Strategic Capital Fund Inc. (the "Fund")
Application under s. 6.1 of OSC Rule 13-502–
Fees ("Rule 13-502")
Application No. 024/06**

By letter dated January 12, 2006 (the "Application"), you applied on behalf of the Fund to the Ontario Securities Commission (the "Commission") under subsection 62(5) of the *Securities Act* (Ontario) (the "Act") for an extension of the time limits pertaining to the distribution of units under the prospectus of the Fund dated January 4, 2005, as amended from time to time (the "Prospectus"). You additionally applied for an exemption, pursuant to subsection 6.1 of Rule 13-502, from the requirement to pay an activity fee of \$1,500 in connection with the Application in accordance with item F(3) of Appendix C of Rule 13-502.

From our review of the Application and other information communicated to staff, we understand the relevant facts and representations to be as follows:

1. The Fund is a reporting issuer under the Act and is not in default of any of the requirements of the securities legislation of the Province of Ontario.

2. The Class A Shares, Series I, and Class A Shares, Series II, of the Fund are currently qualified for distribution in Ontario by means of the Prospectus that was prepared and filed in accordance with requirements
3. The lapse date for the Fund is January 4, 2006. The Fund filed a pro forma prospectus on December 5, 2005.
4. In connection with staff's review of the Fund's pro forma prospectus dated December 5, 2005, staff posed certain questions to counsel for the Fund and counsel to the Fund has made representations to staff in order to resolve such questions. Both staff and the Fund have expressed a desire to have more time to review and resolve such matters. The Fund has also applied for exemptive relief from certain requirements in section 2.1 of National Instrument 81-105 and both staff and the Fund have expressed a desire to have more time to resolve the application.

Decision

This letter confirms that, based on the information provided in the Application and the facts and representations above, and for the purposes described in the Application, the Director hereby exempts the Fund from paying an activity fee of \$1,500 in connection with the Application under item F(3) of Appendix C to Rule 13-502.

Yours truly,

"Rhonda Goldberg"
Assistant Manager, Investment Funds Branch

25.1.2 Mavrix Balanced Income & Growth Resources Trust

Headnote

Relief to file a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

Rules Cited

Ontario Securities Commission Rule 41-501 - General Prospectus Requirements, s. 14.1(2).

December 28, 2005

Blake, Cassels & Graydon LLP

Attention: Andrew Gordon

Dear Sirs/Mesdames:

**Re: Mavrix Balanced Income & Growth Resources Trust (the "Trust")
Exemptive Relief Application under Part 15 of OSC Rule 41-501 General Prospectus Requirements ("Rule 41-501")
Application No. 917/05, SEDAR Project No. 837784**

By letter dated December 19, 2005 (the "Application"), the Trust applied to the Director of the Ontario Securities Commission (the "Director") pursuant to section 15.1 of Rule 41-501 for relief from the operation of subsection 14.1(2) of Rule 41-501, which prohibits an issuer from filing a prospectus more than 90 days after the date of the receipt for the preliminary prospectus.

This letter confirms that, based on the information and representations made in the Application, and for the purposes described in the Application, the Director intends to grant the requested exemption to be evidenced by the issuance of a receipt for the Trust's prospectus, subject to the condition that the prospectus be filed no later than January 31, 2006.

Yours very truly,

"Rhonda Goldberg"
Assistant Manager, Investment Funds Branch

25.1.3 Wolverton Securities Ltd. - Rule 31-502 Proficiency Requirements of Registrants

Headnote

Salespersons of the Applicant who were previously registered in another Jurisdiction prior to January 1, 1994 are exempt from the post registration proficiency requirements under paragraph 2.1(2) of Rule 31-502 Proficiency Requirements for Registrants, subject to conditions.

Rules Cited

Ontario Securities Commission Rule 31-502 Proficiency Requirements for Registrants, ss. 2.1(2), 4.1.

**IN THE MATTER OF
THE SECURITIES ACT,
R.S.O. 1990, C. S.5, AS AMENDED (the Act)**

AND

**IN THE MATTER OF
WOLVERTON SECURITIES LTD.**

**EXEMPTION ORDER
(Rule 31-502 Proficiency Requirements of Registrants)**

WHEREAS Wolverton Securities Ltd. (the **Applicant**) has applied for an exemption pursuant to section 4.1 of Ontario Securities Commission Rule 31-502 - *Proficiency Requirements for Registrants* (the **Rule**) from the provisions of paragraph 2.1(2) of the Rule (the **OSC Requirement**);

AND WHEREAS the OSC Requirement provides that the registration of a salesperson is suspended on the last day of the thirtieth month after the date registration as a salesperson was granted to that salesperson, unless the salesperson has completed the Professional Financial Planning Course (the **FPF Course**) or the first course of the Canadian Investment Management Program (the **CIM Program**) and has delivered the prescribed notice to the Director of the Ontario Securities Commission;

AND WHEREAS, unless otherwise defined or the context otherwise requires, terms used herein have the meaning set out in Ontario Securities Commission Rule 14-501 -- *Definitions*;

AND WHEREAS the Director has considered the application and the recommendation of staff of the Ontario Securities Commission;

AND WHEREAS the Applicant has represented to the Director that:

1. The Applicant is registered under the Act as a dealer in the category of investment dealer and is a member of the Investment Dealers Association (the **IDA**). The Applicant is also registered as an investment dealer (or the equivalent) in British

Other Information

Columbia, Alberta, Saskatchewan, Manitoba, Nova Scotia, the Northwest Territories and the Yukon Territory;

Salesperson was not so registered does not exceed three years;

2. The requirement of the IDA that a registered representative (a **Salesperson**) of an investment dealer that is a member of the IDA (a **Dealer**) complete the first course of the CIM Program within thirty months of registration (the **IDA Requirement**) first became effective on January 1, 1994 (the **IDA Effective Date**);

(c) that Salesperson either is first registered under the Act to trade on behalf of a Dealer in Ontario, after the date of this exemption order, or was first so registered no more than 30 months prior to the date hereof.

March 1, 2006

3. Salespersons who were registered to trade on behalf of a Dealer in a jurisdiction immediately prior to the IDA Effective Date are exempt from the IDA Requirement;

"David M. Gilkes"

4. The Rule, which became effective on August 17, 2000 (the **OSC Effective Date**), adopted and expanded the IDA Requirement but did not exempt Salespersons from the OSC Requirement who were registered to trade on behalf of a Dealer in another jurisdiction prior to the IDA Effective Date; and

5. Salespersons of the Applicant who have been registered to trade on behalf of a Dealer under the securities legislation of a jurisdiction other than Ontario immediately prior to the IDA Effective Date and who were first registered to trade on behalf of a Dealer under the Act after the OSC Effective Date are subject to the OSC Requirement;

AND UPON the Director being satisfied that to do so would not be prejudicial to the public interest;

NOW THEREFORE, pursuant to section 4.1 of the Rule, Salespersons of the Applicant are not subject to the OSC Requirement;

PROVIDED THAT:

(a) immediately prior to the IDA Effective Date, the particular Salesperson was registered under the securities legislation of one or more jurisdictions other than Ontario as a salesperson of a Dealer that was then registered under such legislation as an investment dealer (or the equivalent) and the registration of the Salesperson was not specifically restricted to the sale of mutual funds or non-retail trades; and

(b) after the IDA Effective Date, that Salesperson was either registered to trade on behalf of a Dealer continuously in one or more jurisdictions other than Ontario, or any period after the IDA Effective Date in which the Salesperson's registration to trade on behalf of a Dealer was suspended or in which the

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