

TRIGLOBAL CAPITAL MANAGEMENT INC.

P.N.B. MANAGEMENT INC.

2967-9420 QUÉBEC INC.

4190424 CANADA INC.

4384610 CANADA INC.

Provisional Administrator's Information Document



**Raymond Chabot
Grant Thornton**

NOTICE TO READER

- ▣ This information document complements the various reports that have been submitted by the provisional administrator and the trustee and should be read in conjunction with these reports. The provisional administrator has submitted the following reports:
 - ◆ Triglobal Capital Management Inc. (“Triglobal”) – submitted on January 20, 2008;
 - ◆ P.N.B. Management Inc. (“PNB”), 2967-9420 Québec Inc., 4190424 Canada Inc. and 4384610 Canada Inc. – submitted on February 22, 2008;
 - ◆ These reports are available on the Raymond Chabot Grant Thornton Web site at www.raymondchabot.com;
- ▣ This document also deals with developments regarding the investigation on Ivest Fund Limited (“Ivest”), Tricap Futures Fund Limited (“Tricap”) and Focus Management Inc. (“Focus”).
- ▣ The information in this document rely on the following:
 - ◆ Available internal documents;
 - ◆ Available bank statements of account;
 - ◆ Documents obtained from third parties, in particular from clients, suppliers and investors;
 - ◆ Informal meetings with and formal examinations of various stakeholders in the companies involved.
- ▣ In spite of a warrant to bring against Mr. Themistoklis Papadopoulos, the President of Triglobal, issued by the Superior Court, neither the interim receiver nor the provisional administrator have been able to examine Mr. Papadopoulos or Mr. Mario Bright to date, even though these individuals are shareholders, directors and the principal officers involved in these companies.

In addition, certain legal proceedings initiated by Mr. Papadopoulos’s attorneys and other stakeholders regarding this matter have caused or are causing considerable delays in the provisional administrator’s investigation.

In light of the foregoing and the fact that the amount of available information regarding the companies involved is sometimes limited, the information presented in this report is highly uncertain and subject to change. Unless indicated otherwise, the tables in this report are in thousands of dollars.

1. TRIGLOBAL CAPITAL MANAGEMENT INC.

1.1 Statutory Administration

▣ The principal developments since the provisional administrator's last report are summarized below:

- ◆ The provisional administrator filed a notice of intention to make a proposal on January 21, 2008 under the *Bankruptcy and Insolvency Act* (the "Act") with the Trustee, Raymond Chabot inc. ("RC inc.") to support realization of the assets, considering Triglobal's precarious financial situation and the recourses taken by some investors.

This made it possible to stay all proceedings against the Company, to facilitate continued operations in the short term and to finalize the purchase-sale transaction for the network of representatives to Promutuel Capital, société de fiducie (hereinafter "Promutuel") through the interim receiver appointed by the Court on January 22, 2008, i.e. RC inc. This transaction generated \$1.6 million and commissions in arrears amounting to almost \$600,000 were paid to the representatives who transferred to Promutuel, as required by the purchaser;

- ◆ Representatives who were not transferred to Promutuel were notified of the discontinuation of operations and most of these people requested that their clients' assets under management be transferred to another investment dealer;
- ◆ Given that it is impossible to continue operating in accordance with regulatory requirements and that almost all representatives have left the Company, the interim receiver:
 - Discontinued Triglobal's operations on February 7, 2008;
 - Began to sell off the Company's movable property;
 - Returned the premises and notified suppliers that the Company had discontinued operations;
- ◆ Triglobal is deemed to have disposed of its property on May 8, 2008 (bankruptcy). In fact, the provisional administrator decided not to file a proposal within the prescribed period of time since:
 - Triglobal's activities have been discontinued and it will be impossible to resume operations;
 - Essentially all assets under management have been transferred;
 - For all practical purposes, all Triglobal assets have been realized;
 - The creditors had no benefit in filing a proposal;

- The trustee, the interim receiver or the provisional administrator were unable to meet with Messrs. Papadopoulos and Bright to discuss all the other options that could have led to a viable reorganization;
- ◆ The funds invested in mutual funds duly registered with Canadian regulatory authorities via Triglobal were traced and transferred in accordance with client instructions.
- ◆ Funds totalling approximately \$850,000 are currently available for distribution to creditors, as is shown in the following table:

	Provisional administration	Interim receiver	Total
Receipts			
Operations	1,892	-	1,892
Sale to Promutuel	-	1,631	1,631
Other	646	214	860
	<u>2,538</u>	<u>1,845</u>	<u>4,383</u>
Disbursements			
Representatives' commissions	1,087	598	1,685
Other costs (including accrued liabilities)	1,201	647	1,848
	<u>2,288</u>	<u>1,245</u>	<u>3,533</u>
Available balance as of report date	<u>250</u>	<u>600</u>	<u>850</u>

To date, the only known unrealized assets are an amount of \$100,000 held by McMillan Binch Mendelsohn on behalf of Triglobal and an amount of approximately \$100,000 receivable from Groupe CMA Services d'assurance-vie inc. ("Groupe CMA").

- ◆ The following are the principal creditors identified to date:

	\$
Employees (vacation pay and notices)	66
Representatives (commissions)	321
Suppliers	386
Unpaid rent	70
Total	<u>843</u>

- Triglobal's liabilities presented above exclude potential claims for damages resulting from investments in Ivest and Focus.

In that regards, an investor filed a motion for damages totalling \$263,000 against Mr. Papadopoulos, Triglobal and Focus with the Superior Court on December 18, 2007.

- Also, Triglobal's liabilities presented above exclude potential claims for damages on the part of the lessors.

- Given that Triglobal has filed for bankruptcy, the available funds will be distributed according to the order of priority set out in the *Bankruptcy and Insolvency Act*.
- ◆ The meeting of creditors for Triglobal's bankruptcy will be held on May 29, 2008 at 5 Place Ville-Marie, 8th Floor, Montréal, at 10:30 a.m.

1.2 Investigation

- ▣ The provisional administrator examined and met with the individuals involved in Triglobal. These examinations and the information received to date in connection with the investigation confirm that:
 - ◆ The investments in Ivest, Tricap and Focus were referred by a few individuals who were also related to Triglobal, mainly Mr. Themis Papadopoulos.
 - ◆ In keeping with the investigation results, the decisions issued by the Bureau de décision et révision en valeurs mobilières ("BDRVM") indicate that Angela Skafidas, Mario Angelopoulos, David Mizrahi, Brian Rousse, Joseph Jekkel and Mario Bright apparently also referred, recommended or participated in the sale of Ivest, Tricap and Focus securities.

1.3 Legal Proceedings

- ▣ Mr. Frederic Allali, Mr. Papadopoulos's new attorney, submitted a motion seeking the removal of the provisional administrator, the interim receiver, the trustee and their attorneys on the grounds that there is a conflict of interest resulting exclusively from their various appointments in this matter. On May 2, 2008, the Honourable Judge Mongeon partially granted a motion to dismiss Mr. Papadopoulos's request. Mr. Allali withdrew the motion on May 12, 2008.
- ▣ Joseph Jekkel submitted a motion to the Superior Court to render the BDRVM's decisions null and void after being subpoenaed to appear before the provisional administrator. Mr. Jekkel is avoiding his examination on the grounds of these proceedings.
- ▣ The provisional administrator addressed the Court to find Mr. Papadopoulos and Ms. Skafidas in contempt as a result of their refusal to undergo an examination. Given that it is impossible to effect personal service for Mr. Papadopoulos, it is currently impossible to find him in contempt. However, on May 16, 2008, Ms. Skafidas formally agreed in Court to undergo a formal examination on June 19, 2008.
- ▣ The Honourable Judge Mongeon issued a ruling on May 13, 2008 recognizing and executing decisions made abroad, namely the winding-up orders issued in the Bahamas and the Cayman Islands. In our view, this recognition will be a positive contribution to the investigation.
- ▣ The proceedings that have been initiated are delaying the work of the provisional administrator, especially the investigation.

2. P.N.B. MANAGEMENT INC. AND 2967-9420 QUÉBEC INC.

2.1 Provisional Administration

Since being appointed by the Finance Minister on January 24, 2008, the provisional administrator has taken possession or control of the following assets:

- ◆ A building at 5168-5182 Côte-des-Neiges Road in Montréal valued at approximately \$3 million. This building is owned by 2967-9420 Québec Inc. as a dummy company on behalf of the sole shareholder, PNB:
 - On December 21, 2007, an amended promise to sell was accepted by Themis Papadopoulos, represented by Angela Skafidas, for this building. An amount of \$3.4 million was offered for the building. Given the events involving Triglobal, the transaction was not concluded on the expected date.
 - Since being appointed, the provisional administrator has focused on trying to conclude the anticipated transaction, which should occur in the near future. In the interim, conservatory measures are being maintained to protect the market value of the property.
- ◆ The estimated realization of PNB's known assets may be summarized as follows:

	\$
Building on Côte-des-Neiges Road	3,400
Less: Mortgage with the secured creditor (Manuvie)	(1,300)
Agent's commission	(130)
Compensation granted to purchaser	(120)
	<u>1,850</u>
Less: Provisional administration costs	<u>(200)</u>
Estimated surplus	<u><u>1,650</u></u>

- ◆ Although these companies have few current liabilities, they may be liable for some resulting Triglobal commitments.

2.2 Investigation

The inquiry, research, discussions and various examinations conducted with PNB employees show that the company operated in the following areas:

- ◆ Real estate;
- ◆ Development and sale of a licence for specialized investment software;
- ◆ Financial management and private investment services and loan services to private companies;

- ◆ Restaurant and entertainment services (movies and discotheque).
- ▬▶ PNB handled the daily management of Ivest, Tricap and Focus funds under the supervision of Mario Bright. Mr. Bright's assistants, all of whom were PNB employees, had very limited knowledge of Focus and Ivest activities and reported to Mario Bright with respect to investment policies.
- ▬▶ Investor services, reporting and Focus investor communications were handled by Focus, PNB and Triglobal employees, as like Angela Skafidas. These employees followed the orders of Themis Papadopoulos and Mario Bright. However, the referrals of funds were essentially made through Triglobal, under the supervision of Themis Papadopoulos.
- ▬▶ In addition, the investigation shows that PNB received \$50,000 per month from Universal Perspective Fund ("UPF"), a company in the Bahamas and whose principal officer is Mario Bright. UPF also managed Ivest and Focus funds. Moreover, UPF received substantial amounts from Ivest and Focus (more than \$3 million between 2005 and 2007 from Ivest and more than \$800,000 from Focus in 2004).
- ▬▶ Certain PNB assets were used to repay Focus investors although no investor appeared to hold a direct or indirect interest therein. In fact, the net proceeds from the sale of the buildings on Van Horne and Champagneur streets owned by PNB, amounting to approximately \$900,000, were used to repay some Focus investors in December 2007; these investors had been claiming amounts from Messrs. Papadopoulos and Bright for several months.
- ▬▶ In October 2007, it seems Mr. Papadopoulos prepared a document entitled "Investment Protection Undertaking" for minor investors in Focus and Ivest, involving Triglobal, 2467-9420 Québec Inc. and Services Financiers Papadopoulos. This agreement apparently followed an initial agreement signed with major investors.

To summarize, under the draft agreement investors would be repaid via payments in the amount of \$200,000 to \$300,000 per month. These repayments were to be made by Services Financiers Themis Papadopoulos and Triglobal. The agreement also provided that the building on Côte-des-Neiges Road would be pledged as security to the minor investors. To our knowledge, this agreement was never officially concluded.

3. 4190424 CANADA INC. AND 4384610 CANADA INC.

Since being appointed by the Finance Minister on January 24, 2008, the provisional administrator has taken possession or control of the following assets:

- ◆ Amounts receivable resulting from two contracts between Groupe CMA, 4190424 Canada Inc. and 4384610 Canada Inc.

After being appointed, the provisional administrator renegotiated these agreements to re-establish the spirit of the transactions and to redirect funds to their ultimate owner.

The agreement that the provisional administrator negotiated with Groupe CMA generates a total consideration of \$1.139 million for 4190424 Canada Inc. (\$990,000) and Triglobal (\$149,000), payable in monthly instalments. To date, the provisional administrator has received payments from Groupe CMA in accordance with the payment schedule. These payments total close to \$100,000 for all files.

- ◆ The estimated realization of the known assets of 4190424 Canada Inc. and 4384610 Canada Inc. may be summarized as follows:

	\$
Settlement – Groupe CMA	990
Less: Provisional administration costs	<u>(100)</u>
Estimated surplus	<u><u>890</u></u>

- ◆ These companies have few or no known liabilities. The excess could be paid to the companies' ultimate shareholders, Messrs. Bright and Papadopoulos, if the provisional administrator receives no valid claim.

4. IVEST FUND LTD., TRICAP FUTURES FUND LTD. AND FOCUS MANAGEMENT INC.

- This section summarizes the various action taken by the provisional administrator and the joint provisional liquidators of the Ivest, Tricap and Focus funds to trace the amounts that were invested.
- The provisional joint liquidators of Ivest and Tricap appointed by the Bahamian court on January 25, 2008 are Marian Ferere of FT Consultants and Jean Robillard and the joint provisional liquidators of Focus appointed by the Cayman Islands court on February 20, 2008 are Hugh Dickson of Grant Thornton UK LLP and Jean Robillard.
- The work completed to date may be summarized as follows:
 - ◆ Review and analysis of the documents received from the various regulatory authorities, the Security Exchange of the Bahamas, the Cayman Islands Monetary Authority (“CIMA”) and the AMF;
 - ◆ Historical analysis of bank statements of account available for each company involved;
 - ◆ Information requests sent to the banks and the brokerage firms involved to obtain missing documentation;
 - ◆ Analysis of the investment strategies preferred by fund managers;
 - ◆ Analysis of the information provided by investors and meeting with several investors;
 - ◆ Formal and informal examinations;
 - ◆ Recovery of available amounts.

4.1 Ivest Fund Ltd.

- Ivest is a mutual fund registered with the Bahamas Securities Commission (“BSC”) and having its head office in Nassau. Ivest was founded in 1998, initially under the name New Horizon Fund Limited.
- The most recent financial statements that we were able to trace date back to December 31, 2005. According to these financial statements, assets under management total \$51 million, as follows:
 - ◆ Cash totalling \$27 million;
 - ◆ \$22 million (40% of assets) invested in Focus;
 - ◆ \$1.8 million invested in the form of loans to related investment companies, namely Capricorn Investments Ltd. and Barrontech Investments Inc.

The auditor's report dated September 22, 2006 includes a note regarding the value of the investment in Focus, whereas no audited financial statements were available for this company.

- ➡ As at September 30, 2007, according to the share register provided by Genesis Fund, an administrator of mutual fund companies, Ivest had more than 101 unit holders who had invested \$47.7 million. The provisional administrator received confirmation from investors for more than half of these investments, for a total value of \$39 million.

The investors' contribution in Ivest vary between \$40,000 and \$10 million respectively while the specific value of each investment fluctuated according to the portfolio's performance.

Investors mainly traded Ivest securities through Triglobal representatives and PNB employees. However, the funds were paid directly to Ivest.

- ➡ The net investments in Ivest increased by more than \$30 million during the period from 2003 to 2007, as is illustrated by the following table:

Investments in Ivest	
As at December 31	\$
2003 (according to 2005 financial statement)	18,000
2004 (according to 2005 financial statement)	25,000
2005 (according to 2005 financial statement)	45,000
2006	?
2007 (according to share ledger)	48,000

- ◆ The funds were mainly invested in the form of corporate loans, securities and derivative products and loans granted to Focus;
- ◆ Since Ivest was wound up, the joint liquidators traced three corporate loans totalling \$1.6 million made to the following companies:
 - \$1.1 million loan to Barrontech, a Montréal company. The joint provisional liquidators are currently discussing with Barrontech's management to recover the amounts owed;
 - Two \$250,000 loans to Capricorn and Rockwell, two companies located in the Grenadines and the Bahamas respectively. Despite several attempts, no officer of either company has been reached. It is currently impossible to state the amounts that may be recovered;

According to the available records, Ivest, Barrontech and Capricorn apparently have some officers in common.

- ◆ The investments in securities and derivative products were made through the Interactive Broker ("IB"). The account history is as follows (in thousands of U.S. dollars):

Year	Deposits	Withdrawals	Investment gains or losses	Account balance
	\$	\$	\$	\$
2004	11,700	-	2,400	14,100
2005	10,000	(12,200)	7,300	19,200
2006	-	(2,300)	(400)	16,500
2007	-	-	(16,100)	400
	<u>21,700</u>	<u>(14,500)</u>	<u>(6,800)</u>	

- Ivest invested more than \$21.7 million through IB. According to the statements of account from 2004 to mid-2006, the investments were mainly in shares and options and very few high-risk positions;
 - In spite of net gains of \$7.3 million in 2005 and a mixed performance in 2006, investment losses totalled more than \$16 million in 2007, which represents substantially all available funds;
 - 2007 losses are apparently attributable to aggressive positions on futures contracts. The joint provisional liquidators are continuing to investigate these losses;
 - In addition, withdrawals of more than \$14.5 million were made partially to the benefit of Focus. Some transfers have still not been explained to date.
- ◆ The loans which Ivest made to Focus evolved as follows (in thousands of dollars):

Ivest investments in Focus		
Year	Annual contributions to cash resources	Cumulative
	\$	\$
2004	?	9,000
2005	12,000	21,000
2006	5,000	26,000
2007	4,000	30,000

- As illustrated, more than \$30 million in Ivest funds were invested in Focus over a four-year period.
- ➡ To date, the joint provisional liquidators recovered **approximately \$800,000** from Ivest, including \$700,000 from Interactive Brokers and \$100,000 from Banque BNP Paribas.

4.2 Tricap Futures Fund Limited

- Tricap is a mutual fund company registered in Bermuda in January 1997. Like Ivest, Tricap offered units to foreign investors with a minimum subscription of \$115,000.

The fund's objective was to offer a maximum return on invested capital by making investments in structured products (options, futures, foreign currencies, indexes, etc.).

According to its prospectus, PNB was an affiliated investment manager. PNB also held management shares, i.e. Tricap voting shares. The principal investment manager was Tricap Strategic Management, a company owned by Messrs. Bright, Jekkel and Papadopoulos. Mr. Papadopoulos was also a director of Tricap.

- To date, only two investors have confirmed their investments in the amount of \$2.3 million with the provisional administrator. We have obtained no other information regarding activities and amounts invested in Tricap.

In addition, very little bank information has been available to date. However, the investigation shows that management opened a bank account with Banque National de Paribas in early 2006 and that there was \$6 million in cash in the account at that time. However, more than \$5.6 million was withdrawn and transferred during the same year.

We traced a transfer of more than \$2.6 million to IB and a transfer of \$3 million to Focus. According to IB's statements of account, \$2.6 million was apparently lost on financial markets, when Tricap held positions on futures contracts.

- The joint provisional liquidators have recovered **\$550,000** to date.

4.3 Focus Management Inc.

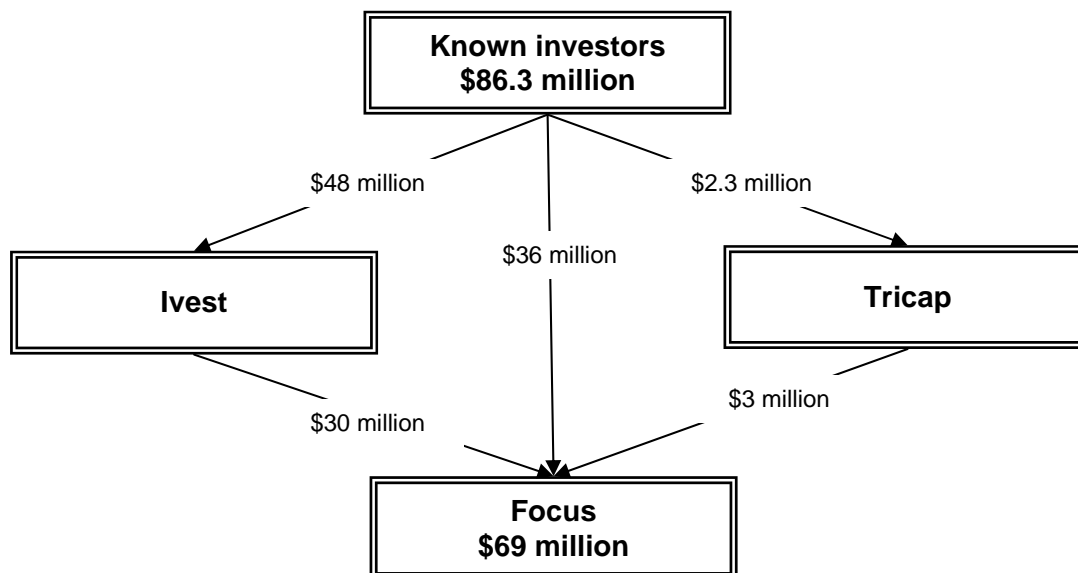
- Focus, which was incorporated in the Cayman Islands in 1990, is not registered as a deposit-taking institution with the AMF. In addition, it does not hold a certificate allowing it to act as an investment dealer or advisor. Focus is not registered with CIMA, the regulatory authority in the Cayman Islands, either.

- According to the information included in the BDRVM decision, the two ultimate beneficiaries for Focus are Themis Papadopoulos and Mario Bright.

- As of the date of this report, no financial statements were traced for Focus or obtained from investors. However, 136 investors confirmed their investments with the provisional administrator, for a total amount of \$36 million.

These investments were made in the form of notes (term varying between 12 and 60 months and bearing interest at rates of between 9% and 13%). In some cases, interest was paid monthly. In most cases, however, the interest was capitalized.

- Combined with the investments made by Ivest and Tricap and the amounts invested by investors, funds invested in Focus total more than \$69 million:



- The investigation revealed that:

- All funds passed essentially through one regular bank account for operations. This account was used to pay interest, salaries and operating costs;
- Between 2001 and 2004, Focus carried out its banking transactions via the Horizon Bank, which is currently being wound up. From 2005 to 2007, bank transactions were carried out via Banque BNP Paribas;
- The analysis of the bank statements for 2001 to 2007 shows that amounts received by Focus were immediately transferred to individuals or other companies, some being identified as investors. More than \$110 million apparently passed through these accounts since 2001. The balance of these accounts never exceeded several hundred thousand dollars;
- The statements of account and the letters to investors were prepared by two Focus employees at their Cayman Islands offices using information provided by PNB. Moreover, all investments were controlled by Mario Bright via UPF and PNB. Messrs. Bright and Papadopoulos were also the sole authorized signatories for the bank accounts;
- Some Focus assets were apparently sold to Revest, a company whose head office is in the Bahamas.

- No amount has been recovered or traced by the joint provisional liquidators to date.** The joint liquidators are continuing their investigation of amounts transferred and of certain companies that are involved. However, given the number and size of the transactions carried out over time, it is currently difficult for the joint liquidators to hope to recover sizeable amounts.

5. CONCLUSION

- ▶ We encourage investors in these funds to contact us, if they have not already done so, and to provide all available documentation. Please contact a Raymond Chabot Grant Thornton representative at 514-954-4637.

Prepared in Montréal, on the 21st day of May 2008

JEAN ROBILLARD, CA
Provisional administrator
RAYMOND CHABOT GRANT THORNTON & CIE