

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

- and -

**PORTUS ALTERNATIVE ASSET
MANAGEMENT INC.**

**TEMPORARY ORDER
(Section 127)**

WHEREAS it appears to the Ontario Securities Commission (the “Commission”) that:

1. Portus Alternative Asset Management Inc. (“Portus”) is a registered Investment Counsel/Portfolio Manager and Limited Market Dealer.
2. At present, Portus has opened managed client accounts for approximately 26,000 clients across Canada. The majority of these clients are resident in Ontario. Portus appears to be selling to all clients the same portfolio of securities. Each portfolio contains securities which are held and/or traded to mimic the performance of BancNote Trust mutual funds, non-prospectus mutual funds which Portus also manages.
3. Portus Asset Management Inc. (“PAM”) created the BancNote Trust funds. PAM is not registered with any securities commission in Canada. Portus acts as the Investment Adviser of the BancNote Trust.
4. Portus receives approximately \$20 million of new investment funds or assets from a combination of existing and new clients each week.
6. Portus has approximately \$800 million under management at present. The majority of these funds are from Ontario clients.
7. Portus appears to have contravened sections 113 and 123 of Ontario Regulation 1015, R.R.O. 1990 of the *Securities Act*, and subsections 2.1(1) and 1.5(1)(b) of OSC Rule 31-505 and, to date, has failed to take adequate steps to remedy these breaches.

8. The conduct referred to above appears to be contrary to the public interest.

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

AND WHEREAS the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest;

AND WHEREAS by Commission order made March 15, 2004 pursuant to section 3.5(3) of the Act, any one of David A. Brown, Paul M. Moore and Susan Wolburgh Jenah acting alone, is authorized to make orders under section 127 of the Act;

IT IS HEREBY ORDERED that, pursuant to subsections 127(1)1 and 127(5) of the Act, the following terms and conditions are imposed on Portus' registration (the "Terms"):

1. Effective immediately, Portus shall not open any new client accounts; and
2. Effective immediately, Portus shall not accept any new funds or other assets for investment in respect of any existing client accounts.

IT IS FURTHER ORDERED that the Terms supplement and do not replace any other specific terms and conditions that currently apply to Portus and Portus continues to be subject to all applicable general terms, conditions and other requirements contained in the Act and any Regulations made thereunder; and

IT IS FURTHER ORDERED that, pursuant to subsection 127(6) of the Act, this Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission.

DATED at Toronto this 2nd day of February, 2005.

"Paul M. Moore"

Paul M. Moore, Q.C.