

THE SECURITIES ACT) **Order No. 5294**
)
Subsection 148.1(1) and 19(5)) **January 31, 2007**

**VERTEX ONE ASSET MANAGEMENT and
JEFFREY DAVID McCORD**

WHEREAS:

(A) On January 17, 2007, The Manitoba Securities Commission ("Commission") issued a Notice of Hearing ("Notice") giving notice of its intention to hold a hearing to consider, inter alia, whether or not it was in the public interest to order that a Settlement Agreement between staff of the Commission ("Staff") and VERTEX ONE ASSET MANAGEMENT ("VERTEX") and Jeffrey David McCORD ("McCORD") be approved;

(B) Staff of the Commission, VERTEX and McCORD entered into a Settlement Agreement (a copy of which is attached as Schedule "A") dated January 15, 2007, ("Settlement Agreement"), which proposed settlement of an enforcement matter, subject to the approval of the Commission;

(C) VERTEX and McCORD have consented to the issuance of this Order and has waived their/his right to a full hearing;

(D) On January 17, 2007 the Commission held a hearing ("Settlement Hearing") to consider whether or not to approve the Settlement Agreement;

(E) At the Settlement Hearing the Commission approved the Settlement Agreement and is of the opinion that it is in the public interest to make this order.

IT IS ORDERED:

- 1. THAT** the Settlement Agreement, Schedule "A", be and the same is hereby approved.
- 2. THAT** pursuant to subsection 148.1(1) of the Act, VERTEX and McCORD will pay an administrative penalty in the amount of the registration fees that would otherwise have been paid to the Commission for the period of time in which it was trading in units of its funds to residents of Manitoba, being a total amount of \$3,150.00; and
- 3. THAT** VERTEX and McCORD will make a payment of \$600.00 as their contribution to the Commission's costs with respect to this hearing.

BY ORDER OF THE COMMISSION

Director, Legal and Enforcement

Settlement Agreement

**VERTEX ONE ASSET MANAGEMENT and
JEFFREY DAVID McCORD**

and

The Staff of The Manitoba Securities Commission

The Manitoba Securities Commission
500 – 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5

SETTLEMENT AGREEMENT

A. Introduction

A1. By way of Notice of Hearing of Staff of The Manitoba Securities Commission (the "Commission"), notice was given to Vertex One Asset Management ("Vertex") and Jeffrey David McCord ("McCord"), to consider:

1. whether or not it is in the public interest to order, pursuant to subsection 19(5) of The Securities Act ("Act"), that:
 - (a) subsection 19(1) of the Act does not, with respect to such of the trades referred to in that section, apply to Vertex and McCord;
 - (b) subsection 19(2) of the Act does not, with respect of the securities referred to in that section, apply to Vertex and McCord;
2. whether or not it is in the public interest to order, pursuant to subsection 148.1(1) of the Act, that Vertex and McCord pay an administrative penalty;
3. whether or not it is in the public interest to order that the respondent pay the costs of and incidental to the hearing;
4. such further and other matters and the making of such further and other orders as the Commission may deem appropriate.

A2. Discussions have been held amongst Vertex, McCord and Staff of the Commission ("Staff") in an effort to settle all issues in connection with the matters set out in the Notice of Hearing (the "Proceedings"). A settlement ("Settlement") has been reached based on the terms and conditions set forth in this agreement ("Settlement Agreement").

A3. Pursuant to the Settlement, Staff agrees to recommend to the Commission that the Proceedings initiated against the respondent be resolved and disposed of in accordance with the terms and conditions of this Settlement Agreement set out below. The respondent consents to the Settlement and to the making of the Consent Order referred to in paragraph D. below, on the terms and conditions set for in this Settlement Agreement.

B. Statement of Facts

B1. Vertex carries on business from its head office in Vancouver, British Columbia.

B2. McCord resides in North Vancouver, British Columbia and is a Director and Shareholder of Vertex.

B3. Vertex obtained registration in British Columbia as a portfolio manager under The Securities Act (British Columbia) as of March 14, 2003.

B4. McCord became registered as an advising officer of Vertex under The Securities Act (British Columbia) as of March 14, 2003.

B5. In or about August, 2006, Vertex and McCord filed Form 31-101F1 "Election to Use NRS in Determination of Principal Regulator" with the Commission and other jurisdictions for the purposes of becoming registered as a portfolio manager under the Act.

B6. In making application to the Commission, Vertex acknowledged that it had traded in units of funds managed by it to 15 individuals in Manitoba.

B7. McCord, in his capacity as an advising officer of Vertex, offered for sale units of Vertex Fund and Vertex Balance Fund to residents of Manitoba.

B8. Each of the Vertex Fund and Vertex Balanced Fund were sold by way of an offering memorandum.

B9. Vertex provided information that discloses 31 trades in units of funds managed by Vertex to Manitoba residents over the period of March 31, 2004 to July 31, 2006.

Mitigating Factors

B10. Vertex and McCord have not been subject to any enforcement and/or regulatory action by the Commission in the past.

B11. Vertex and McCord have cooperated with staff of the Commission and have provided any and all information requested relating to this matter.

B12. Vertex and McCord continue to be registered in British Columbia.

B13. With the exception of the foregoing matters described in this document, there have been no other matters identified which would cause the Director to refuse the application for registration.

C. Acknowledgements of Vertex and McCord

C1. Vertex and McCord each acknowledges and agrees that the following actions were contrary to the public interest:

(a) trading in units of the funds offered by Vertex to residents of Manitoba without being registered under the Act;

(b) performing the activities of a portfolio manager under the Act to residents in Manitoba prior to obtaining registration under the Act;

C2. That this Settlement Agreement, and any order that may be issued by the Commission, will in no way:

(a) eliminate or reduce any rights that a purchaser of units of one or more funds may have against Vertex and/or McCord;

(b) Prevent the Commission from investigating and/or taking enforcement action with respect to the conduct of Vertex and/or McCord with its clients.

D. Terms of Settlement

D1. Staff seek an Order (the "Consent Order") from the Commission with respect to the failure of Vertex and McCord to obtain registration as portfolio managers with the Commission consistent with the terms contained in Section D2. of this Settlement Agreement, pursuant to the provisions of the Act.

D2. The Consent Order sought by Staff is as follows:

(a) that this Settlement Agreement be approved;

(b) upon approval of this Settlement, Vertex and McCord will pay an administrative penalty in the amount of the registration fees that would otherwise have been paid to the Commission for the period of time in which it was trading in units of its funds to residents of Manitoba, being a total amount of \$3,150.00

(c) Vertex and McCord will make a payment of \$600.00 as their contribution to the Commission's costs with respect to this hearing.

E. Procedure

E1. The approval of the Settlement Agreement shall be sought at a public hearing.

E2. If this Settlement Agreement is approved by the Commission, and if a Consent Order issues in accordance with this Settlement Agreement, this Settlement Agreement will constitute the entirety of the evidence to be submitted to the Commission in connection with the Proceedings and, upon the making of the order contemplated by this Settlement Agreement, Vertex and McCord waive their right to a full hearing and appeal of this matter.

E3. Notwithstanding any other provision of this Settlement Agreement, if, for any reason whatsoever, this Settlement Agreement is not approved by the Commission, or the Consent Order referred to in Section D above is not made by the Commission, Staff will be entitled to proceed with the hearing commenced by the Notice of Hearing, unaffected by this Settlement Agreement or the settlement discussions. In the event that such steps are taken, Vertex and McCord shall have all the usual rights of a person subject to such proceedings.

E4. If the Settlement Agreement is not approved, or the Consent Order set out in Section D above is not made by the Commission, the terms of this Settlement Agreement shall remain confidential and shall not be raised in this or any other proceeding, and any admissions contained in this Settlement Agreement shall be considered as without prejudice communications and furtherance of settlement discussions which will not be binding upon the parties and which will be inadmissible in any proceeding whatsoever.

E5. If this Settlement Agreement is approved by the Commission and the Consent Order made upon the terms set out in this Settlement Agreement, this Settlement Agreement will be a public document.

E6. If this Settlement Agreement is approved by the Commission and the Consent Order is made upon the terms set out in this Settlement Agreement, Vertex and McCord agree that they will not raise, in any proceeding, this Settlement Agreement or the negotiation or process of approval of this Settlement Agreement, as a basis for an attack on the Commission's jurisdiction, alleged bias, alleged unfairness, or any other challenges that may be available.

E7. If this Settlement Agreement is approved by the Commission and the Consent Order is made upon the terms set out in this Settlement Agreement, neither Staff nor the respondent will make any statement inconsistent with this Settlement Agreement.

DATED at Winnipeg, Manitoba, this "21st" day of December, 2006.

Witness Vertex One Asset Management

Witness Jeffrey David McCord

DATED at Winnipeg, Manitoba this "15th" day of ~~December~~ "January", 2006.

Staff of the Manitoba Securities Commission
Per:

Director, Legal and Enforcement