

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

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

ONTARIO SECURITIES COMMISSION

Applicant

and

**GESTION DE PLACEMENTS NORSHIELD (CANADA) LTÉE /NORSHIELD ASSET
MANAGEMENT (CANADA) LTD.,**

**NORSHIELD INVESTMENT PARTNERS HOLDINGS LTD./GESTION DES
PARTENAIRES D'INVESTISSEMENT NORSHIELD LTÉE,**

OLYMPUS UNITED FUNDS HOLDINGS CORPORATION,

**OLYMPUS UNITED FUNDS CORPORATION/CORPORATION DE FONDS UNIS
OLYMPUS,**

OLYMPUS UNITED BANK AND TRUST SCC,

GROUPE OLYMPUS UNITED INC./OLYMPUS UNITED GROUP INC.,

**HONEYBEE SOFTWARE TECHNOLOGIES INC./TECHNOLOGIES DE LOGICIELS
HONEYBEE INC. (FORMERLY NORSHIELD INVESTMENT
CORPORATION/CORPORATION D'INVESTISSEMENT NORSHIELD), AND**

**NORSHIELD CAPITAL MANAGEMENT CORPORATION/CORPORATION
GESTION DE L'ACTIF NORSHIELD**

Respondents

FIFTEENTH REPORT OF THE RECEIVER

(Dated July 28, 2011)

INTRODUCTION

1. By Order of the Honourable Mr. Justice Campbell of the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Court**”) dated June 29, 2005 (the “**Initial Order**”), RSM Richter Inc., (“**RSM Richter**”) was appointed for a period of fifteen days as Receiver (in such capacity, the “**Receiver**”) pursuant to Section 129 of the *Securities Act*, R.S.O. 1990, c.S-5, as amended, without security, of all of the assets, undertakings and properties of:
 - (a) Norshield Asset Management (Canada) Ltd. / Gestion de Placements Norshield (Canada) Ltée (“**NAM**”);
 - (b) Norshield Investment Partners Holdings Ltd. / Gestion des Partenaires d’Investissement Norshield Ltée;
 - (c) Olympus United Funds Holdings Corporation;
 - (d) Olympus United Funds Corporation / Corporation de Fonds Unis Olympus (“**Olympus Funds**”);
 - (e) Olympus United Bank and Trust SCC (“**Olympus Bank**”); and
 - (f) Olympus United Group Inc. / Groupe Olympus United Inc. (**Olympus Group**).(together, the “**Original Respondents**”)

2. By Order of the Honourable Mr. Justice Campbell of the Ontario Court dated July 14, 2005 (the “**Extension Order**”), the Receiver’s appointment in respect of each of the Original Respondents was continued in accordance with the terms of the Initial Order until such time as the Receiver has completed its administration of the estate herein.

3. By two additional Orders of the Honourable Mr. Justice Campbell of the Ontario Court dated September 9, 2005 and October 14, 2005 (the “**Expanded Orders**”), RSM Richter was also appointed as Receiver pursuant to Section 101 of the *Courts Of Justice Act*, R.S.O. 1990, c.43, as amended, without security, of all of the assets, undertakings and properties of:
 - (a) Norshield Capital Management Corporation / Corporation Gestion de l’Actif Norshield (“**NCMC**”); and
 - (b) Honeybee Software Technologies Inc. / Technologies de Logiciels Honeybee Inc. (formerly Norshield Investment Corporation/Corporation d’Investissement Norshield) (“**NIC**”).

4. RSM Richter, either directly or through one of its partners Raymond Massi, is also acting as a Joint Custodian of Olympus Bank in Barbados as well as in the capacity as one of the Joint Official Liquidators of each of Olympus Uninvest Ltd. (“**Olympus Uninvest**”) and of Mosaic Composite Limited (U.S.), Inc. (previously known as Mosaic Composite Limited, Composite Limited and Norshield Composite Limited) (“**Mosaic**”), both in the Commonwealth of The Bahamas.

5. The Original Respondents, including NCMC and NIC, are collectively referenced to as the “**Norshield Companies**” in this Fifteenth Report. All references herein to dollars are in Canadian currency unless otherwise noted.

PURPOSE OF THE FIFTEENTH REPORT

6. The purpose of the Fifteenth Report is to provide this Honourable Court with the evidentiary basis upon which to make an order:
- (a) approving the Fifteenth Report and the activities of the Receiver described herein;
 - (b) maintaining the notice of disallowance (the “**Notice of Disallowance**”) issued by the Receiver with respect to the proof of claim (the “**Mendota Proof of Claim**”) filed on March 9, 2010 by Mendota Capital, Inc. (“**Mendota**”) against NCMC and NIC, as well as with respect to Mendota’s notice of objection dated June 29, 2010 (the “**Notice of Objection**”). The Mendota Proof of Claim, the Notice of Disallowance and the Notice of Objection are attached hereto as Schedules “**A**”, “**B**”, and “**C**”, respectively;
 - (c) declaring that Mendota has no valid provable claim against NIC and NCMC and that it has no entitlement to share in the proceeds of any distributions to be made by the Receiver in the present proceedings;
 - (d) requesting the aid and recognition of the Quebec Superior Court to give effect to this Order including, without limitation, to obtain the discharge or radiation of the movable hypothecs (the “**Hypothecs**”) granted by NIC and NCMC in favour of Mendota Capital Corporation (a non-existent entity), and of the prior notices (the “**Prior Notices**”) to exercise hypothecary recourses in connection therewith, published and registered in the Province of Quebec at the . The Hypothecs are

¹ “Registre des droits personnels et réels mobiliers” / “Register of personal and movable real rights” (the “**RDPRM**”)

attached as Schedule “D”, the Prior Notices as Schedule “E” and the registrations at the RDPRM as Schedule “F” hereto; and

- (e) dispensing with service of this Fifteenth Report on any person other than counsel for Mendota and Jean Fontaine, in his capacity as Representative Counsel appointed pursuant to the Order of this Honourable Court dated February 7, 2006.

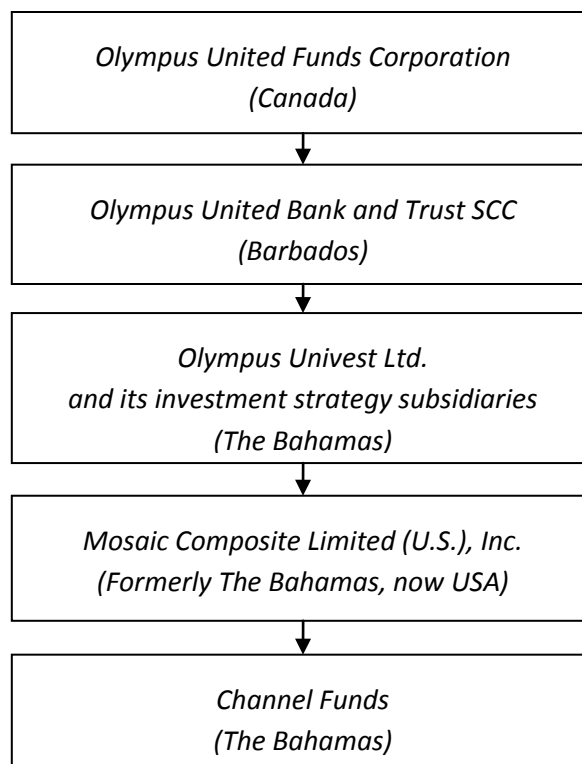
BACKGROUND INFORMATION ON THE NORSHIELD FINANCIAL GROUP

7. A number of corporate entities operated under the umbrella of the “Norshield Financial Group”. There is no legal entity that bears the name “Norshield Financial Group”; however, the term “Norshield Financial Group” was used extensively as a brand name to project an image of substance and worldwide presence. The Norshield Financial Group includes, but is not limited to, the Norshield Companies, Olympus Uninvest and Mosaic.
8. John Xanthoudakis (“**Xanthoudakis**”) was the controlling shareholder and directing mind of the Norshield Financial Group and the principal architect of the wrongful conduct that gave rise to this receivership. Xanthoudakis was described in marketing materials as the founder, Chairman and Chief Executive Officer of the Norshield Financial Group. He also acted at various times as an officer and/or director of many of the entities within the Norshield Financial Group.
9. The Norshield Financial Group was an elaborate, complex, intertwined investment structure designed by Xanthoudakis with assets in numerous jurisdictions, including Canada, Barbados, The Bahamas, and the United States of America.

Canadian and Barbadian Operations of the Norshield Financial Group

10. The Canadian retail investment fund operations of the Norshield Financial Group were carried out primarily by Olympus Funds, NAM and Olympus Group. A graphic representation of the corporate structure of the Respondents is attached hereto as Schedule “G”.
11. Olympus Funds was the entity that raised money from Canadian retail investors for investment in hedge funds which were purportedly managed by its wholly-owned subsidiary, Olympus Bank.
12. Olympus Bank was a licensed provider of international financial services and a chartered bank in Barbados. Olympus Bank also acted as investment advisor with respect to Olympus Funds.
13. Olympus Group provided marketing services to Olympus Funds and was registered as a limited market dealer in Ontario and a mutual fund dealer in Québec and Ontario.
14. NAM, a Canadian corporation, provided portfolio management and administrative services to Olympus Funds, Olympus Bank and other entities in the Norshield Financial Group.
15. NCMC and NIC commenced their operations in 1993 and 1999 respectively and purportedly provided investment management and merchant banking services and held long term investments for the Norshield Financial Group. Xanthoudakis was NCMC’s and NIC’s sole shareholder and director.

16. NIC merged, on June 22, 2005, with Honeybee Software Technologies Inc., a company of the Mount Real group of companies (“**Mount Real**”) of Montreal, Quebec, controlled by Lino Matteo (“**Matteo**”). As appears from Corporate searches obtained by the Receiver, two of the three shareholders of the company before it merged with NIC were Matteo and Xanthoudakis. As more fully described hereinafter, the Norshield Financial Group had numerous questionable business dealings with Mount Real and Matteo.
17. The Receiver has determined that funds invested by the 1,900 retail investors in Canada (the “**Retail Investors**”) and other Canadian investors flowed through the following entities/jurisdictions within the Norshield Financial Group (the term “investment strategy subsidiaries” that appears in the chart below refers to entities that exist but appear to merely be “shell” entities) (the “**Olympus Funds Investment Structure**”):



Bahamian Operations of the Norshield Financial Group

18. The Bahamian entities of the Norshield Financial Group include:

- Olympus Uninvest;
- Mosaic; and
- Channel Fixed Income Fund Ltd., Channel F.S. Fund Ltd., Channel Technology Fund Ltd., and Channel Diversified Private Equity Fund Ltd. (collectively the “**Channel Funds**”).

19. Olympus Uninvest was organized in 1990 under the International Business Companies Act of The Bahamas and commenced operations in 1991. Its primary business was to provide direct investors and Retail Investors, through Olympus Bank, with a hedge fund of funds investment exposure through investments in other investment companies. The management (common) shares of Olympus Uninvest were at various times held by the following other entities of the Norshield Financial Group:

- Commax Management;
- Globe-X Management Limited;
- Emerald Key Advisors Ltd.; or
- Bice International Inc.

The former directors of Olympus Uninvest included Xanthoudakis and Thomas Muir (“**Muir**”).

20. Mosaic was formed in 1997 under the International Business Companies Act of The Bahamas. It was used in the Olympus Funds Investment Structure to invest primarily in a portfolio of Royal Bank of Canada managed hedge funds and in the Channel Funds. The management (common) shares of Mosaic were at various times held by the following entities of the Norshield Financial Group:
- Institutional Asset Management Ltd. (“**IAM**”);
 - Norshield Asset Management Limited;
 - Bice International Inc.; or
 - Liberty Trust.
21. In or around June 2005, Lowell Holden (“**Holden**”) became a director of Mosaic. After Holden’s appointment and under his direction, Mosaic migrated from The Bahamas to Anguilla, and then shortly thereafter Holden merged the company into a Minnesota entity. Holden operated both Mendota and Mosaic out of the same office space in Minnesota. In addition to Holden, the former directors of Mosaic include, Muir, and Michael Maloney, internal legal counsel of Mount Real.
22. The Channel Funds were incorporated in The Bahamas in the late 1990s and early 2000s. Mosaic was the largest shareholder of Channel Fixed Income Fund Ltd., which was the parent of the other three entities composing the Channel Funds. The Channel Funds held share and debt interests in Canadian private and publicly traded companies (most of which were part of the Norshield Financial Group).
23. The Bahamian operations of the Norshield Financial Group also included:

- Comprehensive Investor Services Ltd. (“**CIS**”), the predecessor to Mendota;
- Balanced Return Fund Ltd.;
- Commax Management;
- Uninvest Limited Partnership;
- C-Max Advantage Fund Ltd.;
- Globe-X Management Limited and Globe-X Canadiana Limited (collectively, “**Globe-X**”);
- Globe-X Emerald Investments Limited (“**Globe-X Emerald**”)
- Emerald Key Management Limited;
- Emerald Key Advisors Ltd.;
- IAM;
- Norshield Asset Management Limited;
- Bice International Inc.

These entities were either investment companies which raised capital from Canadian investors since the early 1990s or holding companies. The Receiver has determined that all of these entities were under the direction of Xanthoudakis alone or together with, Matteo and/or Muir.

Investigations and Legal Proceedings Regarding Fraudulent Activities in the Norshield Financial Group

24. Extensive forensic investigative work into the activities of the Norshield Financial Group has permitted the Receiver to conclude that the above Canadian, Barbadian and Bahamian corporations and entities, as well as their directors and officers, all operated in concert and with common interest despite attempts to give the appearance that many of the entities and individuals were unconnected and acting independently.
25. As the funds flowed through the Olympus Funds Investment Structure, significant dissipation of investor funds occurred at each level as a result of redemptions at inflated net asset values (“NAVs”), unexplained payments to entities within the Norshield Financial Group and the costs of maintaining the investment structure itself.
26. Xanthoudakis, Matteo and Muir, working with other individuals and entities under their direction and control, employed these inflated NAVs to camouflage the dissipation of investor funds and to provide a false positive picture of the Olympus Funds Investment Structure to investors. The failure of the Respondents was caused, *inter alia*, by the enormous disparity between the real values and the reported value of the assets purportedly held in the Olympus Funds Investment Structure, which resulted in losses in excess of \$400 million suffered by the Retail Investors as well as by direct investors in Olympus Uninvest.

Proceedings against Xanthoudakis

27. In November 2007, the Receiver launched an action against Xanthoudakis for breach of fiduciary duties and breach of duties of care in his capacities as director and officer of the Respondents. These proceedings are still pending.
28. In March 2010, the Ontario Securities Commission (the “**OSC**”) found that Xanthoudakis failed to deal fairly, honestly and in good faith with investors and engaged in a course of conduct that was abusive to and compromised the integrity of Ontario’s capital markets and was contrary to the public interest. The Reasons and Decision of the OSC dated March 8, 2010 are attached hereto as Schedule “**H**”.
29. In March 2011, the Sûreté du Québec filed criminal charges against Xanthoudakis with respect to \$120 million of funds that were invested by Cinar Corporation (“**Cinar**”), a Canadian public company, in Globe-X between August 1998 and March 2000. The Quebec police allege that Xanthoudakis facilitated the movement and investment of these funds in the Bahamas. The indictment includes allegations of fraud, forgery and making or circulating a false prospectus.

Role of and Proceedings against Matteo

30. In the decision of the OSC, Schedule “H”, the Commission found (at paragraph 167) that Xanthoudakis and Matteo: “*were in a non-arm’s length relationship during the relevant period.*”
31. In November 2005, the Bureau de décision et de révision en valeurs mobilières (“**BDRVM**”), at the request of the Autorité des marchés financiers (“**AMF**”), issued

various orders to freeze and to cease activities against numerous individuals and companies related to Mount Real. Also in November 2005, at the request of the AMF and on the recommendation of the BDRVM, the Québec Minister of Finance appointed a provisional administrator of Mount Real.

32. In September 2008, the AMF launched penal proceedings in the Court of Québec (Criminal and Penal Division), district of Montréal, against Matteo as a shareholder, director and/or officer of one or more of the following companies: Mount Real Corporation, Gopher Media Services Corporation, Gestion MRACS Ltée, Real Vest Investments Ltd. and Real Assurance Acceptance Corporation. It is alleged that these companies illegally issued promissory notes and/or made misrepresentations to the financial market regulatory authority. The AMF has filed 308 charges against Matteo, who allegedly orchestrated the illegal activities in the matter of Mount Real.
33. In March 2011, the Sûreté du Québec also filed criminal charges against Matteo with respect to the Cinar fraud alleging that Matteo assisted Xanthoudakis in camouflaging the investments. The Quebec police alleges that Matteo helped disguise the whereabouts of the funds.
34. Mount Real Innovation Centre Ltd. (now known as Red Chili Media Ltd. / Média Red Chili Ltée) provided valuation reports in respect of the valuations of the Channel Funds' assets. The values ascribed to the assets were intentionally overstated and recorded by the Channel Funds in their audited financial statements. This inaccurate and misleading financial information was relied on by investors and was a necessary tool to facilitate the solicitation of additional and increasing amounts of Retail Investors' funds by Olympus Funds.

35. Holden was apparently involved with both Mount Real and the Norshield Financial Group and had a close connection with the principals of these entities, Matteo and Xanthoudakis. When the Norshield Financial Group encountered its liquidity crisis, Matteo became directly involved in the Olympus Funds Investment Structure.
36. According to a December 18, 2003 letter written by Holden in his capacity as the managing director of Silicon Isle Software, Ltd (“**Silicon Isle**”), Matteo was one of the representatives who acted on behalf of Silicon Isle in connection with an escrow agreement. Copies of the December 18, 2003 letter from Holden and the escrow agreement as well as the draft agreement dated November 4, 2003, are attached as Schedule “**I**”.
37. Matteo’s involvement in Silicon Isle is noteworthy in that the latter purported to sell to Liberty Trust, the settler of which was Mendota’s predecessor CIS, “*the beneficial ownership of a beneficial interest*” of specific assets which included the shares of Oceanwide Inc. (formerly Oceanwide Marine Network Inc.) (a private company) (“**Oceanwide**”), owned by NCMC. The documentation reviewed by the Receiver suggests that no funds were paid to Silicon Isle at the time of the asset purchase transaction. The asset purchase agreement dated May 24, 2002 is attached as Schedule “**J**”.

Role of Muir

38. Muir played a significant role as a director in most of the Bahamian companies of the Norshield Financial Group including Mosaic, CIS, Globe-X, Globe-X Emerald, IAM, Balanced Return Fund Ltd., Commax Management, Univest Limited Partnership, C-Max

Advantage Fund Ltd., Emerald Key Management Limited, Emerald Key Advisors Ltd., Norshield Asset Management Limited, and Bice International Inc.

39. Muir ran the operations of all the above companies from the same office. As appears from documentation reviewed by the Receiver, the same address, P.O. Box, telephone number, and fax number appear when sending various requests for transferring funds between various companies within the Norshield Financial Group, often at Xanthoudakis' request.
40. Muir was closely aligned with Xanthoudakis and participated with him and Holden in activities which resulted in the diversion, and ultimate dissipation, of the Norshield Financial Group's investors' funds.
41. The role played by Muir in The Bahamas was likely intended to give the appearance that the companies with which he was associated were unconnected to the Norshield Financial Group. The activities of Muir are consistent with attempts to impede the proper process of distribution of funds to investors in the different entities in the Norshield Financial Group. In the words of Justice John Lyons of the Supreme Court of The Bahamas (paragraph 97 of the decision of February 23, 2005, in which Justice Lyons dismissed the application of Muir to have the Joint Official Liquidators of Globe-X removed, attached as Schedule "K"): "*... the application reflects Muir's intentions to put a spoke in the wheels of the liquidation by whatever means possible. The inferences drawn from that are, to once again use that neutral term, "interesting."*"
42. On February 12, 2003, Muir personally executed on behalf of CIS an assignment (the "**CIS Assignment**") by which CIS assigned to Mosaic its interest in the alleged debts that

NIC and NCMC owed to CIS, along with any alleged interest of CIS in the securities listed in the CIS Assignment that were owned by NIC and NCMC, including those of Oceanwide, Niocan Inc. (a publicly traded company) (“**Niocan**”) and AMT International Mining Corporation (a publicly traded company) (“**AMT**”). The CIS Assignment is the agreement on which CIS has purportedly relied to justify the filing of a proof of debt in the liquidation of Mosaic (the “**CIS Proof of Debt**”). The CIS Proof of Debt is attached as Schedule “**L**”.

43. As appears from the CIS Proof of Debt, Schedule “L”, CIS asserted the following to the Joint Official Liquidators of Mosaic:

“The debt owing to Comprehensive Investors Services LTD, is based on an assignment to Mosaic by the latter of loans it was owed by both Norshield Investment Corporation and Norshield Capital Management Corporation, the whole as more clearly detailed in the attached documents forming part of our proof of claim. (emphasis added)

44. As will be discussed hereafter in this Fifteenth Report, notwithstanding this assignment of the alleged NIC and NCMC debts by CIS (which subsequently became Mendota), and despite the fact that CIS is asserting a claim for ostensibly the same debts in the Mosaic liquidation, Mendota is attempting to assert that it nevertheless acquired these very same debts and is seeking to enforce security in connection therewith.

ORIGIN OF MENDOTA AND ROLE OF LOWELL HOLDEN

45. Mendota was incorporated by Holden in Minnesota in 2005 to acquire and merge with CIS, a Norshield-run company in The Bahamas and of which Muir was a director. The purpose behind this transaction appears to have been to remove CIS’s assets from the Norshield Financial Group, settle with its creditors and retain any resulting value for the beneficial owners of the new company.

46. The articles of merger between CIS and Mendota assert that Mendota is the surviving entity and CIS ceased to exist effective January 14, 2005. A copy of the articles of merger is attached as Schedule “M”.
47. Upon the merger, effective January 14, 2005, Holden became, and remains, the sole director and officer of Mendota. He is also its indirect majority shareholder, as 90,000 shares are owned by Livingday Trading, SA, which is controlled by LS Enterprises Ltd. (“LS”), which is in turn owned by Holden’s family trust. The remaining 5,000 shares are owned by Muir in trust and the beneficial ownership of such shares is unknown.
48. Although the merged entity is Mendota Capital, Inc., the same entity that submitted the Mendota Proof of Claim, the documents filed by Mendota in support of its claim, were in the name of, Mendota Capital Corporation, an alleged Minnesota company. According to the Receiver’s investigations, Mendota Capital Corporation does not exist in Minnesota.
49. The Receiver has seen no evidence of a legal or beneficial owner of CIS apart from Muir.
50. Muir was apparently the only person with whom Holden negotiated the “merger” between CIS and Mendota, retaining 5,000 shares of the new entity in trust for the beneficial interest of the previous owners of CIS. Mendota purports to have inherited the indebtedness owed to CIS by NIC and NCMC, however, this transaction is questionable as it does not appear that the principals of CIS and Mendota, Muir and Holden, were acting at arm’s length.
51. There is no proof that Holden gave any consideration to acquire CIS from its previous owners. This further suggests that even if the alleged \$48.7 million debt (which is currently claimed by **both** Mendota and CIS) was at one time legitimate, which is denied,

- it did not devolve to the new entity. It would have made no commercial sense for the owners of CIS to have transferred valuable assets, such as a claim for \$48.7 million, for no apparent consideration paid by Holden.
52. Holden presents himself to be a restructuring specialist, who first became involved with the Norshield Financial Group in 2002, after apparently being introduced to Muir through Matteo, by taking over Globe-X in order to settle the claims being asserted against it by Cinar. Holden, through Silicon Isle, acquired Globe-X from IAM. Muir represented IAM and Holden represented Silicon Isle for this transaction. Silicon Isle was beneficially owned by LS, which was, in turn, owned by Holden's family trust. A copy of the stock purchase agreement between Globe-X and Silicon Isle is attached as Schedule "N".
53. Immediately after this acquisition, Holden directed Silicon Isle to make a claim for US \$25 to \$35 million in the liquidation of Globe-X. In the First Report of the Joint Official Liquidators for Globe-X, this claim was viewed by Justice John Lyons of the Supreme Court of The Bahamas with scepticism: *"This is warranted given the concern of possible back dating of an important agreement; the lack of cash or any other asset of possible real value underpinning the transactions concerning IAM and Silicon Isle..."*; *"The documentation concerning this alleged debt owed by the company to Silicon is, I might use a neutral term, "interesting"."* The decision of Justice Lyons rendered on February 23, 2005 dealing with Silicon Isle's claim against Globe-X and where the above citations have been extracted is attached as Schedule "K".
54. The evidence further suggests that Globe-X and Silicon Isle were closely connected. In fact, Matteo and Dale Smith (the President and CEO of Norshield Financial Group and a director and officer of Olympus Funds, Olympus Bank and Olympus Uninvest), acted as

Silicon Isle's representatives (Schedule "I") and Holden acquired Globe-X with a view to assisting in the settling of claims asserted by Cinar against, *inter alia*, Xanthoudakis, Muir, NCMC, NIC and NAM.

55. Almost immediately upon taking over control of Mosaic in 2005, Holden caused Mosaic to make advances or payments to persons and entities closely connected to him, the effect of which was to dissipate any remaining assets of Mosaic, prior to the appointment of the Joint Receivers by Order of the Bahamian Court dated January 20, 2006.
56. Based on information currently available to the Receiver, at least \$1,355,737 was paid by Mosaic to Mendota, LS and other entities or persons connected to Holden or wrongly disbursed for the apparent benefit of Holden or parties connected to him. The Mosaic Joint Official Liquidators have instituted proceedings in Minnesota against Holden personally for breach of fiduciary duties as a director and officer of Mosaic.
57. Holden, who was introduced to Xanthoudakis by Matteo, also became involved with Mount Real just prior to the time that the AMF terminated its operations. A report to investors prepared by the provisional administrator of Mount Real and related companies indicates that, in June 2005, Mount Real Acceptance Ltd. was sold to Holden at the request of Matteo. Furthermore, in November 2005, Holden became one of the two directors of Real Vest Investment Ltd. and Real Assurance Acceptance Corporation. A copy of the Communication of the Provisional Administrator dated February 27, 2006 is attached as Schedule "O".

THE MENDOTA PROOF OF CLAIM

58. The Mendota Proof of Claim was signed by its president and sole director, Holden. Mendota purports to be a secured creditor of NIC and of NCMC in the aggregate amount of \$48,746,483. However, the promissory notes filed by Mendota in support of its claim indicate that \$18,136,279 is owed by NIC and \$29,917,417 is owed by NCMC for a total of \$48,053,696. The difference of \$692,787 between the amount claimed on the Mendota Proof of Claim and the amount per the supporting documents is not explained nor reconciled.
59. In support of the Mendota Proof of Claim, Mendota relies upon a document bearing the date of May 12, 2005 entitled “Recognition of Debt” (the “**Recognition of Debt**”), which was executed by NIC, NCMC, and NAM in favour of Mendota Capital Corporation which, as set out above, does not appear to exist and is a different entity from Mendota (i.e. Mendota Capital, Inc.) that purportedly merged with CIS.
60. The Recognition of Debt was signed by Xanthoudakis on behalf of each of NIC, NCMC and NAM, as their president. Holden signed the Recognition of Debt on behalf of Mendota Capital Corporation in his capacity as the president of such entity. A copy of the Recognition of Debt is attached as Schedule “P”.
61. According to the Recognition of Debt, NAM guaranteed the repayment to Mendota Capital Corporation of the indebtedness allegedly owed to Mendota Capital Corporation by NIC and NCMC.

62. Mendota alleges that its claim is secured by the assets of each of NIC, NCMC and NAM as a result of the Hypothecs that were published in Quebec at the RDPRM on May 17, 2005 and May 18, 2005.
63. On May 26, 2005, Mendota Capital Corporation, through its attorneys, demanded payment from NCMC and NIC and, on June 16, 2005, served said companies with the Prior Notices. The foreclosure process was stayed as part of the present receivership proceedings.
64. In accordance with the claims process approved by Order of this Court dated January 5, 2010, the Receiver disallowed in full the Mendota Proof of Claim on June 18, 2010. Mendota filed the Notice of Objection with the Receiver, and the Mendota Proof of Claim is now before this Court for adjudication.

THE RECEIVER'S UNDERSTANDING OF THE TRANSACTIONS INHERENT IN THE MENDOTA PROOF OF CLAIM

Advances Made by CIS to NCMC and NIC

65. Analysis of the books and records of NCMC and NIC permit the Receiver to break down the debts recorded as owing to CIS for the period from 1994 to 2003, as follows:

Due to Comprehensive Investor Services Ltd. Per the Books and Records of NCMC and NIC		
	NCMC	NIC
Actual cash disbursed by CIS	\$ 13,387,485	\$24,997,825
Advances recorded by journal entries (non-cash transactions)	15,868,840	-
Interest expense	17,155,712	2,885,613
Debt offset in exchange for assets	(10,720,300)	(4,690,211)
Repayments	<u>(5,774,318)</u>	<u>(5,355,045)</u>
Due to CIS per General Ledger	<u>\$ 29,917,418</u>	<u>\$ 17,838,182</u>

66. Of the \$29.9 million balance recorded as owing by NCMC, \$13.4 million represents actual cash disbursements allegedly made by CIS. The balance consists of (i) journal entry transactions which the Receiver considers to be of a questionable nature because they involved transfers of investments between companies within the Norshield Financial Group and/or closely-connected parties with no supporting documentation and (ii) compounded interest.

67. If the transactions effected by journal entries and the accrued interest on the non-cash transactions are not considered, NCMC would not owe any amounts to CIS as the asset exchange and repayment amounts outweigh the actual cash received with interest thereon.

68. Given that CIS was part of the Norshield Financial Group, any advances to or from other members of the group were self-dealing transactions of questionable validity and appropriateness.

Receiver's Recoveries Pursuant to the NCMC and NIC Receivership

69. At all relevant times, NCMC and NIC were registered owners of interests (shareholdings and debentures) in the following companies:
- (a) Oceanwide: 3,159,669 common shares and debentures with a principal value of \$393,097;
 - (b) Niocan : 2,000,000 common shares; and
 - (c) AMT: 7,427,682 common shares and 6,666,666 preferred shares and debentures with principal values of \$500,000 and \$453,565.

(Collectively, the “**Mortgaged Assets**”)

70. The Receiver was authorized by this Court to sell the following securities owned and registered in the names of NCMC and NIC:
- (i) Oceanwide shares and debentures – price realized: \$3,276,264 (which includes \$453,450 for 604,600 shares acquired directly by the Receiver); and
 - (ii) Niocan shares – price realized: \$1,200,000.

By Court Orders, the proceeds of such sales are currently being held by the Receiver “in trust” pending, *inter alia*, a determination of the validity of the Mendota Proof of Claim.

71. The Receiver has also recovered to date, in the receiverships of NIC and NCMC, the following sums:

- (a) \$1,401,991 from AMT and its wholly-owned subsidiary, AMT (USA) Inc., as a result of the sale of property in Arizona subject to a collateral guarantee in favour of NIC;
- (b) \$37,000 as a result of cash balances at banks and brokers; and
- (c) \$55,000 of miscellaneous income.

Indiscriminate Attribution of the Mortgaged Assets

72. The Receiver has identified numerous transactions resulting in the arbitrary and indiscriminate attribution of assets, especially and including the Mortgaged Assets, amongst the entities of the Norshield Financial Group and other closely-connected entities, which was emblematic of the fraudulent activities within the Olympus Funds Investment Structure. These transactions include the following:

- (a) On November 30, 1999, by virtue of two agreements, NIC and NCMC sold to CIS the beneficial ownership in the Mortgaged Assets, copies of such agreements are attached hereto as Schedule “Q”. CIS “paid” for these assets by way of a set-off against existing debts (principal and accrued interest) owing by NIC and NCMC. The amounts of these offsets are shown as the asset exchange amount in the table in paragraph 65. These sale transactions were reflected in the respective financial statements of NIC and NCMC for the year ended June 30, 2000.
- (b) During the period December 1999 to March 2000, Globe-X Emerald issued to Globe-X a series of linked equity participation notes which were secured, *inter alia*, by the Mortgaged Assets. These notes were signed on behalf of Globe-X Emerald by Muir, as its president and on behalf of Globe-X by Muir, as its

president. As security for the repayment of the notes, Globe-X Emerald purported to assign its interest in the Mortgaged Assets to Globe-X. A copy of the linked equity participation notes is attached as Schedule “R”.

- (c) An asset purchase agreement dated May 24, 2002 between Silicon Isle (as vendor) and Liberty Trust (as purchaser), provided for the sale of the beneficial interest in a portfolio of assets, including the shares of Oceanwide. Holden signed this agreement on behalf of Silicon Isle and David Csumrik, the former President of Olympus Bank, signed on behalf of Liberty Trust. The documentation reviewed by the Receiver suggests that no funds were paid to Silicon Isle at the time of the asset purchase transaction. A copy of the asset purchase agreement is attached as Schedule “J”.
- (d) On February 12, 2003, Muir personally executed the CIS Assignment. Although signed on February 12, 2003, the CIS Assignment stipulated an effective date of September 30, 2002. The shareholdings of each of Oceanwide, Niocan and AMT were included in this assignment. Despite the fact that NCMC and NIC were the registered owners of the Mortgaged Assets, the effect of the CIS Assignment was to transfer the ownership of the Mortgaged Assets, together with the claims of CIS against NCMC and NIC, to Mosaic as absolute owner thereof. Although the books and records of Mosaic do not reflect Mosaic’s ownership of these assets, it appears that certain steps were taken to reflect this transaction. By way of example, the CIS Assignment appears to be confirmed in unsigned Minutes of the Board of Directors of Mosaic Composite Limited dated February 15, 2003, in which the business discussed was the “Subscription and Assignment of CIS

Limited.” A copy of the unsigned Minutes dated February 15, 2003 is attached as Schedule “S”.

- (e) According to their financial statements as of September 30, 2003, the Channel Funds purported to hold investments in the same shares of Oceanwide, Niocan and AMT that were transferred by CIS to Mosaic effective September 30, 2002. The Receiver has seen no evidence demonstrating how the purported ownership of these securities was transferred from Mosaic to the Channel Funds.
73. Holden was aware that the Channel Funds were claiming ownership in an almost identical listing of assets as those which appeared in the name of NIC and NCMC.
74. In addition to his awareness of NIC’s, NCMC’s and the Channel Funds’ alleged interests in the various securities at issue, Holden was also aware of the alleged interests of both Globe-X and Cinar in at least one of such securities, Oceanwide.
75. In light of Holden’s personal knowledge that various Norshield Financial Group entities, as well as Cinar, claimed a proprietary interest in the same assets that he is now pursuing and that CIS had assigned those assets to Mosaic before the CIS/Mendota merger, it is incomprehensible that, as the director of both Mosaic and Mendota, he could be causing Mendota to make a claim for the very same assets.

GROUNDS FOR DISALLOWANCE

76. The Receiver submits that the Notice of Disallowance should be maintained, the Notice of Objection should be dismissed and this Honourable Court should determine that Mendota has not proven that it has a valid claim against either NIC or NCMC.

77. The Receiver's reasons supporting its position are detailed hereafter.

Failure to Provide Sufficient and Accurate Information and the Filing of Contradictory Proof

78. By letters dated July 27, 2005, August 25, 2005 and September 19, 2005, and after receiving a notice of intention to enforce security from Mendota, the Receiver requested all documentation pertaining to the Hypothecs and Prior Notices, including:

- (a) evidence of any and all disbursements made by Mendota on account of the obligations allegedly secured by the Hypothecs; and
- (b) confirmation of the outstanding indebtedness, if any, allegedly secured by the Hypothecs.

Copies of the letters from Receiver's counsel to Mendota's counsel are attached as Schedule "T".

79. The limited documents and evidence provided by Holden in support of the Mendota Proof of Claim are insufficient, flawed and contradictory. In addition, the fact that the parties executing these documents were not dealing at arm's-length also causes the Receiver to question their legitimacy.

80. According to the supporting documents attached to the Mendota Proof of Claim, CIS merged with Mendota Capital, Inc, which became the "surviving entity" (see copy of the articles of merger attached as Schedule "M"). Therefore, any purported rights and claims against NIC and NCMC should have devolved to Mendota Capital, Inc. the entity that submitted the Mendota Proof of Claim.

81. The Recognition of Debt and Hypothecs were, however, executed by NIC, NCMC and NAM in favour of Mendota Capital Corporation, a Minnesota corporation, which, according to the Receiver's investigations, does not exist, the whole as appears from a Business Organization Inquiry with the Minnesota Office of the Secretary of State attached as Schedule "U".
82. Mendota Capital Corporation is therefore a non-existent entity and the Recognition of Debt and Hypothecs are invalid on their face.
83. Furthermore, by virtue of the articles of merger between CIS and Mendota, CIS ceased to have any legal existence after it merged with Mendota effective January 14, 2005. However, CIS purports to have continued to exist in its own right, as evidenced by the following:
 - (a) On October 15, 2008, John Bracaglia, a Montreal attorney representing CIS, submitted the CIS Proof of Debt in the Mosaic proceedings claiming that \$43,849,234 was owed to it by the latter. Pursuant to the CIS Proof of Debt, as at September 30, 2002, CIS was allegedly owed \$28,133,377 by NCMC and \$15,715,857 by NIC, and such indebtedness was assigned to Mosaic by way of an assignment dated February 12, 2003, but effective September 30, 2002. Accordingly, Mendota appears to be claiming the same debts allegedly due to CIS by NIC and NCMC as claimed in the CIS Proof of Debt.
 - (b) When Mendota sent the Notice of Objection to contest the Receiver's decision to disallow the Mendota Proof of Claim, it also copied the Notice of Objection to Bracaglia, indicating that Bracaglia is aware that duplicative claims had been made in the proceedings involving each of Mosaic, NIC and NCMC.

- (c) On May 30, 2008, an action was instituted in the United States District Court, Southern District of New York, against Royal Bank of Canada et al, in which CIS and Mendota were co-plaintiffs. A copy of such action is attached hereto as Schedule “V”

84. The foregoing activities call into question the validity of the merger of CIS and Mendota.

Absence of Consideration or Commercial Purpose

85. The Recognition of Debt and Hypothecs were executed by Xanthoudakis on behalf of NAM, NCMC and NIC and by Holden on behalf of Mendota Capital Corporation. The Receiver has determined that these individuals were not acting independently. Furthermore, the alleged underlying debt was between CIS, NCMC and NIC, three companies of the Norshield Financial Group.
86. The Recognition of Debt was purportedly signed on May 12, 2005 at a time when the Respondents and the other entities within the Norshield Financial Group were in serious financial difficulties and their operations were in complete disarray. Just prior to and immediately after that date, the following events occurred:
- (a) On May 2, 2005, Olympus Funds announced that it had suspended redemption requests and that it would cease selling units;
 - (b) On May 6, 2005, the Norshield Financial Group announced that NAM had entered into a letter of intent to substantially sell all of its assets to an Alberta company. This transaction was never concluded and the Receiver determined that the counterparty was a shell company;

- (c) On May 13, 2005, the OSC suspended NAM's registration because it was operating without a registered advising and compliance officer and shortly thereafter issued a temporary order precluding redemptions from any existing client accounts;
 - (d) On May 17 and 18, 2005, the registration of the Hypothecs took place;
 - (e) On May 20, 2005, the OSC issued an Order to Olympus Funds, Olympus Bank and NAM to appoint RSM Richter as Monitor to their affairs. These companies accepted RSM Richter's nomination as Monitor on June 1, 2005;
 - (f) On May 26, 2005, Mendota demanded payment from NCMC and NIC;
 - (g) On June 16, 2005, Mendota served NCMC and NIC with Prior Notices of an intention to enforce its security on the assets subject to the Hypothecs;
 - (h) On June 22, 2005, NIC merged with Honeybee Software Technologies Inc. The merger with this Mount Real company occurred for no apparent commercial purpose;
 - (i) On June 29, 2005, RSM Richter was appointed Receiver pursuant to the Initial Order. This appointment was subsequently reaffirmed pursuant to the Extension Order and Expanded Orders.
87. During the year preceding Olympus Funds' announcement in May 2005 that it had suspended redemption requests and that it would cease selling units, the Norshield Financial Group ostensibly ceased its investment activities.
88. There is no commercial justification for NIC, NCMC and NAM to have recognized the alleged debts due to Mendota Capital Corporation (a non-existent corporation) and to

have granted universal hypothecs on their respective assets. Mendota submitted no evidence that Mendota Capital Corporation provided any consideration to NIC, NCMC and NAM in exchange for executing the Recognition of Debt and granting the Hypothecs against their assets.

89. Furthermore, no evidence was provided that NAM had any obligation to secure the debts of NIC and NCMC. The fact that each of these entities belong to Xanthoudakis appears to be the only justification for the granting of the loan guarantee and the Hypothecs to Mendota Capital Corporation. Xanthoudakis knew that his companies (NAM, NIC and NCMC) were insolvent at the time of these transactions.
90. The timing of the execution of the Recognition of Debt, the granting of the Hypothecs and the attempted enforcement of security immediately after it being put into place suggests that this series of transactions was intended solely to defeat the rightful claims of investors by keeping any recoverable assets in the hands of parties closely linked to the principals of the Norshield Financial Group, at a time that it was insolvent and under investigation by the OSC.
91. There also appears to have been no business or commercial justification for the merger between Mendota and CIS.
92. As was the case with his acquisition of Globe-X, Holden negotiated the merger transaction exclusively with Muir with minimal due diligence. The lack of even basic due diligence performed by Holden prior to the merger is reflective of the close relationship between these two companies and supports that the two parties were not acting at arm's length.

93. During his sworn testimony at an examination conducted by the Receiver, Holden could not provide proof nor any information whatsoever that any consideration was provided by Mendota to acquire CIS from its previous owners. It would have made no commercial sense for the former owners of CIS to have transferred valuable assets, such as a claim for \$48.7 million (if the alleged claim was at one time legitimate, which is denied) for no apparent consideration paid by Holden.

Unexplained Payments to CIS

94. The Receiver has determined that monies were flowing freely between entities in the Norshield Financial Group with no apparent commercial justification.
95. The following are but a few of the examples of payments that were made by the Norshield Financial Group to CIS, Mendota and the other companies in which Holden and Muir have or had interests, that appear to similarly serve no legitimate commercial purpose:
- (a) **Payments from Olympus Bank:** The Retail Investors' money passed through Olympus Bank. Olympus Bank paid CIS US \$40.9 million between 2001 and 2005, although there is no evidence of a debt between these two entities.
 - (b) **Payments from Mosaic:** As mentioned previously, the Retail Investor's funds passed through the Olympus Funds Investment Structure and, ultimately, a significant portion of these funds were invested in Mosaic. The following unexplained payments were made by Mosaic between 2002 and 2004 to CIS and companies connected to Holden and Muir:
 - i. US \$38.4 million to CIS.

- ii. US \$3.7 million to Silicon Isle, the shares of which are held by LS, which in turn is owned by the Holden family trust.
 - iii. US \$15.6 million to Olympus Bank for Liberty Trust, an entity for which Muir was the settlor and CIS was the beneficial owner.
 - iv. US \$57.6 million to Globe-X, which were acquired by Silicon Isle and beneficially owned by the Holden family trust.
 - v. US \$18.3 million to Commax Management, of which Muir was a director.
 - vi. US \$14.0 million to C-MAX Advantage Fund Limited, of which Muir was a director.
96. The above payments made by Olympus Bank and Mosaic to CIS far exceed the Mendota Proof of Claim/CIS Proof of Debt. These payments more than offset any alleged “loans” made by CIS to NIC and NCMC and any claims that devolved to Mendota (which is denied).
97. The foregoing calls into question all dealings involving CIS and Mendota and justifies the Receiver’s conclusion that any alleged claims by Mendota or CIS are artificial or non-arms’ length transactions, the effect of which is to defeat the legitimate rights of the investors in the Olympus Funds Investment Structure.

Indiscriminate Attribution of the Mortgaged Assets

98. CIS/Mendota and their principals Muir and Holden, were active participants in a series of transactions which had the effect of indiscriminately moving assets and monies from entity to entity within the Norshield Financial Group in order to give the appearance that various Norshield entities had value when in fact the transactions in question were little more than a “shell game” and a sham.

99. Attached hereto as Schedules “W”, “X”, and “Y” respectively are detailed descriptions prepared by the Receiver of the manner in which the shares of Niocan, Oceanwide and AMT were artificially moved from entity to entity within the Norshield Financial Group, without any apparent commercial rationale other than to falsely inflate asset values in such entities, even though the very same assets were being claimed by multiple other entities.
100. It is thus apparent that the principals of the Norshield Financial Group, with the participation of persons such as Holden and Muir and the entities that they controlled, treated the assets within the group as interchangeable and they conceived transactions that were intended to falsely portray and obfuscate the financial position of the Norshield Financial Group, to the obvious detriment of their investors, including the Retail Investors.
101. Certain shares, debentures and other interests in Oceanwide, Niocan, and AMT registered in the names of NCMC and NIC have been sold by the Receiver. Mendota is claiming all of the proceeds of such sales as an alleged secured creditor of NCMC and NIC. However, as described above, with the participation of Holden and Muir, these same securities were previously arbitrarily moved without commercial basis from entity to entity in the Norshield Financial Group to artificially create and inflate value. The transactions which Mendota is now relying upon to justify its “secured claim” over the Mortgaged Assets appear to be just another part of the manoeuvres employed by principals in the Norshield Financial Group to divert the monies originating from investors, including the Retail Investors.

102. The CIS Assignment, entered into prior to the merger, further supports the conclusion that there were no debts that could have possibly devolved to Mendota.
103. Any distribution of the proceeds of recoveries realized by the Receiver to entities or persons closely related to or associated with Xanthoudakis or the Norshield Financial Group, including Holden and Muir, and who participated in the schemes that resulted in the losses suffered by investors, would be unjust and unreasonable.

CONCLUSIONS

104. The Receiver's investigations reveal that Mendota/CIS and its principals Muir and Holden were part of the Norshield Financial Group and were involved in activities of a highly questionable nature, which contributed to the losses suffered by the Retail Investors, as well as other investors within the Olympus Funds Investment Structure. The Receiver believes that the Mendota Proof of Claim is an unfounded and abusive attempt to appropriate the proceeds of realizations achieved by the Receiver and to frustrate the recoveries of the victims of the Norshield fraud.
105. The Receiver submits that the Notice of Disallowance should be maintained, the Notice of Objection should be dismissed and this Honourable Court should determine that Mendota has not proven that it has a valid claim against either NIC or NCMC for, *inter alia*, the following reasons:
- (a) Mendota has not provided the Receiver with evidence that would substantiate the validity of the Mendota Proof of Claim;
 - (b) The Recognition of Debt and related promissory notes as well as the Hypothecs, upon which Mendota relies to evidence the debts of NIC and NCMC, were

purportedly executed by NIC and NCMC in favour of a non-existent entity, to wit, Mendota Capital Corporation rather than Mendota Capital, Inc., and are invalid on their face;

- (c) The supposed “merger” of Mendota and CIS as at January 5, 2005 appears to be artificial in that the Receiver has seen no evidence to establish that Holden gave any consideration to acquire the assets of CIS that supposedly included a \$48.7 million claim. In addition, CIS continued to act as a distinct entity as evidenced by the filing of the CIS Proof of Debt in the liquidation proceedings of Mosaic in The Bahamas and the initiation of legal proceedings in New York;
- (d) The attempt by CIS and Mendota to make what appears to be the same claims in the Mosaic liquidation proceedings in The Bahamas and in the Respondents’ proceedings in Canada is evidence of the frivolous nature of both claims;
- (e) The Recognition of Debt and Hypothecs were executed by Xanthoudakis on behalf of insolvent companies at the last possible moment before their Court-ordered receiverships and concurrently with an OSC investigation, and there is absolutely no evidence of consideration or commercial purpose to justify the execution thereof;
- (f) Prior to the cessation of the operations of the Norshield Financial Group in the spring of 2005, neither CIS nor Mendota purported to claim repayment of such alleged indebtedness due by NIC and NCMC, even though records suggest that such amounts may have been outstanding for many years;
- (g) In any event, the payments made by Olympus Bank and Mosaic to CIS (which subsequently became Mendota) more than exceeded any alleged “loans” made by

CIS to NIC and NCMC and any claims that may have devolved to Mendota (which is denied) were more than offset by such payments. Monies flowed freely between entities in the Norshield Financial Group with no apparent commercial justification;

- (h) The alleged debts owing by NIC and NCMC to CIS, even if they were legitimate at one point (which is denied), were assigned by CIS to Mosaic effective September 30, 2002 and therefore could not have devolved to Mendota at the time of the merger in 2005;
- (i) The fact that the Mortgaged Assets (i.e., the interests in Niocan, AMT and Oceanwide) that purportedly secured the indebtedness of NIC and NCMC to Mendota Capital Corporation pursuant to the Hypothecs appear to have been treated as assets of various other entities of the Norshield Financial Group, with the involvement and/or full knowledge of Xanthoudakis, Holden and Muir, puts into question the validity and enforceability of the Hypothecs against such assets; and
- (j) The realizations by the Receiver resulting from the sale of the securities of Oceanwide and Niocan and the realization of assets of AMT represent a significant amount of the recoveries to date in the Canadian Respondents' proceedings and if the Mendota Proof of Claim were to be accepted, Mendota would be entitled to receive the net proceeds of realization to the obvious prejudice of the victims of the Norshield fraud, to wit, the investors in the Olympus Funds Investment Structure.

- (k) Accordingly, it is the Receiver's view that the Mendota Proof of Claim is unfounded and abusive, and that any distribution to Mendota resulting from the realizations achieved in the receiverships of NIC and NCMC, would be inequitable and unjust.

ORDER SOUGHT

106. The Receiver respectfully recommends that this Honourable Court render an Order:

- (a) approving the Fifteenth Report and the activities of the Receiver, as disclosed in this Fifteenth Report;
- (b) maintaining the Notice of Disallowance issued by the Receiver with respect to the Mendota Proof of Claim against NCMC and NIC;
- (c) declaring that Mendota has no valid provable claim against NIC and NCMC and that it has no entitlement to share in the proceeds of any distributions to be made by the Receiver in the present proceedings;
- (d) requesting the aid and recognition of the Quebec Superior Court to give effect to this Order including, without limitation, to obtain the discharge or radiation of the Hypothecs granted by NIC and NCMC in favour of Mendota Capital Corporation, and the Prior Notices, published and registered in the Province of Quebec at the Register of personal and movable real rights (RDPRM); and
- (e) dispensing with service of this Fifteenth Report on any person other than counsel for Mendota and Jean Fontaine, in his capacity as Representative Counsel appointed pursuant to the Order of this Honourable Court dated February 7, 2006.

**RSM Richter Inc., in its capacity as
Court-Appointed Receiver of the
Norshield Companies (as defined
herein) and with no personal or corporate
liability**

