

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

**PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. and BANCNOTE CORP.**

Respondents

MOTION RECORD

April 25, 2005

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Solicitors for KPMG Inc., in its capacity as
Receiver of Portus Alternative Asset Management
Inc., Portus Asset Management Inc., BancNote
Corp. and certain related entities and assets

MOTION RECORD INDEX

Tab 1.....Notice of Motion

Tab 2.....Fourth Report of the Receiver dated April 25, 2005

 A.....Amended & Restated Order dated April 8, 2005

 B.....Preliminary Statement

 C.....Terms of Reference

 D.....Order dated April 8, 2005

 E.....Corporate Search

 F.....Regulator Communications Protocol

Tab 3.....Draft Order

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**PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. and BANCNOTE CORP.**

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NOTICE OF MOTION

KPMG Inc., in its capacity as the Receiver (the "Receiver") of the Portus Group (as defined herein), will make a motion before The Honourable Mr. Justice Colin Campbell on Wednesday, April 27, 2005 at 10:00 o'clock in the morning or as soon after that time as the motion can be heard at 393 University Avenue, in the City of Toronto.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order approving the establishment of the Hardship Committee (as defined herein);
2. an Order approving the Hardship Committee Terms of Reference (as defined herein);
3. an Order authorizing the Receiver to make interim distributions to persons demonstrating hardship, in accordance with the recommendations of the Hardship Committee;

4. an Order authorizing the Receiver to examine Paul Ho and directing him to attend the examination;
5. an Order appointing KPMG Inc. as Receiver, without security, over all property, assets and undertaking of Southview Capital Corp.;
6. an Order directing the removal of the Malachite Aggressive Preferred Fund (the “Malachite Fund”) from Schedule “A” to the Amended & Restated Order (as defined herein), and discharging the Receiver in respect of the Malachite Fund;
7. an Order removing Portus Alternative Asset Management Inc. (“PAAM”) as Trustee of the Malachite Fund, and re-appointing Hymas Investment Management Inc. as such;
8. an Order authorizing the Receiver to appoint a consultant for the purpose of conducting a cost benefit analysis for the purpose of recommending, among other things, an investment firm to replace PAAM as investment advisor to the Portus Alternative Investment Master Fund and the Portus Alternative Investment Fund;
9. an Order amending paragraph 18 of the Amended & Restated Order to add the following words: “... provided that for the purpose of this paragraph, the term “Receiver” shall include any agents, consultants, solicitors or other persons engaged or retained by the Receiver for the purpose of the administration of the receivership.”;
10. an Order approving the Regulator Communications Protocol (as defined herein); and
11. Such just further and other relief as counsel may advise and this Honourable Court may deem.

THE GROUNDS FOR THE MOTION ARE:

1. Pursuant to the Orders of the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the “Court”) including, without limitation, the Amended and Restated Order dated April 8, 2005 (the “Amended & Restated Order”), KPMG Inc. has been appointed as Receiver of all of the assets, undertakings and

properties of Portus Alternative Asset Management Inc., Portus Asset Management Inc., BancNote Corp. and the other entities and assets listed at Schedule “A” hereto (collectively, the “Portus Group”).

2. The Receiver was appointed pursuant to Section 129 of the *Securities Act* (Ontario) to protect the interests of the approximately 26,000 persons who made investments with the Portus Group (collectively the “Investors”) and the other creditors of the Portus Group.
3. Since the date of its appointment the Receiver has, among other things, investigated the business and affairs of the Portus Group with a view to recovering funds invested with the Portus Group by the Investors.
4. Certain Investors may be experiencing hardship due to their inability to redeem or otherwise recover value from their investments with the Portus Group, including receiving pre-authorized periodic payments.
5. The Receiver is of the view that it would be just and appropriate for the Court to authorize the Receiver to take steps to address these hardship situations as soon as possible.
6. The provision of preliminary relief to those Investors actually experiencing hardship would not unduly prejudice other Investors.
7. The Receiver recommends that this Honourable Court authorize the Receiver to (i) establish a “hardship committee” (the “Hardship Committee”) to review requests by individual Investors for interim distributions, and (ii) make interim distributions to Investors who can establish that special consideration is justified.
8. In conjunction with Representative Counsel, the Receiver has developed a proposed protocol for the Hardship Committee (the “Terms of Reference”).
9. The Receiver has provided notice, as directed by the Court, to parties that may be affected by the Hardship Committee and the Terms of Reference.

10. A separate sales team was established to market the International Investment Structure (the “International Sales Team”). The International Sales Team included, among others, Paul Ho (“Ho”), District Vice-President, Sales & Service.
11. The Receiver is of the view that in order to fulfill its duties it will require information from, among other sources, the International Sales Team, including without limitation Ho.
12. The Receiver has identified additional corporations and other entities that play roles in the activities and affairs of the Portus Group. The Receiver is of the view that an expansion of the existing receivership to include Southview Capital Corp. is necessary for the Receiver to be in a position to fulfill its mandate.
13. The Receiver was appointed over the property, assets and undertaking of the Malachite Fund pursuant to an Order of the Court dated March 29, 2005.
14. It is the Receiver’s understanding that Malachite Fund does not hold Investor funds and has not been integrated into the affairs of the Portus Group.
15. The Receiver recommends that this Honourable Court issue an Order discontinuing the receivership as against the Malachite Fund, removing PAAM as Trustee thereof, and re-appointing Hymas Investment Management Inc. as such.
16. The Receiver is of the view that it is appropriate that a consultant for the purpose of conducting a cost benefit analysis for the purpose of recommending, among other things, an investment firm to replace PAAM as investment advisor to the Portus Alternative Investment Master Fund and the Portus Alternative Investment Fund.
17. The Receiver is of the view that it is in the best interests of the Investors for the Receiver to communicate directly with provincial securities commissions and other securities industry regulators (the “Regulators”) for the purpose of passing on certain information with respect to the Receiver’s activities.
18. The Receiver has been developing a communications protocol (the “Regulator Communications Protocol”) governing the provision of information to the Regulators,

and expects to have the Regulator Communications Protocol available for circulation prior to the Motion herein.

19. Sections 101 of the *Courts of Justice Act* and Rule 37 of the *Rules of Civil Procedure*; and
20. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Fourth Report of the Receiver dated April 25, 2005; and
2. such further and other material as counsel may advise and this Honourable Court may permit.

April 25, 2005

ThorntonGroutFinnigan LLP
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SCHEDULE “A”

Other Entities

Southview Asset Management Inc.
Market Neutral Preservation Fund
MNB Trust
BancNote Trust Series II
BancNote Trust Series III
BancNote Trust Series IV
BancNote Trust Series V
BancNote Trust Series VI
BancNote Trust Series VI(a)
BancNote Trust Series VIII
BancNote Trust Series VIII(a)
BancNote Trust Series X
BancNote Trust Series X(a)
Preservation Fund Series II
Preservation Fund Series III
BancLife Trust Series I
BancLife Trust Series II
Malachite Aggressive Preferred Fund

Assets

Assets located in Canada of:

Premiers Derives Paris Inc.
BNote Management Inc.

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**FOURTH REPORT OF THE RECEIVER
(Dated April 25, 2005)**

Background

1. Pursuant to the Orders of the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the "Court") including, without limitation, the Amended and Restated Order dated April 8, 2005 (the "Amended & Restated Order"), KPMG Inc. has been appointed as Receiver of all of the assets, undertakings and properties of Portus Alternative Asset Management Inc. ("PAAM"), Portus Asset Management Inc. ("PAM"), BancNote Corp. and certain other entities and assets (collectively, the "Portus Group"). Attached hereto as Schedule "A" is a copy of the Amended & Restated Order.
2. The purpose of this Third Report of the Receiver (the "Third Report") is to provide this Honourable Court with a factual basis upon which this Honourable

Court is requested to grant certain relief, including without limitation the following:

- (i) an Order approving the establishment of the Hardship Committee (as defined herein);
- (ii) an Order approving the Hardship Committee Terms of Reference (as defined herein);
- (iii) an Order authorizing the Receiver to make interim distributions to persons demonstrating hardship;
- (iv) an Order directing certain persons to attend an examination by the Receiver;
- (v) an Order appointing KPMG Inc. as Receiver, without security, over all property, assets and undertaking of Southview Capital Corp.;
- (vi) an Order directing the removal of the Malachite Aggressive Preferred Fund (the “Malachite Fund”) from Schedule “A” to the Amended and Restated Order, and discharging the Receiver in respect of the Malachite Fund;
- (vii) an Order removing PAAM as Trustee of the Malachite Fund, and re-appointing Hymas Investment Management Inc. as such;
- (viii) an Order authorizing the Receiver to engage a consultant for the purpose of conducting a cost benefit analysis for the purpose of recommending, among other things, an investment firm to replace PAAM as investment advisor to the Portus Alternative Investment Master Fund and the Portus Alternative Investment Fund;
- (ix) an Order making certain amendments to the Amended & Restated Order;
and

- (x) an Order approving the Regulator Communications Protocol (as defined herein).
- 3. Capitalized terms in this Fourth Report (including the Appendices) are as defined in the Amended and Restated Order or the Third Report of the Receiver dated April 6, 2005 (the “Third Report”), unless defined otherwise herein. All references to dollars are in Canadian currency unless otherwise noted. Certain information set out in the First Report, the Second Report and/or the Third Report is repeated herein for ease of reference.
- 4. The Receiver has relied upon information and records available from the Portus Group and from third parties. The Receiver’s review of this information does not encompass an audit of the financial position or operating results of the Portus Group. In addition, any financial information presented by the Receiver is preliminary and the Receiver is not yet in a position to project the outcome of the administration of the receivership.

Hardship Issues

- 5. As described in the Third Report, it has come to the Receiver’s attention that certain Investors may be experiencing hardship due to their inability to redeem or otherwise recover value from their investments with the Portus Group, including receiving pre-authorized periodic payments.
- 6. The Receiver has consulted with certain stakeholders including the Commission and Representative Counsel on this issue, and is of the view that it would be just and appropriate for the Court to authorize the Receiver to take steps to address these hardship situations as soon as possible.
- 7. Based on telephone calls and e-mails to the Receiver and Representative Counsel, it appears that there are persons who may rely on receipt of regular payments from the Portus Group, as described below.

8. Based on information provided by former employees of the Portus Group and the Receiver's review of available business records, it is possible that as many as 267 Investors were scheduled to receive periodic pre-authorized payments from the Debtors between February 18 and March 3, 2005. The Receiver estimates that automatic payments in the aggregate amount of approximately \$107,000 were to have been made to Investors during this period (the "Pre-Receivership Automatic Payments"). In addition, there may have been automatic payments that were due to have been made subsequent to March 4, 2005.
9. The amounts of the Pre-Receivership Automatic Payments owed to each individual Investor range to as high as 10% of an individual Investor's total investment with the Portus Group, with the average Pre-Receivership Automatic Payments being approximately 0.75% of an individual Investor's total investment with the Portus Group.

Continuing Uncertainty re Amounts to be Available for Distribution

10. As described in the Third Report, the Receiver is not yet certain of the total assets and liabilities of the Portus Group, due to factors including the complexity of the structure, domestic and offshore wire transfers, and the deliberate destruction or removal of certain of the Portus Group's records. Consequently, the Receiver cannot yet determine the precise amount that will be available to satisfy the claims of Investors.
11. The Receiver has prepared a "Preliminary Statement of Assets and Liabilities Based on Current Location of Assets" and a "Preliminary Statement of Potential Recoveries to Investors" (together, the "Preliminary Statement"), copies of which are attached hereto as Schedule "B". It is essential to note that although this Schedule sets out the location of these assets, it does not set out title to such assets as the Receiver has not yet conducted sufficient due diligence to make a recommendation to this Honourable Court in that regard.

12. Given the relatively few Investors who appear to be experiencing actual hardship, and the amount of assets remaining in the Portus Group (as set out in the Preliminary Statement), it would appear that if some preliminary relief is provided to those Investors actually experiencing hardship it would not unduly prejudice other Investors.

Hardship Committee

13. The Receiver recommends that this Honourable Court authorize the Receiver to establish a “hardship committee” (the “Hardship Committee”) to review requests by individual Investors for interim distributions and make interim distributions to Investors who can establish that special consideration is justified.

Terms of Reference

14. In conjunction with Representative Counsel, the Receiver has developed a proposed protocol for the Hardship Committee (the “Terms of Reference”). A copy of the proposed Terms of Reference and Schedules thereto are attached hereto as Schedule “C”.

Notice

15. The Receiver is aware that the recommendations made by the Hardship Committee may affect creditors and other stakeholders, including any ultimate recovery that they may receive. In order to allow the other stakeholders to address the Court with any issues or concerns regarding the Terms of Reference and the Hardship Committee, the Receiver recommended to the Court that notice be provided as described in the Third Report (the “Hardship Committee Notice Program”).
16. The Hardship Committee Notice Program was approved pursuant to the Order of the Honourable Mr. Justice C.L. Campbell of the Ontario Superior Court of

Justice dated April 8, 2005 (the “April 8th Order”). A copy of the April 8th Order is attached hereto as Schedule “D”.

17. In accordance with the April 8th Order, the Receiver provided notice of the proposed Terms of Reference, the Hardship Committee and its mandate by (i) sending notice (at the last address known to the Receiver) to all companies in the Portus Group, Campbell, Manor, Mendelson, Joseph Carlen, the Canada Revenue Agency, and all registrants against any of the Portus Group under the various provincial personal property security registration systems, describing the Hardship Committee and directing such persons to the Receiver’s website; (ii) posting an open letter to Investors from Representative Counsel providing a description of the Hardship Committee on the Receiver’s website; and (iii) placing advertisements in the Toronto Globe & Mail and the National Post, describing the Hardship Committee and directing interested persons to the Receiver’s website.

Interim Distributions

18. The Receiver requests that this Honourable Court authorize the Receiver to make interim distributions in the maximum aggregate amount of \$10 million to Investors who demonstrate to the Hardship Committee that they are sustaining hardship, as determined by the Hardship Committee in accordance with the Terms of Reference, provided that the amount of any interim distributions to an Investor shall be in an aggregate amount of no more than 10 percent of the such Investor’s total investment (less any previous distributions or redemptions) with the Portus Group.
19. The Receiver will make any such interim distributions from funds currently held in the Prime Brokerage Account. In this regard, pursuant to paragraph 4 of the Amended & Restated Order the Receiver has requested that RBCDS transfer an amount of \$10 million from the funds held in the Prime Brokerage Account to a bank account to be established by the Receiver at RBC.

International Investment Structure

20. As described in the Third Report, based on the information available to the Receiver it appears that a parallel or similar investment structure was designed and implemented for International Investors (the “International Investment Structure”).
21. Based on the information available to the Receiver, the International Investment Structure mirrored the PAAM domestic structure as follows: Portus Alternative Asset Management Inc. (BVI) (“Portus BVI”), a British Virgin Island company, fulfilled the role that PAAM played in the domestic structure. AR Pioneer Fund and PDP Prudent Growth Fund, Ltd., each “exempt” companies under the laws of the Cayman Islands, acted as counterparties.
22. Based upon the information available to the Receiver, the Receiver understands that the International Managed Accounts appear to have been established for non-United States persons, and include investors who live in Canada, Hong Kong, Bermuda, and Taiwan. These International Investors appear to have been referred to the Portus Group through dealers located in Canada.

International Sales Team

23. The Receiver understands from its discussions with former Portus Group employees that a separate sales team was established by the Portus Group to support the wholesaling of the International Investment Structure to dealers in Canada (the “International Sales Team”). It appears that some account applications and investment funds were sent directly to the Portus Group’s offices in Toronto while other funds were wire transferred to a PAAM account at CIBC in the Cayman Islands and applications were sent to Portus BVI.
24. The Receiver has thus far conducted examinations of Michael Mendelson (“Mendelson”) and Ali Hamid (“Hamid”), pursuant to the Order of the Honourable Mr. Justice C.L. Campbell of the Ontario Superior Court of Justice dated March 29, 2005 (the “March 29th Order”). Both Mendelson and Hamid

advised the Receiver that they did not have substantial knowledge regarding the operations of the International Investment Structure.

25. It appears that the only person that the Receiver has identified thus far with a full understanding of the International Investment Structure is Boaz Manor. However, as described in the Third Report, Manor has refused thus far to make himself available for examination by the Receiver despite the March 29th Order directing Manor to do so. Manor contacted the Receiver's counsel by telephone on April 19, 2005 to advise that he was in the process of retaining Israeli counsel and would advise the Receiver as to his position regarding the examination during the week of April 25, 2005.

Examination of Additional Personnel

26. The Receiver understands that the following persons were members of the International Sales Team: Li Feng ("Feng"), Senior Vice-President, Sales & Service, and Paul Ho ("Ho"), District Vice-President, Sales & Service.
27. In view of the incomplete records available to the Receiver regarding the International Investment Structure, the limited knowledge of Mendelson and Hamid regarding the International Investment Structure, and Manor's refusal to attend an examination, the Receiver is of the view that in order to fulfill its duties it will require information from, among other sources, the International Sales Team, including without limitation Ho.
28. The Receiver has contacted Feng and Ho in an effort to obtain information from them. Feng was unable to provide substantial information. Ho advised that he had been instructed by "management" on February 17, 2005 (the date upon which most Portus Group employees were terminated) not to provide any information with respect to Portus BVI to anyone. The Receiver is of the view that Ho will not assist the Receiver unless compelled to do so by Order of this Honourable Court.

Southview Capital Corp.

29. As the Receiver reviews the available books and records of the Portus Group, the Receiver has identified additional corporations and other entities that play roles in the activities and affairs of the Portus Group. The Receiver is of the view that an expansion of the existing receivership to include certain of these entities is necessary for the Receiver to be in a position to fulfill its mandate.
30. In this regard, the Receiver recommends that KPMG Inc. be appointed as Receiver of Southview Capital Corp. (“SCC”). SCC is a corporation incorporated pursuant to the laws of the Province of Ontario. Manor and Mendelson are each officers and directors of SCC. SCC’s registered address and mailing address are the same as those of PAM and SAM, located at First Canadian Place. Attached hereto as Schedule “E” is a copy of a Corporate Profile Report in respect of SCC.
31. Based upon information available to the Receiver, the Receiver understands that for some period of time, funding from BancNote Corp. to PAM flowed through SCC. Prior to December 2004, most of the Portus Group employees appear to have been on a payroll in the name of SCC.
32. The BCE Place Premises are comprised of two separate suites of offices. SCC is the lessee of one of these suites, and is a sublessee of the other. PAM became the sole tenant of the latter offices pursuant to an Assumption Agreement with SCC. SCC subleased the Portus Group premises located at First Canadian Place.
33. Based upon the Receiver’s review of the available business records of the Portus Group, PAAM, PAM and SAM are collectively indebted to SCC in the amount of \$3.3 million.

34. Based on the information available to the Receiver, it appears that SCC's initial funding was provided by Boaz Manor's sister-in-law through a company in Hong Kong company called Bringwood Investments. It appears from information provided by a former principal of the Portus Group that a portion of this initial funding was repaid in February 2005 by a transfer of \$900,000 from PAM through SCC to Bringwood Investments.

Removal of Malachite Fund from Receivership

35. The Receiver was appointed over the property, assets and undertaking of the Malachite Fund pursuant to an Order of the Court dated March 29, 2005.
36. Pursuant to a Supplemental Declaration of Trust dated December 6, 2004, PAAM replaced Hymas Investment Management Inc. ("Hymas") as Trustee of the Malachite Fund. Hymas had resigned as Trustee of the Malachite Fund, which it founded, as part of a plan to integrate the Malachite Fund into a portfolio of funds to be managed or controlled by the Portus Group.
37. It is the Receiver's understanding that no other steps were ever taken to integrate the Malachite Fund into the Portus Group. Portus Group did not solicit investment funds for the Malachite Fund, and there are no Investment Funds contained therein.
38. The Receiver recommends that this Honourable Court issue an Order discontinuing the receivership as against the Malachite Fund, removing PAAM as Trustee thereof, and re-appointing Hymas Investment Management Inc. as such.

Engagement of Consultant

39. As discussed in the Third Report, PAAM acts as investment advisor with respect to the Portus Alternative Investment Master Fund, which was established as a fund of the Lyxor Master Fund. It has also been determined that PAAM acts as an investment advisor to the Portus Alternative Investment Fund, also a fund of

the Lyxor Master Fund. In anticipation of PAAM's removal as investment advisor to these two funds, the Receiver is of the view that it is appropriate that a consultant be engaged to conduct a cost benefit analysis with respect to the possibility of recommending, among other things, an investment firm to replace PAAM as investment advisor to these two funds.

40. The Receiver has discussed this matter with Representative Counsel in this regard, and it is the Receiver's understanding that Representative Counsel also supports such an engagement.
41. The Receiver is currently in discussions with certain parties with a view to reaching terms of engagement.

Regulator Communications Protocol

42. As discussed in the Third Report, the Receiver is of the view that it is in the best interests of the Investors for the Receiver to communicate directly with provincial securities commissions and other securities industry regulators (the "Regulators") for the purpose of passing on certain information with respect to the Receiver's activities.
43. The Receiver has developed a communications protocol (the "Regulator Communications Protocol") describing the manner in which the Receiver intends to provide information to the Regulators. A copy of the Regulator Communications Protocol is attached hereto as Schedule "F".

Conclusion

44. For all of the above reasons, the Receiver respectfully requests that this Honourable Court issue an Order:
 - (i) approving the establishment of the Hardship Committee;
 - (ii) approving the Hardship Terms of Reference;

- (iii) authorizing the Receiver to make interim distributions to persons demonstrating hardship;
- (iv) directing Ho to attend an examination by the Receiver.
- (v) appointing KPMG Inc. as Receiver, without security, over all property, assets and undertaking of Southview Capital Corp;
- (vi) directing the removal of the Malachite Fund from Schedule “A” to the Amended & Restated Order, and discharging the Receiver in respect of the Malachite Fund;
- (vii) removing PAAM as Trustee of the Malachite Fund, and re-appointing Hymas Investment Management Inc. as such;
- (viii) authorizing the Receiver to appoint a consultant for the purpose of conducting a cost benefit analysis for the purpose of recommending, among other things, an investment firm to replace PAAM as investment advisor to the Portus Alternative Investment Master Fund and the Portus Alternative Investment Fund, subject to such terms as the Receiver deems appropriate and as may be agreed to between such parties;
- (ix) amending paragraph 18 of the Amended & Restated Order to add the following words: “... provided that for the purpose of this paragraph, the term “Receiver” shall include any agents, consultants, solicitors or other persons engaged or retained by the Receiver for the purpose of the administration of the receivership.”; and
- (x) approving the Regulator Communications Protocol, in the form to be handed to the Court.

ALL OF WHICH IS RESPECTFULLY SUBMITTED BY:

KPMG INC. in its capacity as
Court –Appointed Receiver of Portus
Alternative Asset Management Inc., Portus
Asset Management Inc., BancNote Corp.,
and certain other entities and assets, and with
no personal or corporate liability.



Elizabeth J. Murphy

SCHEDULE "A"

Court File No.05-CL-5792

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) FRIDAY, THE 8TH DAY
)
JUSTICE C.L. CAMPBELL) OF APRIL, 2005

ONTARIO SECURITIES COMMISSION

Applicant



- and -

PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. and BANCNOTE CORP.

Respondents

AMENDED & RESTATED INITIAL ORDER

THIS MOTION, made by KPMG Inc. in its capacity as receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of Portus Alternative Asset Management Inc., Portus Asset Management Inc., BancNote Corp. and the entities and assets listed at Schedule "A" hereto (collectively, the "Debtors", which term for greater certainty includes any of them) was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the Third Report of the Receiver dated April 5, 2005, and on hearing the submissions of counsel for the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that the appointment of KPMG Inc. as Receiver pursuant to section 129 of the *Securities Act* (Ontario) (the "Act"), without security, of all of the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (collectively, the "Debtors' Property") and any assets, undertakings and properties relating to the Debtors' business, including without limitation, that which is in the possession or under the control of the Debtors or any other Person (as defined herein) including cash, deposit instruments, securities or other property held in trust for any other person (collectively, the "Other Property"), be and it is hereby confirmed, provided that such appointment is effective as of March 4, 2005 with respect to PAAM, PAM and BancNote Corp, and as of March 29, 2005 with respect to all other Debtors.

RECEIVER'S POWERS

3. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Debtors' Property and the Other Property (collectively the "Property") and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive and collect all monies, dividends or other amounts payable in respect of the Property;
- (c) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- (e) to engage such investment managers, fund managers, portfolio managers, hedge fund managers and other financial professionals from time to time and on whatever basis, including on a temporary basis, as may in the opinion of the Receiver be appropriate;
- (f) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to carry out the terms of the Receiver's appointment;
- (g) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (h) to settle, extend or compromise any indebtedness owing to the Debtors;
- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (j) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtors;
- (k) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (l) to report to, meet with and discuss with any party deemed necessary or advisable by the Interim Receiver, including without limitation any secured and unsecured creditors of the Debtors, investors in any of the Debtors, any other stakeholders of the Debtors, and any of their advisors as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (m) without limiting the foregoing subparagraph (l), to report to, meet with and discuss with any regulatory bodies including provincial securities commissions and any securities exchanges and their advisors as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (p) to enter into arrangements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors and the power to lend money to or indemnify any such trustee, such trustee borrowings or indemnity not to exceed \$100,000 unless otherwise increased by this Court;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, shall provide the Receiver with account numbers and/or names under which Property may be held by third parties, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to take possession and control of any funds held in the name of the Debtors, in any former names of the Debtors (including, without limitation, in the name of Paradigm Alternative Asset Management Inc.) or by a third party for the benefit of the Debtors, or any stakeholders of the Debtors, including, without limitation, all amounts standing to the credit or in the name of Market Neutral Preservation Fund at Royal Bank of Canada or RBC Dominion Securities Inc. (together, "RBC") or any of the funds listed at Schedule "B" hereto .

6. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors or the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of

Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. THIS COURT ORDERS that that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information

8. THIS COURT ORDERS that Internet Service Providers and other Persons which provide e-mail, world wide web, file transfer protocol, Internet connection or other similar services to the Debtors and/or their present and former directors, officers, employees and agents shall deliver to the Receiver all documents, server files, archive files and any other information in any form in any way recording messages, e-mail correspondence or other information sent or received by such directors, officers, employees or agents in the course of their association with the Debtors.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

10. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided that nothing herein shall prevent the commencement or continuation of any proceedings against the Debtors by the Commission, including without limitation the proceedings commenced by Notice of Hearing issued February 2, 2005 pursuant to sections 127 and 127.1 of the *Securities Act* (Ontario), as ordered on February 10, 2005.

NO EXERCISE OF RIGHTS OR REMEDIES

11. THIS COURT ORDERS that all rights and remedies against the Debtors or affecting the Property are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, or (iii) prevent the filing of any registration to preserve or perfect a security interest or a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

12. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, arrangement, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

13. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering,

interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

14. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Debtors' Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

15. THIS COURT ORDERS that the employment of each employee of the Debtors is hereby terminated. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction, provided that pursuant to subsection 14.06(1.2) of the BIA, the Receiver shall not be liable for any amount that is or could be due to an employee by the Debtors including, without limitation, any amount calculated by reference to any period of employment, service or seniority that precedes the date of this Order. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA.

16. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to any party to the extent desirable or required to carry out the provisions of this Order. Each person to whom such personal information is disclosed shall maintain and protect the privacy of such information and shall limit the use of such information to a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

17. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that the Receiver shall promptly advise the Ontario Ministry of the Environment of any obvious or known environmental condition existing on or in any of the Property in accordance with applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it in fact takes possession.

LIMITATION ON THE RECEIVER'S LIABILITY

18. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part.

RECEIVER'S ACCOUNTS

19. THIS COURT ORDERS that any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees and disbursements of the Receiver, its agents and the fees and disbursements of its legal counsel, incurred at the normal rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").

20. THIS COURT ORDERS the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and their legal counsel are referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$250,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

23. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

24. THIS COURT ORDERS that the Receiver may at any time apply for its discharge as Receiver in the event that the Property is not, in the opinion of the Receiver, likely to be sufficient to indemnify the Receiver for its remuneration, costs, expenses and liabilities.

25. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "C" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

26. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis.

SERVICE

27. THIS COURT ORDERS that the Receiver is at liberty to serve notice of its appointment as Receiver by placing advertisements regarding such appointment substantially in the form attached hereto as Schedule "D" in at least two (2) Canadian daily newspapers with national distribution, and such advertisements shall constitute effective notice of the appointment of the Receiver and all Persons shall be deemed, absent evidence to the contrary, to have received notice of the appointment.

28. THIS COURT ORDERS that, except as otherwise specified herein, the Receiver is at liberty to serve any notice, form or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective addresses or other contact particulars as last indicated in the records of the Debtors and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.

29. THIS COURT ORDERS that the Receiver may serve any court materials in these proceedings (including, without limitation, application records, motion records, facts and orders) on all represented parties electronically, by e-mailing a PDF or other electronic copy of such materials (other than any book of authorities) to counsels' e-mail addresses as recorded on the service list, and posting a copy of the materials to an internet website to be hosted by KPMG Management Services LP (the "Website") as soon as practicable thereafter, provided that the Receiver shall deliver hard copies of such materials to any party requesting same as soon as practicable thereafter.

30. THIS COURT ORDERS that any party in these proceedings (other than the Debtors) may serve any court materials (including, without limitation, application records, motion records, facts and orders) electronically, by emailing a PDF or other electronic copy of all materials (other than any book of authorities) to counsels' e-mail addresses as recorded on the service list; provided that such party shall deliver both PDF or other electronic copies and hard copies of full materials to counsel to the Receiver and to any other party requesting same and the Receiver shall cause a copy to be posted to the Website, all as soon as practicable thereafter.

31. THIS COURT ORDERS that, unless otherwise provided herein or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings unless such Person has served a Notice of Appearance on the solicitors for the Receiver and has filed such notice with this Court.

GENERAL

32. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

33. THIS COURT ORDERS that the Receiver shall be entitled to make an assignment in bankruptcy on behalf of the Debtors, with leave of the Court first being obtained.

34. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors, with leave of the Court first being obtained.

35. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or elsewhere (including without limitation the Cayman Islands, British Virgin Islands, Panama, Costa Rica and the State of Israel) to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

36. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

37. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

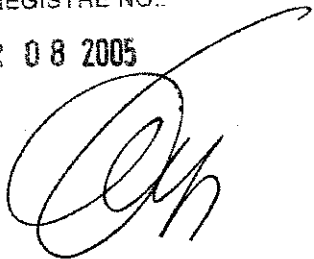


DAVID EVANS
REGISTRAR

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

APR 08 2005

PER/PAR:



SCHEDULE "A"

Other Entities

Southview Asset Management Inc.
Market Neutral Preservation Fund
MNB Trust
BancNote Trust Series II
BancNote Trust Series III
BancNote Trust Series IV
BancNote Trust Series V
BancNote Trust Series VI
BancNote Trust Series VI(a)
BancNote Trust Series VIII
BancNote Trust Series VIII(a)
BancNote Trust Series X
BancNote Trust Series X(a)
Preservation Fund Series II
Preservation Fund Series III
BancLife Trust Series I
BancLife Trust Series II
Malachite Aggressive Preferred Fund

Assets

Assets located in Canada of:

Premiers Derives Paris Inc.
BNote Management Inc.

SCHEDULE "B"

HEDGE FUNDS

Fund Name

Portus BancLife Trust – Series 1

Portus BancLife Trust – Series II

Portus BancNote Trust – Series II

Portus BancNote Trust – Series III

Portus BancNote Trust – Series IV

Portus BancNote Trust – Series V

Portus BancNote Trust – Series VI

Portus BancNote Trust – Series VIa

Portus BancNote Trust – Series VIII

Portus BancNote Trust – Series VIIIa

Portus BancNote Trust – Series X

Portus BancNote Trust – Series X (a)

Portus BancNote Trust – Series XII

Portus BancNote Trust – Series Xii (a)

Portus Market Neutral Preservation Fund

SCHEDULE "C"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that KPMG Inc., the receiver (the "Receiver") of all of the assets, undertakings and properties of Portus Alternative Asset Management Inc., Portus Asset Management Inc. and BancNote Corp. appointed by Order of the Ontario Superior Court of Justice (the "Court") dated the ___ day of _____, 2005 (the "Order") made in an application having Court file number _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property (as defined in the Order) as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 2005.

KPMG Inc., solely in its capacity
as Receiver, and not in its personal capacity

Per: _____

Name:

Title:

SCHEDULE "D"

NOTICE

in respect of

**Portus Alternative Asset Management Inc., Portus Asset Management Inc.
and BancNote Corp. (collectively, the "Debtors")**

Please be advised that pursuant to the Order of the Honourable Mr. Justice • of the Ontario Superior Court of Justice (Commercial List) dated March 4, 2005 in Court File No. • (the "Order"), KPMG Inc. has been appointed as Receiver (the "Receiver") of all of the Debtors' assets, undertakings and properties. The appointment of the Receiver was made under Section 129 of the Ontario *Securities Act*.

A copy of the Order and other information regarding the Receiver's appointment are available online at www.•. The Receiver has established a helpline available at (•).

ONTARIO SECURITIES COMMISSION
Applicant

and

PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. and BANCNOTE
CORP.

Respondents

Court File No.05-CL-5792

ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding commenced in Toronto

**AMENDED AND RESTATED INITIAL
ORDER**

ThorntonGroutFinnigan LLP

Barristers and Solicitors

Suite 2200, P.O. Box 329

Royal Trust Tower

Toronto-Dominion Centre

Toronto, ON M5K 1K7

John L. Finnigan (LSUC #240408)

James H. Grout (LSUC# 22741H 1B)

Gregory R. Azeff (LSUC# 45324C)

Tel: (416) 304-1616

Fax: (416) 304-1313

Solicitors for KPMG Inc., in its capacity as
Receiver of Portus Alternative Asset
Management Inc., Portus Asset Management
Inc., BancNote Corp. and related entities

SCHEDULE "B"

PRELIMINARY STATEMENT OF ASSETS AND LIABILITIES BASED ON CURRENT LOCATIONS WHERE ASSETS RESIDE

(CDN \$ Millions)

ASSETS	PAAM	PAM	SAM	BancNote Corp.	PDP & Bnote	Prime Brokerage Account	Total
Cash (Domestic & Offshore)	20.5 ⁽¹⁾	6.7		0.2			\$27.4
- Bank Accounts							106.0
- Brokerage Accounts							529 ⁽²⁾
Société Générale (Canada) Notes							1.9 ⁽³⁾
Société Générale Call Option							\$664.3
LIABILITIES							
Investors	750.4						750.4
Offshore Investors ⁽⁴⁾	83.1						83.1
Unexplained Offshore Transfers ⁽⁵⁾	238.0						238.0
Preferred ⁽⁶⁾							- Unknown-
Secured ⁽⁶⁾							- Unknown-
Unsecured	7.9	1.2					9.1
- Taxes payable	0.6	2.2					2.9
- Southview Capital Corp.	0.1	2.7	0.5				3.3
							\$1,086.8
Assets							
- PAAM		3.7					4.9
- PAM			12.2				12.2
- SAM		13.9					13.9
Liabilities							
- PAAM	3.7						3.7
- PAM	1.2	12.2					13.4
- SAM			13.9				13.9

Preliminary Inter-company Balances

NOTES:

- (1) 670 thousand in USD, 37.5 thousand of which resides in offshore bank accounts, converted at 1 USD to 1.2108 CDN
- (2) Subscription price
- (3) 1.6 million in USD, converted at 1 USD to 1.2108 CDN. Contract last valued as at March 18, 2005
- (4) 68.6 million in USD, converted at 1 USD to 1.2108 CDN
- (5) Unexplained CDN offshore transfers
- (6) Current value unknown

The Receiver has compiled the above financial information from the available records of the Portus Group or from third parties. The Receiver is continuing its review of the available records and as a result new or different information may come to its attention which may result in material adjustments being required to be made. In view of the uncertainties inherent in a Receivership the ultimate quantum of the assets and liabilities will differ from the above amounts and the difference may be material.

The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information.

SCHEDULE "C"
HARDSHIP COMMITTEE
TERMS OF REFERENCE

WHEREAS:

- (a) Pursuant to the Orders of the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the "Court") including, without limitation, the Amended and Restated Order dated April 8, 2005 (the "Amended & Restated Order"), KPMG Inc. has been appointed as Receiver of all of the assets, undertakings and properties of Portus Alternative Asset Management Inc. ("PAAM"), Portus Asset Management Inc. ("PAM"), BancNote Corp. and certain other entities and assets (collectively, the "Portus Group");
- (b) The Receiver was appointed pursuant to the Application of the Ontario Securities Commission (the "OSC"), under section 129 of the *Securities Act* (Ontario), in order to protect the interests of the approximately 26,000 persons who made investments with the Portus Group (collectively, the "Investors");
- (c) Pursuant to the Order of the Court dated March 9, 2005, Douglas I. Knowles was appointed as representative counsel on behalf of the Investors (the "Representative Counsel");
- (d) It has come to the Receiver's attention that certain Investors may be experiencing severe hardship due to their inability to redeem their investments with the Portus Group;
- (e) The Receiver is not yet in a position to determine with certainty the total amount of assets and liabilities of the Portus Group, but it does appear likely that the Investors will receive at least a partial, *pro rata* distribution in respect of their claims;
- (f) The Receiver intends to invite persons claiming hardship as a result of their inability to redeem their investments with the Portus Group to make an application in writing (an "Application") to the Receiver for an interim distribution from the estates of the Portus Group (an "Interim Distribution");
- (g) The business records of the Portus Group (the "Records") are incomplete, due in part to attempts made to delete and/or corrupt electronic data, and accordingly it may not be possible to corroborate or confirm the facts set out in an Application; and
- (h) These Terms of Reference have been approved by the Court for use in determining whether or not an Interim Distribution should be made to an Investor claiming hardship,

NOW THEREFORE the Terms of Reference of the Hardship Committee are as follows:

1. GENERAL PROVISIONS

- (a) a committee to consider hardship suffered by Investors shall be established consisting of three individuals including a representative of the Receiver, Representative Counsel (or a member of Fraser Milner Casgrain LLP designated by Representative Counsel), and a third individual to be appointed jointly by the Receiver and Representative Counsel (the “Third Member”);
- (b) the committee shall be designated as the “Portus Hardship Committee” (the “Hardship Committee”);
- (c) the following provisions and restrictions contained herein shall apply to the Hardship Committee:
 - (i) all members of the Hardship Committee must be present to constitute a quorum;
 - (ii) except as provided in (vii) below, until otherwise ordered by the Court, each member of the Hardship Committee shall continue to be a member thereof;
 - (iii) no decision shall be made by the Hardship Committee except by unanimous decision at a meeting of its members at which a quorum is present;
 - (iv) the Hardship Committee shall meet on a day at a time to be convened by KPMG Inc. at a time convenient to all members;
 - (v) KPMG Inc. can convene a meeting on 24 hours notice to each member (or such shorter notice period as may be agreed by the members) and notice of any meeting can be given by telephone;
 - (vi) members may participate in a meeting by conference call;
 - (vii) a member of the Hardship Committee may be temporarily or permanently replaced by KPMG Inc. and Representative Counsel acting jointly upon written notice from the committee member requesting a temporary or permanent replacement for themselves;

- (viii) the Hardship Committee may, if necessary, utilize counsel to KPMG Inc. as may be required and may apply to the Court for directions;
- (ix) the members of the Hardship Committee shall in the exercise of their mandate conform to any order that may from time to time be made or imposed upon it by the court.
- (x) the Third Member of the Committee is to be remunerated as agreed upon by KPMG Inc. and Representative Counsel acting jointly.

2. HARDSHIP CONSIDERATIONS

- (a) at each meeting the members of the Hardship Committee shall consider submissions by Investors as to any hardship or inconvenience caused by the restrictions on dealing with their accounts, including restrictions on pre-authorized redemptions and payments to Investors, and may make any decision as the Hardship Committee sees fit to deal with these submissions;
- (b) criteria for hardship are as follows:
 - (i) the use of cash must be for a non-discretionary purpose but can be used to provide for necessities of life;
 - (ii) alternative sources of funds available for the Investor must be limited;
 - (iii) the need for cash must be immediate; and
 - (iv) failure to meet the need will result in serious prejudice to the Investor;
- (c) the criteria for determining hardship are intended to be restrictive but not exhaustive;
- (d) in the case where a hardship is identified and a payment is to be made, the maximum amount of total payments made to any one Investor shall not exceed 10% of the Investor's total funds invested (less any previous redemptions) with the Portus Group;
- (e) in making its decision, the Hardship Committee shall balance the interests of all of the claimants to the Portus estate against the problems of individual Investors, including the following;

- (i) the total assets and liabilities identified by the Receiver and/or Trustee in Bankruptcy;
- (ii) the likelihood that assets will be available for distribution to the Investors;
- (iii) the Investor's investment redemption history prior to the receivership;
- (iv) the degree of hardship demonstrated by the Investor;
- (v) other resources available to the Investor;
- (vi) the amount invested by the Investor; and
- (vii) the degree to which the facts set out in the Application can be corroborated and confirmed with the Records.

3. PROCEDURE

- (a) a request for consideration of their individual need may be made by the Investor by telephone via a "1-800" telephone number, or by other communication;
- (b) any matter that appears to be a hardship case shall be referred to an individual designated to handle the initial hardship requests;
- (c) Investors shall be contacted by telephone and will be advised that:
 - (i) there will be exceptions made in the case of financial hardship to the restrictions on the accounts, and the criteria for hardship (see 2(b)) will be described;
 - (ii) a Hardship Committee has been stuck in an attempt to assist those Investors experiencing financial hardship;
 - (iii) questions will be asked to elicit information and determine credibility of the request: account number, type of account, approximate value, and nature of hardship;
 - (iv) if an Investor does not wish to provide information by telephone, the Investor will be mailed or e-mailed Appendix A;
- (d) based on the information received, a report will be prepared (Appendix A) and submitted to the Hardship Committee for its consideration;
- (e) the Hardship Committee will meet to consider the request and minutes will be prepared at each meeting, detailing every decision reached and reasons related thereto with respect to each request for hardship consideration;

- (f) if the request is granted, a letter in the form attached as Appendix B will be sent to the Investor enclosing the completed Appendix A advising that such Investor must fill out and return the statutory declaration (Appendix C); and
- (g) if the request is not granted by the Hardship Committee, a letter will be sent to the Investor in the form attached as Appendix D.

4. GENERAL

- (a) Any Interim Distribution to an Investor shall be an advance against any future disbursement(s) that such Investor may otherwise be entitled to.
- (b) In the course of acting on the Hardship Committee, members will receive, review and otherwise be advised of confidential information (including personal information), documents and/or materials (collectively, the "Confidential Information"), including without limitation Confidential Information relating to (a) the business, operations, financial condition and/or affairs of the Portus Group; and (b) former officers, directors, employees, clients, Investors and/or shareholders of the Portus Group. Where Confidential Information is provided to the Hardship Committee, the Hardship Committee will keep the Confidential Information confidential.
- (c) Neither the Members of the Hardship Committee, Representative Counsel nor the Receiver shall be liable for any decision or refusal to make an Interim Distribution to an Investor.
- (d) Ordinary tax consequences will flow from any withdrawal from an investor's account.

Appendix B

**LETTER TO PORTUS INVESTOR WHO
WILL BE RECEIVING A HARDSHIP PAYMENT**

Dear: _____

As you are aware, Portus Alternative Asset Management Inc., Portus Asset Management Inc., and Bancnote Corp. was assigned into _____ on _____ 2005. KPMG Inc. is the _____ of Portus.

As a result of the insolvency of Portus, certain investor accounts are frozen, or are dealt with in a limited fashion other than in exceptional circumstances. Your request for a release of funds from your account has been considered by the Portus Hardship Committee and it has been determined that your request meets the criteria for exceptional circumstances.

Enclosed you will find a Statutory Declaration. Please complete the Declaration before a Commissioner or Notary Public. You may return the Declaration to KPMG Inc. in the enclosed self-addressed envelope and a cheque will be mailed to you.

If you have any questions please do not hesitate to call the following numbers:

Yours very truly,

KPMG Inc. in its capacity as _____

Per: _____

Appendix C
STATUTORY DECLARATION

CANADA
PROVINCE OF

) IN THE MATTER OF
) Portus Alternative Asset Management Inc.
) Portus asset Management Inc.
) Bancnote Corp (collectively, "Portus")

TO WIT:

I, _____, of the _____ of
_____, in the Province of _____
(Occupation)

DO SOLEMNLY DECLARE THAT:

1. I wish to receive an extraordinary payment in the amount of \$_____ in respect of my Portus account, Account No. _____.
2. I am the person entitled to receive the payment and know the facts surrounding the request.
3. The facts contained in the attached Appendix A are true and completely and accurately describe my situation.
4. I have no practical source of funds available to me to deal with the hardship described.
5. I understand that Portus has (been placed in Receivership and/or bankruptcy) and any payment made pursuant to this request will be treated as an advance distribution payment to me by KPMG Inc. and shall be applied against any distribution I may be entitled to in respect of my initial investment less redemptions.

6. I have been advised that in receiving this request the discretion of the Hardship Committee is absolute and I will abide by the request. Other than as contained herein, all my rights and remedies against Portus pursuant to my account remain effective.

AND I make this solemn declaration conscientiously believing the same to be true and knowing it is of the same force and effect as if made under oath.

DECLARED before me at the
_____, in the Province
of _____, this
____ day of _____, 2005.

A Commissioner for taking Affidavits
Within _____.

Appendix D

**LETTER TO PORTUS INVESTORS WHO
WILL NOT BE RECEIVING A HARDSHIP PAYMENT**

Dear: _____:

The Portus Hardship Committee (the "Committee") has considered your request for special consideration as a result of hardship. Based on the information currently available to the Committee, the Committee has determined that your request does not meet the criteria established to create an exception to the current restrictions on dealing with investor including recovering any preauthorized payments, for the following reason(s) _____. As you have been advised, the criteria for hardship are as follows:

- (a) the cash must be for a non-discretionary purpose and can be used to provide the necessities of life;
- (b) the investor must have limited sources of funds available;
- (c) the need for cash must be immediate; and/or
- (d) failure to meet the need will result in serious prejudice to the customer.

If you feel there are additional facts of which the Committee may be unaware, please feel free to provide that further information to the Committee.

Yours truly,

KPMG Inc. in its capacity as _____

Per: _____

SCHEDULE "E"

Court File No.05-CL-5792

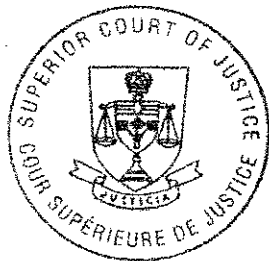
ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.) FRIDAY, THE 8TH DAY
)
JUSTICE C.L. CAMPBELL) OF APRIL, 2005

ONTARIO SECURITIES COMMISSION

Applicant

- and -



PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. and BANCNOTE CORP.

Respondents

ORDER

THIS MOTION made by KPMG Inc. in its capacity as the Receiver (the "Receiver") without security of all of the assets, undertakings and properties of Portus Alternative Asset Management Inc., Portus Asset Management Inc., BancNote Corp. and the entities (collectively, the "Debtors", which term for greater certainty includes any of them) and assets listed at Schedule "A" hereto was heard this day at 393 University Avenue, Toronto, Ontario.

UPON READING the Third Report of the Receiver dated April 5, 2005 (the "Third Report"), and on hearing the submissions of counsel for the Receiver, counsel for the Applicant the Ontario Securities Commission, counsel for the Respondent Portus Asset Management Inc., Representative Counsel, counsel for Ali Hamid, counsel for Manulife Securities Inc. and counsel for certain class action plaintiffs:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein be and it is hereby abridged such that this motion is properly returnable today and hereby dispenses with further service thereof.

HARDSHIP COMMITTEE NOTICE PROGRAM

2. THIS COURT ORDERS that the Hardship Committee Notice Program (as defined in the Third Report) be and it is hereby approved.

BANKRUPTCY

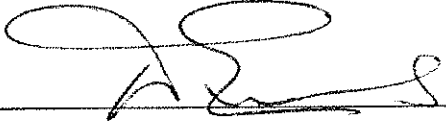
3. THIS COURT ORDERS that the Receiver be and it is hereby authorized to issue an Application for a Bankruptcy Order against the Debtors on a consolidated basis.

4. THIS COURT ORDERS that, in the event that the Receiver obtains a Bankruptcy Order against the Debtors on a consolidated basis, the Official Receiver be and it is hereby directed to open one estate file bearing the style of cause in the form attached hereto as Schedule "B" and shall assign one estate file number to the consolidated estate.

GENERAL

5. THIS COURT ORDERS that the conduct of the Receiver and its counsel, as described in the Third Report, be and it is hereby approved.

6. THIS COURT ORDERS that the balance of the relief sought by the Receiver be and it is hereby adjourned to Wednesday, April 27, 2005.

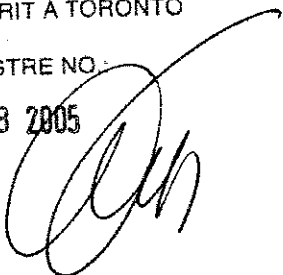


DAVID EVANS
REGISTRAR

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 08 2005

PER/PAR:



SCHEDULE "A"

Other Entities

Southview Asset Management Inc.
Market Neutral Preservation Fund
MNB Trust
BancNote Trust Series II
BancNote Trust Series III
BancNote Trust Series IV
BancNote Trust Series V
BancNote Trust Series VI
BancNote Trust Series VI(a)
BancNote Trust Series VIII
BancNote Trust Series VIII(a)
BancNote Trust Series X
BancNote Trust Series X(a)
Preservation Fund Series II
Preservation Fund Series III
BancLife Trust Series I
BancLife Trust Series II
Malachite Aggressive Preferred Fund

Assets

Assets located in Canada of:

Premiers Derives Paris Inc.
BNote Management Inc.

SCHEDULE "B"

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)**

IN THE MATTER OF THE BANKRUPTCY OF PORTUS ALTERNATIVE ASSET MANAGEMENT INC., PORTUS ASSET MANAGEMENT INC., BANCNOTE CORP., and SSOUTHVIEW ASSET MANAGEMENT INC., each of which is a corporation incorporated pursuant to the *Business Corporations Act* (Ontario) with its principal place of business in the City of Toronto, in the Province of Ontario, together with the trusts listed at Schedule "A" hereto.

Schedule "A"

Trusts

Southview Asset Management Inc.
Market Neutral Preservation Fund
MNB Trust
BancNote Trust Series II
BancNote Trust Series III
BancNote Trust Series IV
BancNote Trust Series V
BancNote Trust Series VI
BancNote Trust Series VI(a)
BancNote Trust Series VIII
BancNote Trust Series VIII(a)
BancNote Trust Series X
BancNote Trust Series X(a)
Preservation Fund Series II
Preservation Fund Series III
BancLife Trust Series I
BancLife Trust Series II
Malachite Aggressive Preferred Fund

ONTARIO SECURITIES COMMISSION
Applicant

and

PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. and BANCNOTE
CORP.

Respondents

Court File No.05-CL-5792

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceeding commenced in Toronto

ORDER

ThorntonGroutFinnigan LLP
Barristers and Solicitors
Suite 2200, P.O. Box 329
Royal Trust Tower
Toronto-Dominion Centre
Toronto, ON M5K 1K7

John L. Finnigan (LSUC #240408)
James H. Grout (LSUC# 22741H 1B)
Gregory R. Azeff (LSUC# 45324C)

Tel: (416) 304-1616
Fax: (416) 304-1313

Solicitors for KPMG Inc., in its capacity as
Receiver of Portus Alternative Asset
Management Inc., Portus Asset Management
Inc., BancNote Corp. and related entities

Request ID: 006891248
Demande n° :
Transaction ID: 25972244
Transaction n° :
Category ID: CT
Catégorie :

Province of Ontario
Province de l'Ontario
Ministry of Consumer and Business Services
Ministère des Services aux consommateurs et aux entreprises
Companies and Personal Property Security Branch
Direction des compagnies et des sûretés mobilières

Date Report Produced: 2005/03/07
Document produit le :
Time Report Produced: 09:51:05
Imprimé à :

CERTIFICATE OF STATUS ATTESTATION DU STATUT JURIDIQUE

This is to certify that according to the records of the Companies and Personal Property Security Branch

D'après les dossiers de la Direction des compagnies et des sûretés mobilières, nous attestons que la société

SOUTHVIEW CAPITAL CORP.

Ontario Corporation Number

Numéro matricule de la société (Ontario)

002006510

is a corporation incorporated, amalgamated or continued under the laws of the Province of Ontario.

est une société constituée, prorogée ou née d'une fusion aux termes des lois de la Province de l'Ontario.

The corporation came into existence on

La société a été fondée le

OCTOBER 26 OCTOBRE, 2001

and has not been dissolved.

et n'est pas dissoute.

Dated

Fait le

MARCH 07 MARS, 2005




Director
Directrice

Request ID: 006891245
Transaction ID: 25972239
Category ID: (C)CC/E

Province of Ontario
Ministry of Consumer and Business Services
Companies and Personal Property Security Branch

Date Report Produced: 2005/03/07
Time Report Produced: 09:50:57
Page: 1

Certified a true copy of the data as recorded on the Ontario Business Information System at Companies and Personal Property Security Branch.


Registrar
Companies and Personal Property Security Branch
Ministry of Consumer and Business Services
Toronto, Ontario

LIST OF CURRENT BUSINESS NAMES REGISTERED BY A CORPORATION

Ontario Corporation Number
2006510

CORPORATION NAME
SOUTHVIEW CAPITAL CORP.

REGISTRATION DATE	BUSINESS NAME	EXPIRY DATE	BUSINESS ID NUMBER
----------------------	------------------	----------------	-----------------------

NO CURRENT BUSINESS NAMES ON FILE!

THE REPORT SETS OUT ALL BUSINESS NAMES REGISTERED OR RENEWED BY THE CORPORATION IN THE PAST 5 YEARS AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. IF MORE DETAILED INFORMATION IS REQUIRED, YOU MAY REQUEST A SEARCH AGAINST INDIVIDUAL NAMES SHOWN ON THIS REPORT.

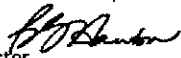
The issuance of this certified report in electronic form is authorized by the Director of Companies and Personal Property Security Branch

Request ID: 006891244
Transaction ID: 25972234
Category ID: (C)CC/E

Province of Ontario
Ministry of Consumer and Business Services
Companies and Personal Property Security Branch

Date Report Produced: 2005/03/07
Time Report Produced: 09:50:48
Page: 1

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Director
Companies and Personal Property Security Branch
Ministry of Consumer and Business Services
Toronto, Ontario

CORPORATION PROFILE REPORT


Ontario Corp Number	Corporation Name	Incorporation Date
2006510	SOUTHVIEW CAPITAL CORP.	2001/10/26
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
FIRST CANADIAN PLACE	NOT APPLICABLE	NOT APPLICABLE
Suite # SUITE 6930 TORONTO ONTARIO CANADA M5X 1A4	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address		Letter Date
FIRST CANADIAN PLACE		NOT APPLICABLE
Suite # SUITE 6930 TORONTO ONTARIO CANADA M5X 1A4	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors Minimum Maximum	Date Ceased in Ontario
	00001 00003	NOT APPLICABLE
Activity Classification		Date Ceased in Ontario
NOT AVAILABLE		NOT APPLICABLE

Request ID: 006891244
Transaction ID: 25972234
Category ID: (C)CC/E

Province of Ontario
Ministry of Consumer and Business Services
Companies and Personal Property Security Branch

Date Report Produced: 2005/03/07
Time Report Produced: 09:50:48
Page: 2

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Director
Companies and Personal Property Security Branch
Ministry of Consumer and Business Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2006510	SOUTHVIEW CAPITAL CORP.

Corporate Name History	Effective Date
SOUTHVIEW CAPITAL CORP.	2001/10/26

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
BO MANOR	165 UNIVERSITY AVENUE Suite # A256 TORONTO ONTARIO CANADA M5H 3B8


Date Began	First Director	Resident Canadian
2001/10/26	NOT APPLICABLE	
Designation	Officer Type	
DIRECTOR		Y

Request ID: 006891244
Transaction ID: 25972234
Category ID: (C)CC/E

Province of Ontario
Ministry of Consumer and Business Services
Companies and Personal Property Security Branch

Date Report Produced: 2005/03/07
Time Report Produced: 09:50:48
Page: 3

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Director
Companies and Personal Property Security Branch
Ministry of Consumer and Business Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2006510	SOUTHVIEW CAPITAL CORP.

Administrator: Name (Individual / Corporation)	Address
BO MANOR	165 UNIVERSITY AVENUE Suite # A256 TORONTO ONTARIO CANADA M5H 3B8

Date Began	First Director	Resident Canadian
2001/10/26	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

Administrator: Name (Individual / Corporation)	Address
MICHAEL J. MENDELSON	50 LATIMER AVENUE NORTH YORK ONTARIO CANADA M5N 2L8


Date Began	First Director	Resident Canadian
2001/10/26	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID: 006891244
Transaction ID: 25972234
Category ID: (C)CC/E

Province of Ontario
Ministry of Consumer and Business Services
Companies and Personal Property Security Branch

Date Report Produced: 2005/03/07
Time Report Produced: 09:50:48
Page: 4

Certified a true copy of the data as recorded on the Ontario Business Information System at Companies and Personal Property Security Branch.


Director
Companies and Personal Property Security Branch
Ministry of Consumer and Business Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2006510

SOUTHVIEW CAPITAL CORP.

Administrator:
Name (Individual / Corporation)

Address

MICHAEL
J.
MENDELSON

50 LATIMER AVENUE

NORTH YORK
ONTARIO
CANADA M5N 2L8

Date Began

First Director

2001/10/26

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT


Y

Request ID: 006891244
Transaction ID: 25972234
Category ID: (C)CC/E

Province of Ontario
Ministry of Consumer and Business Services
Companies and Personal Property Security Branch

Date Report Produced: 2005/03/07
Time Report Produced: 09:50:48
Page: 5

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Director
Companies and Personal Property Security Branch
Ministry of Consumer and Business Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2006510	SOUTHVIEW CAPITAL CORP.

Last Document Recorded		Form	Date
Act/Code	Description		
CIA	ANNUAL RETURN	1C	2002/09/22

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON THE COMPANIES AND PERSONAL PROPERTY SECURITY BRANCH MICROFICHE.

The issuance of this certified report in electronic form is authorized by the Director of Companies and Personal Property Security Branch

SCHEDULE "F"

Regulator Communications Protocol – To be Circulated

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.) WEDNESDAY, THE 27TH DAY
)
JUSTICE C.L. CAMPBELL) OF APRIL, 2005

ONTARIO SECURITIES COMMISSION

Applicant

- and -

**PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. and BANCNOTE CORP.**

Respondents

ORDER

THIS MOTION made by KPMG Inc. in its capacity as the Receiver (the "Receiver"), without security, of all of the assets, undertakings and properties of Portus Alternative Asset Management Inc., Portus Asset Management Inc., BancNote Corp. and certain other entities and assets including without limitation those listed at Schedule "A" hereto (collectively the "Debtors") was heard this day at 393 University Avenue, Toronto, Ontario.

UPON READING the Fourth Report of the Receiver dated April 25, 2005 (the "Fourth Report"), and on hearing the submissions of counsel for the Receiver, counsel for the Applicant the Ontario Securities Commission, and Representative Counsel:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and it is hereby abridged such that this motion is properly returnable today and hereby dispenses with further service thereof.

HARDSHIP COMMITTEE

2. **THIS COURT ORDERS** that the establishment of the Hardship Committee (as defined in the Fourth Report) be and it is hereby approved.

3. **THIS COURT ORDERS** that the Hardship Committee Terms of Reference (as defined in the Fourth Report) be and they are hereby approved.

4. **THIS COURT ORDERS** that the Receiver be and it is hereby authorized to make interim distributions to persons demonstrating hardship, as recommended by the Hardship Committee, provided that the aggregate amount of such interim distributions shall not exceed \$10 million, and further provided that none of the Receiver, Royal Bank of Canada or RBC Dominion Securities Inc. shall have any liability in respect of such interim distributions or any transfers to facilitate such interim distributions.

SOUTHVIEW

5. **THIS COURT ORDERS** that KPMG Inc. be and it is hereby appointed as Receiver, without security, of the assets, undertakings and properties of Southview Capital Corp. ("SCC"), in accordance with the provisions of the Amended and Restated Order of the Honourable Mr. Justice C.L. Campbell of the Ontario Superior Court of Justice (Commercial List) dated April 8, 2005 (the "Amended & Restated Order") and the name of SCC shall be added to Schedule "A" thereto.

6. **THIS COURT ORDERS AND DIRECTS** that the Amended & Restated Order shall be and it is hereby amended such the last line of paragraph 2 thereof shall read, "...BancNote Corp., and as of March 29, 2005 (or subsequent thereto) with respect to all other Debtors."

MALACHITE

7. **THIS COURT ORDERS AND DIRECTS** that the name of Malachite Aggressive Preferred Fund (the “Malachite Fund”) be and it is hereby deleted from Schedule “A” to the Amended & Restated Order, and solely in respect of the receivership of the Malachite Fund it is Ordered that:

- (i) the conduct of the Receiver is hereby ratified, confirmed and approved;
- (ii) the Receiver is hereby discharged; and
- (iii) any and all claims against the Receiver be and they are hereby stayed, barred and forever extinguished.

8. **THIS COURT ORDERS AND DIRECTS** that PAAM be and it is hereby removed as Trustee of the Malachite Fund, and Hymas Investment Management Inc. be and it is hereby appointed as such.

CONSULTANT

9. **THIS COURT ORDERS** that the Receiver be and it is hereby authorized to engage a consultant for the purpose of conducting a cost benefit analysis for the purpose of recommending, among other things, an investment firm to replace PAAM as investment advisor to the Portus Alternative Investment Master Fund and the Portus Alternative Investment Fund, subject to such terms as the Receiver deems appropriate and as may be agreed to between such parties.

10. **THIS COURT ORDERS** that paragraph 18 of the Amended & Restated Order be and it is hereby amended such that the following words are added: “... provided that for the purpose of this paragraph, the term “Receiver” shall include any agents, consultants, solicitors or other persons engaged or retained by the Receiver for the purpose of the administration of the receivership.”

COMMUNICATIONS PROTOCOL

11. **THIS COURT ORDERS** that the Regulator Communications Protocol (as defined in the Fourth Report) be and it is hereby approved.

EXAMINATIONS

12. **THIS COURT ORDERS** that the Receiver be and it is hereby authorized to examine, under oath, Paul Ho ("Ho"), respecting his knowledge of the affairs of the Respondents and that a notice for examination shall be given in the form set forth in Rules of Civil Procedure for examinations for discovery and service shall be effective by facsimile sent on two days notice to Ho (or the solicitors appearing for Ho in this proceeding), and Ho is ordered and directed to attend such examination.

GENERAL

13. **THIS COURT ORDERS** that the conduct of the Receiver and its counsel, as described in the Fourth Report, be and it is hereby approved.

SCHEDULE "A"

Other Entities

Southview Asset Management Inc.
Market Neutral Preservation Fund
MNB Trust
BancNote Trust Series II
BancNote Trust Series III
BancNote Trust Series IV
BancNote Trust Series V
BancNote Trust Series VI
BancNote Trust Series VI(a)
BancNote Trust Series VIII
BancNote Trust Series VIII(a)
BancNote Trust Series X
BancNote Trust Series X(a)
Preservation Fund Series II
Preservation Fund Series III
BancLife Trust Series I
BancLife Trust Series II
Malachite Aggressive Preferred Fund

Assets

Assets located in Canada of:
Premiers Derives Paris Inc.
BNote Management Inc.

ONTARIO SECURITIES COMMISSION
Applicant

and

PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC. and BANCNOTE
CORP.

Respondents

Court File No.05-CL-5792

ONTARIO

SUPERIOR COURT OF JUSTICE

Proceeding commenced in Toronto

MOTION RECORD

ThorntonGroutFinnigan LLP

Barristers and Solicitors

Suite 2200, P.O. Box 329

Royal Trust Tower

Toronto-Dominion Centre

Toronto, ON M5K 1K7

John L. Finnigan (LSUC #240408)

James H. Grout (LSUC# 22741H 1B)

Gregory R. Azeff (LSUC# 45324C)

Tel: (416) 304-1616

Fax: (416) 304-1313

Solicitors for KPMG Inc., in its capacity as
Receiver of Portus Alternative Asset
Management Inc., Portus Asset Management
Inc., BancNote Corp. and related entities