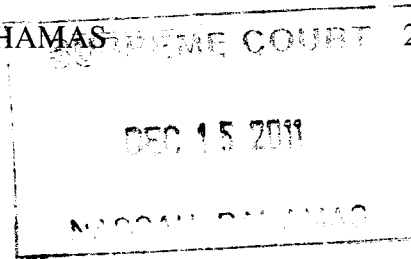


COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division



2005/COM/bnk/00047

IN THE MATTER OF OLYMPUS UNIVEST LTD.
(IN VOLUNTARY LIQUIDATION)

AND

IN THE MATTER OF THE INTERNATIONAL BUSINESS COMPANIES ACT

Chapter 309

Statute Laws of the Bahamas, 2000 Edition

AFFIDAVIT

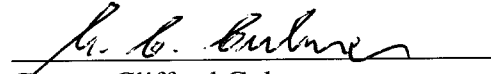
We, GEORGE CLIFFORD CULMER, of the Eastern District of the Island of New Providence, and RAYMOND MASSI, of the City of Montreal, Province of Quebec, Canada, make oath and say as follows:

1. We were appointed Joint Liquidators of the above-named Olympus Uninvest Ltd. (In Voluntary Liquidation) ("OUL") by this Honorable Court on the 6th day of February 2006.
2. By an Order of this Honorable Court made on the 6th day of February 2006, the Joint Liquidators are required to file with the court a report in writing as to the position of and the progress made in the winding-up of OUL at intervals of three months.
3. Pursuant to the said Order, this Report has been prepared by the Official Liquidators as of the 30th day of June 2010 and is exhibited hereto. We verily believe the contents of this Twelfth Report to be true.
4. The said Report summarizes the progress made since the date of our last report on the 31st day of March 2010.

SWORN to at the City of Nassau)

In the Island of New Providence)

This 15TH day of December 2011)


George Clifford Culmer

BEFORE ME,

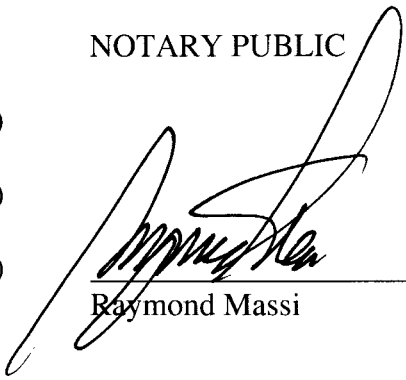


NOTARY PUBLIC

SWORN to at the City of Montreal)

In the Province of Quebec)

This 2nd day of December 2011)


Raymond Massi

BEFORE ME,





NOTARY PUBLIC

OLYMPUS UNIVEST LTD. (IN LIQUIDATION) (“OUL”)
TWELFTH REPORT OF THE JOINT OFFICIAL LIQUIDATORS
TO THE COURT

INDEX

REPORT SECTION

Introduction and Background	1
The Norshield Investment Structure	2
Proceedings of the Ontario Securities Commission Against John Xanthoudakis, Dale Smith and Peter Kefalas	3
Creditors and Shareholders	4
Realizations	5
Litigation	6
Receipts & Payments	7
Conclusion	8

EXHIBITS

Statement of the Joint Official Liquidators’ Receipts and Payments For the Period 01 April 2010 through 30 June 2010	1
---	---

OLYMPUS UNIVEST LTD.
(In Liquidation)
c/o BDO Chartered Accountant's & Advisors
P.O. Box N-10144
Nassau, Bahamas
Telephone: 1-242-325-6591 Fax: 1-242-325-6592
www.bdobahamas.com

BY HAND

Supreme Court of The Commonwealth of the Bahamas

Olympus Univest Ltd. (In Liquidation)
Twelfth Report of the Joint Official Liquidators to the Court

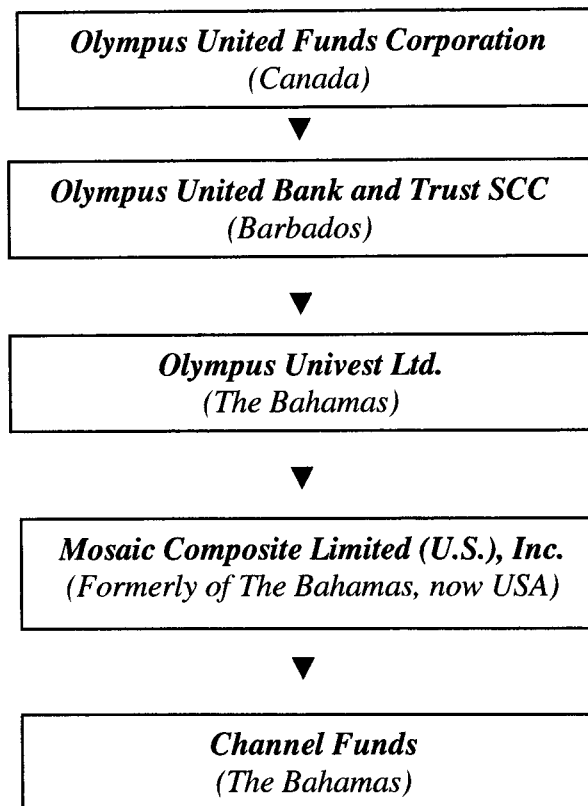
1. INTRODUCTION AND BACKGROUND

- 1.1. This report constitutes the Twelfth Report to the Supreme Court of the Commonwealth of The Bahamas (the "Bahamian Court") of G. Clifford Culmer ("Culmer") and Raymond Massi ("Massi") in their capacity as the Joint Official Liquidators ("Olympus Univest JOLs") in the liquidation of Olympus Univest Ltd. ("OUL").
- 1.2. Culmer, a partner of BDO Chartered Accountants & Advisors, an accounting firm located in Nassau, in the Commonwealth of The Bahamas, was appointed Voluntary Liquidator of OUL by resolution of its common shareholder, Bice International Inc., on 19 May 2005.
- 1.3. Massi, a partner of RSM Richter Inc, an accounting firm located in Montreal, Quebec, Canada was appointed Provisional Liquidator of OUL on 3 October 2005 pursuant to the Order of the Honourable Madam Justice Jeanne Thompson of the Bahamian Court.
- 1.4. Culmer and Massi were appointed Olympus Univest JOLs on 6 February 2006 by Order of the Honourable Madam Justice Jeanne Thompson of the Bahamian Court.
- 1.5. Reference is made to previous Reports of the Olympus Univest JOLs.
- 1.6. The Olympus Univest JOLs present herewith their Twelfth Report in accordance with the Bahamian Court's Order dated 6 February 2006.

2. THE NORSHIELD INVESTMENT STRUCTURE

- 2.1. OUL was part of an intricate and complex corporate and investment structure involving multiple jurisdictions and corporations which included entities in Canada, in Barbados, in The Bahamas, and other jurisdictions. This structure is referred to as the “Norshield Investment Structure”.
- 2.2. RSM Richter Inc., the firm with whom Massi is a partner of, was appointed Receiver, pursuant to Orders of the Ontario Superior Court of Justice (Commercial List) in Canada dated 29 June, 14 July, 9 September and 14 October 2005, of the following entities:
 - 2.2.1. Norshield Asset Management (Canada) Ltd.;
 - 2.2.2. Norshield Investment Partners Holdings Ltd.;
 - 2.2.3. Olympus United Funds Corporation;
 - 2.2.4. Olympus United Funds Holding Corporation;
 - 2.2.5. Olympus United Bank and Trust SCC;
 - 2.2.6. Olympus United Group Inc.;
 - 2.2.7. Honeybee Software Technologies Inc. (formerly Norshield Investment Corporation);
 - 2.2.8. Norshield Capital Management Corporation.
- 2.3. RSM Richter Inc. and Brian F. Griffith & Company, a Barbados accounting firm, were appointed Joint Custodians of Olympus United Bank and Trust SCC by Order of the Barbados High Court of Justice dated 22 September 2005.
- 2.4. Upon the petition dated and filed on 17 March 2006 and following a hearing on the winding-up petition against Mosaic Composite Limited (U.S.), Inc. (“Mosaic”) before the Honourable Madam Justice Albury of the Bahamian Court held on 23 January 2007, the Bahamian Court issued an Order that Mosaic be wound up under the provisions of Section 93 of the International Business Companies Act, 2000 and Culmer and Massi were appointed Joint Official Liquidators of Mosaic (the “Mosaic JOLs”).

- 2.5. The flow of funds through the Norshield Investment Structure was as follows:



- 2.6. Olympus United Funds Corporation was a mutual fund investment vehicle. Each class of shares had a specific investment strategy.
- 2.7. Investments in Olympus United Funds Corporation flowed into its wholly-owned subsidiary, Olympus United Bank and Trust SCC in Barbados, wherein the said investments were purportedly segregated into different “cells” (as constituted according to Barbados banking laws) which, more or less, matched the investment strategies of each class of shares of Olympus United Funds Corporation.
- 2.8. Olympus United Bank and Trust SCC then invested its funds into OUL in The Bahamas. Olympus United Bank and Trust SCC’s investments were co-mingled in OUL with investments received from pension funds and financial institutions, mostly from Canada, as well as other persons whose investments were made either in cash or by way of “in kind” contributions.
- 2.9. OUL then invested, either directly or through other funds, in Mosaic. Mosaic, in turn, held investments in both hedged and non-hedged assets.
- 2.10. Mosaic’s hedged assets consisted predominantly of two cash settled equity barrier call options with the Royal Bank of Canada which were consolidated into a single option on 31 March 2004 (the “RBC SOHO Option”). The RBC SOHO Option permitted Mosaic to invest in a basket of hedge funds managed by various fund managers. Furthermore, the RBC SOHO Option

was highly leveraged such that the basket of hedge funds had a gross value of approximately six times the value of Mosaic's actual investment.

- 2.11. Mosaic's non-hedged assets consisted mainly of investments in Channel Fixed Income Fund Ltd., which in turn held all the outstanding shares of Channel F.S. Fund Ltd., Channel Technology Fund Ltd. and Channel Diversified Private Equity Fund Ltd. (collectively, the "Channel Funds").
- 2.12. The Olympus Uninvest JOLs have discovered that the assets of Mosaic were grossly overstated and illiquid. The Olympus Uninvest JOLs have assessed that Mosaic's investment in the Channel Entities has no value.
- 2.13. John Xanthoudakis ("Xanthoudakis") was an integral part of the Norshield Investment Structure. He determined investment strategies and had de facto control over the investment decision-making of the entities within the Norshield Investment Structure, including those entities located in The Bahamas as well as other foreign jurisdictions. Dale Smith ("Smith") was also a principal of the Norshield Investment Structure as he was an officer and/or director of various entities therein.

**3. PROCEEDINGS OF THE ONTARIO SECURITIES COMMISSION
AGAINST JOHN XANTHOUDAKIS, DALE SMITH AND PETER
KEFALAS**

- 3.1. On 11 October 2006, a Notice of Hearing was issued by the Ontario Securities Commission (the "Commission") in relation to a Statement of Allegations issued by Staff of the Commission ("Staff") alleging that Norshield Asset Management (Canada) Ltd. ("NAM"), Olympus United Group Inc. ("Olympus United Group"), Xanthoudakis, Smith and Peter Kefalas ("Kefalas") (collectively, the "Respondents") breached Ontario securities laws and acted contrary to the public interest.
- 3.2. The hearing on the merits was heard over 16 days from 27 October to 11 December 2008, and on 5 and 6 May 2009.
- 3.3. The Reasons and Decisions for the hearing on the merits was issued on 8 March 2010 (the "Merits Decision"). In the Merits Decision, the panel of the Commission made the following findings:
 - 3.3.1. NAM, Olympus United Group, Xanthoudakis and Smith failed to deal fairly, honestly and in good faith with investors, contrary to subsections 2.1(1) and 2.1(2) of OSC Rule 31-505 – Conditions of Registration;
 - 3.3.2. NAM and Olympus United Group failed to keep and maintain proper books and records in relation to the Norshield Investment Structure, contrary to section 19 of the Act and section 113 of Ontario Regulation 1015 of the Act;
 - 3.3.3. As a consequence of the positions of seniority and responsibility and in their positions as officers and directors of NAM and Olympus United Group, Xanthoudakis and Smith authorized,

permitted and acquiesced in the breaches of Ontario security laws in 3.3.1 and 3.3.2 above;

3.3.4 Xanthoudakis and Smith knowingly made statements and provided evidence and information to staff that was materially misleading and failed to state facts which were required to be stated in an effort to hide violations of Ontario securities laws, contrary to clause (a) of subsection 122(1) of the Act; and

3.3.5 Xanthoudakis, Smith and Kefalas 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.

3.4 A hearing occurred on 20 April 2010 to consider submissions from Staff and the Respondents regarding sanctions and costs. The decisions of the panel as to the appropriate sanctions will be received and published in due course.

4 CREDITORS AND SHAREHOLDERS

4.1 The Olympus Uninvest JOLs have commenced a claims process in The Bahamas with respect to OUL. The Olympus Uninvest JOLs placed advertisements in newspapers having national circulation in each of The Bahamas, The Cayman Islands, Canada, and The United States requesting that all creditors file proofs of claim in the liquidation by 15 October 2008.

4.2 The Olympus Uninvest JOLs are reviewing the proofs of claim filed in the liquidation of OUL. A formalized detailed admit/reject procedure has been developed between the Olympus Uninvest JOLs and their counsel where each of the claims filed were carefully examined and assessed. Once this process is complete, the Olympus Uninvest JOLs will formally notify all claimants.

5 REALIZATIONS

5.1 Please refer to RSM Richter Inc.'s Thirteenth Receiver Report dated 17 December 2009 for details. This report is available at the following address: www.rsmrichter.com/Restructuration/Norshield.aspx

5.2 As the recovery of any assets appears to be dependent upon Mosaic's realizations, the distribution of OUL's assets back to the investors will commence once the distribution of Mosaic's assets is completed.

6 LITIGATION

6.1 On 06 July 2009, An Ex-Parte Summons was issued on behalf of the Olympus Uninvest JOLs for an Order that part of the Judgment of 22 November 2007 and 18 December 2008 be stayed pending the hearing of a final determination of the Civil Appeal whereby the Liquidator's made applications and were seeking an Order for the production of the working papers of the company's auditors.

6.2 On 08 July 2009 The Court of Appeal of The Commonwealth of The Bahamas dismissed the civil appeal action for want of prosecution.

6.3. Should the Ex-Parte Summons be heard at a later date, Deloitte's Bahamas intends to vigorously oppose any stay application.

7. **RECEIPTS AND PAYMENTS**

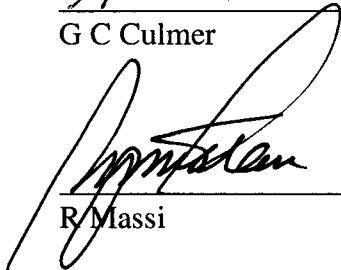
7.1. A statement of Receipts and Payments for the period from 1 April 2010 to 30 June 2010 is attached hereto as Exhibit 1.

8. **CONCLUSION**

8.1. As the recovery of any assets appears to be dependent upon Mosaic's realizations, the distribution of OUL's assets back to the investors will commence once the distribution of Mosaic's assets is completed.

Respectfully submitted this 2nd day of December 2011


_____)
G C Culmer)


_____)
R Massi)

OLYMPUS UNIVEST LTD. (IN LIQUIDATION)**STATEMENT OF THE JOINT OFFICIAL LIQUIDATORS' RECEIPTS AND PAYMENTS****FOR THE PERIOD OF 1 APRIL 2010 TO 30 JUNE 2010****(EXPRESSED IN US DOLLARS)****RECEIPTS**

Interest Revenue	<u>8</u>
Total Receipts	8

PAYMENTS

Expenses of Liquidation:-

Liquidator's Fees	27,093
Legal Fees	106,469
Accounting Fees	83,391
Realized foreign currency losses	1,575
Bank Charges	<u>136</u>
	218,664

(DEFICIT) / SURPLUS FOR THE PERIOD (218,656)Balance held at the beginning of the period 272,390Balance held at the end of the period 53,734

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

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

Commercial Division

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

AND

IN THE MATTER OF THE INTERNATIONAL

BUSINESS COMPANIES ACT , Chapter 309,

**Statute Laws of the Bahamas, 2000 Edition ("the
Act")**

**AFFIDAVIT OF GEORGE CLIFFORD CULMER
AND RAYMOND MASSI
(TWELFTH REPORT OF THE LIQUIDATORS)**

2005/COM/bnk/00047


GLINTON SWEETING O'BRIEN
303 Shirley Street
PO Box N-492
Nassau, N.P., Bahamas
Attorneys for the Joint Official Liquidators
Attn: Roy Sweeting