THE SECURITIES ACT	)	Order No. 3256
	)	
Section 20	)	February 28 2001

## RICE CAPITAL MANAGEMENT PLUS INC.

- (A) WHEREAS Rice Capital Management Plus Inc. has applied to The Manitoba Securities Commission (the "Commission") pursuant to section 20(1) of the *Securities* Ac, R.S.M. 1988, c. S59 (the "Act") for an order that certain trades in common shares of Rice arising in connection with a proposed acquisition (the "Acquisition") by Rice be exempt from the prospectus and registration requirements contained in the Act;
- (B) AND WHEREAS Rice has represented to the Commission that:
  - 1. Rice is a corporation incorporated under the laws of Alberta, is subject to the continuous disclosure requirements of the Act and is not in default of any requirement of the Act;
  - 2. the authorized capital of Rice consists of an unlimited number of common shares (the "Shares") and an unlimited number of preferred shares, three series of which have been created and designated as Series 1 preferred shares, Series 2 preferred shares and Series 3 preferred shares, respectively; the Series 1 preferred shares, Series 2 preferred shares and Series 3 preferred shares are convertible into Shares on the basis of one Share for one preferred share; as at December 31, 2000, there were 15,034,715 Shares, 10,265,500 Series 1 preferred shares, 200,000 Series 2 preferred shares and 200,000 Series 3 preferred shares issued and outstanding;
  - 3. on June 30, 1998 Rice completed an initial public offering as a Junior Capital Pool Issuer on the Alberta Stock Exchange, with the sale of 2,500,000 Shares;
  - 4. the Shares are currently listed on The Canadian Venture Exchange ("CDNX");
  - 5. Morgan Rice Financial ("MRF") is incorporated under the laws of the Province of British Columbia. John R. Morgan ("Morgan"), a resident of British Columbia, owns all of the issued and outstanding common shares of MRF.;
  - 6. J.R. Morgan Securities Inc. ("JRMSI") is incorporated under the laws of the Province of British Columbia. The issued capital of JRMSI consists of 100,000 Class A common shares, 45,000 Class B common shares, 5 Class D preferred shares, 10 Class E preferred shares, 10 Class F preferred shares, 10 Class G preferred shares and 10 Class I preferred shares. Morgan owns all of the issued and outstanding Class A common shares, and five other individuals own, equally, the Class B common shares and the preferred shares;

- 7. as of April 1, 2000, MRF acquired the mutual fund assets administered by Morgan owned by clients of Morgan. JRMSI previously acted as the mutual fund dealer and provided the back office support services in respect of the assets under administration;
- 8. the Acquisition has been structured into two components; under a Share Purchase Agreement among Rice, MRF and Morgan, Rice will purchase from Morgan 50% of the issued and outstanding common shares of MRF. The purchase price of \$104,000 (subject to adjustment) will be satisfied by the payment of \$25,000 in cash and the issuance by Rice of 79,000 Shares (subject to adjustment) to Morgan at a deemed price of \$1.00 per Share;
- 9. pursuant to the second part of the Acquisition, under a Purchase Agreement among Rice, Morgan and JRMSI, Rice will purchase from JRMSI the right to act as the mutual fund dealer and provide back room services in respect of assets under administration, as well as certain other assets, including goodwill. The purchase price of \$105,000 (subject to adjustment) will be satisfied by the payment of \$40,000 in cash and the issuance by Rice of 65,000 Shares (subject to adjustment) to JRMSI at a deemed price of \$1.00 per Share;
- 10. CDNX approved the Acquisition on July 20, 2000;
- 11. the Acquisition transaction as a whole contemplates the issuance by Rice of 144,000 Shares (subject to adjustment) at a deemed price of \$1.00 per Share and the payment of \$65,000 in cash. The adjustment possibility relates to a formula in each of the Share Purchase Agreement and the Purchase Agreement whereby the number of Shares may be reduced if financial targets and business retention targets have not been met; the Shares that are issuable to Morgan and to JRMSI, respectively, will be held in escrow until April 1, 2001 at which time the appropriate calculations will be made and, if necessary, the number of Shares to be issued will be adjusted;
- (C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

## IT IS ORDERED:

- **1. THAT** pursuant to subsection 20(1) of the Act, trades of Shares by Rice to Morgan and JRMSI pursuant to the Acquisition are exempt from sections 6 and 37 of the Act;
- **2. THAT** the fee on this Order shall be \$1,000.00.

BY THE ORDER OF THE COMMISSION