

**OLYMPUS UNIVEST LTD. (IN VOLUNTARY LIQUIDATION)**

**FIRST REPORT OF THE JOINT LIQUIDATORS**

**TO THE COURT**

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**OLYMPUS UNIVEST LTD.**  
**(In Voluntary Liquidation)**  
**c/o BDO Mann Judd**  
**P O Box N-10144**  
**Nassau, Bahamas**  
**Telephone 242-325-6591 Fax 242-325-6592**  
**[info@bdomannjudd.com](mailto:info@bdomannjudd.com)**

---

**BY HAND**

Supreme Court of the Commonwealth of the Bahamas  
Nassau, Bahamas

**Olympus Univest Ltd (In Voluntary Liquidation) ("OUL")**  
**First Report of the Joint Liquidators to the Court**

**1. INTRODUCTION AND BACKGROUND**

- 1.1 On 19 May 2005, Mr G Clifford Culmer ("Mr Culmer") was appointed Voluntary Liquidator of OUL by resolution of the Common Shareholders.
- 1.2 On 19 August 2005, the, then, Voluntary Liquidator, filed a Petition dated 19 August 2005, to have the voluntary liquidation continued subject to the supervision of the Supreme Court of the Commonwealth of The Bahamas ("the Court")
- 1.3 On 3 October 2005, Mr Raymond Massi ("Mr Massi") was appointed Joint Provisional Liquidator of OUL by order of the Court.
- 1.4 On 31 January 2006, the attorneys for the, then, Voluntary Liquidator and the, then, Joint Provisional Liquidator filed a Summons to make an application on behalf of the, then, Voluntary Liquidator in order to amend the Winding-up Petition mentioned in Section 1.2 above and that he be at liberty to dispense with the requirement for service of the amended Winding-up Petition on the creditors.
- 1.5 On 6 February 2006, the Petition was heard and the Court ordered, inter-alia, that the Voluntary Winding-up be continued, but subject to Court Supervision, and Messrs Culmer and Massi be appointed as Liquidators of OUL. A copy of the Order is attached (Exhibit 1).
- 1.6 Reference is made to the First Report of the, then, Voluntary Liquidator dated 27 July 2005 ("the First Voluntary Report"), the Second Report of the, then, Voluntary Liquidator and the First Report of the, then, Joint Provisional Liquidator dated 31 January 2006 ("the Second Voluntary Report") both of which have previously been included as Exhibits in Affidavits previously sworn by Mr Culmer in these proceedings.

- 1.7 In the remainder of this Report, Messrs Culmer and Massi will be referred to as 'the Joint Liquidators'.
- 1.8 The Joint Liquidators present herewith their First Report in accordance with the Court's Order dated 6 February 2006.

## **2. SHAREHOLDERS**

- 2.1 The situation regarding the shareholders' register, as outlined in Section 2.4 of the First Voluntary Report, remains unchanged.

## **3. FINANCIAL POSITION**

- 3.1 The situation regarding OUL's financial records, as outlined in Section 3.1 of the Second Voluntary Report, remains unchanged.
- 3.2 As mentioned in Section 3.2 of the Second Voluntary Report, the Canadian Report provided information on the, then, current position of potential values of assets which might be potentially recovered for the creditors and shareholders of OUL. On 5 May 2006, Mr Massi, in his capacity as Receiver of various Canadian entities, issued a newsletter ("the newsletter") to the investors in Olympus United Funds Corporation, Canada which sets out, inter-alia, the updated position relating to such assets. A copy of the newsletter is attached (Exhibit 2). To date there has been no material change in the position as outlined in Section 3 of the Second Report, the Canadian Report and the newsletter except as mentioned below.
- 3.3 As mentioned in Sections 3.3 and 3.6 of the Second Voluntary Report, OUL and the Strategy companies (as defined in the First Voluntary Report) each obtained Orders appointing the Joint Liquidators as Joint Receivers of the assets of Mosaic Composite Limited (U.S.) Inc. ("Mosaic") with powers as outlined therein. In addition, as mentioned in Section 7 of the Newsletter, on 22 March 2006, Mosaic was placed under Court-supervised liquidation and the Joint Liquidators were appointed as Joint Provisional Liquidators of Mosaic. A copy of this Order is attached (Exhibit 3).
- 3.4 By two Summonses filed on 19 December 2005 and 21 March 2006, the Liquidators of Globe-X Management Limited ("GXM") are seeking to set aside the appointment of Messrs Massi and Culmer as Joint Receivers of Mosaic. Copies of these Summonses are attached (Exhibit 4). Hearing of this application, if necessary, is scheduled for 20 June 2006.
- 3.5 By Summons filed on 28 March 2006, the Liquidators of GXM are seeking to have the Order dated 22 March 2006, which is mentioned in Section 3.3 above, set aside or to have Messrs Massi and Culmer replaced as Joint Provisional Liquidators of Mosaic. A copy of the Summons is attached (Exhibit 5). Hearing of this application is scheduled for 24 May 2006.

**4. CREDITORS AND SHAREHOLDERS**

4.1 The situation remains the same as outlined in Section 4.1 of the Second Report.

**5. LITIGATION**

5.1 The Joint Liquidators are not aware of any change in the matters outlined in Sections 8.1 and 8.2 of the First Voluntary Report except that, as noted in Section 1.5 above the liquidation has now been brought under the supervision of the Court.

5.2 With regard to the matters outlined in Section 5.2 of the Second Voluntary Report, as noted in the newsletter, one of the assets claimed by the Joint Liquidators, as Joint Provisional Liquidators of Mosaic, is the proceeds from the Royal Bank of Canada Soho Option ("the Option"). This is the subject of proceedings in New York with Merrill Lynch, the Liquidators of GXM and the Liquidators of Multi Strategy Fund II Limited ("MSII") (as assignee of the Option from Mosaic). The Joint Provisional Liquidators of Mosaic have also intervened in the liquidation of MSII in the Cayman Islands to assert their rights to the Option and have further applied for the removal of KPMG as Joint Official Liquidators of MSII on grounds of, inter-alia, conflict of interest.

**6. RECEIPTS AND EXPENDITURE**

6.1 A summary of the Receipts and Expenditure from 1 February 2006 to 6 May 2006 is filed herewith (Exhibit 6).

**7. CONCLUSION**

7.1 It is now apparent that the recovery of any assets will be mainly dependent upon the efforts of the Joint Provisional Liquidators of Mosaic. As a result, the main focus in the next few months will be on the defence of the matters referred to in Sections 3.4 and 3.5 above as well as pursuit of the matters referred to in Section 5.2 above. We shall also continue to analyse the in-flow and out-flow of funds in Mosaic and OUL as mentioned in Section 6 of the newsletter.

Respectfully submitted the 20 day of May 2006

*G. C. Culmer* )

G C Culmer )

*R. Massi* )

R Massi )

JOINT LIQUIDATORS

**OLYMPUS UNIVEST LTD. (IN VOLUNTARY LIQUIDATION)**

**EXHIBIT 1**

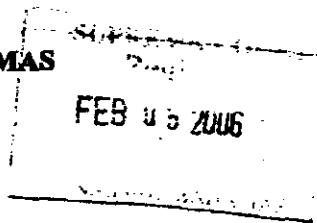
**TO FIRST REPORT OF THE JOINT LIQUIDATORS**

**TO THE COURT**

**COMMONWEALTH OF THE BAHAMAS**

**IN THE SUPREME COURT**

Commercial Division



2005/COM/bnk

No. 00047

**IN THE MATTER OF OLYMPUS UNIVEST LTD**  
(In Voluntary Liquidation)

**AND**

**IN THE MATTER OF THE INTERNATIONAL BUSINESS**  
**COMPANIES ACT, Ch, 309, Statute Laws of The Bahamas, 2000 Edition**

## **ORDER**

**UPON** the Petition of the above-named Company on 6<sup>th</sup> day of February, 2006 preferred unto Her Ladyship the Honourable Madam Justice Jeanne Thompson.

**AND UPON HEARING** Mr. Michael R. Scott, Esquire of Counsel herein for the Petitioner, **OLYMPUS UNIVEST LTD. (In Voluntary Liquidation)** (hereinafter referred to as "the Company") with him Ms. Tracy A.A.A. Ferguson

**AND UPON HEARING** Mr. Emerick A. Knowles, Esquire of Counsel herein for the Liquidators of Globe-X Management Limited and Mr. Brian Moree for Industrial Alliance Insurance and Financial Services Inc., Lucie and André Chagnon Foundation, Comité de retraite du Régime de retraite des employés de la Ville de Laval (aka Ville de Laval), Fiducie globale des caisses de retraite des employés municipaux du Saguenay-Lac St Jean (aka Ville de Saguenay), Comité de retraite du régime de retraite des employées et employés de la Ville de Sherbrooke (aka Ville de Sherbrooke).

**AND UPON READING** the several Affidavits of George Clifford Culmer filed herein on 16<sup>th</sup> August, 2005, 30<sup>th</sup> September, 2005, 3<sup>rd</sup> October, 2005, 6<sup>th</sup> October, 2005, 3<sup>rd</sup> February, 2006 and 6<sup>th</sup> February, 2006 verifying the said Petition, the Nassau Guardian of the 27<sup>th</sup> January, 2006, of the 30<sup>th</sup> January, 2006 and of the 31<sup>st</sup> January, 2006, each containing the advertisement of the said Petition, this Court doth order as follows:

1. that the voluntary winding-up of Olympus Uninvest Ltd (In Voluntary Liquidation) be continued, but subject to the supervision of this Court;
2. that George Clifford Culmer and Raymond Massi be appointed Liquidators of the Company without security;
3. that the Liquidators do within Three (3) months from the date hereof and henceforth every Three (3) months file with the Court a Report in writing as to the position of and the progress made with the winding-up of the said Company and with the realization (if any) of the assets thereof and as to any other matters connected with the winding-up of the Company as the Court may from time to time direct such Reports in writing to be sent to any creditor of the Company who shall so request;
4. that no bills of costs and other charges, or expenses, or special remuneration of any attorney employed by the Liquidators of the Company, or any remuneration, charges or expenses of such Liquidators, or any manager, accountant, auctioneer, broker, or other person be paid out of the assets of the Company, unless such costs, charges, expenses or remuneration shall have been taxed or allowed by the

Registrar **AND IT IS ORDERED** that all such costs, charges, expenses and remuneration be taxed and ascertained accordingly;

5. that all actions or other proceedings against the Company be stayed pending further order;
6. that the costs of the Petitioner be taxed and paid out of the assets of the Company and that on such taxation, the Petitioner's costs to comprise all costs of and incidental to the said Petition;
7. that the costs of the creditors appearing by Counsel and supporting the Petition be taxed and paid out of the assets of the Company and that on such taxation the creditors' costs to comprise all costs of and incidental to their appearance on the said Petition;
8. that the costs of the contributories appearing by Counsel and supporting the Petition be taxed and paid out of the assets of the Company and that on such taxation the contributories' costs to comprise all costs of and incidental to their appearance on the said Petition;
9. that the Liquidators have liberty if so advised to present a Petition for the winding-up of Mosaic Composite Limited or the assets of Mosaic Composite Limited (U.S.) Inc. in the Bahamas under the provisions of Section 92 of the International Business Companies Act, 2000.
10. that the Liquidators, Creditors, Contributories have liberty to apply for directions to the Judge in Chambers generally as they may be advised.

**DATED** the 6<sup>th</sup> day of February A.D., 2006.

**BY ORDER OF THE COURT**

**REGISTRAR**

**COMMONWEALTH OF THE BAHAMMAS**

**IN THE SUPREME COURT**

**Commercial Division**

**IN THE MATTER OF OLYMPUS UNIVEST LTD**  
**(In Voluntary Liquidation)**

**AND**

**IN THE MATTER OF THE INTERNATIONAL**  
**BUSINESS COMPANIES ACT, Ch. 309, Statute Laws**  
**of The Bahamas, 2000 Edition**

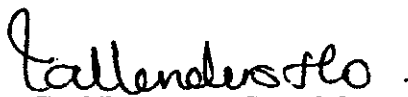
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**ORDER**

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2005/COM/bnk

No.00047



**CALLENDERS & CO.**

One Millars Court

Nassau, N.P., Bahamas

Attorneys for the Voluntary Liquidator

c:\Karen\Olympus\Order February, 2006\20015(1)

**OLYMPUS UNIVEST LTD. (IN VOLUNTARY LIQUIDATION)**

**EXHIBIT 2**

**TO FIRST REPORT OF THE JOINT LIQUIDATORS**

**TO THE COURT**

# RSM Richter Inc.

May 5, 2006

Via Mail

RSM Richter Inc.  
2, Place Alexis Nihon  
Montréal (Québec) H3Z 3C2  
Téléphone / Telephone : (514) 934-3497  
Télécopieur / Facsimile: (514) 934-3504  
[www.rsmrichter.com](http://www.rsmrichter.com)

# Newsletter

**Olympus United Funds Corporation/Corporation de Fonds Unis Olympus  
(hereinafter "Olympus")**

## 1. Purpose of Newsletter

In order to enhance communications with the investors in Olympus (the "Investors"), RSM Richter Inc., in its capacity as the Court-appointed Receiver (the "Receiver") of the Norshield group of companies<sup>1</sup>, including Olympus (the "Norshield Companies") will be issuing, on a regular basis, a newsletter that will provide up-to-date information on the progress of the receivership of Olympus and the Norshield Companies (the "Newsletter"). The initial three issues of the Newsletter will be released on a monthly basis after which it will be distributed quarterly. A copy of the Newsletter will also be available on the Receiver's Norshield website: [www.rsmrichter.com/current\\_insolvency\\_files](http://www.rsmrichter.com/current_insolvency_files).

## 2. Investors' Information Meeting

On February 21, 2006, the Receiver held a three-hour Investors' information meeting simultaneously in Toronto, Montréal and Vancouver.

Approximately 500 persons attended this meeting during which the Receiver completed a presentation describing the nature and scope of its mandate, providing an overview of the investment structure of Olympus and the Norshield Companies, summarizing the assets identified to date and estimated recoveries and explaining the Receiver's action plan. This presentation was followed by a question period.

Those Investors who could not attend the meeting can visit our website to obtain a copy of our presentation.

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<sup>1</sup> Norshield Asset Management (Canada) Ltd., Norshield Investment Partners Holdings Ltd., Olympus United Funds Holdings Corporation, Olympus United Funds Corporation, Olympus United Bank and Trust SCC, Olympus United Group Inc., Honeybee Software Technologies Inc. (formerly Norshield Investment Corporation), Norshield Capital Management Corporation.

### 3. Follow up to the Investors' Information Meeting

Following this meeting, the Receiver received a number of written and oral requests to clarify certain points that were raised either during the presentation or question period. We are providing the following to clarify certain information presented at the Investors' information meeting as well as to advise you of events which have taken place and information obtained by the Receiver since that meeting.

- The Receiver does represent the interests of all of the stakeholders of the Norshield Companies, but in particular the interests of the Investors who we believe are some of the largest stakeholders in this matter.

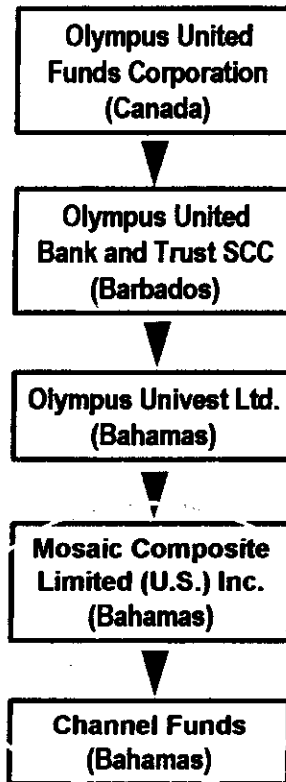
The Receiver was appointed in June 2005 by the Ontario and Quebec Courts to:

- Identify, take possession of and recover all assets of the Norshield Companies;
  - Investigate the affairs of the Norshield Companies, including conducting examinations of key persons;
  - Hold all funds recovered by the Receiver in trust pending further order of the Courts as to the method of distribution of such funds to the stakeholders of the Norshield Companies.
- The Receiver is in the process of performing a forensic review of the activities, books and other records of Olympus and the other Norshield Companies.

The primary objective of this forensic review is to identify and recover the funds remaining from your investments. We also want to establish the trail of the Investors' funds as well as determine the feasibility and the potential benefits of instituting legal proceedings against various parties to achieve additional recoveries for your benefit.

- We are making excellent progress in this area and are now focusing our efforts on analyzing the in-flow and out-flow of funds in various companies including Olympus United Bank and Trust SCC located in Barbados, Olympus Uninvest Ltd. and Mosaic Composite Limited (U.S.) Inc. located in The Bahamas through which we have determined that most of the Investors' funds ultimately flowed.

- For your reference, this is a simplified graphic illustration of the Olympus investment structure:



We expect to complete our analysis of the flow of funds within the next few months and we will report back to the Courts and the Investors with our findings. This analysis should disclose where the Investor funds were ultimately directed. We appreciate your patience and understand that you want to know what happened to your money. We hope to answer these questions through our forensic analysis with the goal of obtaining additional recoveries for you.

Our forensic activities have permitted us to identify significant redemption payments/transfers to a number of entities which we believe are related entities. These redemptions occurred during 2002, 2003 and 2004 and are of particular concern to the Receiver. We are continuing our work to determine the legality of these transactions as well as whether recovery of the funds can be achieved from the recipients.

#### 4. Assets Identified

We have so far recovered approximately \$8.1 million of assets for the direct benefit of the Investors and are in the process of selling an office building in Barbados which has an approximate value of \$2.5 million.

We have also identified approximately \$25.5 million of other assets:

- Approximately \$8.4 million in the Royal Bank of Canada basket of hedge funds;
- Investments in three Canadian companies, Oceanwide, Niocan and AMT, that may have a total value of \$9.9 million;
- Approximately \$7.2 million in the shares of a Bahamian real estate company.

A legal process, in various Caribbean and U.S. jurisdictions, has been initiated to recover these assets. The recoveries will not be in whole for your benefit as they will be shared with the other stakeholders of the companies where your money has been invested (i.e. Olympus Uninvest Ltd. and Mosaic Composite Limited (U.S.) Inc.).

Finally, the Receiver is positioning itself to determine what rights it may have, for the benefit of the Investors, to recover an additional \$34 million of assets that have been identified.

The recovery process is long and complicated because we are dealing with foreign Courts and legislation where legal remedies are different than those available in Canada. We are being challenged in many instances by other parties who are making competing claims to those same assets.

#### 5. Legal Recourses against Third Parties

The Receiver is in the process of assessing what legal recourses could be instituted to further enhance recoveries for the benefit of the Investors. We are unable to provide you any specific details on the legal proceedings that are being contemplated since providing advance notice could compromise the success of any such proceedings. However, the Receiver is actively reviewing the following:

- Proceedings to recover the funds paid to recipients of inappropriate asset transfers, preferential redemptions and other similar transactions;
- Damage claims against officers, directors, professionals (auditors, lawyers, consultants, advisors, etc.), financial institutions and other parties who may have participated in inappropriate transactions or who failed in their fiduciary obligations to Olympus, any of the other Norshield Companies and/or their respective stakeholders (including the Investors).

In addition, the assessment of legal recourses by the Receiver should not preclude nor discourage Investors from investigating any additional recourse that any of them may have in connection with the losses that they have suffered.

## 6. Allegations of Fraud

While the Receiver's forensic work is primarily focused on asset recovery, we may identify irregularities in either the conduct of the officers and directors of Olympus and/or the other Norshield Companies or breaches of civil laws (including securities law) and criminal laws.

In such cases, the Receiver will inform the regulators and/or the police authorities of its findings and will cooperate fully to ensure that any offenders are brought to justice.

We can confirm to you that we have been in regular communications with both the Ontario Securities Commission and its equivalent in Quebec, the Autorité des Marchés Financiers to provide them with all information relevant to their ongoing investigations. We have also met with and/or have exchanged information with the regulatory agencies both in The Bahamas and Barbados. We have also had discussions with law enforcement agencies in Canada.

With information provided by the Receiver as well as any findings from their respective investigations, the regulators and the law enforcement authorities will decide whether the evidence before them is sufficient to bring charges against the individual(s) responsible for any breaches identified. Unfortunately, we are not privy to the scope and progress of any investigations that the regulators or police, whether in Canada or elsewhere, may be conducting in this regard and as such cannot report further to you in this regard.

## 7. Recent Developments

During the last few months, the following developments have occurred which relate, directly or indirectly, to the receivership of Olympus:

- On February 6, 2006, the liquidation of Olympus Uninvest Ltd. was placed under the supervision of the Courts of The Bahamas and Raymond Massi of RSM Richter Inc. was confirmed as Joint Official Liquidator along with Clifford Culmer of BDO Mann Judd, a Bahamian firm specializing in liquidations. Olympus Uninvest Ltd. is the Bahamian entity in which the Receiver believes that most of your funds were consolidated with those of other investors. We are also in the process of having this appointment recognized in other jurisdictions to facilitate our recovery efforts.
- On March 22, 2006, Mosaic Composite Limited (U.S.) Inc. was placed under court-supervised liquidation in The Bahamas and again, Raymond Massi of RSM Richter Inc. was appointed Joint Provisional Liquidator along with Clifford Culmer of BDO Mann Judd. Mosaic Composite Limited (U.S.) Inc. is the Bahamian entity into which Olympus Uninvest Ltd. (see graphic illustration above) invested all or substantially all of its funds.

The liquidation of Mosaic Composite Limited (U.S.) Inc. is an important development in the recovery process, as a significant portion of the assets identified by the Receiver are owned by this entity.

- The Receiver has continued to examine under oath various individuals who were involved with Olympus and/or the other Norshield Companies in various capacities or who would have knowledge of the whereabouts of assets. These individuals include:

- A representative of Brooks Di Santo, the auditors of the Channel Funds (see graphic illustration above);
- Stephen Hancock, a representative of Cardinal International Financial Services, the former administrator to Olympus Uninvest Ltd. and Mosaic Composite Limited (U.S.) Inc.;
- Dale Smith, an officer and director of certain of the Norshield Companies;
- John Xanthoudakis, the principal of the Norshield Companies.

Over and above the examinations noted above, the Receiver has scheduled or is in the process of scheduling additional examinations with individuals whom we believe can shed light on what happened to your money and which could result in additional recoveries. These Court-authorized examinations will be conducted in Canada, the Caribbean as well as the USA.

- The Receiver is presently negotiating the sale of an office building located in Barbados owned by a subsidiary of Olympus United Bank and Trust SCC, in turn a subsidiary of Olympus. If these negotiations are successful, it is anticipated that the sale of this property will yield between \$2.0 and \$2.5 million.
- The Receiver has identified an additional \$1.4 million being held on deposit in The Bahamas by a third party on behalf of Mosaic Composite Limited (U.S.) Inc. and efforts are underway to recover this amount. This asset has not previously been reported to the Investors as it was identified through the liquidation process of Mosaic Composite Limited (U.S.) Inc.

#### **8. Receiver's Next Report to the Court**

The Receiver is anticipating submitting its next major report to the Ontario Court in August or early September 2006. Once this report has been filed with the Court, it will be posted on the Receiver's website.

In the interim, we will endeavour to keep you informed as to the progress of the Olympus receivership through subsequent issues of this Newsletter.

#### **9. Investors Representative**

The Receiver has been communicating regularly with Jean Fontaine of Stikeman Elliott LLP who was appointed by the Ontario Court to act as Representative Counsel on your behalf. We are reporting to Mr. Fontaine on the progress of our work, consulting with him on important decisions to be made and receiving his valued input on all relevant issues relating to the receivership.

We invite and encourage you to contact Mr. Fontaine by phone at (514) 397-3337, by fax at (514) 397-3487 or by email at [jfontaine@stikeman.com](mailto:jfontaine@stikeman.com) for any specific inquiries for which he may be of assistance.

Page 7  
May 5, 2006

If you have any questions regarding the Norshield Companies or any issue raised in the Newsletter, please do not hesitate to communicate with us by calling our dedicated Norshield toll-free telephone number 1-866-869-9679 or by email at [Norshield@rsmrichter.com](mailto:Norshield@rsmrichter.com). One of our representatives will answer all inquiries as soon as possible. Also, if you prefer to receive this newsletter electronically, please provide us with your email address at the above contact information.

You should also visit the RSM Richter Inc. webpage [www.rsmrichter.com/current\\_insolvency\\_files.aspx](http://www.rsmrichter.com/current_insolvency_files.aspx) to obtain additional information regarding Olympus and the Norshield Companies.

We will provide you with regular updates regarding our efforts to recover the funds you have invested with Olympus. We thank you for your confidence and rest assured we are making every effort to maximize the recovery of your money as quickly as possible.

**RSM Richter Inc.**  
Receiver

A handwritten signature in black ink, appearing to read 'Raymond Massi', written in a cursive style.

Raymond Massi, CA, CIRP

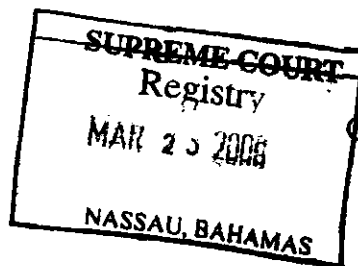
**OLYMPUS UNIVEST LTD. (IN VOLUNTARY LIQUIDATION)**

**EXHIBIT 3**

**TO FIRST REPORT OF THE JOINT LIQUIDATORS**

**TO THE COURT**

COMMONWEALTH OF THE BAHAMAS  
IN THE SUPREME COURT  
Commercial Division



2006  
COM/COM/00015

IN THE MATTER OF MOSAIC COMPOSITE LIMITED  
now MOSAIC COMPOSITE LIMITED (U.S.) INC.  
(a Minnesota Corporation) ("Mosaic")

AND

IN THE MATTER OF THE INTERNATIONAL BUSINESS  
COMPANIES ACT, 2000

**ORDER**

*2/3/06*  
*Cheryl Albury J.*  
BEFORE the Honourable Justice Mrs. Cheryl Albury in Chambers, Fourth Floor,  
British American Building, Nassau, Bahamas, this 21<sup>st</sup> day of March, 2006

UPON the Summons filed herein on 20<sup>th</sup> March, 2006

AND UPON HEARING Michael R. Scott, Esquire, Counsel for the Petitioner,  
Olympus Univest Limited (In liquidation)

AND UPON READING the Affidavit of George Clifford Culmer sworn and filed  
herein on the 20th March, 2006

**IT IS HEREBY ORDERED:**

1. that George Clifford Culmer and Raymond Massi be appointed Joint Provisional Liquidators of the company, without security, until after the hearing of the Petition in this matter or further order in the meantime, with power to act jointly or severally and that they be remunerated at their usual professional rates, subject always to taxation by this Honourable Court;

2. that the Joint Provisional Liquidators do collect and preserve the assets of the company, including without limitation, all moneys and choses in action or other assets as may represent the investments of Olympus Uninvest Limited and/or its strategy companies into the company and from the company wheresoever they may have been invested or are now to be found;
3. that the Joint Provisional Liquidators be at liberty to engage at their usual rates of remuneration (subject to taxation) such attorneys or other professional advisers, in such jurisdictions as they may be advised, to assist in the recovery and/or preservation of the assets of the company;
4. that the Joint Provisional Liquidators do have all of the powers set out in Section 108 of the Act, without further leave of this Honourable Court, provided always that the Joint Provisional Liquidators shall not, without the further leave of this Honourable Court, distribute any of the assets of the company;
5. that the Joint Provisional Liquidators do hereby have liberty to apply for such further directions as may be necessary and generally.

DATED the *22* day of *March* 2006

**BY ORDER OF THE COURT**

**REGISTRAR.**

**<sup>1</sup>COMMONWEALTH OF THE BAHAMAS**

**IN THE SUPREME COURT**

Commercial Division

**IN THE MATTER OF MOSAIC COMPOSITE  
LIMITED**

now **MOSAIC COMPOSITE LIMITED (U.S.)  
INC.** (a Minnesota Corporation) (“Mosaic”)

**AND**

**IN THE MATTER OF THE  
INTERNATIONAL BUSINESS COMPANIES  
ACT, 2000**

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**ORDER**

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COM/COM/00015

2006



**CALLENDERS & CO.**

Chambers,  
One Millars Court,  
Nassau, Bahamas.  
Attorneys for the Petitioner

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<sup>1</sup> MRS/bbb/20015(1)/Olympus Uninvest

**OLYMPUS UNIVEST LTD. (IN VOLUNTARY LIQUIDATION)**

**EXHIBIT 4**

**TO FIRST REPORT OF THE JOINT LIQUIDATORS**

**TO THE COURT**

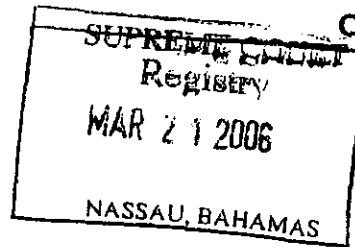
COMMONWEALTH OF THE BAHAMAS

2005

IN THE SUPREME COURT

COM/bnk/00063

Commercial Division



BETWEEN

- (1) OLYMPUS UNIVEST MANAGED FUTURES FUND LTD.
- (2) OLYMPUS UNIVEST EQUITY MARKET NEUTRAL FUND LTD.
- (3) OLYMPUS UNIVEST MULTI-STRATEGY FUND LTD.
- (4) OLYMPUS UNIVEST EQUITY LONG SHORT FUND LTD.
- (5) OLYMPUS UNIVEST CONVERTIBLE ARBITRAGE FUND LTD.
- (6) OLYMPUS UNIVEST MERGER ARBITRAGE FUND LTD.
- (7) OLYMPUS UNIVEST TACTICAL TRADING FUND LTD.
- (8) OLYMPUS UNIVEST HIGH YIELD FUND LTD.
- (9) OLYMPUS UNIVEST STATISTICAL ARBITRAGE FUND LTD.
- (10) OLYMPUS UNIVEST GLOBAL MACRO FUND LTD.

Plaintiffs

AND

MOSAIC COMPOSITE LIMITED (U.S.), INC.

Defendant

SUMMONS

LET ALL PARTIES concerned attend before the Honourable Justice Jeannie Thompson, a Justice of the Supreme Court, in Chambers, Bank Lane, Nassau, Bahamas on **Tuesday** the **20<sup>th</sup>** day of **June** A.D. **2006** at **10:00** o'clock in the **forenoon** on the hearing of an application on the part of the Joint Official Liquidators of Globe-X Management Limited (GXM) for an Order:

- 1. That GXM be granted leave to intervene in this action for the purposes of securing an Order to, inter alia, set aside or vary the Order made herein on the 20<sup>th</sup> January 2006 as hereinafter set out.
- 2. That the said Order be set aside.
- 3. That the said Order be varied to terminate the appointment of George Clifford Culmer and Raymond Massi as Receivers to take possession of

the shares owned by Mosaic Composite Limited (U.S.), Inc. (MCL) in Univest Multi-Strategy Fund II Limited (Univest Fund II) and any outstanding dividends due and owing on the said shares to satisfy the default Judgment entered herein in favour of the Plaintiffs.

4. That the said Order be varied to set aside paragraphs 1(g), 3 and 4 as regards the Univest Fund II shares.
5. Alternatively, and without Prejudice to the Orders herein before prayed for, that Mr. Culmer and Mr. Massi be discharged as Receivers and some other suitable and proper person(s) be appointed Receiver(s) to take possession of the said shares and to sell the same and to take possession of the dividends owing on the said shares payable to MCL by Univest Fund II and that the proceeds of the sale of the said shares and the dividends outstanding due and owing on the said shares to MCL be paid to the Joint Official Liquidators (JOLs) of GXM in total or partial satisfaction of the Judgment entered in the Cayman Islands, which shares are charged by the Charging Order Nisi made in the said Cayman Islands' action on the 22<sup>nd</sup> February 2006.
6. That the Court determines the order of priority in respect of the Judgments entered in favour of GXM and the Plaintiffs and to which of them the proceeds of sale of the said shares and the payment of the outstanding dividends should be paid.

**AND FURTHER TAKE NOTICE**

7. That the grounds of this application are:
  - (a) That Plaintiffs led no evidence to satisfy the Court that it was just and convenient for Mr. Culmer and Mr. Massi to be appointed Receivers.
  - (b) That the Plaintiffs led no evidence to persuade the Court that the appointment of Mr. Culmer and Mr. Massi as Receivers required the urgent intervention of the Court.
  - (c) That the Plaintiffs failed to give notice of the application to MCL and to the JOLs of GXM.

- (d) That the Plaintiffs failed to make full and frank disclosure of all of the material facts to the Court which gave rise to the claim, the entry of the Judgment and the claims, which were within the knowledge of Olympus Uninvest Ltd. (OUL), that GXM had a Judgment against MCL in The Bahamas and in the Cayman Islands.
  - (e) That the Plaintiffs concealed material facts from the Court.
  - (f) That Mr. Culmer and Mr. Massi are not fit or proper persons to act as Receivers in this case as:
    - (i) They are not independent.
    - (ii) They have not provided security.
    - (iii) The terms of their appointment were not disclosed and/or sanctioned by the Court.
  - (g) That there was no enforceable judgment of the Court which could form the basis for the appointment of Mr. Culmer and Mr. Massi as Receivers.
  - (h) That the Plaintiffs led no evidence to satisfy the Court, which they were required to do, that other methods of execution were not available to them to obtain satisfaction of the Judgment.
8. That the costs of this application be provided for.

**DATED** the **21<sup>st</sup>** day of **March**, A. D. **2006**

**REGISTRAR**

This Summons was taken out by Alexiou, Knowles & Co., Chambers, St. Andrew's Court, Frederick Street Steps, Nassau, Bahamas  
Attorneys for the Joint Official Liquidators of Globe-X Management Limited.

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

BETWEEN

- (1) OLYMPUS UNIVEST MANAGED FUTURES FUND LTD.
  - (2) OLYMPUS UNIVEST EQUITY MARKET NEUTRAL FUND LTD.
  - (3) OLYMPUS UNIVEST MULTI-STRATEGY FUND LTD.
  - (4) OLYMPUS UNIVEST EQUITY LONG SHORT FUND LTD.
  - (5) OLYMPUS UNIVEST CONVERTIBLE ARBITRAGE FUND LTD.
  - (6) OLYMPUS UNIVEST MERGER ARBITRAGE FUND LTD.
  - (7) OLYMPUS UNIVEST TACTICAL TRADING FUND LTD.
  - (8) OLYMPUS UNIVEST HIGH YIELD FUND LTD.
  - (9) OLYMPUS UNIVEST STATISTICAL ARBITRAGE FUND LTD.
  - (10) OLYMPUS UNIVEST GLOBAL MACRO FUND LTD.
- Plaintiffs

AND

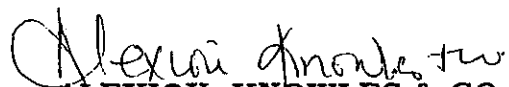
MOSAIC COMPOSITE LIMITED (U.S.), INC.  
Defendant

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SUMMONS

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2005  
COM/bnk/00063

  
ALEXIOU, KNOWLES & CO.

Attorneys-at-Law  
Chambers  
St. Andrew's Court  
Frederick Street Steps  
Nassau, Bahamas

Attorneys for the Joint Official Liquidators of  
Globe-X Management Limited

COMMONWEALTH OF THE BAHAMAS

2005

IN THE SUPREME COURT

COM/bnk/00064

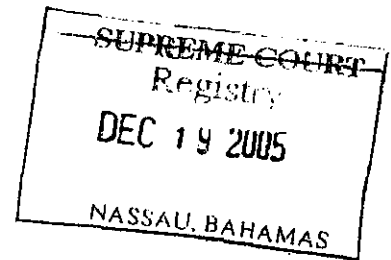
Commercial Division

BETWEEN

**OLYMPUS UNIVEST LIMITED**

(In Voluntary Liquidation)

Plaintiff



AND

**MOSAIC COMPOSITE LIMITED (U.S.), INC.**

Defendant

**SUMMONS**

**LET ALL PARTIES** concerned attend before the Honourable Justice Jeannie Thompson, a Justice of the Supreme Court, in Chambers, Bank Lane, Nassau, Bahamas on *Tuesday the 20<sup>th</sup>* day of *June* ~~January~~ A.D. **2006** at *10.00* o'clock in the *fore*noon on the hearing of an application on the part of the Joint Official Liquidators of Globe-X Management Limited (GXM) for an Order:

1. That GXM be granted leave to intervene in this action for the purposes of securing an Order to inter alia set aside or vary the Order made herein on the 18<sup>th</sup> November 2005 as hereinafter set out.
2. That the said Order be set aside.
3. That the said Order be varied to terminate the appointment of George Clifford Culmer and Raymond Massi as Receivers to take possession of the shares owned by Mosaic Composite Limited (U.S.), Inc. (MCL) in Premier Commercial Real Estate Investment Corporation Limited (Premier) and any outstanding dividends due and owing on the said

shares to satisfy the default Judgment entered herein in favour of the Plaintiff, Olympus Uninvest Limited (Uninvest).

4. That the said Order be varied to set aside paragraphs 2 and 3 of the Order.
5. Alternatively, and Without Prejudice to the Orders herein before prayed for, that Mr. Culmer and Mr. Massi be discharged as Receivers and some other suitable and proper person(s) be appointed Receiver(s) to take possession of the said shares and to sell the same and to take possession of the dividends owing on the said shares payable to MCL by Premier and that the proceeds of the sale of the said shares and the dividends outstanding due and owing on the said shares to MCL be paid to the Joint Official Liquidators (JOLs) of GXM in total or partial satisfaction of the Judgment entered in Action No. 1503 of 2002 on the 20<sup>th</sup> June 2005 (the GXM Judgment), which shares are charged by a Charging Order Nisi made in the said action on the 1<sup>st</sup> November 2005 and which dividends are subject to the Garnishee Order Nisi made in the said action on the 21<sup>st</sup> November 2005.
6. That the Court determines the order of priority in respect of the Judgments entered in favour of GXM and Uninvest and to which of them the proceeds of sale of the said shares and the payment of the outstanding dividends should be paid.
7. That Mr. Culmer and Mr. Massi as Receivers and in their capacity as Liquidators of Uninvest provide within 14 days for the inspection by the JOLs of GXM all documents in their custody, possession or power relating to:
  - (a) The facts and matters which led to and gave rise to the debt being owed by MCL to Uninvest that is the subject of this action.
  - (b) The facts and matters regarding the service of the Notice of Writ and the letter admitting MCL's liability from Lowell Holden, the Director of MCL, dated 14<sup>th</sup> November 2005 Exhibit 'JZD.1' to the Affidavit of John Deal.

- (c) The facts and matters which gave rise to the entry of the Judgment.
- (d) The facts and matters which led to the determination that application should be made for their appointment as Receivers.
- (e) All correspondence to any party relating to the shares and dividends and the sale or collection of the same.

**AND FURTHER TAKE NOTICE**

8. That the grounds of this application are:
- (a) That Univest led no evidence to satisfy the Court that it was just and convenient for Mr. Culmer and Mr. Massi to be appointed Receivers.
  - (b) That Univest led no evidence to persuade the Court that the appointment of Mr. Culmer and Mr. Massi as Receivers required the urgent intervention of the Court.
  - (c) That Univest failed to give notice of the application to MCL and to the JOLs of GXM.
  - (d) That Univest failed to make full and frank disclosure of all of the material facts to the Court which gave rise to the claim, the entry of the Judgment and the claims, which were within the knowledge of Univest, that GXM had a Judgment against MCL and a Charging Order Nisi against the shares MCL owned in Premier.
  - (e) That Univest concealed material facts from the Court.
  - (f) That Mr. Culmer and Mr. Massi are not fit or proper persons to act as Receivers in this case as:
    - (i) They are not independent.
    - (ii) They have not provided security.
    - (iii) The terms of their appointment were not disclosed and/or sanctioned by the Court.
  - (g) That Univest and MCL have colluded amongst themselves to permit the Judgment to be entered and for Mr. Culmer and Mr. Massi to be appointed Receivers in order to give a preference to

Univest over GXM and to prevent GXM from realizing the shares and collecting the dividends to satisfy in full or in part the GXM Judgment.

- (h) That there was no enforceable judgment of the Court which could form the basis for the appointment of Mr. Culmer and Mr. Massi as Receivers.
  - (i) That Univest led no evidence to satisfy the Court, which it was required to do, that other methods of execution were not available to it to obtain satisfaction of the Judgment.
9. That the costs of this application be provided for.

**DATED** the **19<sup>th</sup>** day of **December**, A. D. **2005**

**REGISTRAR**

This Summons was taken out by Alexiou, Knowles & Co., Chambers, St. Andrew's Court, Frederick Street Steps, Nassau, Bahamas

Attorneys for the Joint Official Liquidators of Globe-X Management Limited.

**COMMONWEALTH OF THE BAHAMAS**

**IN THE SUPREME COURT**

**Commercial Division**

**BETWEEN**

**OLYMPUS UNIVEST LIMITED**

(In Voluntary Liquidation)

Plaintiff

**AND**

**MOSAIC COMPOSITE LIMITED (U.S.), INC.**

Defendant

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**SUMMONS**

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**2005**

**COM/bnk/00064**

  
**ALEXIOU, KNOWLES & CO.**

Attorneys-at-Law

Chambers

St. Andrew's Court

Frederick Street Steps

Nassau, Bahamas

Attorneys for the Joint Official Liquidators of  
Globe-X Management Limited

Matter No. 5/105647/EAK/mmi

**OLYMPUS UNIVEST LTD. (IN VOLUNTARY LIQUIDATION)**

**EXHIBIT 5**

**TO FIRST REPORT OF THE JOINT LIQUIDATORS**

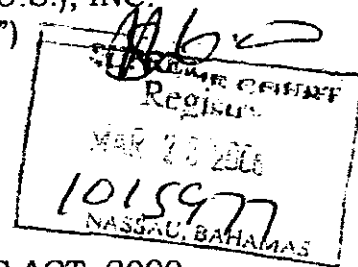
**TO THE COURT**

Commercial Division

**IN THE MATTER OF MOSAIC COMPOSITE LIMITED**  
now called MOSAIC COMPOSITE LIMITED (U.S.), INC.  
(a Minnesota Corporation) ("Mosaic")

AND

**IN THE MATTER OF**  
THE INTERNATIONAL BUSINESS COMPANIES ACT, 2000



**SUMMONS**

**LET ALL PARTIES** concerned attend before Justice Cheryl Albury in Chambers, Fourth Floor, British American Building, Nassau, Bahamas on the day of **APRIL A.D. 2006** at o'clock in the noon on the hearing of an application on the part of the Joint Official Liquidators of Globe-X Management Limited (GXM) for an Order :

1. That the Order made herein on the 22<sup>nd</sup> March 2006 be set aside.
2. That the Petition filed herein on the 17<sup>th</sup> March 2006 be struck out.
3. Alternatively, that the appointment of Mr. Culmer and Mr. Massi as Joint Provisional Liquidators of Mosaic Composite Limited (U.S.), Inc., (the Company) be terminated and some other fit and proper person(s) be appointed Provisional Liquidator(s) of the Company.
4. That the costs of this application be paid by Mr. Culmer and Mr. Massi and not from the assets of the Company.

**TAKE NOTICE** that the grounds of this application are that:

- (a) The Court had no jurisdiction to entertain a Petition to Wind Up the Company as the Company is not a Company incorporated under the International Business Companies Act.

- (b) Olympus Uninvest Limited (OUL) is not a creditor or shareholder of the Company and has no locus standi to present a Petition.
- (c) The monies allegedly invested by OUL in the Company were invested through the ten 'Olympus' companies incorporated under the laws of the Commonwealth of The Bahamas. These companies themselves are not creditors of the Company but rather shareholders.
- (d) The Petition is not bona fide and was filed for the purpose of securing an unfair advantage over the Joint Official Liquidators (JOLs) of GXM in pursuing their claims to recover debts owing to GXM by the Company including a Judgment debt.
- (e) The filing of the Petition is frivolous, vexatious and an abuse of the process of the Court.
- (f) The purpose and motive behind the appointment of Mr. Culmer and Mr. Massi as Joint Provisional Liquidators was:
  - (i) to undermine the attempts of the JOLs of GXM to recover debts owed to GXM by the Company.
  - (ii) to undermine the applications pending before the Court for the removal of Mr. Culmer and Mr. Massi as Receivers over the assets of the Company and
  - (iii) to undermine and prevent the JOLs of GXM from realizing the assets of the Company to satisfy the debts owed to GXM.
- (g) The assets of the Company were not in jeopardy. In fact the assets of the Company that have been identified by the Official Liquidators of OUL and the JOLs of GXM that have a realizable value are subject to Court Orders issued by the Cayman Court and this Court in proceedings which would determine the rights of the parties entitled to those assets.
- (h) The Official Liquidators of OUL did not make a full and frank disclosure of all the material facts and matters relating to the application to enable the Court to exercise its discretion.

- (i) The facts and matters that were disclosed to the Court were misleading and were distorted for the purpose of deceiving the Court into making the Order.
- (j) Mr. Culmer and Mr. Massi are not fit and proper persons to be appointed Provisional Liquidators for the following reasons *inter alia*:
  - (i) there are many issues that must be resolved between OUL and the Company; and
  - (ii) there are parties in addition to OUL, in particular GXM, that have claims against the Company which cannot be fairly and equitably determined by Mr. Culmer and Mr. Massi.
- (k) No undertaking was offered to the Court nor was any contained in the Order that Mr. Culmer and Mr. Massi would pay damages for any loss or damage that may be suffered by the Company as a result of the Order being made.
- (l) There was no need for the application to be made Ex Parte. The matter was not urgent nor would irreparable harm be caused to OUL if the application was heard Inter Parties.
- (m) The Court was intentionally misled by the submissions laid over with the Court as to the purpose and motive of Counsel for the JOLs of GXM wishing to be heard on any application or Petition to be filed against the Company.

**Dated** the **28<sup>th</sup>** day of **March** A.D., **2006**

**REGISTRAR**

This Summons was taken out by Alexiou, Knowles & Co., Chambers, St. Andrew's Court, Frederick Street Steps, Nassau, Bahamas  
Attorneys for the Joint Official Liquidators of the Globe-X Management Limited

**COMMONWEALTH OF THE BAHAMAS**

**IN THE SUPREME COURT**

**Commercial Division**

**IN THE MATTER OF MOSAIC COMPOSITE LIMITED**  
now called MOSAIC COMPOSITE LIMITED (U.S.),  
INC. (a Minnesota Corporation) ("Mosaic")

**AND**

**IN THE MATTER OF**  
**THE INTERNATIONAL BUSINESS COMPANIES ACT,**  
2000

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**SUMMONS**

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**2006**

**COM/COM/00015**

  
**ALEXIOU, KNOWLES & CO.**

Attorneys-at-Law

Chambers

St. Andrew's Court

Frederick Street Steps

Nassau, Bahamas

Attorneys for the Official Liquidators of  
Globe-X Management Limited

Matter No. 5/105647/EAK/mmi

**OLYMPUS UNIVEST LTD. (IN VOLUNTARY LIQUIDATION)**

**EXHIBIT 6**

**TO FIRST REPORT OF THE JOINT LIQUIDATORS**

**TO THE COURT**

**OLYMPUS UNIVEST LIMITED (IN VOLUNTARY LIQUIDATION)**

**STATEMENT OF JOINT LIQUIDATORS' RECEIPTS AND EXPENDITURE**

**FOR THE PERIOD 1 FEBRUARY 2006 TO 6 MAY 2006**  
**(EXPRESSED IN US DOLLARS)**

**RECEIPTS**

Amounts brought under Joint Liquidators' control in Nassau:

Funds received under Funding Agreement	396,658
Interest received on Nassau bank accounts	<u>4</u>
	<u>396,662</u>

**EXPENDITURE**

Expenses of Liquidation:-

Liquidator's fees	11,933
Legal and professional fees	75,159
2006 Government licence fees for company and Strategy companies	4,500
Bank charges and miscellaneous	<u>16</u>
	<u>91,608</u>

NET RECEIPTS IN PERIOD 305,054

Bank balances under Joint Liquidators' control in Nassau  
as at 31 January 2006, as previously reported 3,162

Bank balances under Joint Liquidator's control in Nassau  
as at 6 May 2006 \$ 308,216

**Note:** Repayment of any funds received under the Funding Agreement  
is a first charge against any funds recovered.