



THE MANITOBA
SECURITIES
COMMISSION

MSC Staff Notice 2006-3

Re: Investigations Arising from Trades of Portus Alternative Asset Management

The Ontario Securities Commission (OSC) issued a press release dated January 13, 2006 "Regulators Propose Plan to Augment Money Being Returned to Portus Investors". Under the proposal Investment Dealers and Mutual Fund Dealers which received fees from trades of Portus Alternative Asset Management ("Portus") may elect to pay those fees to clients who purchased Portus and have terms and conditions imposed on the dealer by the OSC. As stated in the press release acceptance of the proposed Terms and Conditions by a dealer will resolve regulatory issues in Ontario regarding dealer due diligence and supervision.

This notice is intended to respond to inquiries received by staff of The Manitoba Securities Commission ("MSC") following announcement of the proposal.

MSC staff continues to investigate various regulatory issues arising from the trading of Portus to Manitoba residents. The proposal does not limit the ability of the MSC to continue its investigation and take whatever enforcement action may be appropriate.

Enforcement action could include an administrative hearing before the commission to review the registration of a dealer and/or a salesperson. In cases where a claim by an investor for recovery of a financial loss has been approved by the Director, a hearing may also include a request that the commission issue an order requiring the subject of the hearing to pay the investor up to \$100,000 as compensation for a financial loss if the hearing determines the loss was caused by improper or illegal activity.

A decision by a dealer to participate in the proposal will be viewed as a voluntary action by the dealer and will *not* be considered an admission of any wrongdoing for the purpose of any investigation or enforcement action taken by MSC.

Any payment made to clients by the dealer or salesperson will be considered by staff to be a mitigating factor to be considered when deciding whether there is a public interest to be served by commencing enforcement action, and whether a Claim by an Investor for Compensation for Financial Loss should be presented to a hearing.

The Manitoba Securities Commission is a special operating agency responsible for administering and enforcing *The Securities Act*, *The Real Estate Brokers Act*, *The Mortgage Dealers Act* and *The Commodity Futures Act*. The commission works in the public interest to protect Manitoba investors and to facilitate the raising of capital while maintaining fairness and integrity in the securities marketplace.

Further information about Financial Loss Claims is available at:
http://www.msc.gov.mb.ca/legislation/notices/2003_4notice.html

Douglas R. Brown
Director of Enforcement

January 18, 2006

For Media Inquiries:
Ainsley Cunningham
Education and Information Coordinator
The Manitoba Securities Commission
(204) 945-4733
aicunningh@gov.mb.ca