

**IN THE MATTER OF THE *SECURITIES ACT*
R.S.N.S. 1989, CHAPTER 418, as amended**

- and -

**IN THE MATTER OF AN INVESTIGATION IN RESPECT OF
KNOWLEDGE HOUSE INC.**

- and

**IN THE MATTER OF THE MOTIONS OF DAN POTTER,
KNOWLEDGE HOUSE INC., KENNETH G. MACLEOD AND CALVIN
WADDEN**

ORDER

WHEREAS the Nova Scotia Securities Commission (“Commission”) issued an Investigation Order on February 4, 2003, which was subsequently amended on April 23, 2003 and October 22, 2003 (collectively the “Investigation Order”);

AND WHEREAS an investigation was commenced by Staff of the Commission and other investigators named in the Investigation Order, in the course of which CDs (“CD” or “CDs”) containing mailboxes (“Emails”) from the Knowledge House Inc. email server were requested and received on and after August 25, 2003 from legal counsel for National Bank Financial Ltd.;

AND WHEREAS some or all of the CDs containing the Emails may have been accessed and reviewed by the Staff of the Commission and other investigators between August 25, 2003 and April 5, 2004;

AND WHEREAS the Emails contained on the CDs have been sealed as a result of Orders of the Supreme Court of Nova Scotia (“Court”) dated April 5, 2004 and July 7, 2004 (“Orders”);

AND WHEREAS Notices of Motion were filed by Dan Potter on behalf of himself and Knowledge House Inc. on June 30, 2006 and by Kenneth G. MacLeod and Calvin Wadden on June 30, 2006 requesting, among other remedies, disclosure of certain information concerning the investigation commenced by the Investigation Order (“Motions”);

AND WHEREAS Raymond Courtney is an interested party in this proceeding;

AND WHEREAS the Commission conducted a hearing on the Motions on July 25, 2006 having heard from Dan Potter on behalf of himself and Knowledge House Inc., Dale Dunlop on behalf of Kenneth G. MacLeod and Calvin Wadden, Tim Hill on behalf of Raymond Courtney and Heidi Schedler on behalf of Staff of the Commission;

AND WHEREAS the Commission has initiated an application to the Nova Scotia Supreme Court for relief from the Orders prohibiting access to the Emails;

AND UPON reviewing the Affidavit of Dan Potter sworn July 11, 2006 and the Affidavits of R. Scott Peacock sworn July 20, 2006 and November 2, 2006;

IT IS HEREBY ORDERED that:

1. Staff shall provide Dan Potter, Kenneth G. MacLeod, Calvin Wadden and Raymond Courtney with copies of all documents in Staff's possession or under their control relevant to the information requested in paragraph 33 of the July 11, 2006 submission of Dan Potter on behalf of himself and Knowledge House Inc., a copy of which is attached as Schedule "A".
2. Knowledge House Inc. shall have access to the Emails in accordance with the process set out in Schedule "B", a copy of which is attached to this Order, and upon further order of the Commission.
3. R. Scott Peacock and, as necessary, all other investigators named in the Investigation Order, shall be cross-examined as a form of pre-hearing disclosure in relation to the Motions at a time to be determined by the Commission.
4. The determination of privilege in relation to the Emails is adjourned without day.
5. The computers and/or hard drives of each of the investigators named in the Investigation Order shall be quarantined until further order of the Commission.
6. The determination of the process providing for forensic analysis of the computers of each of the investigators named in the Investigation Order is adjourned without day.

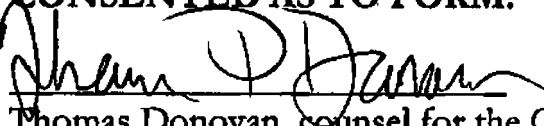
DATED this 17th day of January, 2007.

NOVA SCOTIA SECURITIES COMMISSION



Daren Baxter
Vice Chairman

CONSENTED AS TO FORM:



Thomas Donovan, counsel for the Commission

Heidi Schedler, counsel for Staff of the Commission

Dale Dunlop, counsel for Kenneth MacLeod and Calvin G. Wadden

Dan Potter, on behalf of himself and Knowledge House Inc.

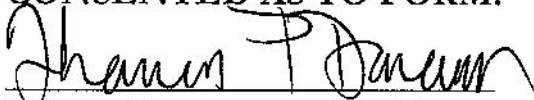
Tim Hill, counsel for Raymond Courtney

DATED this 17th day of January, 2007.

NOVA SCOTIA SECURITIES COMMISSION

Daren Baxter
Vice Chairman

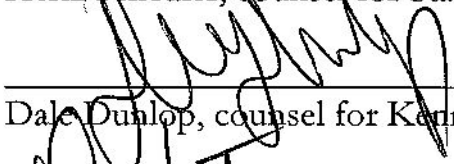
CONSENTED AS TO FORM:



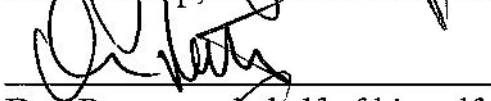
Thomas Donovan, counsel for the Commission



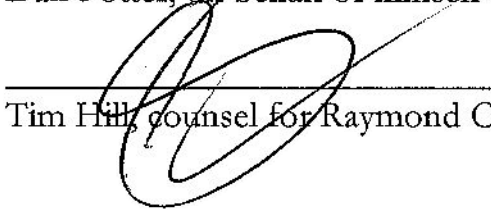
Heidi Schedler, counsel for Staff of the Commission



Dale Dunlop, counsel for Kenneth MacLeod and Calvin G. Wadden



Dan Potter, on behalf of himself and Knowledge House Inc.



Tim Hill, counsel for Raymond Courtney



SCHEDULE "A"
JULY 11, 2006 SUBMISSIONS BY DAN POTTER ON BEHALF
OF DAN POTTER AND KHI
(PARAGRAPH 33)

1. When, from whom and by what means did you learn that Mr. Parish had possession of KHI email documents?
2. Prior to August 25, 2003, did any of the Commission Staff or other investigators involved in the KHI investigation (or any of their support staff) use Lotus Notes software for email on their computers? If so, please indicate how many persons.
3. Was Lotus Notes software installed on any computers used by or to support the work of Commission Staff or other investigators in accessing the mailboxes obtained from Mr. Parish? If so, on how many computers was Lotus Notes software installed for such purposes? Also, please identify who installed the Lotus Notes software and indicate whether such person or persons were in-house staff or outside consultants.
4. In relation to each of the mailboxes obtained from Mr. Parish and accessed by or on behalf of Commission staff and/or the other investigators, please provide:
 - (a) the number of copies of CDs that were made containing the mailbox;
 - (b) the name of the person or persons who accessed the mailbox;
 - (c) particulars indicating on which computer the mailbox was installed;
 - (d) the location(s) at which the mailbox was accessed;
 - (e) the dates during which the mailbox was accessed;
 - (f) the amount of time spent accessing the mailbox;
 - (g) the method(s) of accessing the documents in the mailbox, that is, by date, keywords, addressee names, etc.; and
 - (h) the approach used in determining whether or not to print particular documents in the mailbox.

5. Were the copies of any or all of the mailboxes obtained from Mr. Parish and that were copied onto computers during the course of the investigation subsequently removed or deleted from the computers? If so, which mailboxes were removed or deleted and what method or methods were used to effect such removals or deletions?

6. Was any information obtained in the course of or related to the KHI investigation provided the Royal Canadian Mounted Police by Commission Staff or the other investigators? If so, please fully describe the information, and, where applicable, provide copies?

SCHEDULE "B"

PROCESS FOR DISCLOSURE TO KHI OF EMPLOYEE MAILBOXES

1. For the purposes of this Schedule "B", "employee" includes: Calvin Wadden, Kenneth G. MacLeod, Gerard McInnis, Fiona Imrie, Linda Sullivan, Jack Sullivan, Cathy MacNutt, and Ruth Cunningham.
2. Emails that are related to the business of KHI shall be delivered to KHI in accordance with and subject to the following procedures:
 - (a) the Commission shall provide Notice to each employee of the proposed disclosure of a copy of a CD containing their respective mailbox (the "CD Copy"). Each employee will have thirty (30) days to decide whether they wish to review the mailbox contents on their respective CD Copy to determine if they object to the production of irrelevant or privileged materials;
 - (b) if an employee chooses not to review his or her CD Copy, or does not reply within the 30 day period stipulated in clause (a), the Commission will deliver the CD Copy to KHI without viewing the contents;
 - (c) if an employee chooses to review his or her CD Copy and so advises within the 30 day period stipulated in clause (a), the Commission will deliver the CD Copy to the employee without viewing the contents. The employee will have sixty (60) days from receipt of the CD Copy to identify any Emails he or she objects to KHI receiving on the basis that they are irrelevant or privileged; and
 - (d) if an employee identifies any Emails as irrelevant or privileged, the employee shall advise the Commission of the subject line, date and time of those Emails. The employee shall then make an electronic copy of the remainder of the Emails on the CD Copy and deliver the resulting CD to the Commission. The Commission will deliver such CD to KHI. Employees will be reimbursed for reasonable disbursements incurred.
3. If an employee does not advise the Commission of any objection to disclosure based on irrelevancy or privilege within sixty (60) days of receipt of his or her CD Copy, the Commission will deliver the CD Copy to KHI without viewing its contents.
4. Any Emails over which an employee raises an objection will not be delivered to KHI without further order of the Commission or the Court.