

THE SECURITIES ACT

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Order No. 3089

)

Section 20

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October 11, 2000

3161234 MANITOBA LTD. (Rise HealthWare)

WHEREAS:

(A) 3161234 Manitoba Ltd. (the "Corporation"), Bruce Penner and Vic Toews (together the "Control Shareholders" and collectively with the Corporation the "Applicants") have applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of The Securities Act (Manitoba) (the "Act") exempting the Applicant from the requirements of section 6 and 37 of the Act as they relate to certain past trades in securities of the Corporation, and in connection with certain trades pursuant to a proposed conversion of notes to debentures as is more particularly described herein.

(B) It has been represented to the Commission that:

1. The Corporation was incorporated under the provisions of The Corporations Act (Manitoba) on April 27, 1994. The Articles of the Applicant were restated by way of Restated Articles of Incorporation dated December 23, 1997.
2. The Corporation's principal place of business is located at 10-1783 Plessis Road, Winnipeg, Manitoba, R3W 1N3.
3. The Corporation is not subject to Parts X, XI, and XII of the Act.
4. The authorized capital of the Corporation consists of an unlimited number of Class I, II, III and IV common shares and an unlimited number of Class I, II, III, and IV preferred shares. The current issued capital of the Applicant consists of 2,588,903 Class I common shares.
5. No securities of the Corporation are listed on a stock exchange.
6. The Corporation is in good standing with respect to filings to be made pursuant to The Corporations Act (Manitoba).
7. The Corporation does not meet the requirements to be considered a private company as defined in the Act. The Corporation, however, has operated as if it were a private company in that:
 - (a) The number of shareholders of the Corporation, excluding employees and former employees who acquired shares while employed by the Corporation, is less than 50; and

(b) The Corporation has not made a general invitation to the public to acquire any shares in its capital stock except for conducting the Exempt Offering as defined below.

8. The Corporation has relied on the exemption from the prospectus and the registration requirements of the Act provided by clause 91(a) of the Securities Regulation to the Act (the "Exempt Offering") which occurred between December 1997 and June 1998. Pursuant to the Exempt Offering the Corporation sold Units, consisting of one Class I common share and one-half Class I common share purchase warrant, to 19 "related purchasers" and to eight "informed purchasers" as those terms are defined by the Securities Regulation. The Units were issued at a price of \$3.00 per Unit. Each full warrant entitled the holder thereof to acquire one Class I common share at a price of \$3.00, exercisable at any time up to 5:00 Winnipeg time, on January 31, 2001.

9. Of the 49 current shareholders of the Corporation who are not employees or former employees, 27 are persons who acquired shares pursuant to the Exempt Offering. The remaining 22 shareholders acquired their shares in the following manner, respectively.

(a) two shareholders acquired shares pursuant to the initial issuance by the Corporation of shares from treasury in connection with its start-up as a business;

(b) one shareholder acquired shares from the Control Shareholders who held a sufficient number of shares in the Corporation to materially affect control of the Corporation (the "Control Block Trade");

(c) three shareholders acquired shares pursuant to purported private placement transactions which occurred in 1998 (the "Placees"); and

(d) 16 shareholders acquired shares pursuant to trades with existing shareholders.

10. Between the period of April 30, 1995 to the present time, the Corporation has issued 30 convertible promissory notes ("Notes") to persons who may be categorized as follows (each a "Lender"):

(a) Six Lenders are current shareholders of the Corporation, two of whom who are also directors;

(b) Six Lenders are persons who were approached to become Lenders by directors of the Corporation;

(c) Two persons were referred to the Corporation by current shareholders; and

(d) Fifteen persons were referred to the Corporation by a close, personal friend of a director of the Corporation.

11. The Notes accrue interest at a rate of either 6% (on a straight-line basis) or 18% per annum. The aggregate principal amount of all Notes is \$816,073.85.

12. With respect to the persons described in sub-paragraphs (c) and (d) above, the Lenders approached management of the Corporation with the view to becoming Lenders and initiated discussions in that respect. They were not approached by the Corporation.

13. Each Note contains a provision entitling the Lender to convert the principal amount into common shares of the Corporation on the basis of one common share for each \$3.00 in principal amount outstanding. The issuance of the Notes was affected by the Corporation without the benefit of legal advice. The Corporation believed that it was entitled to issue the Notes by virtue of the fact that it was a "private company".

14. None of the Notes have been converted into shares of the Corporation as at the present time.

15. The Corporation is currently involved in negotiations with an Alberta corporation (the "Target") whose shares trade on the Canadian Venture Exchange. The discussions relate to the proposed amalgamation of the Corporation with the Target.

16. As part of the negotiation process, the Corporation has been requested by the Target to terminate the Notes (with the agreement of the Lenders) and replace the Notes with formal convertible debentures of the Corporation in the same principal amount as each Note, respectively (the "Proposed Conversion").

17. No exemption from sections 6 and 37 of the Act were available for the Control Block Trade, the trades to the Placees or the issuance of the Notes to Lenders.

18. No exemptions from sections 6 and 37 of the Act appear to be available for trades in connection with the Proposed Conversion.

(C) The Commission is of the opinion it is not prejudicial to the public interest to grant the Order requested.

IT IS ORDERED:

1. THAT, pursuant to subsection 20(1) of the Act, the Control Block Trade, the trade to Placees, and the issuance of Notes to Lenders are exempt from sections 6 and 37 of the Act provided that:

(a) the Lenders, Placees and the purchaser under the Control Block Trade be provided with a copy of this Order forthwith;

(b) the Lenders, Placees and the purchaser under the Control Block Trade be given the opportunity to either confirm or rescind their purchase within 14 days of receiving the Order.

2. THAT, pursuant to subsection 20(1) of the Act, the trades between the Corporation and the Lenders in connection with the Proposed Conversion are exempt from sections 6 and 37 of the Act.

3. THAT the fee for this order shall be \$1000.00.

BY ORDER OF THE COMMISSION

Director