



**IN THE MATTER OF THE *SECURITIES ACT*
S.N.B 2004, c. S-5.5 (the "Act")**

AND

**IN THE MATTER OF
PORTUS ALTERNATIVE ASSET MANAGEMENT INC ("PAAM")**

TEMPORARY ORDER

SUBSECTION 184(5)

WHEREAS it appears to the New Brunswick Securities Commission (the "Commission") that:

1. Paradigm Alternative Asset Management Inc. ("Paradigm"), an Ontario corporation with Ontario corporate registration number 2021018, registered on May 15, 2003 in New Brunswick as an extra-provincial corporation with registration number 606819;
2. Paradigm registered under the *Security Frauds Prevention Act* on April 28, 2003 under certificate No. 2003-10193 as a broker restricted to providing investment counseling and portfolio management services and pursuant to subsection 218(1) of the Act, continues to be registered under the Act;
3. On June 10, 2004 Paradigm changed its name to Portus Alternative Asset Management Inc. ("PAAM");
4. Staff of the Commission are conducting a review of the affairs of PAAM and its activities in New Brunswick;
5. At present, PAAM has opened managed client accounts for approximately 26,000 clients across Canada. Approximately 420 of these clients are resident in New Brunswick. PAAM appears to be selling to all clients the same portfolio of securities. It appears that each portfolio contains securities which are held and/or traded to mimic the performance of BancNote Trust mutual funds, non-prospectus mutual funds which PAAM also manages;
6. It appears that Portus Asset Management Inc. ("PAM") created the BancNote Trust funds. PAM is not registered with any securities commission in Canada. PAAM acts as the investment counsel and portfolio manager of the BancNote Trust;
7. PAAM receives approximately \$20 million of new investment funds or assets from a combination of existing and new clients each week;

8. PAAM has approximately \$800 million under management at present. Staff has received information from PAAM that New Brunswick assets under management total between \$19 and \$85 million;
9. PAAM appears to have contravened sections 54, 162(1), and 165(1) of the Act and to date, has failed to take adequate steps to remedy these breaches;
10. the Commission is of the opinion that it is in the public interest to make this order and
11. the Commission is of the opinion that the length of time required to hold a hearing could be prejudicial to the public interest.

IT IS HEREBY ORDERED that, pursuant to subsections 184(5) and 184(1)(a) of the Act, the following terms and conditions are imposed on PAAM's registration (the "Terms"):

1. Effective immediately, PAAM shall not open any new client accounts; and
2. Effective immediately, PAAM 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 PAAM and PAAM continues to be subject to all applicable general terms, conditions and other requirements contained in the Act.

IT IS FURTHER ORDERED THAT pursuant to subsection 184(5) of the Act that this order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by the Commission.

DATED at the City of Saint John, Province of New Brunswick this 2nd day of February, 2005.

Hugh J. Flemming

Hugh J. Flemming, Member

William Aust

William Aust, Member