

October 12, 2005

IN THE MATTER OF: THE SECURITIES ACT

-and-

IN THE MATTER OF: The Crocus Investment Fund

**AND IN THE MATTER OF: Charles Curtis, Peter Olfert, Waldron
(Wally) Fox-Decent, Lea Baturin, Albert
Beal, Ron Waugh, Diane Beresford, Sylvia
Farley, Robert Hilliard, Robert Ziegler (the
"Board Members")**

**REASONS FOR DECISION
OF
THE MANITOBA SECURITIES COMMISSION**

On October 6th, 2005, the panel of the MSC heard a motion made by the Board Members of Crocus Fund Investments to stay the proceedings against them because of the inability of the MSC to prosecute and adjudicate impartially the allegations they face. The MSC and the Board Members are codefendants in a civil action brought by some of the shareholders and the Board Members claim that there is a reasonable apprehension of bias by the MSC because there may be adverse interests in defence of the civil suit, and the MSC staff may gather information from the evidence given during the hearing that will assist them in their defence.

Actual bias on the part of the panel is not claimed by any party. All parties agreed upon the test for reasonable apprehension of bias. The panel has reviewed the authorities cited by all counsel and is satisfied that their independence from the staff and day to day operations of the Commission is sufficient to satisfy any concerns of perceived bias.

The allegations made by the staff of MSC concern prospectus disclosure and accuracy, as well as the actions of the board members in complying with valuation procedures.

The MSC has a statutory duty to review allegations made by all parties before it, and make a determination based upon the evidence it has heard. If the panel adjourned the hearing until the civil action has been determined, there would be a significant delay, which would not be in the public interest. While this is quite separate from the question of reasonable apprehension of bias the public interest demands that these allegations be dealt with as quickly as possible, so that the public's confidence in the capital markets of Manitoba is not undermined.

The motion for an adjournment is dismissed.

October 12, 2005

"K.E. Hughes"

K.E. Hughes
Chair

"R.G. McEwen"

R.G. McEwen
Member

"D.H. Smith"

D.H. Smith
Member