



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor CP 55, 19^e étage
20 Queen Street West 20, rue queenouest
Toronto ON M5H 3S8 Toronto ON M5H 3S8

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

- AND -

**IN THE MATTER OF PORTUS ALTERNATIVE ASSET MANAGEMENT INC.,
PORTUS ASSET MANAGEMENT INC., BOAZ MANOR, MICHAEL MENDELSON,
MICHAEL LABANOWICH AND JOHN OGG**

**SETTLEMENT AGREEMENT
BETWEEN STAFF AND BOAZ MANOR**

PART I - INTRODUCTION¹

1. By Notice of Hearing dated October 5, 2005, the Ontario Securities Commission (the "Commission") announced that it proposed to hold a hearing, commencing on November 14, 2005, pursuant to sections 127, and 127.1 of the *Securities Act*, R.S.O. 1990, c. S. 5, as amended (the "Act"), to consider whether it is in the public interest to make the following orders as specified therein, against Portus Alternative Asset Management Inc. ("PAAM"), Boaz Manor ("Manor"), Michael Mendelson ("Mendelson"), Michael Labanowich ("Labanowich") and John Ogg ("Ogg") (collectively the "Respondents"). The Notice of Hearing was issued in connection with the allegations as set out in the Statement of Allegations of Staff of the Commission dated October 5, 2005.

2. The Commission will issue a Notice of Hearing to announce that it will hold a hearing to consider whether, pursuant to sections 127 and 127.1 of the Act, it is in the public interest for the Commission to approve this Settlement Agreement and to make certain orders in respect of Manor.

¹ Staff and the Respondents all agree that any references to sections of the Act, the Rules or Regulations contained in this Settlement Agreement and any Orders issued by the Commission in relation to this Settlement Agreement are consistent with the Act, Rules or Regulations as they existed at the filing of the Notice of Hearing dated October 5, 2005.

PART II – JOINT SETTLEMENT RECOMMENDATION

3. Staff agree to recommend settlement of the proceeding initiated by the Notice of Hearing dated October 5, 2005 against Manor (the “Proceeding”) in accordance with the terms and conditions set out below. Manor consents to the making of an order in the form attached as Schedule “A”, based on the facts set out below.

PART III – AGREED FACTS

The Corporate Structure

4. PAAM, formerly Paradigm Alternative Asset Management Inc., is a corporation incorporated pursuant to the laws of Ontario on January 10, 2003. Its headquarters were located in Toronto.

5. On March 14, 2003, PAAM was registered with the Ontario Securities Commission (the “Commission”) as an Investment Counsel & Portfolio Manager (“IC/PM”) and Limited Market Dealer (“LMD”). PAAM was similarly registered in all other Canadian jurisdictions with the exception of Quebec. PAAM developed the financial products, distributed directly and indirectly to both accredited and retail investors, that are the subject of this proceeding.

6. Paradigm Asset Management Inc. is a corporation incorporated pursuant to the laws of Ontario on January 8, 2003. Portus Asset Management Inc. is a corporation incorporated pursuant to the laws of Ontario on May 12, 2004. These two entities were amalgamated on May 27, 2004 and the combined entity was continued as Portus Asset Management Inc. (these entities hereinafter are collectively referred to as “PAM”).

7. At all material times, PAM operated out of the same business premises as PAAM in Toronto. PAM was identified as the Fund Manager for the investment products offered by PAAM. PAM was primarily responsible for the marketing of the investment products created by PAAM.

8. Portus Alternative Asset Management Inc. (BVI) (“PAAM BVI”), formerly Paradigm Alternative Asset Management Inc. (BVI), is a corporation incorporated pursuant to the laws of the British Virgin Islands on December 10, 2003.

9. At all material times, the business and affairs of PAAM, PAAM BVI and PAM were so inextricably intertwined that PAAM, PAAM BVI and PAM operated as a single functional entity. They are therefore referred to herein collectively as “Portus”.

10. Manor was the President and Director of PAAM from its inception on January 10, 2003 until March 4, 2005 (the “Material Time”), when KPMG Inc. (“KPMG”) was appointed Receiver over the assets, undertakings and properties of PAAM, PAM and other related entities (the “Receivership”). On February 19, 2003, Manor was registered with the Commission as the Associate Portfolio Manager for PAAM. Manor also held the positions of President and Secretary for PAM from January 8, 2003 to April of 2003. Manor was the chief architect of all of the investment products that are the subject of this proceeding and was a directing mind of all of the entities involved in those products.

11. Mendelson was the primary directing mind of PAM during the Material Time.

Domestic and International Investment Structures

12. Portus marketed three different investment structures (two domestically and one offshore) to investors during the Material Time:

- a) The Market Neutral Preservation Fund (MNPF), offered to accredited investors in Canada beginning in February of 2003;
- b) The BancNote Trust Series (BNT) and the BancLife Trust Series (BLT), offered to Canadian investors through their respective wholesalers from August 2003 to February 2005;

- c) The Offshore Structure, was purportedly identical in structure to the BNT and BLT, except that investments were made in U.S. dollars.

The Market Neutral Preservation Fund

13. Portus' first product, the Market Neutral Preservation Fund (the "MNPF"), was launched in February of 2003 and closed in or about May of 2003. Approximately \$19.2 million was invested in the MNPF primarily by Canadian investors.

14. The MNPF was a non-prospectus qualified mutual fund offered directly to accredited investors by way of Offering Memorandum in reliance upon the accredited investor exemption set out in section 2.3 of OSC Rule 45-501. Units of the MNPF were sold by investment dealers to their clients.

15. PAM was designated as the manager to the MNPF and the MNB Trust (the value of the units of which establish the returns achieved by investors in the MNPF). PAAM was designated as the advisor.

16. The MNPF was professed to offer investors principal protection in addition to a minimum return of 1.12 times the original amount invested. This fund also purportedly offered tax benefits through the deferral of taxes on income/gains and the reduction of taxes on capital gains versus income.

17. These tax benefits would accrue by virtue of a swap agreement whereby the \$19.2 million was to be paid to the Royal Bank of Canada ("RBC") which, through its subsidiary Royal Bank of Canada Dominion Securities ("RBCDS"), invested the funds in a basket of non-dividend paying shares of Canadian companies. RBCDS would then short sell the shares and invest the proceeds back into the trust.

18. The MNPF Offering Memorandum stated that "the manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Trust and to exercise the care, diligence and skill of a prudent and qualified manager."

The BancNote Trust Series and the BancLife Trust Series

19. The next investment product created and issued by Portus in July of 2003, following the close of the MNPF, were the BNT and BLT (collectively, the “Trusts”).

20. The BLT largely mirrored the BNT but was distinguished by a “death benefit” and a longer term to maturity. Unlike the MNPF, the Trusts were sold via investment dealers or referral agents to non-accredited investors through a series of agreements between Portus and these entities (the “Portfolio Management Agreements”). A total of 12 different BNT series and two BLT series were created and marketed by Portus. Portus’ promotional materials indicated an historical annual return of 7%.

21. The Trusts were designed to be tax efficient. By way of example, one of the Portfolio Management Agreements stated that “Paradigm initially intends to invest all of the assets in the Account in a structure intended to provide you with substantially the economic investments in the BancNote Trust – Series-IV with certain tax deferral and capital gains (rather than income) treatment.”

22. According to the proposed scheme of the BNT, clients could open a “discretionary managed account” with minimum contributions of \$5,000. Offshore counterparties were to purchase Canadian equities on behalf of those clients. These counterparties were Premiers Derive Paris Inc. (“PDP”) and BNote Management Inc (“BNote”).

23. Both PDP and BNote were represented to the public to be arms-length offshore counterparties to the Trusts. On behalf of its clients, Portus would purport to enter into option contracts with the counterparties which had the effect of a swap such that, at maturity, the economic value of the units of the Trusts would be swapped for the economic value of the Canadian Equities.

24. The alleged arms-length offshore counterparty (PDP) purchased Canadian equities (the “Canadian Equities”), on a weekly basis, on behalf of Portus’ clients. Portus, on behalf of its clients, then entered into option contracts with the alleged arms-length offshore counterparties (PDP and BNote Management) which had the effect of a swap such that, at maturity, the

economic value of the units of the Trusts would be swapped for the economic value of the Canadian Equities. The option contracts were over-the-counter derivative contracts which were not prospectus qualified.

25. The investment objective of the BNT was to be ultimately realized by purchasing principal protected notes issued by Societe Generale Canada (the “Soc Gen Notes”) as a well as a linked hedge fund. The return on the notes was the greater of the principal amount invested or the returns achieved by the linked hedge fund. Investors were assured of a floor value at maturity equal to the principal invested.

26. Notwithstanding the description above, the investment scheme for the most part was not implemented as described.

27. During the Material Time, approximately 26,000 invested approximately \$750 million in the Trusts created by Portus. Manulife Securities requested specific offerings of BNT for its clients. Ultimately, six of the BNT series were marketed exclusively to Manulife.

The Implementation of the Trusts

28. When funds were received from investors, they were not initially placed into a segregated account for particular investments, but were instead pooled and placed in custodial accounts and thereafter were placed into separate accounts.

29. The “arms length” entities to which these investor funds were transferred were in actuality companies controlled by nominees with the ultimate controlling mind being Manor. As a result, there was a non arms length relationship between the Trusts and the PDP/BNote. These non arms length entities did not purchase securities as represented.

30. Nigel Freeman was the Director, Signatory and Beneficial owner of PDP. Freeman informed investigators from the Royal Canadian Mounted Police (the “RCMP”) that he did not have knowledge of what PDP did as a company nor did he have any knowledge of any of the transactions that took place between PDP, BNote and Portus.

31. Similarly, Arthur Berelowitz was the Director, Signatory and Beneficial owner of BNote. Berelowitz informed investigators from the RCMP that he did not have any knowledge of any of the transactions that took place between PDP, BNote and Portus.

32. For BNT Series II, III, IV, and parts of VI and VIa, funds from investors were paid from the PAAM custodial accounts to a PAAM trading account at Lines Overseas Management (“LOM”). According to the purported investment structure, these funds were to be used by PAAM to purchase shares of non-dividend paying Canadian securities and engaged in the swap described in paragraph 23 above.

33. In fact, these collected investor funds totaling \$185.0 million were moved at the direction of Manor between four separate foreign bank accounts in the names of PAAM, PDP, BNote and another offshore company controlled by Manor called BNote Limited. At the direction of Manor, these investor funds were then transferred back into PAAM accounts in the name of each of the Trusts at RBC in Toronto. Manor then transferred these funds from the PAAM accounts at RBC to another PAAM account at RBCDS. These funds were then used to buy the Soc Gen Notes.

34. Commencing with a portion of BNT Series VI and Via and through the remaining BNT and BLT series, no further funds were transferred through the LOM accounts. Of the total of \$732.9 million in investor funds collected for the BNT/BLT series, \$93.5 million was not invested. Of these funds, \$41.2 million were sent from an account in the name of PDP at Basel Trust in Jersey in the Channel Islands to Bank Hapoalim, in Switzerland. Using a series of purported loans, funds were then returned to PAM, PAAM or a company incorporated and controlled by Manor and/or Mendelson called BancNote Corp. These funds were further traced to assorted Portus bank accounts from which Portus paid operating expenses including commissions, referral fees, rent, utilities, salaries and payroll.

The Implementation of the Offshore Structure

35. From September of 2003 until February of 2005, Portus offered an identical investment structure to that of the Trusts for clients who opened international accounts (the “Offshore Structure”). Investments in this structure were made in US dollars.

36. The client documentation and marketing information prepared for the Offshore Structure were the same in all material respects to that of the Trusts. Portus' staff in Toronto performed all sales and back-office administration for the Offshore Structure in substantially the same manner as for the Trusts.

37. Approximately 700 investors placed approximately \$52.8 million (U.S.) accounts under the Offshore Structure. However, none of this money was actually invested by Portus.

38. It was initially difficult for Staff to determine what happened to these funds as at Manor's direction, documentation was removed from the premises and Manor did not provide any documentation respecting the offshore structure to KPMG as required by the receivership. It was subsequently discovered that investor funds flowed through a series of accounts linked to Portus. These funds were traced through various foreign accounts in the Cayman Islands, Turks & Caicos, Bermuda, Italy, the United Kingdom, Switzerland, Hong Kong and the United States. Only \$35.2 million of these funds were subsequently recovered by KPMG, leaving approximately \$17.6 million outstanding.

39. As set out in greater detail below, Staff commenced its investigation of Portus and Manor late in 2004. Manor was interviewed for three days by OSC staff. Several weeks later in April 2005, Manor left Canada for Israel.

40. After leaving Canada, Manor purchased approximately \$8.8 million in diamonds using companies in Hong Kong between June 10, 2005 and July 8, 2005. Four shipments of diamonds were delivered to Hong Kong and picked up by Yu Jieying, the sister-in-law of Manor between June 24, 2005 and July 12, 2005. These diamonds were purchased using investor funds from the Offshore Trust.

41. Notwithstanding that Mr. Manor resided in Israel after April 2005, he was represented by Canadian counsel with respect to the ongoing OSC proceedings and the criminal investigation. It was always Manor's position that he would return to Canada attend any regulatory or criminal proceedings as required and, in fact, as soon as counsel was advised that criminal charges would be initiated, immediate arrangements were made for his voluntary return and surrender to Canadian authorities.

Legal Advice Received by Manor

42. In July of 2004, Manor and Mendelson sought legal advice for Portus from a senior Toronto securities lawyer. Manor and Mendelson were told by this lawyer that the way in which the Portus companies were being operated showed serious regulatory compliance problems and that they should cease continuing to receive investor funds.

43. Manor disregarded this information and continued to operate Portus as before, raising over \$400 million in additional funds from investors in the manner set out above.

Compliance Deficiencies at Portus

44. Staff conducted an investigation and compliance review of Portus between January 24, 2005 and February 18, 2005 (the "Review"). During the Review, the following compliance deficiencies were noted in relation to the investment structures being offered by Portus:

(a) Portus did not properly collect and assess Know Your Client ("KYC") and suitability information, contrary to subsection 1.5(1) of OSC Rule 31-505, in that suitability information collected was inadequate, incomplete and not properly followed-up;

(b) Portus maintained deficient books and records, contrary to subsection 19(1) of the Act, and subsections 113(1), 113(3)1, 113(3)6 and 113(3)10 of Regulation 1015 to the Act, and Portus failed to provide Staff with numerous books and records required to be maintained, contrary to subsection 19(3) of the Act, in that i) records of monthly calculations of minimum free capital were not prepared or maintained; ii) trade instructions were not maintained regarding the alleged purchase and sale of securities; iii) the trades allegedly conducted on behalf of the Trusts were not contained in the trading blotter; iv) Staff were not provided with: sufficient evidence to ascertain client holdings, ledgers and/or other records that accurately reflect assets, liabilities, income, expenses and capital accounts; back-up information regarding Net Asset Value

calculations; supporting documentation regarding performance data included in marketing materials; and, accurate and, in some cases any, back-up support for the alleged reconciliation of deposits and investments prepared by Ali Hamid; and v) Minutes of board of directors', management, portfolio management and executive meetings were either not kept or were withheld from Staff.

(c) Portus engaged in improper or inadequate pricing of the units of the Trusts, contrary to subsection 116(1) of the Act and 2.1 of OSC Rule 31-505, in that prices were calculated exclusively by Manor. This was not in accordance with the manner of pricing disclosed in the relevant offering memoranda;

(d) Portus maintained inadequate policies, procedures and internal controls in several key areas of business, contrary to subsection 1.2 of OSC Rule 31-505, these deficiencies include but are not limited to (i) the written policies and procedures manuals for Portus' IC/PM management operations did not adequately address several key issues, including but not limited to: the collection and updating of KYC and suitability information; the preparation, review and monitoring of monthly capital calculations; the preparation and maintenance of trade orders; and the performance of research; (ii) Portus did not follow all of the policies and procedures contained in its procedures manual; (iii) written policies and procedures for Fund Manager activities did not exist and oversight of Fund Manager activities was inadequate; (iv) the following weaknesses in internal controls were identified: the BancNote and BancLife Trusts' assets initially flowed into one broker account and were not properly segregated into the assets of the BancNote and BancLife Trusts; cheques were accepted on which the payee was not identified as PAAM; inadequate reviews were performed with respect to referral agreements, client statements, client confirmations and bank account reconciliations; bank reconciliations were not prepared; ongoing monitoring of clients' holdings was not performed; and (v) Portus' most recent statement of policies was

not filed with the Commission, contrary to paragraph 223(3)(a) of the Regulation.

Information Provided to Investors

A. The Nature of the Investment was not Adequately Disclosed

45. Investors were advised through marketing, client confirmations and other materials prepared and disseminated by Portus that they were investing directly in the Trusts. However, investors were, concurrently, required to sign managed account agreements granting Portus full discretion over their investments and were informed that their investments would receive favourable tax treatment.

46. In addition, employees of Portus and, as a consequence, referring agents, largely believed that the structure was such that clients were investing directly in the Trusts (both domestic and offshore). This belief was routinely conveyed to clients of Portus by Portus' wholesalers and employees and by referral agents.

B. Management Fees

47. In relation to the investment structures (both domestic and offshore), the fee disclosure made by Portus was contained in the managed account agreement which describes the applicable fees as 2.25% annually of the market value of the assets in each managed account plus 18% of the growth in the market value of these assets over and above their previous highest market value. Pursuant to the disclosure, these fees were to be calculated and accrued weekly and paid at the end of each quarter.

48. The offering memorandum for the Trusts provided to investors described the fees for unit holders identically to the disclosure contained in the above-referenced managed account agreement.

49. Portus took approximately 13.3% of the principal invested by clients prior to the investment of funds (approximately \$95.4 million) and used those funds for the ongoing operations of Portus. For instance, a portion of these funds were used to pay management fees, performance fees, referral fees (4% or 5%), trailer fees (1% plus other performance fees) and salaries. These funds were also used to satisfy redemption requests. The amount of funds used for these purposes was approximately equal to the fees Portus would have been entitled to at the maturity date of the Trusts.

Return of Investor Funds²

50. Investors in Portus received at least 97% and up to 102% of the funds invested. This was primarily the result of the fact that, as described above, in all of the domestic investment structures, investor funds were invested in guaranteed notes with Soc Gen. The funds returned to investors also included the return of referral and brokerage fees from registered brokers and dealers who sold units in the Portus investment structures.

Criminal Proceedings

51. Mr. Manor entered a plea of guilty on November 19, 2010 in the Superior Court of Justice of Ontario at Toronto to one count of transferring investor funds contrary to his obligations as a trustee, contrary to s. 462.31(1) of the *Criminal Code*, and one count of disobeying a court order, by transferring those funds, contrary to s. 127(1) of the *Criminal Code*. Mr. Manor was sentenced to a global sentence of 4 years in jail on May 25, 2011. .

PART IV – CONTRAVENTION OF ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

52. By engaging in the conduct described above, Manor admits and acknowledges that he contravened Ontario securities law during the Material Time in the following ways:

- (i) by engaging in the conduct described herein, Manor's actions were contrary to sections 2.1(1) and 2.1(2) of OSC Rule 31-505 respectively;

² For complete reports and analysis of funds seized by KPMG Inc., Trustee in Bankruptcy & Court-Appointed Receiver for Portus, please refer to www.portusgroup.ca.

- (ii) as a consequence of his position of seniority and responsibility at Portus, Manor authorized, permitted or acquiesced in Portus' failure to exercise its powers and discharge its duties as a Fund Manager in the best interests of the mutual funds and, in connection therewith, failed to exercise the degree of care, diligence and skill expected of a reasonably prudent Fund Manager in the circumstances, contrary to section 116(1) of the Act; and

53. Manor admits and acknowledges that he acted contrary to the public interest by contravening Ontario securities law as set out in sub-paragraphs 52 (i) and (ii).

PART V - TERMS OF SETTLEMENT

54. Manor agrees to the terms of settlement listed below.

55. The Commission will make an order, pursuant to sections 127(1) of the Act, that:

- (a) the Settlement Agreement is approved;
- (b) trading in any securities by Manor cease permanently from the date of the approval of the Settlement Agreement;
- (c) the acquisition of any securities by Manor is prohibited permanently from the date of the approval of the Settlement Agreement with the exception that Manor is permitted to trade in securities in mutual funds through a registered dealer for the account of his Registered Retirement Savings Plan (as defined in the *Income Tax Act* (Canada));
- (d) any exemptions contained in Ontario securities law do not apply to Manor permanently from the date of the approval of the Settlement Agreement;
- (e) Manor be prohibited permanently from becoming or acting as a director or officer of any issuer;

(f) Manor resign one or more positions he holds as a director or officer of any issuer;

(g) Manor disgorge to the Commission \$8,800,000 obtained as a result of his non-compliance with securities law, for allocation to or for the benefit of third parties, through the Receiver/Trustee KPMG Inc., if appropriate,; and

(h) Manor be reprimanded.

56. Manor undertakes to consent to a regulatory Order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the prohibitions set out in subparagraphs 55 (b) to (h) above.

PART VI - STAFF COMMITMENT

57. If this Settlement Agreement is approved by the Commission, Staff will not initiate any other proceeding under the Act against Manor in relation to the facts set out in Part III herein, subject to the provisions of paragraph 58 below.

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

PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT

59. Approval of this Settlement Agreement will be sought at a hearing of the Commission scheduled on a date to be determined by the Secretary to the Commission, or such other date as may be agreed to by Staff and Manor for the scheduling of the hearing to consider the Settlement Agreement.

60. Staff and Manor agree that this Settlement Agreement will constitute the entirety of the agreed facts to be submitted at the settlement hearing regarding Manor's conduct in this matter, unless the parties agree that further facts should be submitted at the settlement hearing.

61. If this Settlement Agreement is approved by the Commission, Manor agrees to waive all rights to a full hearing, judicial review or appeal of this matter under the Act.

62. If this Settlement Agreement is approved by the Commission, neither party will make any public statement that is inconsistent with this Settlement Agreement or inconsistent with any additional agreed facts submitted at the settlement hearing.

63. Whether or not this Settlement Agreement is approved by the Commission, Manor agrees that he will not, in any proceeding, refer to or rely upon this Settlement Agreement or the settlement negotiations as the basis of any attack on the Commission's jurisdiction, alleged bias or appearance of bias, alleged unfairness or any other remedies or challenges that may otherwise be available.

PART VIII – DISCLOSURE OF SETTLEMENT AGREEMENT

64. If, for any reason whatsoever, this Settlement Agreement is not approved by the Commission or the order attached as Schedule "A" is not made by the Commission:

- (a) this Settlement Agreement and its terms, including all settlement negotiations between Staff and Manor leading up to its presentation at the settlement hearing, shall be without prejudice to Staff and Manor; and
- (b) Staff and Manor shall be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations in the Notice of Hearing and Statement of Allegations of Staff, unaffected by the Settlement Agreement or the settlement discussions/negotiations.

65. The terms of this Settlement Agreement will be treated as confidential by all parties hereto until approved by the Commission. Any obligations of confidentiality shall terminate upon approval of this Settlement Agreement by the Commission. The terms of the Settlement Agreement will be treated as confidential forever if the Settlement Agreement is not approved for any reason whatsoever by the Commission, except with the written consent of Manor and Staff or as may be required by law.

PART IX. - EXECUTION OF SETTLEMENT AGREEMENT

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

67. A facsimile copy of any signature will be as effective as an original signature.

Dated this 27th day of August, 2012.

Signed in the presence of:

“Robin Mckechney”

“Boaz Manor”

Witness

Boaz Manor

Dated this 27th day of August, 2012

STAFF OF THE ONTARIO SECURITIES COMMISSION

Per: “Karen Manarin”

Tom Atkinson
Director, Enforcement Branch

Dated this 27th day of August, 2012

SCHEDULE "A"



Ontario

M5H 3S8

Ontario
étage
Securities
ouest
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19e
20, rue queen
Toronto ON

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

- AND -

**IN THE MATTER OF PORTUS ALTERNATIVE ASSET MANAGEMENT
INC., PORTUS ASSET MANAGEMENT INC., BOAZ MANOR, MICHAEL
MENDELSON, MICHAEL LABANOWICH AND JOHN OGG**

**ORDER
(Sections 127(1))**

WHEREAS on _____, the Ontario Securities Commission (the "Commission") issued a Notice of Hearing pursuant to sections 127 of the *Securities Act*, R.S.O. 1990, c.S.5, as amended (the "Act") in respect of Boaz Manor ("Manor");

AND WHEREAS Manor entered into a Settlement Agreement with Staff of the Commission dated _____, 2012 (the "Settlement Agreement") in which Manor agreed to a proposed settlement of the proceeding commenced by the Notice of Hearing, subject to the approval of the Commission;

AND UPON reviewing the Settlement Agreement, and upon hearing submissions from counsel for Manor and from Staff of the Commission;

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

SCHEDULE "A"

IT IS HEREBY ORDERED THAT:

- (a) the Settlement Agreement is approved;
- (b) pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities by Manor cease permanently;
- (c) pursuant to clause 2.1 of subsection 127(1) of the Act, Manor is prohibited permanently from the acquisition of any securities with the exception that Manor is permitted to acquire securities in mutual funds and exchange traded funds through a registered dealer for the account of his Registered Retirement Savings Plan (as defined in the *Income Tax Act* (Canada));
- (d) pursuant to clause 3 of subsection 127(1) of the Act, any exemptions contained in Ontario securities law do not apply to Manor permanently;
- (e) pursuant to clause 6 of subsection 127(1) of the Act, Manor is reprimanded;
- (f) pursuant to clauses 8, 8.2, and 8.4 of subsection 127(1) of the Act, Manor is prohibited permanently from becoming or acting as a director or officer of any issuer, registrant, or investment fund manager;
- (g) pursuant to clause 8.5 of subsection 127(1) of the Act, Manor is prohibited permanently from becoming or acting as a registrant, as an investment fund manager or as a promoter; and

SCHEDULE "A"

- (h) pursuant to clause 10 of subsection 127(1) of the Act, Manor disgorge to the Commission \$8,800,000 obtained as a result of his non-compliance with securities law, for allocation in accordance with subsection 3.4(2)(b)(i) of the Act to or for the benefit of third parties. Such amounts are to be distributed to security holders of Portus through the Receiver/Trustee KPMG Inc., if appropriate, or as otherwise directed by the Commission.

DATED AT TORONTO this day of , 2012.
