



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

P.O. Box 55, 19<sup>th</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

CP 55, 19<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

**-AND-**

**IN THE MATTER OF QUADREXX ASSET MANAGEMENT INC.,  
QUADREXX SECURED ASSETS INC., OFFSHORE OIL VESSEL SUPPLY  
SERVICES LP, QUIBIK INCOME FUND AND QUIBIK OPPORTUNITY FUND**

**ORDER  
(Subsections 127(1), (7) and (8) of the Act)**

**WHEREAS** on February 6, 2013, the Ontario Securities Commission (the “Commission”) issued a temporary order (the “Temporary Order”) pursuant to subsections 127(1) and (5) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”) with respect to Quadrex Asset Management Inc. (“Quadrex”) and with respect to Quadrex Secured Assets Inc. (“QSA”), Offshore Oil Vessel Supply Services LP (“OOVSS”), and Quibik Income Fund (“QIF”) and Quibik Opportunity Fund (“QOF”), collectively the “Quadrex Related Securities” ordering that:

1. Pursuant to paragraph 2 of subsection 127(1) of the Act that all trading in the securities of Quadrex and Quadrex Related Securities shall cease;
2. Pursuant to paragraph 1 of subsection 127(1) of the Act that the following terms and conditions apply to the registration of Quadrex as an exempt market dealer (“EMD”):
  - a) Quadrex shall be entitled to trade only in securities that are not Quadrex and Quadrex Related Securities;
  - b) before trading with or on behalf of any client after the date hereof, Quadrex and any dealing representative shall (i) advise such client that Quadrex has a working capital deficiency as at December 31, 2012, and (ii) deliver a copy of this Order to such client; and

- c) Quadrex and any dealing representatives shall not accept any new clients or open any new client accounts of any kind;
3. Pursuant to paragraph 1 of subsection 127(1) of the Act that the following terms apply to the registration of Quadrex as a portfolio manager (“PM”) and as an investment fund manager (“IFM”):
- a) Quadrex’s activities as a portfolio manager and investment fund manager shall be applied exclusively to the Managed Accounts and to the Quadrex Funds; and
  - b) Quadrex shall not accept any new clients or open any new client accounts of any kind; and
4. Pursuant to subsection 127(6) of the Act that the Temporary Order shall take effect immediately and shall expire on the fifteenth day after its making unless extended by order of the Commission;

**AND WHEREAS** the investigation by Staff of the Commission is ongoing;

**AND WHEREAS** on February 6, 2013, Staff filed the affidavit of Yvonne Lo sworn February 1, 2013 and the affidavit of Susan Pawelek sworn February 1, 2013 in support of extending the Temporary Order and made oral submissions in support of extending the Temporary Order;

**AND WHEREAS** on February 6, 2013, counsel for the Respondents filed the affidavit of Ken Thomson, president of Universal Financial Corp. (“Universal”), sworn February 6, 2013 and made oral submissions opposing Staff’s request for extension of the Temporary Order;

**AND WHEREAS** on February 6, 2013, Ken Thomson advised the Commission that Universal had signed Letter of Intent dated February 6, 2013 with Quadrex under which the Quadrex’s assets would be purchased in exchange for the assumption of Quadrex’s senior debentures in the principal amount of \$900,000;

**AND WHEREAS** on February 16, 2013, Quadrex delivered to Staff an updated Form 31-103F1 – *Calculation of Excess Working Capital* which indicated that Quadrex had a working capital deficiency of \$852,617 as at January 31, 2013;

**AND WHEREAS** on February 19, 2013, Ken Thomson advised the Commission that it is unlikely that Universal will proceed with the transaction contemplated in the Letter of Intent dated February 6, 2013;

**AND WHEREAS** on February 19, 2013, counsel for the Respondents advised the Commission that the Respondents are not opposed to the suspension of the registration of Quadrex as an exempt market dealer and requested fourteen days before the suspension of Quadrex as a portfolio manager (a “PM”) and as an investment fund manager (“IFM”) in order to deal with the transfer of the managed accounts for which Quadrex is the PM to another registrant and to consider options for the Quadrex Related Securities which are currently subject to the Temporary Order;

**AND WHEREAS** it appears to the Commission that Quadrex has and will continue to have a capital deficient contrary to subsection 12.1(2) of NI 31-103 and may have engaged in conduct that is contrary to the Act;

**AND WHEREAS** on February 19, 2013, Staff filed the affidavit of Michael Ho sworn February 18, 2013 updating the Commission on Quadrex’s current working capital deficiency and providing details on information received from Quadrex and Mr. Thomson;

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to issue this order;

**IT IS HEREBY ORDERED** pursuant to paragraph 1 of subsection 127(1) of the Act that the registration of Quadrex as an exempt market dealer is suspended effective immediately;

**IT IS FURTHER ORDERED** pursuant to subsection 127(7) of the Act that the portion of the Temporary Order issued under paragraph 1 of subsection 127(1) attaching terms and conditions to the registration of Quadrex as a PM and as an IFM is extended to March 7, 2013;

**IT IS FURTHER ORDERED** pursuant to subsection 127(8) of the Act that the portion of the Temporary Order issued under paragraph 2 of subsection 127(1) ordering all trading to cease in the securities of Quadrex and Quadrex Related Securities is extended to March 7, 2013;

**IT IS FURTHER ORDERED** that Quadrexx will provide Quadrexx's PM and exempt market dealer clients with notice, in a form to be approved by Staff, of this ongoing Commission proceeding, the effect of the two Commission orders and the status of the clients' accounts; and

**IT IS FURTHER ORDERED** that the hearing to consider whether to: (i) further extend any of the terms of the Temporary Order; (ii) vary or add any terms and conditions to Quadrexx's registration as a PM or as an IFM; and/or (iii) suspend Quadrexx's registration as a PM or as an IFM, will proceed on March 6, 2013 at 10:00 a.m.

**DATED** at Toronto this 19<sup>th</sup> day of February, 2013.

*"James E. A. Turner"*

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James E. A. Turner