

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

- AND -

**EUGENE N. MELNYK, ROGER D. ROWAN, WATT CARMICHAEL INC.,
HARRY J. CARMICHAEL AND G. MICHAEL MCKENNEY**

**NOTICE OF HEARING
(Sections 127 and 127.1)**

TAKE NOTICE that the Commission will hold a hearing pursuant to sections 127 and 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) at the offices of the Ontario Securities Commission, 20 Queen Street West, 17th Floor, on Thursday, the 21st day of September, 2006 at 10:00 a.m., or as soon thereafter as the hearing can be held:

TO CONSIDER whether, pursuant to sections 127(1) and 127.1 of the Act, it is in the public interest for the Commission:

- (a) to make an order pursuant to section 127(1) clause 2 of the Act that trading in securities of Biovail Corporation by Eugene N. Melnyk (“Melnyk”) cease for such period as specified by the Commission, or under such conditions as the Commission directs, including, but not limited to, a cease trade order pending compliance by Melnyk with past and current insider reporting and/or other disclosure requirements contained in Ontario securities law;
- (b) to make an order pursuant to section 127(1) clause 2 of the Act that trading in the securities of any reporting issuer by Roger D. Rowan (“Rowan”) cease for such

period as specified by the Commission, or under such conditions as the Commission directs, including, but not limited to, a cease trade order pending compliance by Rowan with past insider reporting requirements contained in Ontario securities law;

- (c) to make an order pursuant to subsection 127(1) clause 3 of the Act that any or all exemptions in Ontario securities law do not apply to Melnyk, Roger D. Rowan (“Rowan”), Watt Carmichael Inc. (“Watt Carmichael”), Harry J. Carmichael (“Carmichael”) and G. Michael McKenney (“McKenney”) for such period as specified by the Commission or under such conditions as the Commission directs;
- (d) to make an order pursuant to section 127(1) clause 1 of the Act that the registration of Rowan be suspended or restricted, for such period as is specified in the order, or terminated, or that certain terms and conditions be placed on Rowan’s registration;
- (e) to make an order pursuant to section 127(1) clause 1 of the Act that the registration of Watt Carmichael, Carmichael and McKenney be suspended or restricted for such period as is specified in the order, or that certain terms or conditions be placed on the registration of Watt Carmichael, Carmichael and McKenney;
- (f) to make an order pursuant to section 127(1) clause 4 of the Act that Watt Carmichael institutes such changes as may be ordered by the Commission and submit to a review of its practices and procedures;
- (g) to make an order pursuant to section 127(1) clause 7 of the Act that Melnyk, Rowan, Carmichael, and McKenney resign one or more positions which the Respondents may hold as an officer or director of any issuer;

- (h) to make an order pursuant to section 127(1) clause 8 of the Act that Melnyk, Rowan, Carmichael, and McKenney be prohibited from becoming or acting as an officer or director of any issuer for such period as specified by the Commission;
- (i) to make an order pursuant to section 127(1) clause 9 of the Act that Melnyk, Rowan, Watt Carmichael, Carmichael, and McKenney each pay an administrative penalty of not more than \$1 million for each failure by that Respondent to comply with Ontario securities law;
- (j) to make an order pursuant to section 127(1) clause 6 of the Act that Melnyk, Rowan, Watt Carmichael, Carmichael, and McKenney be reprimanded;
- (k) to make an order pursuant to section 127.1 of the Act that the Respondents, or any of them, pay the costs of Staff's investigation and the costs of, or related to, this proceeding, incurred by or on behalf of the Commission; and
- (l) to make such other order or orders as the Commission considers appropriate.

BY REASON OF the allegations set out in the Statement of Allegations dated July 28, 2006, and such additional allegations as counsel may advise and the Commission may permit;

AND TAKE FURTHER NOTICE that any party to the proceeding may be represented by counsel at the hearing;

AND TAKE FURTHER NOTICE that upon failure of any party to attend at the time and place aforesaid, the hearing may proceed in the absence of that party and such party is not entitled to any further notice of the proceeding.

DATED at Toronto this 28th day of July, 2006.

“John Stevenson”

John Stevenson
Secretary to the Commission

TO: **Mr. Eugene Melnyk**
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AND TO: **Mr. Roger Rowan**
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AND TO: **Watt Carmichael Inc.**
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AND TO: **Mr. Harry Carmichael**
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AND TO: **Mr. Michael McKenney**
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