



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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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 OPPORTUNITIES 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”), 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** 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 the Temporary Order and made oral submissions in support of 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 the Temporary Order;

**AND WHEREAS** on February 6, 2013, Ken Thomson advised the Commission that Universal had signed a Letter of Intent (“LOI”) 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 LOI 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 Quadrexx as an EMD and requested fourteen days before the suspension of Quadrexx as a PM and as an IFM in order to deal with the transfer of the managed accounts for which Quadrexx is the PM to another registrant and to consider options for the Quadrexx Related Securities which are currently subject to the Temporary Order;

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

**AND WHEREAS** on February 19, 2013, the Commission ordered:

1. the registration of Quadrexx as an EMD is suspended immediately;
2. the portion of the Temporary Order attaching terms and conditions to the registration of Quadrexx as a PM and as an IFM is extended to March 7, 2013;
3. the portion of the Temporary Order ordering all trading to cease in the securities of Quadrexx and Quadrexx Related Securities is extended to March 7, 2013;
4. notice of the ongoing Commission proceeding, the two Commission orders, and the status of the clients' accounts be sent to all Quadrexx clients; and
5. the hearing is adjourned to March 6, 2013 at 10:00 a.m.;

**AND WHEREAS** on March 1, 2013, John Ormston of Ormston List Frawley LLP served and filed a Notice of Change of Solicitors replacing Blake, Cassels & Graydon LLP as counsel of record on behalf of the Respondents;

**AND WHEREAS** on March 4, 2013, Quadrexx provided notice of these proceedings to its EMD and PM clients in a form approved by Staff;

**AND WHEREAS** on March 6, 2013, Staff filed the affidavit of Oriole Burton sworn March 4, 2013 updating the Commission on the third LOI between Quadrexx and Universal dated February 26, 2013 and information received from Legacy Investment Management Inc. (“Legacy”) on the proposal to transfer Quadrexx’s assets to Legacy;

**AND WHEREAS** on March 5, 2013, Ken Thomson advised Staff that Legacy had withdrawn from the transaction proposed in the LOI dated February 26, 2013;

**AND WHEREAS** on March 7, 2013, the Commission ordered:

1. the portion of the Temporary Order attaching terms and conditions to the registration of Quadrexx as a PM and as a IFM is extended to March 29, 2013;
2. the portion of the Temporary Order ordering all trading in the securities of Quadrexx and Quadrexx Related Securities is extended to March 29, 2013;
3. the name of QOF in the Temporary Order be changed to “Quibik Opportunities Fund”;  
and
4. the hearing is adjourned to March 28, 2013 at 2:00 p.m.;

**AND WHEREAS** on March 28, 2013, the Commission was advised by the Respondents that they had terminated their retainer with Ormston List Frawley LLP, and the Commission, on motion by Ormston List Frawley LLP, ordered Ormston List Frawley LLP removed as counsel of record for the Respondents;

**AND WHEREAS** on March 28, 2013, Staff filed: (i) Quadrexx’s proposal to appoint a Receiver for Quadrexx and QSA; (ii) Quadrexx’s plans to wind up QSA and OOVSS; (iii) Quadrexx’s plan to transfer Quadrexx’s Managed Accounts, QIF and QOF to Matco Financial Inc.; and (iv) Quadrexx’s plan to appoint Robson Capital Management Inc. as the new PM and IFM of Diversified Assets LP and Property Values Income Fund Common Shares LP;

**AND WHEREAS** Staff has requested that the Temporary Order remain in place until: (i) the section 11.9 application filed by Matco Financial Inc. seeking Staff’s approval to transfer the Managed Accounts, QIF and QOF to Matco Financial Inc. is reviewed by Staff; and (ii) further

information has been provided to Staff on the distributions to be paid to investors as a result of the wind-ups of Quadrexx, OOVSS and QSA;

**AND WHEREAS** it appears to the Commission that Quadrexx 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** Staff has advised that its investigation of Quadrexx is ongoing;

**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 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 Quadrexx as a PM and as an IFM is extended to May 16, 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) that ordered all trading to cease in the securities of Quadrexx and Quadrexx Related Securities is extended to May 16, 2013;

**IT IS FURTHER ORDERED** that the hearing to: (i) receive an update on the wind-ups of Quadrexx, OOVSS and QSA and the possible transfer of the Managed Accounts, QIF and QOF to Matco Financial Inc.; (ii) consider whether to suspend Quadrexx's registrations as a PM and/or as an IFM; and (iii) consider whether to vary any of the terms of the Temporary Order, will proceed on May 15, 2013 at 10:00 a.m.

**DATED** at Toronto this 28<sup>th</sup> day of March, 2013.

*"James E. A. Turner"*

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James E. A. Turner