

**THE QUEEN'S BENCH  
Winnipeg Centre**

BETWEEN:

**THE MANITOBA SECURITIES COMMISSION,**

Applicant,

– and –

**CROCUS INVESTMENT FUND,**

Respondent,

Application under Section 27 of the Securities Act, CCSM c. S50 and Queen's Bench  
Rule 14.05(2)(b)

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**ORDER**

**(Regarding Receiver's Report #3)**

**HEARING DATE: 10:00 a.m. on Tuesday, the 13<sup>th</sup> day of December, 2005**

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**HILL ABRA DEWAR**  
Litigation Counsel  
2670 – 360 Main Street  
Winnipeg, Manitoba  
R3C 3Z3

**Robert A. Dewar / Dave Hill**

Telephone: (204) 943-6740  
Fax: (204) 943-3934  
File No. 05191 RAD

**THE QUEEN'S BENCH  
Winnipeg Centre**

THE HONOURABLE )  
 )  
MADAM JUSTICE McCRAWLEY )

Monday, the 30<sup>th</sup> day of January, 2006

BETWEEN:

**THE MANITOBA SECURITIES COMMISSION,**

Applicant,

– and –

**CROCUS INVESTMENT FUND,**

Respondent,

Application under Section 27 of the Securities Act, CCSM c. S50 and Queen's Bench Rule 14.05(2)(b)

**ORDER**

THIS MOTION, made by Deloitte & Touche Inc. as Receiver and Manager of the Respondent herein (hereinafter "the Receiver"), for an Order for Approval of Receiver's Report #3, or for such other Orders as may be just in the circumstances came on for hearing on Tuesday, December 13, 2005 at the Law Courts, 408 York Avenue, in the City of Winnipeg, the matter was reserved, and the same coming on this day for judgment;

On reading the Receiver's Notice of Motion and Receiver's Report #3, the Affidavit of Service of Wayne Parisien sworn August 9, 2005, Affidavits of Service of Wesley Robinson sworn August 9, 2005, the Receiver's Motions Brief, the Affidavit of Peter Olfert sworn November 18, 2005, Affidavit of Sandra Ferguson sworn November 18, 2005, Affidavits of Evelyn Champagne sworn November 18, 2005 and November 25, 2005, Joint Response to Receiver's Report #3 submitted by D'Arcy & Deacon and Levene Tadman Gutkin Golub on behalf of certain officers and directors, Response to Receiver's Report #3 by James Umlah, Affidavit of Ron Waugh sworn December 5, 2005, Motions Brief of Counsel for Ron Waugh, Motions Brief of Bernard Bellan, and the Motions Brief for the Manitoba Securities Commission, Affidavit of Service of Karen Thomas sworn December 12, 2005 and the proceedings herein, and on hearing the submissions of counsel for the Receiver, counsel for Bernard Bellan, counsel for L. Baturin, A. Beal, D. Beresford, C. Curtis, S. Farley, P. Olfert, R. Ziegler, W. Fox-Decent, H. Eliason, R. Waugh, R. Hilliard and J. Clarkson, counsel for the Manitoba Securities Commission, counsel for R. Hilliard (in the Securities Commission proceedings), counsel for R. Waugh (in the Securities Commission proceedings), counsel for J. Umlah and counsel for Chubb Insurance Company of Canada, and upon hearing submissions on April 26, 2006, from certain of the counsel involved in this Application as to settling the terms of the Order:

1. THIS COURT ORDERS THAT, until further order of this court, the Receiver is authorized and directed to pay all reasonably incurred past and future legal expenses of former officers and directors on an on-going basis, and any resulting unfavourable judgments arising from the investigation of the Office of the Auditor General, proceedings taken by the Manitoba Securities Commission, the proposed class action

proceeding in Court of Queen's Bench Suit No. CI 05-01-42765 and related to issues affecting the former directors arising from actions or positions taken by the Receiver of Crocus, unless it can be demonstrated that such former officers and directors do not meet the qualifying criteria set out in s.119(1) of *The Corporations Act*, Crocus by-law 1.7, or any individual agreements.

2. THIS COURT ORDERS THAT any former officer or director who receives indemnification will sign an undertaking to repay the said funds if it is ultimately determined that he or she was not entitled to such indemnification.

DATED: MAY 31/06

**D.J. McCawley**

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JUDGE / REGISTRAR