

FILE/DIRECTION/ORDER

BEFORE JUDGE

MYERS

ACTION #

CV-17-11779-CL

OSL

Plaintiff(s)

-v-

CRYSTAL WEALTH et al.

Defendant(s)

CASE MANAGEMENT: YES []

NO ☒

COUNSEL:

PHONE NO. _____

PHONE NO. _____

PHONE NO. _____

[] ORDER [] DIRECTION FOR REGISTRAR

[] REPORTED SETTLED ADJOURNED TO TRIAL SCHEDULING COURT _____

[] NO ONE APPEARED ADJOURNED TO TO BE SPOKEN TO COURT _____

AS INDICATED AT THE HEARING, WITH
THE EXCEPTIONS NOTED BELOW I AM
SATISFIED THAT THE RELIEF SOUGHT BY
THE RELIEVER IS FAIR AND REASONABLE
AND SHOULD BE GRANTED. THE RELIEVER
AND ITS COUNSEL HAVE PERFORMED A
HUGE TASK AS DESCRIBED IN THE VERY

Dec. 12/17
DATE

JUDGE'S SIGNATURE



Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

COMPREHENSIVE SECOND REPORT. THE RECEIVER WAS DROPPED INTO A MESS IN WHICH IT APPEARS THAT TENS OF MILLIONS OF DOLLARS REPRESENTING HARD-WORKING CANADIANS' INVESTMENTS HAVE GONE MISSING OR BEEN MISAPPROPRIATED. THIRD PARTIES THAT DEALT WITH CRYSTAL WEALTH WHO SHOULD BE QUICKLY AND COMPLETELY TRANSPARENT TO ESTABLISH THEIR INNOCENCE ARE ATTRACTING ATTENTION AND SUSPICION BY THEIR DILATORY, UNHELPFUL RESPONSES.

THE RECEIVER HAS GONE A LONG WAY TOWARDS UNRAVELING MYSTERIES AND REALIZING ON LOW HANGING FRUIT. IT DID NOT CAUSE THE LOSSES. IT IS FOCUSED ON PROTECTING THE INTERESTS OF INVESTORS. [ADLY NOT ALL WHO SPEAK TO THE INVESTORS NECESSARILY SHARE THAT SELFLESS GOAL. THE RECEIVER IS TO BE COMMENDED FOR ITS OPENNESS, THOROUGHNESS, AND STRONG

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

WORK TO DATE. COUNSEL TOO. BUT NOW
THE HARD WORK OF REALIZING ON IMPAIRED
ACCOUNTS BEGINS IN ~~GRATE~~ EARNEST.

THE RECEIVER PROPOSES INTERIM
DISTRIBUTIONS RECOGNIZING EACH CRYSTAL
WEALTH FUND AS DISTINCT AND APPLYING
ALL INTERCOMPANY CHARGES. IT HAS
ACCURATE DATA THAT PRECLUDES
CONSOLIDATION.

I CANNOT GRANT THE RELIEF
SOUGHT IN PARA. 6 REGARDING TAXES. I
WAS SHOWN NO LAW OR STATUTE EMPOWERING
THE COURT TO EXEMPT THE RECEIVER FROM
LAWS THAT APPLY TO IT. MOREOVER IF
TAXATION STATUTES APPLY TO THE

RECEIVER, THEN THE COURT'S INHERENT
JURISDICTION CANNOT APPLY BY DEFINITION.

PARA. 7 IS AMENDED TO REPLACE
"CERTAIN REQUESTED BUT" WITH "ALL
INFORMATION PREVIOUSLY SOUGHT FROM EACH

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

OF THEM IN WRITING BY OR ON BEHALF
OF THE RECEIVER THAT REMAINS."

PARA. 8 IS DELETED BASED ON ~~THE~~
THE REPRESENTATION BY IAS THAT IT HAS
COMPLIED AND HAS PROVIDED THE RECEIVER WITH
A COPY OF ALL INFORMATION IN ITS
POSSESSION, POWER AND CONTROL REGARDING
ANY AND ALL OF THE CRYSTAL WEALTH FUNDS.
IF, ON REVIEW OF IAS'S RECENT DISCLOSURES, THE
RECEIVER HAS CONCERNS I MAY BE CONTACTED
ON NOTICE TO COUNSEL TO IAS TO SCHEDULE
A CASE CONFERENCE AT WHICH SUCH CONCERNS
MAY BE RESOLVED SUMMARILY UNDER
RULE 50.13(6).

PARA 9 IS AMENDED TO REMOVE THE
WORDS "AT THE OFFICES OF VICTORY VERRAM LOCATED
AT 222 BAY STREET SUITE 900, IN TORONTO,
ONTARIO, WITH EACH SUCH INDIVIDUAL BEARING
THEIR OWN COST OF THE ATTENDANCE" AND
REPLACING THEM WITH "PURSUANT TO A SUMMONS",

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

INTERPROVINCIAL SUMMONS OR LETTER OF REQUEST ~~THE~~ AS THE CASE MAY BE. (THE RECEIVER MAY APPLY WITHOUT NOTICE FOR ANY AUTHORIZATION OR LETTER OF REQUEST THAT IT MAY REQUIRE TO COMPEL THE WITNESSES' ATTENDANCE.)"

I DO NOT AGREE WITH THE RECEIVER'S COUNSEL THAT IT WAS APPROPRIATE TO SEEK INJUNCTIONS TO COMPEL PEOPLE OUTSIDE ONTARIO AND CANADA TO ATTEND HERE AT THEIR OWN EXPENSE BECAUSE THERE WAS "NO DOWNSIDE" TO ASK AND TRY TO REDUCE ADMINISTRATIVE EXPENSES. THE DOWNSIDE OF NOT COMPLYING WITH THE LAW - ESPECIALLY BY A COURT OFFICER - IS SELF-EVIDENT AND INAPT.

PARA 11 IS AMENDED TO REPLACE " \$536,755 " WITH ~~\$536,755~~ ^{\$53,094.02} I AGREE WITH MR. DUBOIS THAT THE RECEIVER'S EXAMINATION OF MR. FROESE IS IN RESPECT OF ITS EFFORTS TO IDENTIFY AND

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

REALIZE ON ASSETS OF ANY OF THE COMPANIES IN RECEIVERSHIP. IT IS NOT A PRE-DISCOVERY OF CLAIMS AGAINST FRONTLINE OR MR. FROESE. HOWEVER, THAT IS NOT A REASON TO REFUSE TO ANSWER QUESTIONS. THAT IS, PROVIDED THAT THE RECEIVER'S QUESTIONS ARE PROXIMATE OF IDENTIFYING, QUANTIFYING AND REALIZING ON ~~ASSETS OF~~ CHOSES IN ACTION AVAILABLE TO A CRYSTAL WEALTH COMPANY, THE FACT THAT THE QUESTION MAY ALSO BE RELEVANT TO FUTURE CLAIMS TO BE BROUGHT AGAINST FRONTLINE OR MR. FROESE IS NOT A BASIS TO REFUSE TO ANSWER. ✓ THE RECEIVER WILL NOT FISH FOR EXTRANEOUS EVIDENCE FOR HYPOTHETICAL CLAIMS. BUT IT IS ENTITLED TO FOLLOW AND LOOK FOR EVERY DOLLAR ADVANCED BY ANY CRYSTAL WEALTH ENTITY AND TO THOROUGHLY UNDERSTAND THE TRANSACTIONS AND SPIN CYCLES THROUGH WHICH THOSE FUNDS MAY HAVE TRAVELLED.

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

THE RECEIVER'S REQUEST FOR PAYMENT OF THE REST OF THE \$536,755 THAT IT WAS IDENTIFIED IS ADJOURNED TO TO A 9³⁰ WITH COUNSEL FOR FRONTLINE TO SCHEDULE A HEARING ON THE MERITS OF ANY CLAIMS THAT THE RECEIVER MAY HAVE. ^{THE 9:30 PM} ~~THE 9:30 PM~~ BE BOOKED AT A TIME WHEN THE RECEIVER IS PREPARED ON THE MERITS.

PARA 92 OF THE RECEIVER'S SECOND REPORT HAS BEEN REPLACED BY THE RECEIVER AT THE REQUEST OF FRONTLINE.

PARA 19 OF THE DRAFT ORDER IS AMENDED BY STRIKING ALL WORDS AFTER "PROVISIONAL EXECUTION." THE RECEIVER IS PROTECTED FROM LIABILITY FROM ACTING UNDER THIS ORDER BY ITS APPOINTMENT ORDER AND S. 142 OF THE COURTS OF JUSTICE ACT. I LEAVE TO THE RECEIVER'S PRUDENT BUSINESS JUDGMENT WHETHER IT DISTRIBUTES FUNDS PRIOR TO THE EXPIRY OF ANY APPLICABLE APPEAL PERIOD. BUT I NOTE

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

THAT DESPITE BROAD SERVICE OF THE MOTION
RECORD, NO ONE OPPOSED OR EVEN COMMENTED
UPON THE RECEIVER'S REQUEST TO MAKE
INTERIM DISTRIBUTIONS.

REGISTRAR IS DIRECTED TO RELEASE
THIS ENDORSEMENT TO THE RECEIVER
WHO SHALL CIRCULATE IT TO THE
SERVICE LIST.

[Signature]