

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

Application under Section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended

**MOTION RECORD
Volume 1 of 3**

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Court File No. CV-17-11779-00CL

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TAB A

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Application under Section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended

NOTICE OF MOTION

Grant Thornton Limited (“**GTL**”), in its capacity as the Court-appointed receiver and manager (in such capacity, the “**Receiver**”) of: (i) each of the Respondents except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the “**Crystal Wealth Group**”); and (ii) Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “**Chrysalis Account**”), will make a motion to a Judge presiding over the Commercial List at 10:00 a.m., or as soon after that time as the motion can be heard, on Monday, August 20th, 2018 at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

1. **THE MOTION IS FOR**, among other things:

- (a) if necessary, an Order abridging the time for service and filing of this notice of motion and the Receiver's motion record or, in the alternative, validating service or dispensing with the requirement of same;
- (b) an Order approving the Fourth Report of the Receiver dated July 20, 2018 (the "**Fourth Report**"), and any supplements thereto, and the activities of the Receiver set out therein;
- (c) an Order sealing certain confidential appendices to the Fourth Report (the "**Confidential Appendices**") until further Order of the Court;
- (d) an Order approving the Receiver's methodology and proposal to make an interim distribution to investors of certain Crystal Wealth Funds;
- (e) an Order approving the Receiver's engagement of Adair Goldblatt Bieber LLP ("**AGB LLP**") as the Receiver's lawyer of record in the Ontario Superior Court of Justice (Commercial List) action (CV-18-595063-00CL) (the "**Receiver's Action**"), pursuant to an engagement letter executed by AGB LLP and the Receiver dated June 11, 2018;
- (f) an Order directing that the outstanding undertakings/requests from, and questions taken under advisement and which were refused at, the Smith Examination, the Clydesdale Examination, the DenHollander Examination, the Pahl Examination, the Bob Maljaars Examination, the Jeffrey Maljaars Examination, the Housego Examination, and the Froese Examination (as such terms are defined in the Fourth Report) be answered and delivered to the Receiver and its counsel by Smith, Clydesdale, DenHollander, Pahl, Bob Maljaars, Jeffrey Maljaars, Housego, and Froese, respectively, along with all documentation in response to such questions;
- (g) a contempt Order as against Alberto Storelli ("**Storelli**"), Brian Peoples ("**Peoples**"), and Joe Harker ("**Harker**"), due to their failure to provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the US Real Estate LP, and which information was ordered to be produced by them pursuant to the Order of this Honourable Court issued December 11, 2017;

- (h) an Order approving the Receiver's Interim Statement of Receipts and Disbursements (the "**Receiver's Interim R&D**") for the period from April 26, 2017 to May 31, 2018;
- (i) an Order approving the fees and disbursements of the Receiver and its counsel, Aird & Berlis LLP ("**A&B**"), for the period of April 7, 2017 to May 31, 2018, and an allocation of such fees and disbursements, as described and detailed in the Fourth Report, and in the Krieger and van Zandvoort Affidavits (as defined in the Fourth Report);
- (j) judgment, in favour of the Receiver as against 109545 B.C. Ltd. ("**109 BC**"), for:
 - (i) payment of an amount in Canadian funds sufficient to purchase \$50,000 in United States Dollars, at a bank in Ontario listed in Schedule 1 of the *Bank Act* (Canada), the amount of said funds to be determined at the close of business on the first day before the day that judgment is granted, and on a day which the Bank quotes a Canadian dollar rate for the purchase of foreign currency, in accordance with 109 BC's obligations to the Receiver pursuant to a Settlement Agreement and Mutual Release entered into by 109 BC and the Receiver dated December 20, 2017; and
 - (ii) pre-judgment and post-judgment interest on the principal amount of the judgment awarded in accordance with the *Courts of Justice Act*, as amended; and
- (k) such further and other relief as counsel may advise and this Honourable Court may permit.

2. **THE GROUNDS FOR THE MOTION ARE:**

- (a) all capitalized terms used herein, unless otherwise defined, are intended to have the same meaning as ascribed to them in the Receiver's Reports (as hereafter defined);

Background

- (b) pursuant to an Order of the Honourable Mr. Justice Newbould issued April 26, 2017 (the "**Appointment Order**"), GTL was appointed as the Receiver, without security, of the Chrysalis Account and of all the assets, undertakings and properties of the Crystal Wealth Group;

- (c) the proceedings were commenced by way of application (the “**Application**”) made by the Ontario Securities Commission under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”). On April 7, 2017, the Ontario Securities Commission (the “**OSC**”) issued a temporary order (the “**Temporary Order**”) providing, among other things, that the trading of units of all of the Crystal Wealth Funds cease and that trading in securities held by the Crystal Wealth Funds cease. On April 28, 2017, the OSC extended the Temporary Order to October 3, 2017. On October 2, 2017, the OSC further extended the Temporary Order to April 10, 2018, with certain amendments. On April 9, 2018, the OSC further extended the Temporary Order to July 5, 2017;
- (d) as is further described in the Fourth Report, Staff of the OSC and Clayton Smith (“**Smith**”) executed a Settlement Agreement dated May 28, 2018 (the “**Settlement Agreement**”) wherein Smith was reprimanded, and on June 14, 2018, the OSC issued an Order approving the Settlement Agreement, and released Oral Reasons for Approval of Settlement. The Receiver was not involved in connection with the negotiation of the Settlement Agreement, or the OSC hearing in which it was approved. As a consequence of the foregoing, the July 4, 2018 hearing date to further extend the Temporary Order has been vacated;
- (e) the Respondent, Crystal Wealth Management System Limited (the “**Company**”), created and managed the Crystal Wealth Funds, which are structured as open-ended mutual fund trusts, and distributed on an exempt basis, pursuant to offering memoranda (“**OMs**”). Prior to the Appointment Order, as the investment fund manager and portfolio manager of the Crystal Wealth Funds, the Company managed the day-to-day business of the Crystal Wealth Funds and was required to make investment decisions consistent with each Fund’s investment objectives;
- (f) the Respondent, Smith, was the directing mind, and sole officer and director of the Company, and holds a controlling interest in the shares of the Company;
- (g) based on a valuation package provided by Smith to the Receiver, the assets under management of the Crystal Wealth Funds, as at April 20, 2017, purportedly amounted to approximately \$193,198,912;

- (h) the circumstances leading to the Receiver's Appointment, and a detailed description of the Crystal Wealth Funds and the steps and actions taken by the Receiver since the Appointment, are summarized in the First Report to the Court of the Receiver dated June 22, 2017 (the "**First Report**"), the Supplement to the First Report to Court dated June 29, 2017 (the "**Supplement to the First Report**"), the Second Report to the Court of the Receiver dated November 24, 2017 (the "**Second Report**"), the Supplement to the Second Report of the Receiver dated February 8, 2018 (the "**Second Report Supplement**"), the Third Report of the Receiver dated May 3, 2018 (the "**Third Report**"), the Supplement to the Third Report of the Receiver dated May 14, 2018 (the "**Third Report Supplement**"), and the Fourth Report filed herein (collectively, the "**Receiver's Reports**");

Impairments with the Crystal Wealth Fund Investments, the Examinations Conducted, and Outstanding Information Requests

- (i) a summary of the Crystal Wealth Funds and details regarding the steps and actions taken by the Receiver since the Appointment are discussed in detail in the Receiver's Reports;
- (j) since its Appointment, the Receiver has spent and continues to spend a significant amount of time understanding and assessing the realizable value of investments contained within the Crystal Wealth Funds, in part because such investments are unconventional, and in part because of significant deficiencies in the Company's books and records with respect to the documentation (or lack thereof) associated with such investments;
- (k) the Receiver's understanding of the realizable value of such investments, and, where possible, its monetization of same, is detailed in depth in the Receiver's Reports, and in particular, in the Second Report and the Fourth Report;
- (l) the Receiver's investigation of the Company's affairs has identified serious concerns about the conduct of certain parties associated with the Crystal Wealth Funds and the underlying investments therein, which concerns are particularized in the Second Report and Fourth Report;

- (m) as is detailed in the Fourth Report, the Receiver has examined multiple individuals who were involved with certain investments made by particular Crystal Wealth Funds, including former Company representatives and representatives of entities which received monies from the Crystal Wealth Funds prior to the Receiver's Appointment;
- (n) the examinations conducted by the Receiver, as discussed in the Fourth Report, have largely confirmed that: (i) certain Crystal Wealth Funds transferred monies to third parties on account of investments which are impaired, without undertaking any meaningful due diligence procedures or ensuring that the investment complied with the particular Crystal Wealth Funds' OM; and (ii) that there were numerous conflicts of interest and/or personal relationships amongst individuals involved in particular investments made by certain Crystal Wealth Funds;
- (o) during the examinations conducted by the Receiver, the witnesses undertook to answer certain questions, or refused to answer certain questions or took under advisement certain questions (collectively, the **"Undertakings, Under Advisements, and Refusals"**);
- (p) many of the Undertakings, Under Advisements, and Refusals remain outstanding, despite the fact that such questions are relevant and probative of the Receiver's efforts to identify, quantify, and realize on assets of the Crystal Wealth Group and choses in action available to entities therein;
- (q) the Receiver accordingly requests an Order that the outstanding Undertakings, Under Advisements, and Refusals be answered, in accordance with s. 6(k)(s) and s. 10 of the Appointment Order;
- (r) in addition, certain information requested by the Receiver from Alberto Storelli (**"Storelli"**), Brian Peoples (**"Peoples"**), and Joe Harker (**"Harker"**) remains outstanding. The Receiver requires such information for a proper account reconciliation and assessment of the US Real Estate LP, and accordingly, requests that this Honourable Court issue an Order directing that Storelli, Peoples, and Harker deliver the outstanding information requested;

The Receiver's Proposed Engagement of Adair Goldblatt Bieber LLP

- (s) by the issuance of a Notice of Action and the filing of a Statement of Claim, the Receiver commenced the Receiver's Action in the Ontario Superior Court of Justice (Commercial List) (CV-18-595063-00CL) against BDO Canada LLP ("**BDO**") on behalf of the Company and the Crystal Wealth Funds in connection with the services which BDO provided as auditor prior to the Receiver's appointment;
- (t) the Receiver has executed an engagement letter with AGB LLP dated June 11, 2018 (the "**AGB LLP Engagement Letter**"), which is attached as a Confidential Appendix to the Fourth Report and is subject to approval of this Court, to represent the Receiver as its lawyer of record in the Receiver's Action;
- (u) AGB LLP represents Anthony Whitehouse, a Crystal Wealth Fund investor, in the proposed class action lawsuit commenced by Mr. Whitehouse against BDO (CV-17-579357) (the "**BDO Proposed Class Action**") pursuant to the *Class Proceedings Act, 1992*, background to which proceeding is contained at paragraphs 419 to 422 of the Second Report and in the Fourth Report filed herein;
- (v) the Receiver recommends that this Honourable Court approve the Receiver's engagement of AGB LLP pursuant to the AGB LLP Engagement Letter given that: (i) the Receiver's counsel, Aird & Berlis LLP ("**A&B**"), is unable to act for the Receiver in the Receiver's Action; (ii) the AGB LLP team who will be involved in representing the Receiver are qualified and accomplished litigators; (iii) the Proposed Class Action and the Receiver's Action have questions of law and fact in common, and both claim relief arising out of the same transaction or occurrence or series of transactions; (iv) AGB LLP is already counsel to Whitehouse in the Proposed Class Action, and accordingly, can minimize the current legal costs to the estate of the Company and Crystal Wealth Funds by similarly acting for the Receiver on a contingency fee basis, and as a result of having access to the Class Proceeding Fund in the Proposed Class Action with respect to certain costs and disbursements which may be duplicative in both proceedings; and (v) the Receiver will be considered to fulfill the role as the

administrator of the claims process in the Proposed Class Action, and would consequently be tasked with issuing distributions to investors arising from any recovery in the Proposed Class Action, in addition to any recovery obtained in the Receiver's Action.

Future Distributions

- (w) on June 30, 2017, this Court issued Orders authorizing, among other relief:
 - (i) that the Receiver may rely on the Unit Holder Listing (as defined in the First Report) to make distributions, without further approval of the Court, of the proceeds obtained from the divestiture of certain assets of the Crystal Wealth Funds to investors (the "**Investors**") of the Crystal Wealth Funds; and
 - (ii) a Creditor Claims Procedure Order to address the filing of certain creditor claims as against the Crystal Wealth Group;
- (x) the Receiver recommends and requests the approval of this Court for the Receiver to be authorized to make an interim distribution to Investors of certain Crystal Wealth Funds, which have sufficient funds available, as proposed in the Fourth Report;
- (y) the Receiver made a similar request to make an interim distribution to Investors as part of the Second Report, based upon the same distribution model being utilized by the Receiver in the Fourth Report, which interim distribution request was granted by the Order of the Honourable Justice Myers of this Honourable Court on December 11, 2017 (the "**December 11th Order**");
- (z) the process of reviewing and assessing the creditor claims filed in accordance with the Creditor Claims Procedure Order is ongoing, and the Receiver will be reporting to the Court concerning the Receiver's determination of same on a future motion;
- (aa) for the purposes of the proposed interim distribution to Investors, the Receiver has held back the necessary funds to satisfy the creditor claims filed in accordance with the Creditor Claims Procedure Order and the December 11th Order, in the event such claims are to be admitted, and are required to be paid;

Additional Grounds for Approval Sought

- (bb) the Receiver has filed with the Court its Fourth Report, and the Receiver's activities have been reasonable and responsible in accordance with the Receiver's mandate as provided by the Appointment Order;
- (cc) the Confidential Appendices contain certain commercially sensitive information, the release of which could prejudice the stakeholders of the Crystal Wealth Group;
- (dd) the Receiver and its counsel, A&B, have accrued fees and expenses in their capacity as Receiver and counsel thereto, respectively, which fees and expenses require the approval of this Court pursuant to the Appointment Order;
- (ee) the Receiver is of the view that its accounts and the accounts of its counsel, A&B, are reasonable, given the significant efforts undertaken by the Receiver and its counsel in fulfilling the Receiver's mandate pursuant to the Appointment Order;
- (ff) the facts set out in the Fourth Report;
- (gg) the Receiver's Interim R&D for the period April 26, 2017 to May 31, 2018;
- (hh) the affidavit of Bruce Bando sworn July 19, 2018;
- (ii) the affidavit of Mark van Zandvoort sworn July 10, 2018;
- (jj) section 129 of the *Securities Act*, R.S.O. 1990, c. S.5;
- (kk) rules 1.04, 2.03, 3.02, 11, 31.07(4), 37 and 41 of the *Rules of Civil Procedure*; and
- (ll) such further and other grounds as counsel may advise and this Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:
- (a) the Second Report and the Fourth Report, inclusive of the appendices thereto and the fee affidavits filed by the Receiver and its counsel; and
 - (b) such further and other material as counsel may submit and this Honourable Court may permit.

Date: July 20, 2018

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TO: ATTACHED SERVICE LIST

ONTARIO SECURITIES COMMISSION

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, *ET AL.*

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at TORONTO**

NOTICE OF MOTION

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TAB 1

Court File No. CV- 17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE

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MONDAY, THE 20th DAY
OF AUGUST, 2018

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

ORDER

THIS MOTION, made by Grant Thornton Limited (“**GTL**”), in its capacity as the Court-appointed receiver and manager (in such capacity, the “**Receiver**”), without security, of all of the assets, undertakings and properties of each of the Respondents except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the “**Crystal Wealth Group**”), for an Order, *inter alia*, approving the Fourth Report of the Receiver dated July 20, 2018 (the “**Fourth Report**”) and the activities of the Receiver set out in the Fourth Report, and for other relief requested by the

Receiver in its Notice of Motion dated July 20, 2018, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fourth Report, including the affidavit of Bruce Bando sworn July 19, 2018 (the “**Bando Affidavit**”), and the affidavit of Mark van Zandvoort sworn July 10, 2018 (the “**van Zandvoort Affidavit**”), and on hearing the submissions of counsel for the Receiver and such other counsel who were present, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of [REDACTED] [REDACTED] sworn [REDACTED] [REDACTED], 2018, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the Receiver’s motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Fourth Report and the activities of the Receiver described therein be and are hereby approved.
3. **THIS COURT ORDERS** that the Confidential Appendices (as defined in the Fourth Report) be and are hereby sealed until further Order of the Court.
4. **THIS COURT ORDERS** that the Receiver’s methodology and proposal to make an interim distribution to investors of certain Crystal Wealth Funds, as set out in the Fourth Report, be and is hereby approved, and that the Receiver is hereby authorized to make such interim distribution to such investors.
5. **THIS COURT ORDERS** that Alberto Storelli, Brian Peoples, and Joe Harker are in contempt as a result of their failure to comply with the Order issued by this Court on December 11, 2017, which Order required that each of them provide the Receiver and its lawyers, Aird & Berlis LLP, with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the US Real Estate LP (as defined in the Fourth Report).
6. **THIS COURT ORDERS** that the Receiver’s Interim Statement of Receipts and Disbursements through to May 31, 2018, as appended to the Fourth Report, be and is hereby approved.

7. **THIS COURT ORDERS** that the Receiver's engagement of Adair Goldblatt Bieber LLP ("**AGB LLP**") pursuant to an engagement letter dated June 11, 2018, attached as Confidential Appendix 1 to the Fourth Report, be and is hereby approved.
8. **THIS COURT ORDERS** that each of Clayton Smith, Craig Clydesdale, Darcy Pahl, David DenHollander, Robert Maljaars, Jeffrey Maljaars, Al Housego, and Jerry Froese be and are hereby ordered to answer the undertakings given, and the questions which were taken under advisement and which were refused, during their respective examinations by the Receiver, as detailed in the Fourth Report.
9. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period October 1, 2017 to May 31, 2018, as described in the Fourth Report and as set out in the Bando Affidavit, be and are hereby approved, and that the allocation of the Receiver's fees and disbursements from October 1, 2018 to May 31, 2018, as described and detailed in the Fourth Report, be and is hereby approved.
10. **THIS COURT ORDERS** that the fees and disbursements of Aird & Berlis LLP, counsel to the Receiver, for the period April 7, 2017 to May 31, 2018, as described in the Fourth Report and as set out in the van Zandvoort Affidavit, be and are hereby approved, and that the allocation of A&B's fees and disbursements in this regard, as described and detailed in the Fourth Report, be and is hereby approved.
11. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
13. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and

that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER

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TAB B

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**FOURTH REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

JULY 20, 2018



**Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4**

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APPENDICES

Appendix 1	Temporary Order, First Extension Order and Second Extension Order issued April 7, 2017, October 2, 2017 and April 9, 2018, respectively
Appendix 2	Appointment Order and Endorsement dated April 26, 2017
Appendix 3	Smith and OSC Settlement Agreement dated May 28, 2018
Appendix 4	OSC Order & Oral Reasons for Approval of Settlement Agreement
Appendix 5	OSC Order dated June 14, 2018
Appendix 6	Receiver's First Report to Court dated June 22, 2017
Appendix 7	Receiver's First Report Supplement dated June 29, 2017
Appendix 8	Order and Endorsement issued by Justice Hainey dated June 30, 2017
Appendix 9	Receiver's Second Report to Court dated November 24, 2017
Appendix 10	Order and Endorsement issued by Justice Myers dated December 11, 2017
Appendix 11	Receiver's Second Report Supplement dated February 8, 2018
Appendix 12	Order and Endorsement issued by Justice Dunphy dated February 20, 2018
Appendix 13	Receiver's Third Report to Court dated May 3, 2018
Appendix 14	Receiver's Third Report Supplement dated May 14, 2018
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CONFIDENTIAL APPENDICES

- Confidential Appendix 1** AGB LLP Engagement Letter dated June 11, 2018
- Confidential Appendix 2** Receiver's Notice of Action and Statement of Claim
- Confidential Appendix 3** SS&C Engagement Letter dated March 15, 2018

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and –

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**FOURTH REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER OF THE RESPONDENTS**

JULY 20, 2018

EXECUTIVE SUMMARY

- 1 **The Receiver strongly encourages that readers of this Fourth Report read this Report in its entirety as it provides important details of the work performed by the Receiver that led to its conclusions and concerns as set out in this Executive Summary**
- 2 The Examinations and the additional work performed by the Receiver with respect to the investments of the Crystal Wealth Funds has further solidified the concerns raised by the Receiver in the Second Report, specifically:
 - a) the decisions of the Company, Smith, and Housego to cause certain of the Crystal Wealth Funds to advance monies to third parties, purportedly on account of investments, which investments had questionable return and recovery prospects, were inconsistent with the Funds' investment objectives as set out in the OMs, and/or lacked the security which was to be provided by third parties to the Crystal Wealth Funds in connection with such investment;
 - b) the relationships between Smith, Housego, administrators of certain investments in Crystal Wealth Funds, and the principals of the companies in which certain Crystal Wealth Funds advanced monies purportedly on account of investments;
 - c) certain Crystal Wealth Funds' exposure was concentrated within a few companies who received substantial monies from the Funds;
 - d) the ultimate use of and lack of accountability for the investors' monies once such investments were made by the Company, Smith, and/or Housego on behalf of the Funds, and the ineffective organizational structure to ensure proper oversight and governance of the Crystal Wealth Funds and possibly, compliance with Ontario securities laws, including, without limitation, the Act.
- 3 The Receiver has significant concerns over the quality and ultimate collectability of approximately \$50.25 million of the remaining Recorded Value as reflected in the April 20th Package delivered by Smith, including the Factoring Contracts, Gold Loans and OOM Energy Loans.

- 4 To date, the Receiver has realized approximately \$62 million of proceeds from its realization efforts in the Crystal Wealth Funds. The realizations have come from a variety of sources, including the sale of the Media Fund portfolio which was previously approved by this Court. The Receiver made an interim distribution on January 18, 2018 in the amount of \$31 million, and in this upcoming motion, is seeking the Court's approval of a second interim distribution of \$25 million. The Receiver anticipates that it will make further distributions as it continues with its realization efforts. However, the Receiver cautions that there are challenged circumstances surrounding the large majority of the remaining assets in the Crystal Wealth Funds. This includes, in many cases, lack of adequate diligence by the Crystal Wealth Funds that advanced the loans, difficult assets to monetize, and roadblocks from many of the participants involved in the Crystal Wealth Funds' business, including their borrowers.
- 5 Significant work remains ahead in realization efforts. The Receiver believes that the cost of pursuing recoveries on the remaining assets may be disproportionately high compared to the ultimate recovery. However, the Receiver believes that in the absence of taking further aggressive recovery efforts, including litigation, the recoveries will be minimal.
- 6 Over the course of its mandate, the Receiver has communicated with hundreds of investors, many of whom are deeply concerned about the ultimate recoverability of their investments. As set out in the Receiver's earlier reports, in some cases, their investment in the Crystal Wealth Funds accounted for a better part of certain investors' life savings. Since the Second Report, the Receiver has diligently pursued avenues to collect on the investments in the Crystal Wealth Funds.
- 7 The Receiver and its counsel have begun the process of pursuing various forms of legal enforcement against third parties, including: (i) the Company's auditors (BDO); and (ii) corporations and individuals who have defaulted on their obligations to certain Crystal Wealth Funds. The Receiver intends on filing a supplement to this Fourth Report in advance of the Receiver's motion returnable August 20, 2018 in order to further update the Court and investors with respect to additional enforcement initiatives which have been undertaken by the Receiver against particular third parties. The Receiver assures investors that it continues to represent their interests in these challenging proceedings.

BACKGROUND AND INTRODUCTION

THE OSC APPLICATION AND APPOINTMENT ORDER

- 8 The Ontario Securities Commission (the “**OSC**”) issued a temporary order on April 7, 2017 (as extended by the OSC on April 13, 2017 and April 28, 2017 (the “**Temporary Order**”)), providing that the trading of units of all of the Crystal Wealth Funds cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith (“**Smith**”) and Crystal Wealth Management System Limited (the “**Company**”), with limited exceptions that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant Crystal Wealth Fund. On October 2, 2017, the OSC extended the Temporary Order to April 10, 2018 (the “**First Extension Order**”), while modifying the Temporary Order issued April 7, 2017 to remove the portions of paragraphs 4 and 5 thereof referring to Smith in his capacity as advising representative, given that Smith’s registration was automatically suspended when he was terminated by the Receiver. On April 9, 2018, the OSC further extended the Temporary Order to July 5, 2018 (the “**Second Extension Order**”). The Temporary Order issued April 7, 2017, the First Extension Order and the Second Extension Order are attached hereto as **Appendix “1”** to this Fourth Report of the Receiver (the “**Fourth Report**”).

- 9 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), the Honourable Justice Newbould issued an Order (the “**Appointment Order**”) appointing Grant Thornton Limited as: (i) receiver and manager (in such capacities, the “**Receiver**”), without security, of all of the assets, undertakings and properties (collectively, the “**Property**”) of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the “**Crystal Wealth Group**”); and (ii) Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “**Chrysalis Account**”), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the “**OSC Application**”) under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”). The said receivership proceedings shall be referred to herein as the “**Receivership Proceedings**”. Copies of the Appointment

Order and the Endorsement of the Honourable Justice Newbould are attached hereto as **Appendix “2”**.

- 10 Staff of the OSC and Clayton Smith executed a Settlement Agreement dated May 28, 2018 (the “**Settlement Agreement**”), which is attached hereto as **Appendix “3”**. On June 14, 2018, the Commission issued an Order approving the Settlement Agreement, and released Oral Reasons for Approval of Settlement. The Commission’s Order and Oral Reasons for Approval of Settlement¹ are attached hereto as **Appendix “4”**. The Receiver was not involved in connection with the negotiation of the Settlement Agreement, or the OSC hearing in which it was approved. Further details regarding the Settlement Agreement are included in this Fourth Report.
- 11 As a consequence of the foregoing, the July 4, 2018 hearing date to further extend the Temporary Order has been vacated by Order of the Commission issued June 14, 2018, attached hereto as **Appendix “5”**.
- 12 A summary of the circumstances leading to the appointment of the Receiver is outlined in the Receiver’s First Report to Court dated June 22, 2017 (the “**First Report**”), which is attached hereto, without appendices, as **Appendix “6”**. The complete OSC Application can be found on the Receiver’s case website at www.GrantThornton.ca/CrystalWealth (the “**Case Website**”).

THE FIRST REPORT APPROVAL MOTION – JUNE 30, 2017

- 13 On June 22, 2017, the Receiver provided the Court with its First Report and served a motion record in support of a motion to, among other things, approve a proposed Sales Process (as defined and described in the First Report) to be conducted by the Receiver, by which prospective purchasers and managers could submit bids to the Receiver to either purchase the assets of certain Crystal Wealth Funds, or to take over the management of certain Funds. On June 29, 2017, the Receiver provided the Court with its Supplement to the First Report dated June 29, 2017 (the “**First Report Supplement**”) which is attached hereto, without appendices, as **Appendix “7”**.

¹ The Settlement Agreement, the OSC’s Order, and the OSC’s Oral Reasons for Approval and Settlement are available on the OSC’s website: <http://www.osc.gov.on.ca>

14 On June 30, 2017, the Honourable Justice Hailey issued an Order and Endorsement (the “**June 30 2017 Order and Endorsement**”) and a Creditor Claims Procedure Order (the “**Creditor Claims Procedure Order**”) that, among other things, approved:

- a) the Receiver’s First Report and the activities of the Receiver set out therein;
- b) the Sales Process; and
- c) a Creditor Claims Procedure for non-investor claims against the Crystal Wealth Group.

Copies of the June 30th Order and Endorsement and the Creditor Claims Procedure Order are attached hereto as **Appendix “8”**.

THE SECOND REPORT APPROVAL MOTION – DECEMBER 11, 2017

15 On November 24, 2017, the Receiver provided the Court with its Second Report to Court dated November 24, 2017 (the “**Second Report**”) and served a motion record (the “**November 24, 2017 Motion**”) in support of a motion to, among other things: (i) approve the Receiver’s methodology and proposal to make an interim distribution to the investors in certain Crystal Wealth Funds, and authorize the Receiver to make such interim distribution; (ii) direct certain entities and/or individuals to provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the Crystal Wealth Group; and (iii) authorize the Receiver to examine certain individuals. A copy of the Second Report, without appendices, is attached hereto as **Appendix “9”**.

16 The Second Report detailed the Receiver’s significant concerns over the quality and ultimate collectability of many of the recorded investments of the Crystal Wealth Funds.

17 On December 11, 2017, the Honourable Justice Myers issued an Order and Endorsement (the “**December 11, 2017 Order and Endorsement**”) that approved, among other things, the Receiver’s activities as set out in the Second Report, and which authorized the Receiver to proceed with its proposed interim distribution to the investors of certain Crystal Wealth Funds. Copies of the December 11, 2017 Order and Endorsement are attached hereto as **Appendix “10”**.

THE SECOND REPORT SUPPLEMENT APPROVAL MOTION – FEBRUARY 20, 2018

- 18 On February 8, 2018, the Receiver provided the Court with a Supplement to the Second Report to Court dated February 8, 2018 (the “**Second Report Supplement**”) and served a motion record (the “**February 8, 2018 Motion**”) in support of a motion to, among other things, obtain the approval of the Court of: (i) an Asset Purchase Agreement dated February 2, 2018 entered into between the Receiver and Bron Releasing Inc. (the “**APA**”) pursuant to which Media Loan assets of the Media Fund would be sold to Bron Releasing Inc.; and (ii) an Assignment Agreement entered into between the Receiver, as assignee, and Bron Studios Inc. and Bron Animation Inc., each as assignors, (the “**Assignment Agreement**”), which Assignment Agreement was conditional upon the completion of the transaction set out in the APA. A copy of the Second Report Supplement, without appendices, is attached hereto as **Appendix “11”**.
- 19 On February 20, 2018, the Honourable Justice Dunphy issued an Order and Endorsement (the “**February 20, 2018 Order and Endorsement**”) that approved, among other things, the relief as sought in the February 8, 2018 Motion. Copies of the February 20, 2018 Order and Endorsement are attached hereto as **Appendix “12”**.
- 20 On March 23, 2018, the transaction subject of the APA (the “**Media Fund APA Transaction**”) was completed. On March 26, 2018, the Receiver's Certificate was filed with this Honourable Court confirming that the APA transaction had been completed to the satisfaction of the Receiver.

THE THIRD REPORT AND THIRD SUPPLEMENT APPROVAL MOTION – MAY 15, 2018

- 21 On May 3, 2018, the Receiver served its Third Report to Court dated May 3, 2018 (the “**Third Report**”) and served a motion record (the “**May 3, 2018 Motion**”) in support of a motion to, among other things, obtain an order: (i) approving an Agreement of Purchase and Sale dated April 11, 2018 and the amendment thereto dated April 17, 2018 (the “**Palmer APS**”) entered into by the Receiver, as vendor on behalf of CLJ Everest, and Daniel Palmer, as purchaser, regarding the sale of a property municipally known as 5043 Mount Nemo Crescent, Burlington, Ontario (the “**Mount Nemo Property**”); (ii) vesting title in the Mount Nemo Property to Palmer free and clear of any liens, claims, and encumbrances; and (iii) vesting in Xynergy Medical Capital LLC (“**Xynergy**”) all of the rights, title and interests in the Geodata Participation (as defined in the Second Report)

and the SSI Participation (as defined in the Third Report), being assets of the Medical Fund. A copy of the Third Report, without appendices, is attached hereto as **Appendix “13”**.

- 22 On May 14, 2018, the Receiver served and filed with the Court a Supplement to the Third Report to Court dated May 14, 2018 (the **“Third Report Supplement”**) in support of the May 3, 2018 Motion. A copy of the Third Report Supplement, without appendices, is attached hereto as **Appendix “14”**.
- 23 On May 15, 2018, the Honourable Justice Pattillo issued an Order and Endorsement (the **“May 15, 2018 Order and Endorsement”**) that approved, among other things, the relief as sought in the May 3, 2018 Motion. Copies of the May 15, 2018 Order and Endorsement are attached hereto as **Appendix “15”**.
- 24 On May 18, 2018, the transaction subject to the Palmer APS was completed.

EXAMINATIONS

- 25 As provided for in the December 11, 2017 Order and Endorsement, the Receiver conducted examinations under oath of the following individuals on the below noted dates:
- a) Joanne Bentley (**“Bentley”**), a former registered associate advising representative of the Company – January 17, 2018;
 - b) Smith, the controlling mind of the Company and the sole officer, director, chief executive officer, chief compliance officer, and ultimate designated person thereof at the time of the Receiver’s appointment – January 25, 2018 (the **“Smith Examination”**);
 - c) Craig Clydesdale (**“Clydesdale”**), the principal of OOM Energy Group. The entities comprising the OOM Energy Group are indebted to the Mortgage Fund, Infrastructure Fund, and Sustainable Property Fund pursuant to Commercial Loans – March 12, 2018 and March 13, 2018 (the **“Clydesdale Examination”**);
 - d) David DenHollander (**“DenHollander”**), the President of 647 BC. 647 BC is a Factoring Contract Merchant and is indebted to the Factoring Fund – March 21, 2018 (the **“DenHollander Examination”**);

- e) Darcy Pahl (“**Pahl**”), the President of Dome Mountain. Dome Mountain is a Factoring Contract Merchant and Debtor and is indebted to the Factoring Fund and Hedge Fund – March 21, 2018;
- f) Robert Maljaars (“**Bob Maljaars**”), a representative of Dome Mountain and 156 Alberta – March 22, 2018 (the “**Bob Maljaars Examination**”). 156 Alberta is a Factoring Contract Merchant and is indebted to the Factoring Fund;
- g) Jeffrey Maljaars, the President of 156 Alberta – March 22, 2018 (the “**Jeffrey Maljaars Examination**”);
- h) Housego, the former Lead Portfolio Strategist for the Resource Fund, Bullion Fund, Factoring Fund, and Hedge Fund – April 12, 2018 (the “**Housego Examination**”). Housego testified during his examination that he is currently the subject of a securities commission investigation in British Columbia, and that the British Columbia Securities Commission (the “**BCSC**”) has consequently frozen corporate accounts with which he is associated. A copy of the Order to Freeze Property issued by the BCSC dated January 19, 2018 is attached hereto as **Appendix “16”**; and
- i) Jerry Froese (“**Froese**”), President and Chief Executive Officer of Frontline Factoring Inc. (“**Frontline**”) – April 18, 2018 (the “**Froese Examination**”). Frontline administered the Factoring Contracts on behalf of the Factoring Fund and Hedge Fund,

(collectively, the “**Examinations**”). The transcripts of the Examinations are available in their entirety on the Receiver’s Case Website.

26 The testimony given by these individuals at the Examinations provided further evidence in support of the conclusions drawn by the Receiver at paragraph 32 of the Second Report, including that:

- a) The lack of segregation of duties in performing the day to day operations and governance thereof (e.g. Smith was the controlling mind, sole director, and Chief Compliance Officer, among others) resulted in the Company not having an effective organizational structure to ensure proper oversight and governance of the Crystal Wealth Funds;

- b) The decisions of the Company, Smith, and Housego to cause certain of the Crystal Wealth Funds to advance monies to third parties, purportedly on account of investments, which investments had questionable return and recovery prospects, were inconsistent with the Funds' investment objectives as set out in the OMs, and/or lacked the security which was to be provided by third parties to the Crystal Wealth Funds in connection with such investments;
- c) There were private relationships and dealings between Crystal Wealth representatives, including Smith and Housego, and administrators of certain investments in Crystal Wealth Funds and/or the principals of the companies to which certain Crystal Wealth Funds advanced monies purportedly on account of investments;
- d) Certain Crystal Wealth Funds' exposure was concentrated within a few companies who received substantial monies from the Funds;
- e) The Receiver's concerns as to the ultimate use of and lack of accountability for the investors' monies once such investments were made by the Company, Smith, and/or Housego on behalf of the Funds;
- f) The Company's transfer of significant money between Crystal Wealth Funds which apparently was used to falsely create liquidity to meet investor distributions and/or redemptions;
- g) The Company's payment of distributions to investors in Crystal Wealth Funds, which Funds had no sources of income, or cash flow, and which payments were funded by Inter-fund Investments;
- h) The Company disclosed false or manipulated net asset values ("**NAVs**") of the Funds, causing the NAVs of certain Funds to be materially overstated; and
- i) Accordingly, the quality of and ultimate collectability of investments held by certain of the Crystal Wealth Funds: specifically the Factoring Contracts; certain Commercial Loans; and the Gold Loans, is likely grossly impaired.

27 At the examinations of Pahl, DenHollander, and Bob Maljaars, all requests for undertakings were refused. Similarly, certain undertakings, and questions taken under

advisement and which were refused, remain outstanding from the Smith, Clydesdale, and Froese Examinations. The Receiver is of the view that such questions are relevant, and probative to the Receiver's mandate, and that an Order ought to issue requiring these individuals to answer the questions, and to produce the associated documentation requested. Attached hereto as **Appendix "17", "18", "19", "20", "21", "22", "23", and "24"**, respectively, are the charts from the Smith, Clydesdale, Pahl, Bob Maljaars, DenHollander, Jeffrey Maljaars, Housego, and Froese Examinations setting out the outstanding undertakings, and questions taken under advisement and which were refused.

PURPOSE OF THE FOURTH REPORT

28 The purpose of this Fourth Report is to inform the Court of the Receiver's activities since the date of the Second Report which are not addressed in the Second Report Supplement, Third Report, and Third Report Supplement, and to support the Receiver's request for an order, among other things:

- a) approving this Fourth Report, including the actions and activities of the Receiver as described in this Fourth Report;
- b) approving the Receiver's methodology and proposal to make a further interim distribution to the investors of certain Crystal Wealth Funds, and authorizing the Receiver to make such interim distribution;
- c) directing that the outstanding undertakings/requests from, and questions taken under advisement and which were refused at the Smith Examination, Clydesdale Examination, DenHollander Examination, Pahl Examination, Bob Maljaars Examination, Jeffrey Maljaars Examination, Housego Examination, and Froese Examination be answered and delivered to the Receiver and its counsel by Smith, Clydesdale, DenHollander, Pahl, Bob Maljaars, Jeffrey Maljaars, Housego, and Froese, respectively, along with all documentation in response to such questions;
- d) finding that Alberto Storelli ("**Storelli**"), Brian Peoples ("**Peoples**"); and Joe Harker ("**Harker**") are in contempt due to their breach of the December 11, 2017 Order, namely, their failure to provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the US Real Estate LP;
- e) approving the Receiver's engagement of Adair Goldblatt Bieber LLP ("**AGB LLP**") as the Receiver's lawyer of record in an Ontario Superior Court of Justice (Commercial List) action (CV-18-595063-00CL) against BDO Canada LLP ("**BDO**");
- f) awarding judgment in favour of the Receiver as against 109545 B.C. Ltd. ("**109 BC**"), for payment of an amount in Canadian funds sufficient to purchase \$50,000 in United States Dollars, at a bank in Ontario listed in Schedule 1 of the *Bank Act* (Canada), the amount of said funds to be determined at the close of business on the first day before

- the day that judgment is granted, and on a day which the Bank quotes a Canadian dollar rate for the purchase of foreign currency, in accordance with 109 BC's obligations to the Receiver pursuant to a Settlement Agreement and Mutual Release entered into by 109 BC and the Receiver dated December 20, 2017;
- g) approving the Receiver's Interim Statement of Receipts and Disbursements for the period from April 26, 2017 to May 31, 2018, attached hereto as **Appendix "25"**;
 - h) approving the fees and disbursements of the Receiver and Aird & Berlis LLP ("**A&B**"), legal counsel to the Receiver, as described herein for the period of October 1, 2017 to May 31, 2018, and an allocation of such fees and disbursements from October 1, 2017 to May 31, 2018; and
 - i) sealing the **Confidential Appendices** of this Fourth Report until further Order of the Court.
- 29 The Receiver's activities since the date of the Second Report, which are not addressed in the Second Report Supplement, Third Report, and Third Report Supplement, are detailed throughout this Fourth Report.

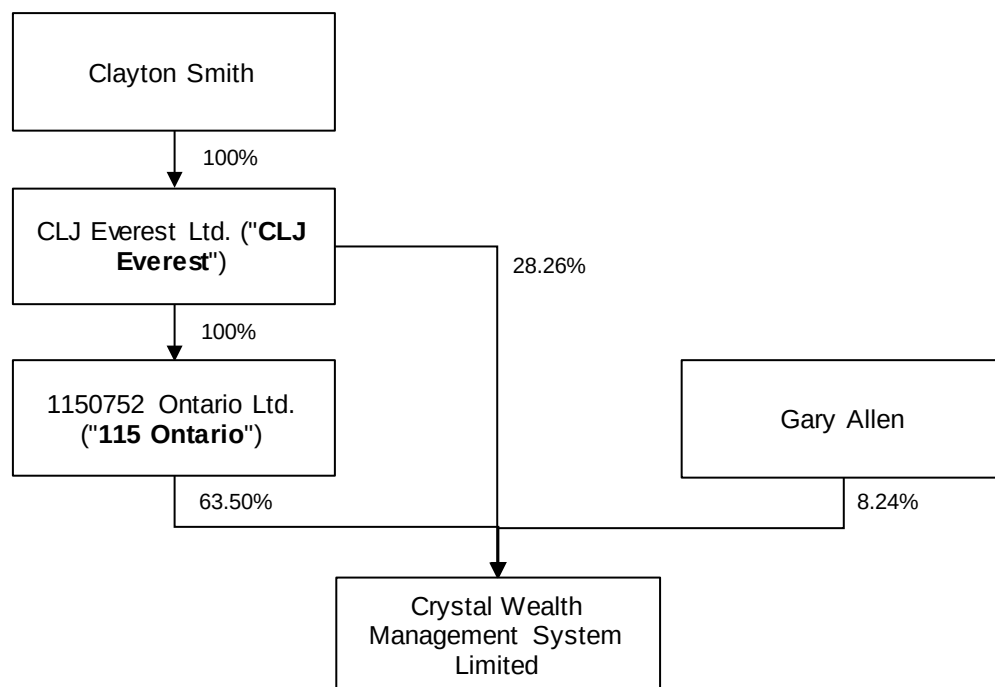
RESTRICTIONS AND TERMS OF REFERENCE

- 30 In preparing this Fourth Report, the Receiver has relied upon unaudited and certain audited financial information, the Crystal Wealth Group's books and records, certain financial information obtained by third parties, and discussions with and examinations of various individuals (collectively, the "**Information**"). Except as described in this Fourth Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
- 31 This Fourth Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought in the Receiver's Notice of Motion dated July 20, 2018. This Fourth Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Fourth Report contrary to the provisions of this paragraph.
- 32 Capitalized terms not defined in this Fourth Report are as defined in the First Report, the First Report Supplement, the Second Report, the Second Report Supplement, the Third Report, and the Third Report Supplement. All references to dollars are in Canadian currency unless otherwise noted.
- 33 Copies of materials filed in these Receivership Proceedings are available on the Receiver's Case Website at: www.GrantThornton.ca/CrystalWealth.

CORPORATE STRUCTURE

34 At the time of the Appointment Order, the Company was a corporation registered with the OSC in the categories of: “Exempt Market Dealer”, “Investment Fund Manager”, “Portfolio Manager”, and “Commodity Trading Manager”.

35 At the time of the Appointment Order, Smith was the controlling mind of the Company, was listed as the sole director and officer, and held a controlling interest of 91.76% in the Company. The ownership structure of the Company is as follows:



36 At the time of the Appointment Order, Smith was registered in Ontario with the OSC as a dealing representative, an advising representative in the category of “Portfolio Manager”, and an advising representative in the category of “Commodity Trading Manager”. Smith was also registered as the Company’s chief executive officer, chief compliance officer and ultimate designated person. Moreover, Smith held the chief financial officer position.

37 The Company created and managed the following 15 proprietary investment funds (collectively referred to as the “**Crystal Wealth Funds**”):

- a) Crystal Wealth Mortgage Strategy (the “**Mortgage Fund**”);
- b) Crystal Enlightened Resource and Precious Metals Fund (the “**Resource Fund**”);
- c) Crystal Wealth Enlightened Factoring Strategy (the “**Factoring Fund**”);
- d) Crystal Wealth Medical Strategy (the “**Medical Fund**”);
- e) Crystal Enlightened Bullion Fund (the “**Bullion Fund**”);
- f) Crystal Wealth Media Strategy (the “**Media Fund**”);
- g) Crystal Wealth High Yield Mortgage Strategy (the “**High Yield Mortgage Fund**”);
- h) Crystal Wealth Infrastructure Strategy (the “**Infrastructure Fund**”);
- i) Crystal Wealth Enlightened Hedge Fund (the “**Hedge Fund**”);
- j) Crystal Wealth Conscious Capital Strategy (the “**Conscious Capital Fund**”);
- k) ACM Income Fund;
- l) ACM Growth Fund;
- m) Absolute Sustainable Dividend Fund (the “**Sustainable Dividend Fund**”);
- n) Absolute Sustainable Property Fund (the “**Sustainable Property Fund**”); and
- o) Crystal Wealth Retirement One Fund (the “**Retirement Fund**”);

(collectively, the “**Crystal Wealth Funds**”, and individually, a “**Fund**”).

A detailed description of the Crystal Wealth Funds and the investments contained therein are outlined in the First Report and Second Report.

- 38 The Crystal Wealth Funds are structured as open-ended mutual fund trusts. Units in each of the Crystal Wealth Funds were distributed to investors on an exempt basis, pursuant to offering memoranda (“**OMs**”). The Company managed the day-to-day business of the Crystal Wealth Funds and was required to make investment decisions consistent with each of the Crystal Wealth Funds’ investment objectives. As detailed in the Second Report, certain Crystal Wealth Funds held investments that are not in compliance with their respective OMs.

THE RECEIVER'S PROPOSED SECOND INTERIM DISTRIBUTION

- 39 Through the ongoing monetization of the Equities, the Media Fund Sale, and the maturation and payout of certain Off-Book Assets, the Receiver has collected net proceeds available for distribution to individual investors of certain Crystal Wealth Funds of \$25,292,893, after the allocation of professional fees and appropriate holdback for claims filed pursuant to the Creditor Claims Procedure Order.
- 40 Cash balances are those being held in the respective Crystal Wealth Fund accounts at NBIN. Any proceeds (e.g. mortgage payments) or realizations from the monetization of marketable securities of a particular Fund were deposited to that Fund's bank account at NBIN. In other words, each Fund is being managed and accounted for on its own with no co-mingling amongst the Funds.
- 41 The creditor claims filed are currently being analyzed by the Receiver. However, for purposes of the Receiver's request for an order authorizing a further interim distribution to investors, the Receiver has included a holdback for the full value of the creditor claims filed (as outlined in the table below) while they remain under evaluation. As detailed in the Creditor Claims Procedure section to the Second Report, a claim which names a particular Fund has been allocated to that Fund. For those claims which name the Crystal Wealth Funds in general, such claims were allocated among the Crystal Wealth Funds based on the weighted average of the recorded NAV as at April 20, 2017 of each Crystal Wealth Fund.
- 42 The sole exception to the holdbacks provided for on account of the creditor claims filed through the Creditor Claims Procedure concerns the contingent claim filed by BDO Canada LLP ("**BDO**"), which is addressed in paragraphs 410 to 418 of the Second Report and which permits the Receiver's proposed interim distributions to investors to proceed.
- 43 The following table demonstrates the calculated proposed per unit interim distribution to investors of certain of the Crystal Wealth Funds using the foregoing allocation methodology, including the allocation of the Receiver's fees and the Receiver's legal fees from October 1, 2017 to May 31, 2018 (including HST). The database of investors is that contained in the records of IFDS pursuant to the June 30, 2017 Order. Cash balances for

each of the Crystal Wealth Funds are as at May 31, 2018. The total cash balance consists of all Canadian dollar denominated funds.

Fund	In 000's						Per Unit		
	Cash Balance May 31/18	Inter-fund Investment Proceeds	Gross Available Cash	Holdbacks	Receiver & Legal Fees	Available Proceeds for Second Distribution	Second Distribution	First Distribution [Jan 18/18]	Total Distributions Made by the Receiver
Mortgage Fund	\$ 5,930	\$ 507	\$ 6,437	\$ (1,876)	\$ (200)	\$ 4,360	\$ 1.625	\$ 1.445	\$ 3.071
Resource Fund	1,308	-	1,308	(105)	(28)	1,175	\$ 1.944	\$ 2.931	\$ 4.875
Factoring Fund	610	0	610	(1,051)	(353)	Nil	\$ -	\$ -	\$ -
Medical Fund	1,198	377	1,575	(355)	(74)	1,146	\$ 1.678	\$ 2.858	\$ 4.536
Bullion Fund	87	-	87	(87)	(29)	Nil	\$ -	\$ 2.021	\$ 2.021
Media Fund	15,966	-	15,966	(2,255)	(307)	13,404	\$ 2.479	\$ 1.181	\$ 3.660
High Yield Mortgage Fund	1,422	250	1,672	(206)	(33)	1,433	\$ 2.642	\$ 2.923	\$ 5.565
Infrastructure Fund	391	-	391	(372)	(72)	Nil	\$ -	\$ 2.193	\$ 2.193
Hedge Fund	454	-	454	(388)	(115)	Nil	\$ -	\$ 0.125	\$ 0.125
Conscious Capital Fund	26	-	26	(121)	(6)	Nil	\$ -	\$ -	\$ -
ACM Income Fund	1,137	1,672	2,810	(243)	(27)	2,539	\$ 2.404	\$ 0.623	\$ 3.027
ACM Growth Fund	357	141	498	(256)	(29)	213	\$ 0.179	\$ 4.882	\$ 5.060
Sustainable Dividend Fund	136	17	152	(123)	(36)	Nil	\$ -	\$ 10.761	\$ 10.761
Sustainable Property Fund	1,211	-	1,211	(168)	(44)	999	\$ 2.203	\$ 1.994	\$ 4.197
Total	\$ 30,232	\$ 2,964	\$ 33,197	\$ (7,606)	\$ (1,353)	\$ 25,271			

- 44 As the foregoing table suggests, the Receiver is recommending a per unit distribution for eight (8) of the fourteen Crystal Wealth Funds. Six (6) of the Crystal Wealth Funds do not have funds available for distribution, and as a result, the investors in same will not receive a per unit distribution at this stage.²
- 45 Holdbacks for actual and future estimated Receiver and legal fees are similarly tracked in the table above either by specific Crystal Wealth Fund, or if they represent time allocable to all Crystal Wealth Funds, then such fees were allocated on the basis of effort and number of investors in each Fund. Cumulative Receiver and legal fees of approximately

² Holdbacks include, among other things: (i) claims received from certain creditors of the Crystal Wealth Funds pursuant to the Creditor Claims Procedure; (ii) the contingent claim filed by BDO, as detailed in the Second Report; and (iii) an additional holdback for estimated Receiver and legal fees with respect to the continued administration of the receivership.

\$130,000 (including HST) were allocated outside of the Crystal Wealth Funds to Crystal Wealth Group entities and individuals, including CLJ Everest, Smith, and 115 Ontario.

UPDATE ON INVESTMENTS IN EACH OF THE CRYSTAL WEALTH FUNDS

- 46 For each of the Crystal Wealth Funds, the Receiver has prepared a statement of cash receipts and disbursements (the “**Cash R&Ds**”) as at May 31, 2018, which includes:
- a) the cash balance as at April 20, 2017 pursuant to the April 20th Package;
 - b) investment returns of the Fund (“**Investments**”) monetized by the Receiver since the date of the Appointment Order and the proceeds obtained from same (“**Monetized Investments**”);
 - c) collections in the normal course since the date of the Appointment Order with respect to the Investments (“**Investment Collections**”);
 - d) disbursements since the date of the Appointment Order; and
 - e) the cash balance as at May 31, 2018.
- 47 For each of the Crystal Wealth Funds, the Receiver has also prepared a summary listing of the cash and Investments held as at April 20, 2017 based on the values as recorded by the Company as at that date per the April 20th Package (the “**Recorded Values**”), compared to the cash and Investments held as at May 31, 2018, with such remaining Investments being presented at their Recorded Values. For the purpose of this Fourth Report, the Receiver has not updated or accrued further interest on Investments, where applicable, from the values reported in the April 20th Package.
- 48 Common items reflected in the Cash R&Ds for the Funds are:
- a) **Inter-Fund Investment Distribution [Jan 18, 2018]** – reflects the amount of the first interim distribution made by the Receiver on January 18, 2018 received by a Fund on account of its Inter-Fund Investment(s);
 - b) **Interim Distribution [Jan 18, 2018]** – reflects the amount distributed by a Fund pursuant to the first interim distribution declared by the Receiver on January 18, 2018 in the aggregate amount of \$31 million, as authorized by the December 11, 2017 Order and Endorsement; and

- c) **Professional Fees [Apr 26, 2017 to Sep 30, 2017]** – represent the fees of the Receiver and its legal counsel for April 26, 2017 to September 30, 2017, as approved by the Court pursuant to the December 11, 2017 Order and Endorsement, and apportioned among all of the Crystal Wealth Funds on the basis as described in the Second Report.

MORTGAGE FUND

- 49 The following is the Cash R&D for the Mortgage Fund (a more detailed accounting of the receipts and disbursements incurred by the Mortgage Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix “26”**):

Mortgage Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 1,217,989	\$ -
<u>Receipts</u>		
Monetized Investments		
Proceeds from GIC	525,311	-
Investment Collections		
Collection of Residential Mortgage Principal & Interest	7,080,448	-
Collection of Commercial Loan Principal & Interest	1,553,921	-
Interest Income	12,585	-
Other Receipts		
Inter-fund Investment Distribution [Jan 18, 2018]	241,451	-
	9,413,716	-
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	3,855,919	-
Advances to Receiver's Trust Account	617,854	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	205,000	-
Bank Charges & Expenses	13,386	-
	4,692,158	-
Cash Balance - May 31, 2018	\$ 5,939,546	\$ -

“Advances to the Receiver’s Trust Account” represent amounts advanced by the Mortgage Fund on behalf of the other Crystal Wealth Funds for the payment of Receiver and legal fees for October 1, 2017 to May 31, 2018, as authorized by the Appointment Order.

The “Cash Balance” as at May 31, 2018 includes \$10,000 held in trust by Spectrum on behalf of the Mortgage Fund; the remainder of the Cash Balance is held in the Mortgage Fund’s NBIN accounts.

- 50 As at May 31, 2018 (with comparatives as at April 20, 2017), the Mortgage Fund held the following cash and Investments:

<i>In \$000's</i> Investment	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 1,218	\$ -	\$ 5,940	\$ -
Residential Mortgages	14,072	-	8,037	-
Commercial Loans	9,095	-	7,919	-
Inter-fund Investments	2,056	-	2,056	-
GIC	523	-	-	-
Other Assets	119	-	-	-
	\$ 27,083	\$ -	\$ 23,951	\$ -

RESOURCE FUND

- 51 The following is the Cash R&D for the Resource Fund (a more detailed accounting of the receipts and disbursements incurred by the Resource Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix “27”**):

Resource Fund	CAD	USD	AUD
Cash Balance - April 20, 2017	\$ 145,662	\$ 29,671	\$ (170)
<u>Receipts</u>			
Monetized Investments			
Sale of Equities	3,467,127	-	26,260
Investment Collections			
Proceeds from USD Futures	809	-	-
Interest Income	3,841	-	-
Other Receipts			
Transfer from USD & AUD Accounts	62,637	-	-
Inter-fund Investment Distribution [Jan 18, 2018]	42,315	-	-
	3,576,728	-	26,260
<u>Disbursements</u>			
Interim Distribution [Jan 18, 2018]	1,770,689	-	-
Purchase of Shares from Warrants	594,778	-	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	34,503	-	-
Bank Charges & Expenses	14,073	-	21
Transfer to CAD Account	-	29,671	26,069
	2,414,044	29,671	26,090
Cash Balance - May 31, 2018	\$ 1,308,347	\$ -	\$ -

The "Purchase of Shares from Warrants" reflects the Receiver exercising Warrants held by the Resource Fund. Proceeds from the sale of the shares obtained from the Warrants is reflected in the "Sale of Equities" line item which includes proceeds from Equities held by the Resource Fund as at the date of the Appointment Order and those acquired from Warrants being exercised.

- 52 As at May 31, 2018 (with comparatives as at April 20, 2017), the Resource Fund held the following cash and Investments:

<i>In \$000's</i> Investment	Recorded Value April 20, 2017			Recorded Value May 31, 2018		
	[CAD]	[USD]	[AUD]	[CAD]	[USD]	[AUD]
Cash	\$ 146	\$ 30	\$ (0)	\$ 1,308	\$ -	\$ -
Equities	1,540	9	25	91	9	-
Inter-fund Investments	262	-	-	262	-	-
USD Futures	-	(4)	-	-	-	-
Convertible Debenture	50	-	-	50	-	-
Warrants	23	-	-	15	-	-
Accrued Expenses	(6)	-	-	-	-	-
	\$ 2,015	\$ 35	\$ 25	\$ 1,727	\$ 9	\$ -

“Equities” include four (4) CAD Equities and one (1) USD Equity. Trading for two (2) of the CAD Equities has been halted since the Appointment Order. As such, the Receiver is unable to liquidate same at this time. The remaining two (2) CAD Equities and USD Equity are all thinly traded stocks that are traded on the “Over-the-Counter” markets. The Receiver continues to monitor these Equities and work with its advisors to liquidate same.

FACTORING FUND

- 53 The following is the Cash R&D for the Factoring Fund (a more detailed accounting of the receipts and disbursements incurred by the Factoring Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix “28”**):

Factoring Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 421,643	\$ (7,371)
<u>Receipts</u>		
Monetized Investments		
Sale of Equities	138,866	-
Investment Collections		
Proceeds from USD Futures	128,334	-
Collection of Factoring Contract Interest	53,094	-
Inter-fund Investment Distribution [Jan 18, 2018]	33,261	-
Interest Income	1,584	-
Other Receipts		
External Mutual Fund Dividend	3,615	-
Transfer from CAD Account	-	7,371
	358,754	7,371
<u>Disbursements</u>		
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	147,086	-
Bank Charges & Expenses	13,140	-
Commissions	1,382	-
Transfer to USD Account	8,931	-
	170,540	-
Cash Balance - May 31, 2018	\$ 609,857	\$ -

- 54 As at May 31, 2018 (with comparatives as at April 20, 2017), the Factoring Fund held the following cash and Investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 422	\$ (7)	\$ 610	\$ -
Factoring Contracts	24,462	-	24,462	-
Inter-fund Investments	2,953	-	2,953	-
US Real Estate LP	-	2,299	-	2,299
Gold Loans	2,207	3,553	2,207	3,553
Equities	313	453	100	453
Commercial Loans	-	156	-	156
External Mutual Funds	67	-	67	-
Convertible Debenture	30	-	30	-
Warrants	-	48	-	-
USD Futures	-	(6)	-	-
Accruals and Loss Provisions	(1,086)	-	-	-
	\$ 29,369	\$ 6,494	\$ 30,430	\$ 6,460

“Factoring Contracts” reflects the Recorded Value of the principal and accrued interest, \$22,821,205 and \$1,641,268 respectively, owing from the Merchants as reported on the April 20th Package. As detailed below, the interest has and will continue to accrue on the outstanding Factoring Contract balances.

“US Real Estate LP” reflects the Recorded Value of the principal and accrued interest, US \$2,150,000 and US \$149,211 respectively, owing to the Factoring Fund from its investment in the US Real Estate LP. Similar to the Factoring Contracts, the interest has and continues to accrue on the Factoring Fund's investment in the US Real Estate LP.

“Equities” include one (1) CAD Equity and three (3) USD Equities, all of which are thinly traded on the “Over-the-Counter” markets. The Receiver continues to monitor these Equities and work with its advisors to liquidate same.

MEDICAL FUND

55 The following is the Cash R&D for the Medical Fund (a more detailed accounting of the receipts and disbursements incurred by the Medical Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix “29”**):

Medical Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 421,542	\$ 20,939
<u>Receipts</u>		
Monetized Investments		
Redemption of Units in External Mutual Fund	25,345	-
Sale and Settlement of Medical Factoring Contracts	-	1,134,313
Payout of NFL Participation Agreements	-	714,687
Investment Collections		
Proceeds from USD Futures	192,159	-
Inter-fund Investment Distribution [Jan 18, 2018]	179,315	-
Interest Income	2,084	6,535
Other Receipts		
Transfer from USD Account	2,395,717	-
	2,794,621	1,855,535
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	1,952,183	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	61,541	-
Bank Charges & Expenses	3,985	647
Transfer to CAD Account	-	1,875,827
	2,017,709	1,876,474
Cash Balance - May 31, 2018	\$ 1,198,454	\$ -

56 As at May 31, 2018 (with comparatives as at April 20, 2017), the Medical Fund held the following cash and investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 422	\$ 21	\$ 1,198	\$ -
Inter-fund Investments	1,527	-	1,527	-
External Mutual Funds	25	-	-	-
Equities	-	6	-	6
NFL Participation Agreements	-	4,047	-	3,347
Medical Factoring Contracts	-	1,352	-	-
USD Futures	-	(14)	-	-
Accrued Expenses	2	-	-	-
	\$ 1,975	\$ 5,411	\$ 2,725	\$ 3,352

As outlined later in this Fourth Report, as at April 20, 2017, the Medical Fund held 26 NFL Participation Agreements consisting of principal and accrued fees with Recorded Values of US \$3,601,715 and US \$445,050, respectively. As at May 31, 2018, there remain 22 NFL Participation Agreements consisting of principal and accrued fees with Recorded Values of US \$2,976,830 and US \$369,819, respectively.

BULLION FUND

- 57 The following is the Cash R&D for the Bullion Fund (a more detailed accounting of the receipts and disbursements incurred by the Bullion Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix "30"**):

Bullion Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 279,763	\$ (6,381)
<u>Receipts</u>		
Investment Collections		
Interest Income	614	-
Other Receipts		
Transfer from CAD Account	-	6,605
	614	6,605
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	166,507	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	17,441	-
Bank Charges & Expenses	696	238
Transfer to USD Account	8,592	-
	193,235	238
Cash Balance - May 31, 2018	\$ 87,141	\$ (13)

58 As at May 31, 2018 (with comparatives as at April 20, 2017), the Bullion Fund held the following cash and Investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 280	\$ (6)	\$ 87	\$ (0)
Gold Loans	763	-	763	-
Accrued Expenses	(5)	-	-	-
	\$ 1,038	\$ (6)	\$ 850	\$ (0)

MEDIA FUND

59 As detailed in the Second Report and the Second Report Supplement, the Receiver has fully monetized all of the Investments held in the Media Fund following the completion of the Media Fund APA Transaction.

60 The following is the Cash R&D for the Media Fund (a more detailed accounting of the receipts and disbursements incurred by the Media Fund, along with details of the

Investments that remain as at May 31, 2018, is attached hereto as **Appendix “31”**):

Media Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 307,817	\$ 314,137
<u>Receipts</u>		
Monetized Investments		
Sale of Media Loans	14,375,000	-
Redemption of Units in External Mutual Funds	1,044,604	-
Investment Collections		
Media Loan Collections	6,883,087	229,690
Proceeds from USD Futures	232,970	-
Interest Income	31,058	193
Other Receipts		
Transfer from USD Account	676,719	-
	23,243,439	229,883
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	6,358,649	-
Consulting Fees	889,875	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	315,145	-
Bank Charges & Expenses	21,460	101
Transfer to CAD Account	-	543,919
	7,585,130	544,020
Cash Balance - May 31, 2018	\$ 15,966,126	\$ -

“Consulting Fees” reflect the amounts paid to Quiver pursuant to the MOU and the Quiver MOU Amendments, as approved by the Court pursuant to the June 30 2017 Order and Endorsement and December 11, 2017 Order and Endorsement.

- 61 As at May 31, 2018 (with comparatives as at April 20, 2017), the Media Fund held the following cash of approximately \$16 million:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 308	\$ 314	\$ 15,966	\$ -
Media Loans	45,523	5,932	-	-
External Mutual Funds	1,042	-	-	-
USD Futures	(24)	-	-	-
Accrued Loss Provision	(804)	-	-	-
	\$ 46,046	\$ 6,247	\$ 15,966	\$ -

HIGH YIELD MORTGAGE FUND

- 62 The following is the Cash R&D for the High Yield Mortgage Fund (a more detailed accounting of the receipts and disbursements incurred by the High Yield Mortgage Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix “32”**):

High Yield Mortgage Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 760,006	\$ -
<u>Receipts</u>		
Investment Collections		
Collection of Residential Mortgage Principal & Interest	1,923,126	-
Collection of Commercial Loan Principal & Interest	207,868	-
Interest Income	4,160	-
Other Receipts		
Inter-fund Investment Distribution [Jan 18, 2018]	184,333	-
	2,319,488	-
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	1,585,219	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	63,658	-
Bank Charges & Expenses	4,003	-
	1,652,879	-
Cash Balance - May 31, 2018	\$ 1,426,614	\$ -

The “Cash Balance” as at May 31, 2018 includes \$5,000 held in trust by Spectrum on

behalf of the High Yield Mortgage Fund; the remainder of the Cash Balance is held in the High Yield Mortgage Fund's NBIN account.

- 63 As at May 31, 2018 (with comparatives as at April 20, 2017), the High Yield Mortgage Fund held the following cash and investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 760	\$ -	\$ 1,427	\$ -
Residential Mortgages	2,458	-	815	-
Inter-fund Investments	1,379	-	1,379	-
Commercial Loans	603	-	395	-
Inter-fund Loans	277	-	277	-
Accrued Loss Provision	(35)	-	-	-
	\$ 5,442	\$ -	\$ 4,293	\$ -

"Inter-Fund Loans" reflect a loan made by the High Yield Mortgage Fund to the Conscious Capital Fund in December 2016. The principal amount of the loan is \$274,000 whereby interest is accrued at the prime interest rate plus 1% per annum.

INFRASTRUCTURE FUND

- 64 The following is the Cash R&D for the Infrastructure Fund (a more detailed accounting of the receipts and disbursements incurred by the Infrastructure Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix "33"**):

Infrastructure Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 2,087,300	\$ 1
<u>Receipts</u>		
Investment Collections		
Interest Income	3,665	-
Other Receipts		
Transfer from USD Account	1	-
	3,666	-
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	1,664,590	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	32,803	-
Bank Charges & Expenses	2,465	-
Transfer to CAD Account	-	1
	1,699,858	1
Cash Balance - May 31, 2018	\$ 391,108	\$ -

- 65 As at May 31, 2018 (with comparatives as at April 20, 2017), the Infrastructure Fund held the following cash and Investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 2,087	\$ -	\$ 391	\$ -
Commercial Loans	5,677	-	5,677	-
	\$ 7,765	\$ -	\$ 6,068	\$ -

HEDGE FUND

- 66 The following is the Cash R&D for the Hedge Fund (a more detailed accounting of the receipts and disbursements incurred by the Hedge Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix "34"**):

Hedge Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 531,127	\$ 49
<u>Receipts</u>		
Monetized Investments		
Sale of Equities	119,624	-
Redemption of Units in External Mutual Fund	50,205	-
Investment Collections		
Interest Income	1,441	-
Other Receipts		
Transfer from CAD Account	63	-
	171,332	-
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	156,358	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	86,693	-
Bank Charges & Expenses	4,338	-
Commissions	1,196	-
Transfer to USD Account	-	49
	248,586	49
Cash Balance - May 31, 2018	\$ 453,873	\$ -

67 As at May 31, 2018 (with comparatives as at April 20, 2017), the Hedge Fund held the following cash and investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 531	\$ 0	\$ 454	\$ -
US Real Estate LP	-	6,124	-	6,124
Factoring Contracts	3,567	-	3,567	-
Gold Loans	896	252	896	252
Equities	173	-	-	-
Private Equities	100	-	100	-
External Mutual Funds	53	-	-	-
Loan to US Real Estate LP	46	-	46	-
Accrued Expenses	(42)	-	-	-
	\$ 5,324	\$ 6,376	\$ 5,063	\$ 6,376

CONSCIOUS CAPITAL FUND

- 68 The following is the Cash R&D for the Conscious Capital Fund (a more detailed accounting of the receipts and disbursements incurred by the Conscious Capital Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix “35”**):

Conscious Capital Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 27,905	\$ -
<u>Receipts</u>		
Interest Income	67	-
	67	-
<u>Disbursements</u>		
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	2,039	-
Bank Charges & Expenses	127	-
	2,166	-
Cash Balance - May 31, 2018	\$ 25,806	\$ -

- 69 As at May 31, 2018 (with comparatives as at April 20, 2017), the Conscious Fund held the following cash and investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 28	\$ -	\$ 26	\$ -
Private Equities	633	-	633	-
Private Warrants	25	-	25	-
Inter-fund Loan	(277)	-	(277)	-
	\$ 409	\$ -	\$ 407	\$ -

“Private Equities” reflect 336,571 shares in Pond purchased by the Conscious Capital Fund at an average cost of \$1.33 per share. As detailed in this Fourth Report, the shares in Pond are now publicly traded on the TSX-Venture Exchange.

ACM INCOME FUND

- 70 The following is the Cash R&D for the ACM Income Fund (a more detailed accounting of the receipts and disbursements incurred by the ACM Income Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix “36”**):

ACM Income Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 368,113	\$ 2,180
<u>Receipts</u>		
Monetized Investments		
Redemption of Units in External Mutual Funds	564,897	-
Investment Collections		
Interest Income	3,287	-
Other Receipts		
Inter-fund Investment Distribution [Jan 18, 2018]	894,903	-
Transfer from USD Account	2,810	-
	1,465,898	-
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	657,534	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	32,480	-
Bank Charges & Expenses	6,913	-
Transfer to CAD Account	-	2,180
	696,927	2,180
Cash Balance - May 31, 2018	\$ 1,137,084	\$ -

- 71 As at May 31, 2018 (with comparatives as at April 20, 2017), the ACM Income Fund held the following cash and investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 368	\$ 2	\$ 1,137	\$ -
Inter-fund Investments	9,898	-	9,898	-
External Mutual Funds	560	-	-	-
Accrued Expenses	(14)	-	-	-
	\$ 10,812	\$ 2	\$ 11,036	\$ -

ACM GROWTH FUND

- 72 The following is the Cash R&D for the ACM Growth Fund (a more detailed accounting of the receipts and disbursements incurred by the ACM Growth Fund, along with details of

the Investments that remain as at May 31, 2018, is attached hereto as **Appendix “37”**):

ACM Growth Fund	CAD	USD
Cash Balance - April 20, 2017	\$ (1,739,873)	\$ (225,369)
<u>Receipts</u>		
Monetized Investments		
Sale of Equities	4,304,672	398,394
Redemption of Units in External Mutual Funds	3,410,855	-
Investment Collections		
Interest Income	6,232	-
Other Receipts		
Inter-fund Investment Distribution [Jan 18, 2018]	85,869	-
Transfer from USD Account	209,234	-
	8,016,861	398,394
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	5,834,281	-
Commissions	45,151	9,420
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	31,366	-
Bank Charges & Expenses	9,523	93
Interest Expense	-	1,151
Transfer to CAD Account	-	162,360
	5,920,321	173,025
Cash Balance - May 31, 2018	\$ 356,667	\$ -

73 As at May 31, 2018 (with comparatives as at April 20, 2017), the ACM Growth Fund held the following cash and investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ (1,740)	\$ (225)	\$ 357	\$ -
Equities	4,875	428	-	-
Inter-fund Investments	4,740	-	4,740	-
External Mutual Funds	3,483	-	-	-
Accrued Expenses	(22)	-	-	-
	\$ 11,336	\$ 203	\$ 5,096	\$ -

SUSTAINABLE DIVIDEND FUND

- 74 The following is the Cash R&D for the Sustainable Dividend Fund (a more detailed accounting of the receipts and disbursements incurred by the Sustainable Dividend Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix “38”**):

Sustainable Dividend Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 115,376	\$ 4,424
<u>Receipts</u>		
Monetized Assets		
Sale of Equities	1,478,092	3,829,828
Investment Collections		
Dividend Income	7,364	13,496
Other Receipts		
Inter-fund Investment Distribution [Jan 18, 2018]	15,050	-
Transfer from USD Account	5,060,724	-
	6,561,230	3,843,324
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	6,500,807	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	37,021	-
Bank Charges & Expenses	2,062	-
Commissions	924	2,140
Transfer to CAD Account	-	3,845,608
	6,540,815	3,847,749
Cash Balance - May 31, 2018	\$ 135,791	\$ -

- 75 As at May 31, 2018 (with comparatives as at April 20, 2017), the Sustainable Dividend Fund held the following cash and investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 115	\$ 4	\$ 136	\$ -
Equities	1,444	3,715	-	-
Inter-fund Investments	76	-	76	-
Accrued Expenses	(20)	-	-	-
	\$ 1,616	\$ 3,720	\$ 211	\$ -

SUSTAINABLE PROPERTY FUND

- 76 The following is the Cash R&D for the Sustainable Property Fund (a more detailed

accounting of the receipts and disbursements incurred by the Sustainable Property Fund, along with details of the Investments that remain as at May 31, 2018, is attached hereto as **Appendix “39”**):

Sustainable Property Fund	CAD	USD
Cash Balance - April 20, 2017	\$ 245,796	\$ -
<u>Receipts</u>		
Collection of Residential Mortgage Principal & Interest	1,916,450	-
	1,916,450	-
<u>Disbursements</u>		
Interim Distribution [Jan 18, 2018]	904,265	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	40,370	-
Bank Charges & Expenses	1,764	-
	946,399	-
Cash Balance - May 31, 2018	\$ 1,215,846	\$ -

The “Cash Balance” as at May 31, 2018 includes \$5,000 held in trust by Spectrum on behalf of the Sustainable Property Fund; the remainder of the Cash Balance is held in the Sustainable Property Fund’s NBIN account.

- 77 As at May 31, 2018 (with comparatives as at April 20, 2017), the Sustainable Property Fund held the following cash and investments:

<i>In \$000's</i>	Recorded Value April 20, 2017		Recorded Value May 31, 2018	
Investment	[CAD]	[USD]	[CAD]	[USD]
Cash	\$ 246	\$ -	\$ 1,216	\$ -
Residential Mortgages	2,221	-	390	-
Commercial Loans	2,094	-	2,094	-
Accrued Loss Provision	(12)	-	-	-
	\$ 4,548	\$ -	\$ 3,700	\$ -

DISCUSSION OF INVESTMENTS AND RECEIVER'S FINDINGS

FACTORING CONTRACTS

78 As detailed in the Second Report, the procurement and administration of the Factoring Contracts by Frontline, Housego, and Smith was highly unsophisticated and lacked the necessary controls to ensure that advances made to Merchants were for the purposes outlined in the Funds' OMs, or that they would ultimately be repaid. The impaired status of the investments held by the Factoring and Hedge Funds were a direct result of the following deficiencies:

- a) **High Level of Concentration Risk** – two (2) Merchants, Dome Mountain³ and Zomongo TV, directly and indirectly account for 87.97% (57.97% and 30.00%, respectively) of the collective balance outstanding to the Hedge Fund and Factoring Fund from the Merchants; while three (3) Merchants account for the remaining 12.03%;
- b) **Due Diligence on Merchants and Debtors and Represented Purpose** – under the FPAA, Frontline was required to perform a certain level of due diligence prior to putting forth a proposed Factoring Contract to the Factoring Fund and/or Hedge Fund. Based on the Company's books and records, there appears to be little to no evidence of any additional information provided to the Company that would confirm that Frontline or Housego performed any meaningful due diligence. Furthermore, the Purchased Invoices which the Factoring and Hedge Fund purchased from Merchants misstated, on several occasions and most notably in connection with the Dome Mountain, 156 Alberta, and 647 BC Merchants, the nature of the funding being provided by the Funds to the Merchants. As outlined later in this Fourth Report, the Examinations of Housego, Smith, Froese, Pahl, DenHollander, Bob Maljaars, and Jeffrey Maljaars confirmed the foregoing and that minimal to no due diligence was performed;
- c) **Conflict of Interest** – during the Receiver's due diligence, the Receiver noted numerous conflicts of interest and/or personal relationships amongst individuals involved in the Factoring Fund Investments, and in particular, amongst Froese

³ Including the 156 Alberta Balance and the 647 BC Balance.

(Frontline Factoring Inc.), Bob Maljaars (156 Alberta/Dome Mountain), Pahl (Dome Mountain), DenHollander (647 BC), the Zomongo entities, and others, as will be further particularized below.

- 79 The Receiver is of the view that the Factoring Contracts, with a Recorded Value of \$28,029,511 (consisting of \$25,813,567 of principal and \$2,215,944 of interest pursuant to the April 20th Package) are impaired.

General Update

- 80 The Second Report, beginning in paragraph 62, specified in detail the concerns of the Receiver regarding the Factoring Contracts, which are agreements to purchase invoices or portions thereof (the “**Purchased Invoices**”) from operating businesses referred to as “**Merchants**”, for a discount and a service fee. The procurement and administration of the Factoring Contracts was governed by a Factoring Procurement and Administration Agreement (“**FPAA**”) entered into with Frontline Factoring Inc. (“**Frontline**”) by the Factoring Fund.⁴ Pursuant to the FPAA, the Factoring Contracts were to be sourced and administered by Frontline Factoring. Frontline was tasked by the Company with finding these opportunities and then collecting the invoice value from the underlying customers of the Merchants, known as “**Debtors**”.
- 81 According to the Company’s books and records, the Factoring Fund and the Hedge Fund have outstanding Purchased Invoices acquired through Factoring Contracts entered into with the following Merchants:
- a) Dome Mountain Resources of Canada Inc. (“**Dome Mountain**”);
 - b) Zomongo TV Corp (“**Zomongo TV**”);
 - c) Advanced Metal Concept and Fabrication Ltd. (“**Advanced Metal**”);
 - d) 1566496 Alberta Ltd. (“**156 Alberta**”);
 - e) 647497 B.C. Ltd. (“**647 BC**”);

⁴ A separate FPAA was not entered into by Frontline and the Company with respect to the Hedge Fund. Instead, Frontline carried out the same role in connection with Hedge Fund Factoring Contract Investments as it did with the Factoring Fund Factoring Contract Investments.

f) Restoration Energy Inc. (“**Restoration Energy**” or “**REI**”); and

g) Single Source Services Ltd. (“**Single Source**”)

(collectively, the “**Merchants**”).

82 The following table, included in the Second Report, outlines the principal and interest owing from each of the Merchants as at October 26, 2017.

Merchant	Principal			Interest		
	Factoring Fund	Hedge Fund	Total	Factoring Fund	Hedge Fund	Total
Dome Mountain	\$12,793,175	\$1,015,660	\$13,808,835	\$ 2,280,593	\$ 181,058	\$2,461,651
Zomongo TV	6,204,373	1,494,737	7,699,110	845,396	660,307	1,505,702
Advanced Metal	1,256,311	-	1,256,311	248,029	-	248,029
156 Alberta	824,039	-	824,039	140,318	-	140,318
Restoration Energy	1,402,193	501,000	1,903,193	100,876	68,222	169,098
647 BC	439,698	-	439,698	109,260	-	109,260
Single Source	93,985	-	93,985	20,206	-	20,206
	\$23,013,773	\$3,011,397	\$26,025,170	\$ 3,744,678	\$ 909,586	\$4,654,265

83 Since the date of the Second Report, the Receiver has continued its efforts to collect the above-noted amounts from the Merchants.

84 In order to preserve its rights regarding the security that the Crystal Wealth Funds hold over the assets of certain Merchants, the Receiver had issued formal notices of intention to enforce security pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (“**NITES**”) to Dome Mountain, 156 Alberta, 647 BC and Restoration Energy. These notices followed formal demands for payment previously served on these parties. To date, none of these Merchants has repaid any of the indebtedness which they owe to the Factoring and Hedge Funds, and none appear to have any assets, aside from Dome Mountain’s shareholdings in Gavin Mines as is further described below.

85 The remaining subsections below provide more specific updates regarding each of the Merchants. In addition to the concerns regarding the nature and collectability of the

Factoring Contracts highlighted by the Receiver in the Second Report, the Receiver, through its Examinations of Froese, Smith, Housego, Bob Maljaars, DenHollander, Pahl, and Jeffrey Maljaars, has learned that:

- a) Froese met several of the principals of the Merchants (more notably, those involved with Dome Mountain, 156 Alberta, and 647 BC) originally through Lyoness (“**Lyoness**”), a networking, multilevel marketing organization principally involved in providing cashback discounts and customer loyalty programs to members who referred new individuals. It emerged during the Examinations of Froese, Bob Maljaars, DenHollander, and Housego that each of Froese, DenHollander, Bob Maljaars, Pinnell (611 BC – Gold Loans), Ryan Waechter (“**Waechter**”), and Housego attended Lyoness meetings. Froese was introduced to Lyoness by Bob Maljaars in 2012 or 2013, and subsequently, met Waechter through DenHollander. In addition, Froese, Bob Maljaars, DenHollander, Pinnell, Waechter, and Housego all appeared to be invested in an olive farm in Chile known as “Hacienda Laguna Torca”, as reflected by the email sent by DenHollander to each of them, amongst others, on April 20, 2017 (6 days prior to the Appointment Order), appended hereto as **Appendix “40”**. Each of Froese, Bob Maljaars, DenHollander, and Housego denied at their respective Examinations that they jointly invested in Hacienda Laguna Torca;
- b) Since Frontline was incorporated on October 1, 2012, Frontline has employed a small staff, which included Froese (as President), an account manager/IT person (Froese’s nephew, Steven Bandola), and a part-time bookkeeper, Waechter. It does not appear that these individuals, including Froese, possess the education and skills necessary to assess investments, let alone run a successful factoring business. Froese testified that the “bookkeeper” who was on Frontline’s payroll from 2015 to 2017 was Waechter. Froese testified that he met Waechter through DenHollander and Lyoness, and that it was Waechter – who was from the Salmon Arm, B.C. area and knew DenHollander – who introduced Froese to Housego. Froese testified that it was Waechter’s job to bring in business for Frontline, and Waechter brought Froese the Housego connection. Accordingly, Froese confirmed that Frontline began paying Waechter once the Crystal Wealth Funds began advancing funds to Frontline on account of the Factoring Contract investments;

- c) Froese testified that he previously worked with DenHollander in an unrelated business, Duratech Group, in 2010 or 2011. According to Froese, around the same time period, both Froese and DenHollander invested in a company called Nature Zone Environmental Solutions Inc. ("**Nature Zone**"), which had been owned by Duratech and which Froese and DenHollander "*lost money in*". Froese testified that he had tried to resurrect Nature Zone, and that to do that, Froese had enlisted DenHollander to help, who in turn "*listed a guy by the name of Andy Clark to just kind of take it over*";
- d) As will be further detailed below, Bob Maljaars testified that Andy Clark, through his company, Grace Mining Inc., was a 28% percent shareholder in Gavin Mines, the shares of which Dome Mountain had hoped to acquire but for its failed efforts to obtain financing from MGE;
- e) Froese denies that the FPAA was the governing agreement between Frontline and the Factoring and Hedge Funds. Instead, Froese testified that, despite Frontline having been paid millions of dollars from the Factoring and Hedge Funds, the terms of Frontline's arrangement was determined on an *ad hoc* basis for each Factoring Contract;
- f) Only cursory due diligence was performed on the Merchants, Purchased Invoices, and underlying Debtors by Frontline, Housego, and Smith. In regards to the Merchants Dome Mountain, 156 Alberta and 647 BC, and Frontline's recommendations that the Factoring and/or Hedge Funds invest in the Purchased Invoices belonging to these Merchants, it appears that Frontline primarily relied on the views of a small circle of contacts, including DenHollander (of 647 BC) and Bob Maljaars (of Dome Mountain and 156 Alberta), both of whom had personal financial interests in the Crystal Wealth Funds investing in the Purchased Invoices of Dome Mountain, 156 Alberta and 647 BC;
- g) At the Froese Examination, Froese could not articulate the fee structure for each of the Merchants and how funds flowed and amounts thereof from the Crystal Wealth Funds to Frontline and then to the Merchants, including the supposed subsequent repayments of Purchased Invoices or portions thereof from the Debtor and Merchants to the eventual repayment to the Crystal Wealth Funds. However, Froese was able to explain that the Crystal Wealth Funds only advanced monies to Frontline, net of a

holdback for up-front fees. Any payments received by Frontline by Debtors or Merchants, would first be applied to the fees of Frontline, with the balance being paid back to the Crystal Wealth Funds, contrary to s. 4.6 of the FPAA. Often, Frontline earned more revenue from the arrangement than the Factoring and Hedge Funds;

- h) During the Froese Examination, he could not explain the source of the figures contained in the reports which Frontline provided to the Company on a monthly basis, nor could he explain the format of same. This brings into question the diligence for on-going monitoring of the accounts by Frontline and also by Housego or Smith, the result of which was the extreme aging of the Purchased Invoices;
- i) Frontline was one of multiple companies beneficially owned and run by Froese. Froese appears to be a dabbling and unfocussed entrepreneur whose motivation was to make money the easiest way possible;
- j) Froese served as a consultant to the Factoring Fund Merchant, Zomongo TV, and accordingly received 300,000 share purchase warrants in Zomongo TV pursuant to a Stock Option Agreement entered into by Zomongo TV and Froese dated November 18, 2015. Froese separately holds 400,000 shares of Zomongo TV through a numbered company which he controls, 1267379 Alberta;
- k) Froese advised that, aside from the Factoring and Hedge Funds, Frontline has not served as a factoring administrator on behalf of any other entity. Frontline's economic dependence on the Crystal Wealth Group is reflected by the fact that Frontline was forced to wind-down operations upon the receivership of the Crystal Wealth Group. According to Frontline's unaudited financial statements for the years ended February 28, 2014 and February 28, 2015, Frontline generated \$210,426 and \$363,216 in factoring revenue, respectively. After the FPAA was entered into with the Factoring Fund on November 25, 2014, Frontline's factoring income for the subsequent fiscal year increased by over 600 percent to \$2,036,376, as reflected in Frontline's financial statements for the year ended February 29, 2016, which were provided by Froese to the Receiver following his Examination. Froese testified that without the significant revenues Frontline generated from the Factoring and Hedge Funds, Frontline could not continue to operate. As of the end of April 2018, Froese testified that Frontline was vacating its rental office and operating from his house.

- 86 At the Smith Examination, Smith acknowledged his negligence in permitting Frontline to retain payment first prior to the Factoring and Hedge Funds being repaid, contrary to s. 4.6 of the FPAA, and had the following exchange with the Receiver's counsel:

***MVZ** "Would it not be utterly negligent of you to allow Frontline to retain payments in the face of [s. 4.6 of the FPAA]?"*

***CS** "Sorry, I am just...because I don't remember this paragraph, honestly. So...yes, I would agree with what you just said."*

Dome Mountain, 156 Alberta, and 647 BC

- 87 As outlined in the Second Report, Dome Mountain, 156 Alberta and 647 BC (collectively, the "**Dome Mountain Entities**") are closely related companies that received significant amounts of monies from the Factoring Fund and Hedge Fund. As further noted in the Second Report, shortly after receiving funding from the Factoring Fund, Dome Mountain paid: (i) \$1,798,181 to 647 BC for "Project Management" invoices issued to Dome Mountain; and (i) \$2,751,900 to 156 Alberta for "Consulting" invoices issued to Dome Mountain. The foregoing was confirmed by Froese during his Examination. As discussed in detail below, \$4,550,081 of the monies advanced to Dome Mountain from the Factoring Fund and Hedge Fund were paid to 156 Alberta (Bob Maljaars) and 647 BC (DenHollander) as advances on commissions to be paid by Dome Mountain for 156 Alberta and 647 BC sourcing financing for Dome Mountain. Furthermore, Biodiesel, a Debtor to 647 BC, was in fact Pahl's company, reflecting two of 647 BC's Debtors being owned by the same individual. Pahl has further companies, IC Commerce and 894833 Alberta Ltd., both of whom were Debtors of 156 Alberta. The foregoing further demonstrates Housego and Smith's lack of oversight and incompetence as portfolio managers, given that such monies were advanced in circumstances where the only hope of repayment to the Factoring and Hedge Funds was through Dome Mountain securing replacement financing.
- 88 As outlined in the Second Report, as at October 26, 2017, the total amount owing to the Factoring Fund and Hedge Fund from the Dome Mountain Entities totaled \$17,783,801 and is comprised of:

- a) Dome Mountain – \$16,270,486, consisting of \$13,808,835 in principal and \$2,461,651 in interest;
- b) 156 Alberta – \$964,357, consisting of \$824,039 in principal and \$140,318 in interest;
- c) 647 BC – \$548,958, consisting of \$439,698 in principal and \$109,260 in interest;

(collectively, the “**Dome Mountain Entities Indebtedness**”).

- 89 As mentioned above, the following individuals, all of whom have close personal relationships, are the principals of the following Dome Mountain Entities:

- a) Dome Mountain – Pahl and Bob Maljaars;
- b) 156 Alberta – Bob Maljaars and his son, Jeffrey Maljaars;
- c) 647 BC – DenHollander;

(collectively, the “**Dome Mountain Individuals**”).

- 90 By letters dated November 22, 2017 (the “**Dome Mountain Entities Demand Letters**”) to each of the Dome Mountain Entities, the Receiver demanded that Dome Mountain, 156 Alberta, and 647 BC repurchase the outstanding accounts receivable factored by the Hedge Fund and Factoring Fund pursuant to the relevant Factoring Agreements.

- 91 As outlined in the Second Report, and confirmed on the Examinations of Pahl, DenHollander, and Bob Maljaars, Dome Mountain is a holding company with no actual operations or assets. The only asset of Dome Mountain is a minority ownership of Gavin Mines Inc. (“**Gavin Mines**”). As at the date of the Second Report, the Receiver had not been provided with precise information to determine the exact number of shares Dome Mountain holds in Gavin Mines, but Froese’s productions to the Receiver suggest that Dome Mountain holds 174,375 common shares in Gavin Mines, representing between 13 and 16 percent of the outstanding common shares of Gavin Mines according to Froese. As will be discussed below, the Receiver understands that Dome Mountain currently holds 14.48 percent of the shares in Gavin Mines.

Updates Subsequent to the Second Report

Metal Mountain and Gavin Mines

92 Upon further research, the Receiver gained an understanding that the majority shareholder of Gavin Mines is a company by the name of Metal Mountain Resources Inc. (“**Metal Mountain**”), a junior exploration and development company headquartered in Vancouver, British Columbia.

93 Metal Mountain’s website (www.metalmountainresources.com) states that:

“The Dome Mountain Mine (gold and silver) is owned by [Metal Mountain’s] subsidiary Gavin Mines Inc. Metal Mountain holds a 63% interest in Gavin Mines Inc...”

94 Metal Mountain’s website contains other limited information on the Dome Mountain Mine, a summary of which is included below:

- a) the Dome Mountain Mine is located approximately 38 kilometers east of Smithers, British Columbia;
- b) the property includes 42 contiguous mineral claims and one mining lease comprising of a total area of over 11,000 hectares; and
- c) Metal Mountain acquired mineral tenures that cover the past-producing Dome Mountain Mine with the intention of reopening the mine and exploring for additional gold-silver resource.

A complete overview of the Dome Mountain Mine included on Metal Mountain’s website is attached hereto as **Appendix “41”**.

95 In a previous update dated July 6, 2016 (the “**June 2016 Press Release**”), Metal Mountain was unable to pay a dividend as a result of certain delays with respect to Gavin Mines as follows:

- a) Gavin Mines was not able to obtain an amended permit for the mill and tailings management facility from the BC government by June 30, 2016;
- b) Gavin Mines was required to complete an engineering study on the feasibility of different technologies before the application for an amended permit can be updated and resubmitted;

- c) as a result, Gavin Mines entered into negotiations with Nicola Mining Inc. ("**Nicola**"), an ore processing company whose facility is located outside Merritt, British Columbia, to ship to and process ore from the Dome Mountain Mine (the Dome Mountain Mine had to revert into "Stage 1 Production" at a rate of 100 tons per day); and
- d) the cash flow from the Nicola arrangement was to enable Gavin Mines to fund the Stage 2 permit amendment requirements.

The June 2016 News Release also states that Dome Mountain currently holds 14.48% of the shares in Gavin Mines. A copy of the June 2016 News Release is attached hereto as **Appendix "42"**.

96 The most recent new release dated February 9, 2017 (the "**February 2017 News Release**") stated, among other things, that:

- a) Gavin Mines had shipped 5,700 tons of ore from the Dome Mountain Mine to Nicola pursuant to the 50-50 Profit Share Agreement dated May 12, 2016; and
- b) Gavin Mines was in the process of negotiating a longer term profit sharing agreement (37.5% Nicola and 62.5% Gavin Mines) which would enable Gavin Mines to meet the permit requirements and perform further exploration.

A copy of the February 2017 News Release is attached hereto as **Appendix "43"**. No further updates regarding the Dome Mountain Mine have been posted on Metal Mountain's website.

97 On February 23, 2018, the Receiver sent a letter to Metal Mountain (the "**Receiver's Letter to Metal Mountain**") and specifically, to Lloyd Tattersall ("**Tattersall**"), the President of Metal Mountain, advising Tattersall of Dome Mountain's indebtedness to the Factoring/Hedge Funds and requesting that a call be convened with the Receiver. After being contacted by Tattersall, a call was scheduled for March 7, 2018.

98 During the call, Tattersall requested that the call be conducted on a without prejudice basis as his counsel was not in attendance. Tattersall requested that the Receiver provide him with a copy of the Appointment Order, and that a with prejudice call could be scheduled with his counsel. Subsequently, the Receiver provided Tattersall with a copy of the Appointment Order and requested to schedule a with prejudice call with Tattersall and his

counsel. Notwithstanding follow-up correspondence from the Receiver, Tattersall has not responded to the Receiver's request for a with prejudice discussion.

Examinations of Froese, Housego, and the Dome Mountain Individuals

- 99 On December 8, 2017, upon serving the Motion Record returnable December 11, 2017, the Receiver was made aware that Christian Popowich ("**Popowich**") of Code Hunder LLP had been retained collectively by the Dome Mountain Individuals. As detailed throughout the Examinations of the Dome Mountain Individuals, Popowich proved to be extremely protective during the Examinations, as he routinely objected to Pahl, DenHollander, Bob Maljaars, and Jeffrey Maljaars answering questions and refused to provide any undertakings requested by the Receiver. This type of conduct was similar to what was observed during the Clydesdale Examination (discussed below) and is a cause of concern for the Receiver in its efforts to identify, quantify, and realize on assets of the Crystal Wealth Group.
- 100 Pursuant to the December 11, 2017 Order and Endorsement, the Receiver examined Froese, Housego and the Dome Mountain Individuals. All of the examinations confirmed the background and descriptions of the Dome Mountain, 156 Alberta and 647 BC sections noted in the Second Report.
- 101 Moreover, all of the examinations, to a greater or lesser degree, were consistent as to following:
- a) The relationships between Froese, Housego, Pahl, DenHollander, Bob Maljaars, Jeffrey Maljaars, and Waechter were mostly formed through Lyoness functions. Froese also had a past working relationship with DenHollander as mentioned above. Bob Maljaars and DenHollander had been involved with the Dome Mountain Mine since at least 2010;
 - b) Jeffrey Maljaars, the President and sole director of 156 Alberta, appears to have had little involvement in the funding provided by the Factoring Fund to 156 Alberta. When the Receiver's counsel asked Jeffrey Maljaars during his examination how he knew each of Froese, DenHollander, Pahl, and Housego, Jeffrey Maljaars responded by simply indicating "*family friend*" for each of them. When asked whether he had ever done any business with Housego or his companies, Jeffrey Maljaars responded

- “apparently”*. When asked what his father, Bob Maljaars, did for a living, Jeffrey testified that he did not know. When asked what he did for a living, Jeffrey Maljaars testified *“I cut firewood”*. It appears from the Examinations that Bob Maljaars led the initiatives of 156 Alberta;
- c) Dome Mountain was formed solely to purchase the shares of Gavin Mines. DenHollander, Bob Maljaars, and Pahl were the principals (collectively, the **“Dome Mountain Principals”**) who wanted to get the Dome Mountain Mine into production. DenHollander already had some familiarity with Gavin Mines since 2009 and was also involved in raising capital for the development of the mine. Pahl was and remains the 100% shareholder of Dome Mountain;
 - d) The Dome Mountain Principals performed limited due diligence and purported to rely primarily on a mining report known as Form 43-101 Standards of Disclosure for Mineral Projects (**“Form 43-101”**). The Dome Mountain Principals could not advise the date of the Form 43-101 and if, in fact, it pertained directly to the Dome Mountain Mine in which the investors of Crystal Wealth invested through Dome Mountain. Moreover, the Dome Mountain Principals purportedly did not perform a physical inspection of the Dome Mountain Mine;
 - e) Bob Maljaars was the primary contact with Tattersall;
 - f) Dome Mountain required funding to purchase the shares of Gavin Mines. One of Bob Maljaars’s contacts was Jordan McBean (**“McBean”**), who represented himself as a former RCMP fraud investigator and the principal of The McBean Group Ltd. (**“TMGL”**), an Investment Management Firm operating from premises in Calgary, Alberta. Pahl indicated that McBean committed to providing a \$200 million facility in the form of four funds with offering memoranda via a public offering in the Bahamas. Two of the facilities would be used by Dome Mountain, and two for other projects. In exchange, McBean’s fee was \$160,000 per fund (i.e. a total of \$640,000), which apparently was funded by the Factoring Fund’s advances to 156 Alberta, 647 BC, and/or Dome Mountain. The exact amount of the McBean proposed financing was not clear during the Examinations, as Bob Maljaars indicated the funding was only \$150 million, with \$100 million to be used to acquire all of the shares of Gavin Mines, and the remainder to be utilized to put the Dome Mountain Mine into production. Regardless, the McBean

financing never came to fruition, although McBean was evidently paid his \$640,000 fee;

- g) On June 6, 2018, following the Examinations, Froese produced the Commitment Letter addressed to Dome Mountain and dated March 17, 2015, which was executed by McBean as the Managing Director – Fund Manager, of TMGL, whereby TMGL conditionally outlined terms of a term facility in the amount of 50% of the subscribed Funds with full subscription of the Funds at \$200 million. No other documentation concerning McBean or this proposed financing has been disclosed by Froese or any of the Dome Mountain Principals. A copy of the Commitment Letter is attached hereto as **Appendix “44”**;
- h) When the TMGL financing did not materialize, another one of Pahl’s contacts was Stephen Miller (“**Miller**”). Miller was the principal of MGE Corporation Limited (“**MGE**”), based in the UK. MGE was going to provide an \$80 million facility for the purposes of funding Dome Mountain’s acquisition of the shares of Gavin Mines. In addition, there were additional Form 43-101 requirements that needed to be completed in order to meet the funding requirements from MGE;
- i) After the Crystal Wealth Funds had funded over \$12.5 million (as noted in paragraphs 83 to 87 of the Second Report) to Dome Mountain, Housego learned that MGE was not going to provide the \$80 million facility to Dome Mountain, part of which was to repay the debt owing to the Factoring Fund and Hedge Fund by Dome Mountain, 156 Alberta, and 647 BC. Housego then became involved with the direct negotiations with Miller, who subsequently verbally committed on behalf of MGE to providing a \$36 million facility instead, after the Dome Mountain Principals claimed to have obtained an approximate \$47 million reduction of the Gavin Mines share purchase price, such that only \$20 million was required to purchase the remaining Gavin Mines shares. Bob Maljaars testified that the reduction was made possible as Andy Clark (whom Froese and DenHollander previously knew through Nature Zone), who owned 28% of the shares of Gavin Mines through his company, Grace Mining Inc., was “*pressed for finances and stuff*” and accordingly agreed to a drastically reduced purchase price;
- j) The premium for the 2016 Performance Guarantee was to be paid, but according to Housego, “...seems to have been missed...the [Factoring Fund] didn’t have the money

[to pay it]". The premium was never paid as the Crystal Wealth Funds did not have available liquidity. Furthermore, the \$36 million facility from MGE did not materialize. As neither the MGE nor any other financing could be obtained by the Dome Mountain Principals, the result is that the Factoring and Hedge Funds currently have no prospect of readily recovering the Dome Mountain Entities Indebtedness owing by 156 Alberta, 647 BC, and Dome Mountain;

- k) The Purchase Invoices issued by 156 Alberta and 647 BC following the execution of their respective Factoring Contracts with Crystal Wealth were for arbitrary amounts, for the sole purpose of providing 156 Alberta and 647 BC an advance of the fees to which they claimed an entitlement upon raising financing for Dome Mountain's acquisition of the shares of Gavin Mines. In this regard, Bob Maljaars of 156 Alberta testified that Frontline created all of 156's Purchased Invoices, including those set out at paragraph 110 of the Receiver's Second Report which were issued by 156 Alberta, as Merchant, to Dome Mountain, as Debtor. Bob Maljaars further testified that Froese was an authorized representative on Dome Mountain's bank account to control the manner in which the funds received by Dome Mountain from the Crystal Wealth Funds were deployed. Froese confirmed during his Examination that he had signing authority over Dome Mountain's bank account, and that it was Frontline who created the Purchased Invoices issued by 156 Alberta and 647 BC to Debtors; and
- l) With respect to the monies advanced to Dome Mountain by the Factoring and Hedge Funds, Froese testified: (i) that approximately \$4,550,081 was transferred back to the Company to retire the Purchased Invoices issued by 156 Alberta and 647 BC, as listed in paragraph 110 of the Second Report; and (ii) approximately \$4.5 million was wired to Gavin Mines. Froese could not account for how the remaining \$4,758,784 of the \$13,808,835 in funding provided by the Factoring Fund and Hedge Fund was utilized by Dome Mountain. When asked if any of these funds were used to buy any of Dome Mountain's shares in Gavin Mines, Froese indicated, *"I guess"*. He could not recall whether any of these funds were utilized to pay the \$600,000 premium for the 2015 Performance Bond. Bob Maljaars testified that approximately \$7 million of the \$13,808,835 had been transferred to Tattersall/Gavin Mines for *"operations"* and with which Tattersall *"cleaned up some payables"* given that *"he was at risk with one creditor coming after him, so that was all cleaned up"*.

Formal Demand Letters

102 Subsequent to the Examinations, A&B, on behalf of the Receiver, issued formal default and demand letters dated April 27, 2018 to the Dome Mountain Entities (collectively the **“Dome Mountain Default and Demand Letters”**) that, among other things:

- a) outlined the Dome Mountain Entities’ failure to repurchase the outstanding receivables as demanded in the Dome Mountain Entities Demand Letters; and
- b) enclosed NITES.

The Dome Mountain Default and Demand Letters are collectively attached hereto as **Appendix “45”**.

103 As at the time of this Fourth Report, the Dome Mountain Entities Indebtedness remains outstanding in its entirety.

Zomongo TV

104 As outlined previously, the Factoring Fund and the Hedge Fund each entered into Factoring Agreements with Zomongo TV, an Alberta entity, dated August 7, 2015 (the **“Zomongo TV Factoring Agreement”**). The Factoring Fund and Hedge Fund entered into general security agreements with Zomongo TV and Zomongo.TV Holdings Corp., respectively, granting the Factoring Fund and Hedge Fund a general continuing security interest over all present and future property and assets of Zomongo TV and Zomongo.TV Holdings Corp.

105 On December 29, 2016, Zomongo TV and its associated entities entered into a credit agreement with TCA Global Credit Master Fund, LP (**“TCA”**) effective December 30, 2016 (the **“TCA Loan Agreement”**) for a revolving credit facility of up to US \$10,000,000 (the **“TCA Credit Facility”**). As outlined in the Second Report, as a condition to the TCA Loan Agreement, the Factoring Fund’s security appears to have been subordinated to TCA pursuant to the Zomongo TV Subordination Agreement dated December 28, 2016.

106 As outlined in the Second Report, on October 3, 2017, the Receiver received an email from Frontline (the **“Initial Zomongo Email”**) indicating that Zomongo TV was in financial difficulties as TCA had not advanced the total amount of the funds that were potentially

available under the TCA Credit Facility (i.e. US \$10 million). Frontline indicated that without additional funding, Zomongo TV could not continue operating.

- 107 Up to the date of the Second Report, the Receiver and its counsel engaged in numerous discussions with Zomongo TV, BFF Ventures (Zomongo TV's advisor), and TCA regarding the potential to come to an agreement to allow for TCA to advance the additional funding under the TCA Loan Agreement to Zomongo TV, while allowing Zomongo TV to make repayments to the Factoring and Hedge Funds under a restructured arrangement.
- 108 On November 17, 2017, BFF Ventures advised the Receiver that TCA had now agreed to provide \$5 million in additional funding to Zomongo TV and its affiliates under the TCA Loan Agreement. On November 19, 2017, the Receiver requested that BFF Ventures, on behalf of Zomongo TV, deliver to the Receiver Zomongo TV's proposed form of agreement(s), in order for the Receiver to continue to evaluate the possibility of an arrangement to be agreed upon by TCA, Zomongo TV, and the Receiver, which would result in: (i) TCA providing additional funding to Zomongo TV; and (ii) the repayment of a portion of the Zomongo TV Balance being made to the Factoring and Hedge Funds by Zomongo TV under a restructured arrangement, likely on a monthly installment basis.

Updates Subsequent to the Second Report

- 109 On November 24, 2017, the Receiver received a letter from Greg Shannon (the "**Gowling Letter**"), a partner at Gowling WLG (Canada) LLP ("**Gowling**") in Calgary, Alberta, advising that Gowling had been retained by Zomongo TV with respect to the Zomongo TV Factoring Agreement and the potential restructuring arrangement discussed with Zomongo TV and TCA. The Gowling Letter also requested that the Receiver provide the following information for Gowling to consider in order to prepare a binding letter of intent (the "**Proposed LOI**") regarding the restructuring of the Zomongo TV Balance:
- a) a complete "Consolidated Running Balance Statement" that included: (i) advances; (ii) payments as applied to the associated invoices; (iii) interest accrual; (iv) and how said payments and advances were received by the Factoring Fund and the Hedge Fund, respectively; and
 - b) an exact amount of the indebtedness due and the per diem interest charges.

A copy of the Gowling Letter is attached hereto as **Appendix "46"**.

- 110 On December 4, 2017, the Receiver delivered to Gowling a letter dated December 4, 2017 which included, among other things: (i) a “Consolidated Running Balance Statement” for each of the Factoring Fund and the Hedge Fund; and (ii) the principal and interest owing to the Factoring Fund and Hedge Fund as at November 30, 2017. A copy of the Receiver’s letter to Gowling, excluding the enclosed schedules, is attached hereto as **Appendix “47”**.
- 111 On December 13, 2017, the Receiver sent email correspondence inquiring as to the expected timing of the Proposed LOI. In response, Gowling advised that a timeline would be provided in the week of December 28, 2017. On December 17, 2017, A&B advised Gowling that the Receiver required that the Proposed LOI be delivered to it by no later than December 28, 2017.
- 112 On December 27, 2017, in an email to TCA, BFF Ventures, Gowling, A&B, and the Receiver, Zomongo TV advised that all further inquiries regarding Zomongo TV should be directed to TCA.
- 113 On December 30, 2017, in response to the Receiver’s follow-up correspondence, Gowling advised the Receiver that it was no longer engaged by Zomongo TV to act on its behalf and that the Receiver was to deal with TCA and Zomongo TV directly.
- 114 On December 31, 2017, BFF Ventures advised, among other things, that: (i) TCA had assumed an advisory role to Zomongo TV with respect to its indebtedness to the Factoring Fund and Hedge Fund; (ii) Gowling had been provided with no further directions from Zomongo TV to act on its behalf; and (iii) all future correspondence regarding the matter should be directed to Zomongo TV, TCA, and BFF Ventures. The various email correspondence between the Receiver, A&B, Gowling, BFF Ventures, Zomongo TV, and TCA from December 13, 2017 to December 31, 2017 is collectively attached hereto as **Appendix “48”**.
- 115 On January 5, 2018, in an email to Zomongo TV, TCA, and BFF Ventures, A&B expressed the concerns it and the Receiver had with respect to the current situation and the minimal communication received with respect to a potential arrangement and requested that a conference call be conducted between the parties on January 10, 2018.

- 116 Subsequent to the email being sent by A&B on January 5, 2018, BFF Ventures advised that it was no longer involved with Zomongo TV and would not be responding to further communications unless requested by Zomongo TV.
- 117 Despite repeated follow-up correspondence to Zomongo TV and TCA, on January 8, 2018 and January 9, 2018, no response was received from Zomongo TV nor TCA. A copy of the initial email sent by A&B on January 5, 2018 and the follow-up correspondence with respect to same is attached hereto as **Appendix “49”**.
- 118 Given the lack of response from any of the above parties, the Receiver sought to obtain further information concerning the status of Zomongo TV through the Examinations.
- 119 At the outset of Froese’s examination, his counsel advised the Receiver that, due to an error, documentation in Frontline’s possession concerning the Zomongo entities had not been disclosed. Such documents were not disclosed to the Receiver until June 6, 2018, and the Receiver reserved its right to re-examine Froese as a result of the omitted disclosure.
- 120 Froese testified that Frontline had brokers that “*would refer deals*” to Frontline, referring to how Frontline would source prospective Merchants for the Factoring and Hedge Funds. While Froese could not provide particulars, he testified that these brokers were paid fees. In some instances, mortgages were registered on their properties as security, with the mortgagor receiving payments in exchange for such security.
- 121 At paragraphs 137 to 139 of the Second Report, the Receiver had indicated that it was unclear how the DenHollanders were involved with Zomongo Inc. and Zomongo TV, or why they provided the DenHollander Personal Guarantees and the DenHollander Mortgage on their residence to secure the obligations owing by Zomongo Inc. to the Factoring Fund. Froese testified during his examination that DenHollander was paid a monthly fee from Frontline in exchange for providing the DenHollander Mortgage. Froese testified that Zomongo paid Frontline the monthly fee amounts, and that Frontline in turn paid such amounts to DenHollander.
- 122 With respect to Zomongo TV, Froese testified that he was introduced to Zomongo TV by an individual named Jeff Wilkie (“**Wilkie**”), and that Wilkie had been introduced to Froese by Bob Maljaars. Froese testified that Wilkie or a company of his was paid a referral fee

of \$3,000 per month until November 2017 for having referred Zomongo to Frontline. When asked how Wilkie knew of Zomongo, Froese testified that he did not know.

123 Wilkie appears to represent yet a further link amongst four of the seven Factoring Contract Merchants (156 Alberta, Dome Mountain, 647 BC, and Zomongo TV), as Froese testified that:

- a) it was Wilkie who had introduced Bob Maljaars and DenHollander to McBean, who in turn introduced McBean to Froese and Housego;
- b) Wilkie, to Froese's recollection, attended at a meeting in Calgary with McBean concerning the Dome Mountain financing along with Housego, McBean, Bob Maljaars, and DenHollander;
- c) Froese later discovered that Wilkie was a shareholder of Zomongo TV; and
- d) Wilkie was the owner of GIC Capital Corp., a Debtor of certain Purchased Invoices issued by 647 BC. When asked what the business of GIC Capital was, Froese testified that he did not remember, and could not remember why he recommended that the Factoring Fund factor Purchased Invoices issued to GIC Capital, but that the intention was that they would be repaid from financing raised by McBean, which financing never occurred but was intended to repay the Purchased Invoices issued by 156 Alberta, 647 BC, and later, by Dome Mountain.

124 When questioned as to whether Froese was aware of whether Zomongo TV would repay the indebtedness owing by it to the Factoring Fund and Hedge Fund, Froese stated that Jeremy Ostrowski, the principal of Zomongo TV, had indicated that he plans to take Zomongo TV public to raise funds.

125 Froese further testified that Ostrowski advised him that his lawyers – whom Froese believed to be Gowling - had instructed Zomongo TV and Ostrowski to ignore the Receiver.

Receiver's Next Steps

126 As mentioned, on June 6, 2018, Froese produced to the Receiver certain supplementary documentation (the "**Froese Supplementary Productions**") concerning the Zomongo entities. This documentation included a document dated December 23, 2016 and entitled

“Agreement to Transfer Assets and Receivables” (the “**Agreement to Transfer Assets and Receivables**”) which was executed by Zomongo Inc., Zomongo TV, and Zomongo.TV Holdings Corp. (“**Zomongo TV Holdings**”), and which appears to purport to transfer the Zomongo TV Balance owing to the Factoring and Hedge Fund, and the ownership of the Purchased Invoices giving rise to the Zomongo TV Balance, to Zomongo TV Holdings. The Agreement to Transfer Assets and Receivables is attached hereto as **Appendix “50”**.

- 127 Consistent with the Agreement to Transfer Assets and Receivables, the Froese Supplementary Productions also included: (i) a Factoring Agreement dated December 28, 2016 as between Zomongo TV Holdings and the Factoring Fund; and (ii) a personal guarantee dated December 28, 2016 from each of Jeremy Ostrowski and Jocelyn Hughes-Ostrowski guaranteeing the debt owing by Zomongo TV Holdings to the Factoring Fund. The Froese Supplementary Productions also included the General Security Agreement dated January 25, 2017 from Zomongo TV Holdings in favour of the Hedge Fund and the Guarantee and Postponement of Claim dated January 25, 2017 which was provided by Zomongo TV Holdings in favour of the Hedge Fund, as referenced in paragraph 117 of the Second Report.
- 128 In other words, it appears to the Receiver that in exchange for the Factoring Fund’s agreement to execute the Zomongo TV Subordination Agreement, an effort was made to shift the liability for the Zomongo TV Balance from Zomongo TV to Zomongo TV Holdings, the latter of whom was not party to the TCA Loan Agreement between Zomongo TV (and its related entities) and TCA. In an email sent on January 10, 2017 by Gowling, the lawyers for the Zomongo Group of Companies, to Jonathan Dyck of Miller Thomson, the lawyer for the Company prior to the Receiver’s appointment, Gowling indicated, in an apparent effort to have the Company execute the Zomongo TV Subordination Agreement, “we have been advised by [Zomongo] that market value of the additional security [provided to the Company by Zomongo TV Holdings] is \$4,065,550. This email is attached hereto as **Appendix “51”**.
- 129 The Company thereafter executed the Zomongo TV Subordination Agreement.
- 130 The Receiver is further investigating Zomongo TV Holdings in light of these developments.

Advanced Metal

- 131 As outlined in the Second Report, the Factoring Fund entered into a Factoring Agreement with Advanced Metal dated September 21, 2015 for the purchase of a list of approved receivables from Advanced Metal up to a maximum of \$600,000 (the “**Advanced Metal Factoring Agreement**”). The Factoring Fund also entered into a security agreement with Advanced Metal dated September 15, 2015 which granted the Factoring Fund a general continuing security interest over all present and after acquired undertaking, property and assets of Advanced Metal on a first secured basis (the “**Advanced Metal Security Agreement**”).
- 132 In addition to the Advanced Metal Security Agreement, the Factoring Fund has a limited personal guarantee from certain principals of Advanced Metal, being Jason Johansen (“**Johansen**”) (previously the President of Advanced Metal) and Jason Parks (“**Parks**”), as well as from Kareem Louisy, Motola Omobamidum, and Vikas Arora (the foregoing five individuals being collectively referred to as the “**Advanced Metal Personal Guarantors**”). The latter three individuals are shareholders of Lotus Environmental Inc. (“**Lotus**”), one of Advanced Metal’s major customers whose invoices Advanced Metal was factoring under the Advanced Metal Factoring Agreement (the foregoing personal guarantees being collectively referred to as the “**Advanced Metal Personal Guarantees**”).
- 133 Each of the Advanced Metal Personal Guarantees provided by the Lotus shareholders provides that the liability of the Advanced Metal Personal Guarantors was to be secured and limited by mortgage security registered on the personal residences of the respective guarantors. The Receiver conducted searches of the properties listed in those Advanced Metal Personal Guarantees, and confirmed that neither the Factoring Fund (nor any Crystal Wealth entity) has a mortgage registered on the properties. With the exception of one property owned by Vikas Arora, nor are the registered owners of any of the properties the Lotus shareholders’ Advanced Metal Personal Guarantors, although in one instance, it appears that family members related to Kareem Louisy – which family members did not provide a personal guarantee – are the registered owner of a property referenced in Kareem Louisy’s Advanced Metal Personal Guarantee as 151 Scenic Way, NW, Calgary.
- 134 On December 16, 2016, the Factoring Fund executed a postponement and subordination of security interest agreement (the “**Advanced Metal Subordination Agreement**”). The

Advanced Metal Subordination Agreement purportedly resulted in the Factoring Fund becoming a subordinated creditor to the Bank of Montreal (i.e. giving up its first position security to the Bank of Montreal).

- 135 Pursuant to the table in paragraph 82 above, as at October 27, 2018, the total indebtedness owed to the Factoring Fund from Advanced Metal was \$1,504,340 (the “**Advanced Metal Indebtedness**”), consisting of principal and interest of \$1,256,311 and \$248,029, respectively.

Update Subsequent to the Second Report

- 136 On January 8, 2018, pursuant to the December 11 2017 Order, the Receiver received \$53,094 of the Advanced Metal Payments (\$138,044) received by Frontline, as described at paragraph 195 of the Second Report.
- 137 On February 3, 2018, A&B sent an email to Johansen requesting that a call be conducted with the Receiver and its counsel on February 5, 2018 or February 6, 2018. Neither the Receiver nor A&B received a response from Johansen.
- 138 On February 20, 2018, the Receiver received an email from Frontline (the “**February 2018 Frontline Email**”) stating he was contacted by Dave Mullen (“**Mullen**”), a representative of Advanced Metal, and that:

“Advanced Metals is insolvent. The information that they have been providing has not been accurate. All the potential projects do not seem to be valid, tanks that they provided pictures of are taken as security by another company, and equipment that they have provided to Frontline to try to get a lease is not owned by Advanced Metals. Jason Johansen has been removed from the company and Dave Mullen is looking at taking over...”

Furthermore Frontline stated that he was further contacted by Ron Burke (“**Burke**”), the contracted accountant for Mullen, who advised, among other things, that:

“the previously prepared financial statements had false information in them and have been recalled.”

- 139 On March 2, 2018, after receiving certain without prejudice correspondence from Mullen, the Receiver and Mullen agreed to a meeting at the Receiver’s offices on March 5, 2018.

On March 4, 2018, Mullen advised the Receiver that he would be unable to attend the scheduled meeting and that he would propose a revised date in due course.

140 On March 5, 2018, Froese's counsel provided the Receiver with the following information:

- a) numerous pictures of items located at Advanced Metal's premises;
- b) an accounts receivable subledger for Advanced Metal as at February 23, 2018 showing outstanding accounts receivable of approximately \$530,000;
- c) an electronic printout of Advanced Metal's line of credit balance with the Bank of Montreal which outlined a balance of \$986,737 as at February 22, 2018;
- d) a letter from the CRA dated December 15, 2017 stating that unremitted source deductions of \$668,238 remained outstanding; and
- e) a summary listing of equipment and machinery with limited details of same.

The Receiver has confirmed that a writ of enforcement was filed on February 15, 2017 in favour of Her Majesty the Queen in Right of Canada in the amount of \$641,351.40.

141 On March 21, 2018, Mullen contacted the Receiver and requested that a call be convened. On March 26, 2018, the Receiver and Mullen conducted a call whereby the Receiver reiterated its previous communication to Frontline; that, prior to considering any offer, the Receiver required a complete set of externally and/or internally prepared financial statements for the past two (2) years and a complete list of Advanced Metal's assets and liabilities. In addition, the Receiver expressed its concern as to why Advanced Metal was paying unsecured creditors ahead of the Advanced Metal Indebtedness.

142 On April 23, 2018 and April 24, 2018, Burke requested that the Receiver provide a list of information required to evaluate a potential settlement offer.

143 On April 24, 2018, the Receiver reiterated the instructions provided to Mullen on its call with him on March 26, 2018 to provide certain information (as noted in paragraph 141 above). A copy of the Receiver's correspondence with Burke is attached hereto as **Appendix "52"**. None of the information requested of Burke and Mullen has been provided to the Receiver as at the date of this Fourth Report.

- 144 On June 16, 2018, Mullen sent an email to the Receiver which, among other things, stated that KPMG had been engaged to evaluate Advanced Metal (and its affiliated entities) and had prepared a report (the “**KPMG Report**”) that could be made available to the Receiver. The Receiver requested that the KPMG Report be provided to the Receiver for its review. On June 29, 2018, the Receiver was provided with a copy of the KPMG Report.
- 145 On July 4, 2018, the Receiver put forth certain questions to KPMG, Mullen and Burke regarding the contents of the KPMG Report. KPMG indicated it would provide responses to the Receiver’s questions in due course. On July 13, 2018, KPMG responded to the Receiver’s questions, which response the Receiver is currently reviewing and assessing.

Examination of Froese

- 146 Froese testified that Advanced Metal was Frontline’s first customer upon starting its business and that Froese was introduced to the factoring industry by Johansen, who was Froese’s point of contact at Advanced Metal. Froese further indicated that the Advanced Metal arrangement with the Factoring Fund was entered into when Johansen approached Froese about Advanced Metal’s need for financing to complete a large project with its major customer, Lotus.
- 147 It also appears that Froese performed little to no due diligence on the value of the Advanced Metal Personal Guarantees (i.e. whether the underlying individuals giving the guarantees had the assets to fulfill same), as when he was asked during his examination “what due diligence did you do to see what, if any, ability there was to recover from [the Advanced Metal Personal Guarantors]”, Froese responded “*personal guarantees was more so to protect from fraudulent behaviour. It wasn’t meant as an avenue to...as...it wasn’t meant as an avenue to pursue as much as it was that they were going to...it would prevent people from doing fraud. I mean, if they were going to do fraud they...I mean, we had an avenue to make them pay for it*”. As indicated, it does not appear that mortgages were obtained from the Lotus shareholders as security for their Advanced Metal Personal Guarantees.

Restoration Energy

- 148 Information concerning the Restoration Energy Factoring Arrangements, and the Receiver’s enforcement efforts up to November 24, 2017, was detailed in paragraphs 152

to 179 of the Second Report, a summary of which is provided immediately below for ease of reference.

- 149 As noted in the Second Report, on behalf of the Receiver, A&B issued a demand letter to Restoration Energy on November 7, 2017, and a subsequent demand letter to 131 Alberta on November 13, 2017, each of which enclosed a NITES delivered pursuant to subsection 244(1) of the BIA. A&B also issued demand letters to each of the guarantors, DDI Distribution Corp. and Dionne Design Inc., pursuant to the Additional Restoration Guarantees on November 14, 2017.

Updates Subsequent to the Second Report

- 150 On December 12, 2017, Yvonne Martin-Morrison ("**Martin-Morrison**"), the principal of Restoration Energy, delivered to the Receiver a letter dated December 10, 2017 (the "**Martin-Morrison December 2017 Letter**") acknowledging the demand letters issued by the Receiver on November 7, 2017 and November 13, 2017 outlined above. In addition, the Martin-Morrison December 2017 Letter, among other things, stated that:

- a) the product sold under the Restoration Energy Purchased Invoices was never delivered to the customers as there were issues identified with the product whereby re-engineering was required;
- b) Restoration Energy was not in a position to repay the Restoration Energy Balance (\$2,072,291 as at October 26, 2017) as it currently had no available funding;
- c) Restoration Energy had no physical assets that can be realized upon nor does it have any intellectual property or patents available to be sold;
- d) Martin-Morrison was not in a position to repay the Restoration Energy Balance as she had no assets or available cash to settle same; and
- e) Martin-Morrison's personal finances were in terrible shape and as a result, she was required to file a consumer proposal under the BIA in Alberta.

A copy of the Martin-Morrison December 2017 Letter is attached hereto as **Appendix "53"**.

- 151 On December 14, 2017, A&B advised Martin-Morrison that before the Receiver could consider whether it should forbear on proceeding with enforcement steps, it required certain supporting documentation including: (i) financial statements for Restoration Energy; (ii) materials regarding the consumer proposal filed; and (iii) any and all materials and correspondence with respect to the Convertible Restoration Debenture.
- 152 On December 20, 2017, Martin-Morrison provided draft unaudited financial statements for Restoration Energy for the year ending August 31, 2016 (the “**REI Financials**”) and various prescribed BIA forms demonstrating that a consumer proposal was made by Martin-Morrison and her husband on August 24, 2015 (the “**Consumer Proposal Documents**”). The REI Financials and the Consumer Proposal Documents are attached hereto as **Appendix “54”** and “**55**”, respectively.
- 153 On January 10, 2018, the Receiver and A&B attended a call with Martin-Morrison. On the call, Martin-Morrison reiterated that neither she nor Restoration Energy was able to repay the Restoration Energy Balance and that the only way that a full repayment could occur would be to convert the debt into an equity position in REI. Martin-Morrison advised that the only way the “fuel generator” could be re-engineered was to obtain additional financing and that such financing could be obtained through federal and provincial grants (the “**Grant Funding**”). However, Martin-Morrison stated that such financing could only be obtained once the Restoration Energy Balance was converted via the Convertible Restoration Debenture. When asked, Martin-Morrison indicated the re-engineering process would be lengthy in that it would likely take 3 to 4 years to complete.
- 154 Upon conclusion of the call, the Receiver requested that certain additional information be provided to allow the Receiver to better evaluate the viability of the project and, more specifically, the likelihood of REI receiving any Grant Funding. Between January 28, 2018 and February 26, 2018, Martin-Morrison provided certain information to the Receiver in response.
- 155 Included in the information was an internally prepared balance sheet of Restoration Energy as at January 31, 2018 (the “**REI January 2018 Balance Sheet**”). The REI January 2018 Balance Sheet reflected that the total assets of Restoration Energy amount to a book value of \$58,884, comprised of:
- a) property and equipment – \$44,428;

- b) inventory – \$13,605;
- c) cash – \$805; and
- d) GST receivable – \$46.

A copy of the REI January 2018 Balance Sheet is attached hereto as **Appendix “56”**.

- 156 On June 25, 2018, A&B sent an email to Martin-Morrison inquiring as to the status of the intellectual property owned by any of Restoration Energy, or the guarantors pursuant to the Additional Restoration Guarantees, being Dionne Design Inc. (“**DDI**”) and DDI Distribution Corp (“**DDI Corp**”). In response, via email, Martin-Morrison advised the Receiver that Restoration Energy does not own any intellectual property as no value has been created by it up to this point that would qualify as intellectual property. With respect to intellectual property held by DDI and DDI Corp, Martin-Morrison could not provide a response. A copy of the correspondence sent by the Receiver on June 25, 2018 and Martin-Morrison’s response to same is attached hereto as **Appendix “57”**.
- 157 The Receiver is evaluating its options in light of Martin-Morrison’s response that Restoration Energy does not hold any intellectual property, which contradicts a September 30, 2016 engagement letter disclosed by Froese to the Receiver following his Examination pursuant to which Miller Thomson LLP wrote to Martin-Morrison confirming “that Restoration Energy Inc. has engaged our firm, Miller Thomson LLP, for Intellectual Property legal services...and will continue to advise Restoration on their valuable patentable technology”. The September 30, 2016 engagement letter sent by Miller Thomson LLP to Restoration Energy is attached hereto as **Appendix “58”**.

Update on DDI and DDI Corp Corporate Guarantees

- 158 After obtaining the updated contact information for Deborah Dionne (“**Dionne**”), the principal of DDI and DDI Corp, from Martin-Morrison, A&B, on February 20, 2018, successfully delivered the Additional Restoration Guarantor Demands to DDI and DDI Corp. A copy of the DDI Corporate Guarantees are collectively attached hereto as **Appendix “59”**.
- 159 In response, Dionne claimed that: (i) she and her husband filed for bankruptcy in 2014 and as a result DDI and DDI Corp were seized by the trustee in bankruptcy; (ii) DDI Corp

and DDI also filed for bankruptcy; and (iii) she had never seen nor had she ever signed guarantees for Restoration Energy on behalf of DDI or DDI Corp.

- 160 In subsequent correspondence, A&B directed Dionne to the fact that the signatures in the DDI Corporate Guarantees were notarized by a notary, Shannon Wilson ("**Wilson**") of Shea Nerland LLP, and that the purpose of the notarization was to verify that the person signing the DDI Corporate Guarantees was in fact Dionne. Upon subsequent correspondence, Dionne insisted that the Additional Restoration Guarantees executed by DDI and DDI Corp (together, the "**DDI Corporate Guarantees**") were never delivered to her nor were they executed by her.
- 161 On February 23, 2018, A&B contacted the trustee in bankruptcy, Hudson Inc., provided by Dionne. Hudson Inc. confirmed that Dionne filed for personal bankruptcy on May 15, 2014, however, they had no record of acting in any capacity for DDI Corp and DDI. A&B also performed bankruptcy searches on DDI Corp and DDI which confirmed that neither company had filed for bankruptcy.
- 162 Also on February 23, 2018, A&B sent correspondence to Dionne indicating that it had received confirmation from Hudson Inc. that she had personally filed for bankruptcy, however, that neither DDI Corp nor DDI had filed for bankruptcy. In response, Dionne insisted that she had not executed the DDI Corporate Guarantees and requested that she be provided with the individual's name who provided same to the Receiver. A&B advised Dionne that Darren Smits ("**Smits**"), at that time of Miller Thomson LLP in Calgary, Alberta (now of Regent Law Professional Corporation), had provided the DDI Corporate Guarantees to the Receiver and that Wilson was counsel to the specific transaction. A&B further requested that the Receiver be included on all future correspondence between Smits and Dionne.
- 163 The complete correspondence between the A&B and Dionne is collectively attached hereto as **Appendix "60"**.

Froese Examination

- 164 Froese testified during his examination that the potential investment in Restoration Energy through a Factoring Agreement was initially put forth by Smits, who is Frontline's lawyer, and was also the lawyer to Restoration Energy, which Smits confirmed to the Receiver.

Recently, the Receiver learned that Smits has left Miller Thomson LLP, and is now practicing at Regent Law Professional Corporation in Calgary.

- 165 Froese testified that it was Smits who “*brought in*” Martin-Morrison to run Restoration Energy.
- 166 Froese stated that, prior to entering into the Restoration Energy Factoring Agreements, Smits had indicated that Restoration Energy “[*was*] going to be a billion dollar company” and asked if Froese would like to engage in providing a factoring facility. In addition, Froese testified that Smits was interested in participating in the arrangement by providing mortgage security through a company in which he invested, 131 Alberta⁵, which would provide 131 Alberta with cash flow by receiving monthly payments in exchange for the mortgage; it was Froese’s understanding that 131 Alberta required funding. In exchange for providing the mortgage security, Frontline paid 131 Alberta 1% of the balance outstanding per month as payment, based on the amounts earned by Frontline from the Company on the advances made to Restoration Energy.
- 167 Froese confirmed during his examination that he did not obtain an up-to-date appraisal or information concerning the value or status of the 131 Alberta Property, which the Receiver noted at paragraphs 155 to 158 of the Second Report appears to have limited equity to satisfy the Collateral Mortgage provided by 131 Alberta. Froese indicated during his examination that he received an updated appraisal “*just a couple of days ago*”, but that undertaking, along with the majority of undertakings given during Froese’s examination, has yet to be answered.
- 168 Following his examination, Froese provided the Receiver with the Froese Supplementary Productions, which included an email from Smith to Froese and Housego dated March 24, 2017, attached hereto as **Appendix “61”**. In the email, Smith notes that he had just gotten off the phone with Jonathan Dyck, a lawyer at Miller Thomson LLP and counsel to the Company, who had spoken with Smits, and that Smits:

“agreed there was a conflict issue on his end because of his personal involvement in the companies and they are going to farm out the legal work to another law firm”.

⁵ The Receiver noted at paragraph 159 of the Second Report that Smits had provided personal guarantees to support the obligations of 131 Alberta under its senior mortgages in respect of the Pine Lake Lands.

169 The Factoring Fund is the only secured party of Restoration Energy under the PPSA. There are no Canadian Intellectual Property Office (“**CIPO**”) registrations against Restoration Energy. While the Factoring Agreements entered into by REI specifically indicate that intellectual property is included in the collateral, it is unclear as to what, if any, intellectual property actually exists (and if it exists, what value it has, if any).

Single Source

170 As indicated in paragraphs 180 to 183 of the Second Report, the Factoring Fund entered into a Factoring Agreement with Single Source dated August 9, 2016 (the “**Single Source Factoring Agreement**”) and also entered into a security agreement with Single Source dated August 9, 2016 granting the Factoring Fund a general continuing security interest over all present and future property and assets of Single Source (the “**Single Source Security Agreement**”). In addition, Tanya McCrary-Singh (“**McCrary-Singh**”), the Chief Financial Officer of Single Source, provided a personal guarantee (the “**McCrary-Singh Guarantee**”) in favour of the Factoring Fund dated August 9, 2016, guaranteeing the obligations of Single Source to the Factoring Fund.

171 By letter dated November 22, 2017 (the “**Single Source Demand Letter**”), the Receiver demanded immediate payment from Single Source pursuant to the Single Source Factoring Agreement. As at October 26, 2017, principal was outstanding under a single invoice factored by the Factoring Fund from Single Source in the sum of \$93,985, with accrued interest owing of \$20,206. The Receiver confirmed that the letter was successfully delivered to McCrary-Singh on behalf of Single Source.

Updates Subsequent to the Second Report

172 On November 29, 2017, A&B, on behalf of the Receiver, issued a default and demand letter to Single Source (the “**Single Source Default and Demand Letter**”): (i) advising Single Source of its failure to remit payment as demanded in the Single Source Demand Letter; and (ii) making formal demand on the entire indebtedness outstanding, as at November 17, 2017, under the Single Source Factoring Agreement, and enclosing a NITES pursuant to the BIA. A copy of the Single Source Default and Demand Letter is attached hereto as **Appendix “62”**.

173 A demand letter was also issued to McCrary-Singh dated November 29, 2017, in her personal capacity as guarantor of the indebtedness under the Single Source Factoring

Agreement (the “**McCrary-Singh Demand Letter**”). A copy of the McCrary-Singh Demand Letter is attached hereto as **Appendix “63”**.

- 174 The Receiver and its counsel have made multiple requests that a call be convened between Single Source, the Receiver, and A&B to discuss the current status of Single Source and its business. As at the date of this Fourth Report, neither the Receiver nor A&B has received any response from McCrary-Singh or Single Source.
- 175 Pursuant to the table in paragraph 82 above, as at October 27, 2018, the total indebtedness owed to the Factoring Fund from Single Source was \$114,191 (the “**Single Source Indebtedness**”) consisting of principal and interest of \$93,985 and \$20,206, respectively.

GOLD LOANS

- 176 The Factoring Fund, Hedge Fund, and Bullion Fund are parties to a total of 11 Gold Loans consisting of: (i) four (4) Gold Certificate Subscription Agreements (the “**Subscription Agreements**”) ⁶ with Onstar Exploration Ltd. (“**Onstar**”) and; (ii) seven (7) Gold Sale / Purchase Agreements (the “**Settlement Loans**”) ⁷ with three (3) entities, 611802 B.C. Ltd. (“**611 BC**”), Inca One Gold Corp. (“**Inca**”), and Solid Holdings Ltd. (“**Solid Holdings**”), as follows:

- a) **Factoring Fund** – five (5) Gold Loans with a Recorded Value of \$2,207,280 and US \$3,552,684 consisting of:
- i) three (3) Subscription Agreements with Onstar dated August 12, 2016, November 27, 2016, and September 25, 2016 for a total of 3,800 ounces of Gold;
 - ii) one (1) Settlement Loan with Solid Holdings (the “**Solid Holdings Loan**”) expiring February 13, 2017 whereby \$300,306 was advanced to Solid Holdings; and

⁶ Under the Subscription Agreements, the Factoring Fund and the Hedge Fund purchased gold certificates for certain multiples of 1,000 ounces of Gold per certificate (the “**Gold Certificates**”) which cumulatively totaled 4,000 ounces of Gold.

⁷ Under the Settlement Loans, the agreement is completed either through: (i) the delivery of the Gold; or (ii) a cash settlement.

iii) one (1) Settlement Loan with 611 BC expiring February 2, 2018 whereby \$500,405 was advanced to 611 (the “**611/Factoring Loan**”).

b) **Bullion Fund** – two (2) Gold Loans with a Recorded Value of \$763,006 consisting of:

i) one (1) Settlement Loan with Inca consisting of three tranches of funding – expiring January 1, 2017, April 1, 2017, and June 1, 2017 whereby \$584,533 was advanced under same (the “**Inca 1 Loan**”); and

ii) one (1) Settlement Loan with 611 BC expiring on November 28, 2017 whereby \$124,657 was advanced to 611 BC (the “**611/Bullion Loan**”).

c) **Hedge Fund** – four (4) Gold Loans with a Recorded Value of \$896,367 and US \$251,766 consisting of:

i) one (1) Subscription Agreement with Onstar dated September 25, 2016 for a total of 200 ounces of Gold;

ii) two (2) Settlement Loans with 611 BC, one (1) expiring November 28, 2017 and one (1) expiring January 16, 2018 whereby a total of \$409,995 was advanced to 611 (collectively the “**611/Hedge Loans**”); and

iii) one (1) Settlement Loan with Inca expiring on December 1, 2017 (the “**Inca 2 Loan**”, and together, the “**Inca Loans**”) whereby the Hedge Fund advanced \$354,895 to Inca.

177 As outlined in the Second Report, the Subscription Agreements and the Settlement Loans are, in substance, term loans to Onstar, 611 BC, Inca, and Solid Holdings (collectively, the “**Gold Sellers**”) and are therefore referred to as the “**Gold Loans**”. The Gold Loans are to be repaid upon maturity in either Gold or cash.

178 As outlined in the Second Report, under the Gold Loans, the Crystal Wealth Funds are unsecured creditors. The Receiver has concerns over the ultimate collectability of the Gold Loans. As at the date of this Fourth Report, the Crystal Wealth Funds have not received any repayment (in Gold or cash) for any of the Gold Loans.

Solid Holdings

179 As outlined in the Second Report, Stan Spletzer ("**Spletzer**"), the principal of Solid Holdings, indicated that Solid Holdings was experiencing financial difficulties and as a result, the Receiver requested certain information to verify such claims which had not been delivered as at the date of the Second Report.

Updates Subsequent to the Second Report

180 On December 7, 2017, in response to being served with the Receiver's motion record containing the Second Report, Spletzer sent an email to A&B that, among other things, stated that he would have the complete amount to repay the principal and interest under the Solid Holdings Loan. A copy of the correspondence from Spletzer, and A&B's response, is attached hereto as **Appendix "64"**.

181 The December 11 2017 Order subsequently obtained by the Receiver required that Spletzer provide to the Receiver information previously sought from him but which remained outstanding. On December 13, 2017, the Receiver sent an email to Spletzer inquiring as to when the information originally requested on October 30, 2017 would be provided.

182 On December 27, 2017, Spletzer delivered to the Receiver an email, a copy of which is attached hereto as **Appendix "65"** (the "**December 27 Spletzer Email**"), that included various pictures of equipment and other items; however, the email provided no indication as to whether such equipment/items were owned by Spletzer or Solid Holdings. The December 27 Spletzer Email also included a letter addressed to the Receiver dated December 27, 2017 (the "**First Spletzer Letter**"). The First Spletzer Letter was an incoherent document that included a number of what seemed like unrelated and unsubstantiated claims and conspiracy theories, including but not limited to the following:

"Fraudulent certificates were apparently manufactured and presented to Crystal Wealth, and approximately 4-5 million dollars was paid out based on Mr. Lopehandia's Juneau gold, and my Juneau report, without our consent or authority to do so. Crystal wealth owes Mr. Jorge Lopehandia 4-5 million dollars. Crystal Wealth gave money to the fraudsters without doing there [sic] due diligence."

“The receiver is over reaching with non-applicable requests for certain information. ...My silence to Grant Thornton does not mean I am “hiding something” as the good Judge has indicated, rather it indicates CAUTION as it opens a huge can of worms, as you soon will see.”

The First Spletzer Letter also made reference to Jorge Lopehandia (“**Lopehandia**”), who Spletzer claimed was his business associate and partner. In conclusion, Spletzer advised that he wished to cancel the Solid Holdings Loan. A copy of the First Spletzer Letter is attached hereto as **Appendix “66”**.

183 In addition to the First Spletzer Letter, the December 27 Spletzer Email included a second undated letter addressed to Spletzer from Lopehandia (the “**First Lopehandia Letter**”). The First Lopehandia Letter was even more incoherent than the First Spletzer Letter whereby it also made various accusations against individuals and companies with no relation to the Crystal Wealth Group and laid out even further conspiracy theories involving the Receiver, the Crystal Wealth Group, Housego, the BSCS, and the OSC. The First Lopehandia Letter is attached hereto as **Appendix “67”**.

184 In response, the Receiver delivered to Spletzer a letter dated January 8, 2018 (the “**Receiver’s Response to the First Spletzer Letter**”) that, among other things:

- a) notified Spletzer of his failure to provide the Receiver with the information requested on October 30, 2017 and demanded that the information be provided immediately;
- b) outlined that the failure to provide the information requested was in contravention of the December 11 2017 Order, and specifically paragraphs 11 and 12 thereof; and
- c) advised Spletzer of Solid Holdings’ outstanding obligation as at December 13, 2017 (\$367,676) should it wish to terminate the Solid Holdings Loan.

A copy of the Receiver’s Response to the First Spletzer Letter, without enclosures, is attached hereto as **Appendix “68”**.

185 On January 25, 2018, the Receiver received a second letter from Spletzer dated January 25, 2018 addressed to the Receiver and the Honourable Justice Myers who had issued the December 11, 2017 Order (the “**Second Spletzer Letter**”). Similar to the First Spletzer Letter and First Lopehandia Letter, the Second Spletzer Letter presented an incoherent

rambling of various accusations against various parties. Among other items, the Second Spletzer Letter stated that:

- a) the Gold properties owned by Lopehandia and Spletzer were worth billions and millions of dollars respectively;
- b) the amount owing under the Solid Holdings Loan:

“is a result of foul play that shorted us of money (approx. \$4,500,000) that would have been paid to us by Crystal Wealth...yet was paid to other parties instead, who used unauthorized incomplete gold certificates based on [Lopehandia's] Gold in Juneau Alaska”

- c) as of November 20, 2017, Lopehandia and Spletzer had received more than sufficient funds to pay the Solid Holdings Loan; and
- d) the Receiver, A&B, the OSC, the BCSC, and Barrick Gold were somehow in a collectively conspiracy to deceive and “thieve” Lopehandia and Spletzer.

A copy of the Second Spletzer Letter is attached hereto as **Appendix “69”**.

- 186 On February 15, 2018, upon expiry of the Solid Holdings Loan (i.e. February 13, 2018), the Receiver sent an email to Spletzer advising him that the Solid Holdings Loan had matured and requested that Spletzer put forth a proposal to repay the amount owing under the Solid Holdings Loan. The Receiver did not entertain the various incoherent accusations and statements contained in the Second Spletzer Letter.
- 187 On April 16, 2018, after not hearing a response from Spletzer, A&B, on behalf of the Receiver, delivered to Spletzer a demand letter (the “**Solid Holdings Demand Letter**”) that, among other things, demanded the amount owed by Solid Holdings to the Factoring Fund as at April 15, 2018 (\$422,173) be remitted to the Receiver on or before April 30, 2018. A copy of the Solid Holdings Demand Letter, without enclosures, is attached hereto as **Appendix “70”**.
- 188 On April 30, 2018, Spletzer delivered to A&B a third nonsensical letter (the “**Third Spletzer Letter**”) containing yet additional accusations against various parties, including baseless accusations against the Receiver. A copy of the Third Spletzer Letter is attached hereto

as **Appendix “71”**. In response to the Third Spletzer Letter, the Receiver requested that a conference call be convened between Lopehandia, Spletzer, A&B, and the Receiver.

189 On May 2, 2018, the Receiver, A&B, Lopehandia, and Spletzer convened for a conference call to discuss the status of the repayment of the Solid Holdings Loan. During the call, Spletzer and Lopehandia failed to provide any repayment proposal, while reiterating many of the incoherent statements contained in the prior correspondence delivered. Due to its unproductive nature, the Receiver ended the call. Subsequent to the call, A&B, on behalf of the Receiver, sent correspondence, attached hereto as **Appendix “72”**, to Spletzer and Lopehandia recapping the conference call, and specifically, that:

- a) Spletzer and Lopehandia acknowledged the indebtedness owing under the Solid Holdings Loan and that they have refused to make payment of same to the Receiver on the basis that they have a claim against the Crystal Wealth Group; and
- b) no claims were submitted by Solid Holdings., or by any entities with which Lopehandia or Spletzer were affiliated with, as was required by the Creditor Claims Procedure Order and as such, any such claim, if it exists, is barred.

190 On June 1, 2018, Spletzer delivered a further nonsensical letter, a copy of which is attached hereto as **Appendix “73”**, and which advised that Solid Holdings would not be remitting payment for the Solid Holdings Loan.

Onstar

191 As outlined in the Second Report, in response to the Onstar Default Letter, Onstar advised the Receiver that it would honour the Subscription Agreements and Gold Certificates. Onstar advised that it was completing separate funding to fulfill the requirements of the Gold Certificates and that such funding would be in place in the month of November to early December 2017.

Updates Subsequent to the Second Report

192 On February 14, 2018, and June 22, 2018, the Receiver sent follow-up correspondence to Braun inquiring as to when the Receiver should expect to receive the first payment(s) with respect to the Subscription Agreements. The Receiver also requested the most recent financial statements of Onstar.

- 193 On July 5, 2018, Braun emailed the Receiver indicating that he believed Onstar could honour a cash payment. Braun requested that the Receiver send to him an email of its expected cash payout amount.
- 194 On July 6, 2018, the Receiver responded to Braun reiterating that the Receiver requires delivery of funds equivalent to the spot price of the gold required to be delivered in accordance with the Subscription Agreements.
- 195 As at the date of this Fourth Report, Onstar has not advised the Receiver if the additional funding as described above was obtained by Onstar and when the payments to the Receiver will commence.

Examination of Housego

- 196 During the Receiver's examination of Housego, Housego confirmed that his introduction to Braun was through an individual named Taz Farad ("**Farad**"), a British Columbia real estate agent Housego met in the spring of 2016. Housego advised that subsequent to meeting Farad, Housego became interested in pursuing investments in Gold and related products.
- 197 As outlined in the Second Report, the initial meeting with Braun was held in August 2016, which included a number of other individuals, including Lopehandia. Housego advised that the nature of the meeting was to discuss a tailings deposit in Juneau, Alaska (the "**Juneau Mine**").
- 198 When pressed for what due diligence was done prior to advancing the funds to Onstar, Housego advised that he was provided with a:

"...43-101 report, another independent geological geologist report, a document that gave Alan Braun authority to make the deal".

None of the above documentation was provided by Housego following his Examination, with the exception of Housego's production of a Technical Report on the Juneau Gold Project dated March 16, 2011 which was prepared by a Consulting Geologist in Surrey, British Columbia.

- 199 When pressed during his Examination as to why USD \$2 million of investor monies was advanced to Onstar a mere four days after meeting Braun, Housego advised that the deal

was “*time sensitive*”. Housego further advised that Braun had advised him of a “*European group that was coming in to buy up all of the [Gold Certificates]*” and as a result, Housego quickly purchased four (4) Gold Certificates. Housego stated that this seemed like a good opportunity so he wanted to get ahead of it.

- 200 When questioned about the use of the funds advanced to Onstar by the Factoring Fund and Hedge Fund, Housego advised that he was unsure what the funding was used for, but rather, he stated he was:

“under the impression that [the funding] would go towards machinery to develop or run the [Juneau Mine]”.

- 201 As outlined above, the Receiver has not received any financial statements nor source and use of fund statements from Onstar or Housego, or any documentation in connection with the current operations, if any, at the Juneau Mine.

Solid Holdings and Onstar Relationship

- 202 As outlined in the Second Report, the Receiver had suspected that there was a correlated involvement and relationship between Solid Holdings and Onstar. During his examination, Housego confirmed that such was true in that Braun, Lopehandia, and Spletzer were involved in the development of the Juneau Mine. Housego testified that Spletzer’s role in the Juneau Mine was to perform tests and evaluate the quality of the Juneau Mine. With respect to Lopehandia, Housego advised that Lopehandia had some sort of ownership rights to the Juneau Mine, more specifically, Housego stated that:

“I think Onstar had -- was involved, but I believe Mountainstar Resources had some ownership, and Jorge Lopehandia gave or sold his rights to Mountainstar”.

- 203 Furthermore, at question 1110 of Housego’s Examination, Housego advised that:

“[Lopehandia and Spletzer] think that Alan Braun defrauded [Crystal Wealth] and didn’t have the authority to sell the ounces [in the Subscription Agreements]...because [Lopehandia] didn’t sign off on the [Gold Certificates]”.

611 BC and Onstar Relationship

204 During Housego's Examination, the Receiver inquired as to whether Pinnell received any payments out of the funds advanced to Onstar. In response, Housego stated that Pinnell received a commission of approximately one (1) million dollars which was paid by Onstar to Pinnell from the funds which Onstar received from the Factoring Fund and Hedge Fund.

205 The following exchange from the Housego Examination illustrates Housego's view with respect to the Gold Loans and ensuring investors monies advanced to third parties for investments purposes were protected and used to generate returns:

MVZ *"So you meet Alan Braun for the first time in August 2016. Within a week you advance the initial of the 4 million and yet Chuck gets a million of that?"*

AH *"Well, he went in and negotiated with them. The deal was the same for Crystal Wealth. We got the same amount of ounces for the same cost, and then he negotiated that."*

MVZ *"During that one-week period?"*

AH *"Yeah."*

MVZ *"And was paid \$1 million for it?"*

AH *"Yeah, I didn't know how much it was at the time. I didn't find out until after."*

MVZ *"But now you know?"*

AH *"Now I know, yeah. It's a significant amount."*

611 BC

206 As outlined in the Second Report, unlike the other Gold Sellers, 611 BC is a holding company that does not engage in any mining activity directly nor does it hold any assets other than investments and receivables owing from other companies. More specifically,

the advances made by the Factoring Fund, Bullion Fund, and Hedge Fund were advanced as follows:

- a) proceeds obtained from the 611/Bullion Loan and one of the 611/Hedge Loans totaling approximately \$325,325, due on November 28, 2017 (collectively the “**November 28 Gold Loans**”), were advanced to a third party, Placer 1 Mining Inc. (“**Placer 1**”), who entered into agreements with two other parties, Blacksand Gold Inc. (“**BGI**”), and New North Construction Ltd (“**New North**”), for the development of a Gold mine near Mason Creek, British Columbia (known as the “**20 Mile Project**”);
- b) proceeds obtained from the second 611/Hedge Loan totaling approximately \$209,327 were advanced to a third party, Petra Capital Corporation (“**Petra**”) and its principal, Rob Jupe (“**Jupe**”), for the delivery of Gold from a Gold mine in Columbia (the “**Columbia Mine**”); and
- c) proceeds obtained from the 611/Factoring Loan of \$500,405 were advanced to a third party, Black Gold Exploration and Production LLC (“**Black Gold**”) and its principal, Nic Boatright (“**Boatright**”), to develop a revenue interest in certain oil wells located in Louisiana, USA (the “**USA Oil Wells**”)

(collectively, the “**611 BC Investments**”). The Columbia Gold Mine and the USA Oil Wells appear to be connected as both 611 BC and Petra entered into agreements with Black Gold and Boatright as well as parties with which Boatright is affiliated.

Updates Subsequent to the Second Report

- 207 On December 12, 2017, the Receiver received from Pinnell certain requested information with respect to the 611 BC Investments. A summary of the documents provided is included below.

20 Mile Project

- 208 On November 26, 2016, 611 BC entered into a loan agreement between Placer 1 (as borrower) and an individual, Tom Hughes (“**Hughes**”) (as guarantor), dated November 26, 2016 (the “**Placer 1 Loan Agreement**”) whereby:
 - a) 611 BC agreed to lend Placer 1 \$325,000 for 30 days (the “**Placer 1 Loan**”) with an agreed bonus of \$50,000 to be secured personally and guaranteed by Hughes;

- b) \$125,000 of the Placer 1 Loan was to be used for the equipment purchases and setup of a processing plant owned and run by Placer 1 and the principal of same, Brian Walker ("**Walker**"), located in Richmond, British Columbia (the "**Richmond Facility**");
- c) \$200,000 of the Placer 1 Loan was to secure a black sand supply agreement with Mike McKone ("**McKone**"), a miner on the 20 Mile Project; the payments to McKone were as follows:
 - i) \$100,000 upon securing an agreement with McKone; and
 - ii) \$100,000 when black sand concentrate ("**Black Sand**") of 32 tons or more is delivered to the Richmond Facility;
- d) the first shipment of Black Sand to the Richmond Facility was to occur on or before December 10, 2016 whereby the processing of same by Placer 1 was to be completed by December 12, 2016;
- e) Placer 1 was to deliver cleaned Gold to 611 BC by December 30, 2016, to which the proceeds of the sale of same would satisfy the Placer 1 Loan; and
- f) in the absence of Gold being delivered by December 30, 2016, the Placer 1 Loan was to be paid by Hughes on or before January 28, 2016.

A personal guarantee was executed by Hughes on November 29, 2016 (the "**Hughes Personal Guarantee**") in favour of 611 BC as required by the Placer 1 Loan Agreement. Pinnell advised the Receiver that Hughes was a business partner of Braun. The Placer 1 Loan Agreement, and the Hughes Personal Guarantee are collectively attached hereto as **Appendix "74"**.

209 In addition to the above documents, Pinnell delivered to the Receiver a letter dated December 8, 2017, that addressed the 611/Bullion Loan and one of the 611/Hedge Loans, both of which matured on November 28, 2017 and collectively totaled \$325,000 of funds advanced to 611 BC (the "**November 28 Gold Loans**"). In the letter Pinnell, among other things:

- a) acknowledged the November 28 Gold Loans were in default;

- b) advised that all efforts to collect the amounts owing under the Placer 1 Loan Agreement from Placer 1 and Hughes had been exhausted as representatives from Placer 1 and Hughes had ceased responding to Pinnell; and
- c) stated that 611 BC does not have the funds to engage counsel to pursue collection of the Placer 1 Loan through legal means.

A copy of the December 8, 2017 letter sent by Pinnell regarding the November 28 Gold Loans is attached hereto as **Appendix “75”**.

- 210 On July 1, 2018, Pinnell sent an email (the “**Pinnell July 1, 2018 Email**”) to the Receiver advising, among other things, that “zero progress” had been made to Pinnell’s knowledge with the 20 Mile Project. The Pinnell July 1, 2018 Email is attached hereto as **Appendix “76”**.

Columbia Mine

- 211 On September 28, 2016, 611 BC entered into a loan agreement with Petra (the “**Petra Loan Agreement**”) whereby 611 BC loaned Petra \$200,000 (the “**Petra Loan**”) to: (i) acquire the shares of a Colombian company, Mineros Sistemas Eticos S.A. (“**Mineros**”); and (ii) purchase a farm of approximately 10 acres and the necessary equipment to process Gold bearing tailings (the “**Gold Tailings**”) into Gold bars (the “**Processed Gold**”) to be shipped to a refinery in Miami, USA. The Petra Loan Agreement states that Mineros will be jointly owned by 611 BC and Petra.
- 212 The Petra Loan Agreement further states that, among other things:
- a) the Gold Tailings are to be acquired at a price of US \$1 per ton whereby it is expected that each ton will contain 21 grams of Processed Gold;
 - b) Boatright will oversee the operations of the processing;
 - c) the Miami refinery will pay Petra for the Processed Gold at the spot price less 1%; the proceeds of which will be distributed as follows: (i) 25% to Boatright; and (ii) 75% to 611 BC until the Petra Loan is repaid in full, after which the 75% will be split 50%-50% between 611 BC and Petra.

A copy of the Petra Loan Agreement is attached hereto as **Appendix “77”**.

- 213 On November 10, 2016, Petra, 611 BC, and Mineros entered into a memorandum of understanding (the “**Columbia MOU**”), attached hereto as **Appendix “78”**, with Seminole Enterprises Group, Inc. / Seminole Group Columbia CI, SAS (collectively, “**Seminole**”), a producer of metallic ore minerals in Columbia and USA (collectively, 611 BC, Petra, Mineros, and Seminole are referred to as the “**Columbia Parties**”). The intent of the Columbia MOU was to develop a profitable, equitable business relationship through acquisition, processing, and marketing of natural resources obtained from mining activities primarily located in Columbia. The Columbia MOU further states that, among other things:
- a) Seminole owns and controls 27 mineral claims in the Guiana Shield near Puerto Carreno, Columbia;
 - b) 611 BC is to provide to Seminole, sophisticated equipment for the mutual benefit of the Columbia Parties;
 - c) Mineros (611 BC and Petra) will advance the funds necessary to establish: (i) a trading post in Puerto Carreno, Columbia; (ii) a processing plant in Andes, Columbia; and (iii) a warehouse / office in Bogota, Columbia; and
 - d) Seminole and Mineros will share profits from the activities equally after the costs of start-up put forth by Mineros, 611 BC, and Petra have been recovered.
- 214 At the time that Mineros was establishing the processing plant in Andes, Columbia, tin ore was made available. As a result, on January 1, 2017, Seminole entered into an agreement with Malaysia Smelting Company (“**MSC**”) for the processing of tin ore (the “**MSC Tin Agreement**”). A partial copy of the MSC Tin Agreement was provided by Pinnell, however, the contents provided did not outline the substantial terms of the MSC Tin Agreement.
- 215 In an email dated November 27, 2017, from Robert Jupe (“**Jupe**”), the principal of Petra (the “**November 27, 2017 Jupe Email**”), Jupe provided an update on the activities regarding the Columbia Mine Project. Among other things, the November 27, 2017 Jupe Email stated that:
- a) The Columbia Parties’ attempts to sell the Processed Gold from the Gold Tailings failed as the quality of same could not be verified by third parties and that to remedy

this issue, the Columbia Parties required an additional US \$12 million of capital to construct a small refinery; and

- b) the Colombia Parties do not have the capital to secure the tin ore required to ship to MSC for processing to fulfill the MSC Tin Agreement.

A copy of the November 27, 2017 Jupe Email is attached hereto as **Appendix “79”**.

- 216 The Pinnell July 1, 2018 Email further advised that ongoing efforts to secure additional funding are needed. Accordingly, it appears that the Columbia Parties do not have the necessary capital to continue profitable operations.

USA Oil Wells

- 217 On February 18, 2017, 611 BC entered into a memorandum of understanding with Black Gold and Boatright (the “**Black Gold MOU**”) whereby Black Gold, Boatright, and 611 BC entered into a joint venture (the “**Black Gold JV**”). Under the Black Gold MOU:

- a) 611 BC was to raise the funds required for the USA Oil Wells; and
- b) Black Gold was to use the funds to execute various methods of oil-well remediation with the ultimate responsibility of performing all aspects required to start the USA Oil Wells;

A copy of the Black Gold MOU is attached hereto as **Appendix “80”**.

- 218 In an email dated November 27, 2017, a copy of which is attached hereto as **Appendix “81”**, Jupe advised 611 BC that, among other things, the USA Oil Wells will require additional funding of US \$895,000 to begin production.
- 219 In the Pinnell July 1, 2018 Email, Pinnell advised the Receiver that “*a large funding that we had worked on for months fell apart in late May*” and that 611 BC, while optimistic, has no timelines on production with respect to the US Oil Wells.

Inca

- 220 As outlined in the Second Report, under the Inca Loans, the Hedge Fund and Bullion Fund are both unsecured creditors. Accordingly, if Inca does not deliver payment in accordance

with the Inca Loans, or if a satisfactory alternative arrangement cannot be agreed upon, the Receiver's enforcement options as against Inca are limited.

- 221 After determining that no management takeover offers would be accepted through the Sales Process, the Receiver inquired as to Inca's financial position and ability to repay the Inca Loans. Inca advised that it did not have the financial resources to repay the Inca Loans in full, however, stated that it would put forth a payment proposal in short order.
- 222 On November 9, 2017, the Receiver sent follow-up email correspondence to Inca advising that a proposal had not been received. The Receiver had not received a payment proposal as at the date of the Second Report.

Updates Subsequent to the Second Report

- 223 On December 13, 2017, the Receiver inquired as to when it should expect to receive a repayment proposal from Inca. In response, Inca stated that it was still in the process of raising funds to be able to satisfy secured and unsecured creditors of Inca. Inca further advised that once the funding was completed, Inca would be in a better position to provide a payment plan to the Receiver.
- 224 On February 7, 2018, the Receiver sent an email to Inca, a copy of which is attached as **Appendix "82"**, that, among other things:
- a) advised Inca that the Inca Loans had all matured whereby a cash settlement was required to be received from Inca to satisfy same;
 - b) stated that the Receiver had not received any payments with respect to the Inca Loans;
 - c) stated that Inca had failed to deliver to the Receiver a proposal outlining how Inca will be repaying the amounts owing under the Inca Loans;
 - d) requested that Inca deliver to the Receiver such a proposal by no later than 5:00 pm EST on Friday, February 9, 2018; and
 - e) advised Inca that if it failed to deliver a proposal to the Receiver by the above mentioned date, the Receiver would take whatever steps it considered necessary or appropriate to collect and recover the amounts owing under the Inca Loans.

225 In response to the Receiver's email on February 7, 2018, Inca advised the Receiver:

"[Inca] just closed a financing last week that will allow us to buy enough mineral to fill our plant. It will probably take 3 months to get up to full capacity and put us in a position whereby we can start covering our monthly bills and start considering a plan for repayment of all the various components of our outstanding debts."

226 On February 26, 2018, the Receiver received an email from Inca that, among other things:

- a) advised the Receiver that Inca's secured debentures of \$2.7 million were due on September 1, 2018 and that Inca's cash flow model predicted that it would be approximately \$2 million short in fulfilling the payment of same;
- b) stated that Inca was working to restructure the secured debentures and, if required, find new holders for the secured debentures; and
- c) based on certain assumptions, outlined to the Receiver that Inca could possibly begin the repayment of the Inca Loans on August 1, 2018 at \$50,000 per month.

227 On March 5, 2018, the Receiver and Inca attended a meeting at the Receiver's office to discuss, among other things, the items raised in Inca's email to the Receiver dated February 26, 2018. During the meeting, the Receiver advised that it was unlikely to convert the Inca Loans into equity as Inca had proposed, as the Receiver was unwilling to give up its rights as a creditor, albeit unsecured, should Inca become insolvent. The Receiver requested that Inca continue to keep it apprised of the developments and negotiations with respect to the restructuring of the secured debentures.

228 On March 16, 2018, Inca's most recent interim consolidated financial statements for the three and nine month ended January 31, 2018 ("**Inca's Jan 31 Statements**") were approved by the board of directors. Inca's Jan 31 Statements demonstrate that for the nine months ending January 31, 2018, Inca incurred a net loss of \$2,630,717 and had **negative** cash flow from operations of \$1,391,023. As at January 31, 2018, Inca had total liabilities of approximately \$7,172,054 (\$2.7 million of which were the secured debentures), and a reported cash balance of \$2,226,817 (obtained from a private placement completed for shares of Inca). Although the financial results were somewhat improved, Inca's Jan 31 Statements still contained the Going Concern Note (as detailed

at paragraph 257 of the Second Report), putting into question Inca's ability to continue operations.

229 Based on the above, it is clear that Inca's distressed financial position and its ability to continue as a going concern puts into question Inca's ability to repay the Inca Loans and thus the Bullion/Hedge Fund's ultimate value and recoverability of same.

230 On June 21, 2018, the Receiver received an email from Inca (the "**Inca June 2018 Update**") that, among other things:

- a) advised the Receiver that Inca had restructured \$1.1 million of the \$2.7 million in secured debentures by converting same into equity and had extended the repayment of the remaining \$1.6 million until September 2021;
- b) stated that Inca had achieved record throughput during May 2018; and
- c) advised the Receiver that Inca was approximately 12 months away from being able to consider a payment plan on the Inca Loans.

COMMERCIAL LOANS

231 As outlined in the Second Report, the Company and/or the Crystal Wealth Funds entered into Commercial Loans which included:

- a) a loan agreement with Pond dated December 15, 2015 (as amended, the "**Pond Loan Agreement**") with a principal value of \$4,500,000, at an interest rate of 12% payable quarterly in arrears, maturing on February 2, 2018 (the "**Pond Loan**");
- b) loan agreements (collectively, the "**OOM Energy Loans**") with the following entities (all of which are under the control of a common individual, Clydesdale, and are collectively referred to as the "**OOM Energy Group**"):
 - i) Magnitude CS Energy Inc. (formerly, 2445958 Ontario Inc.) ("**Magnitude**");
 - ii) 2441472 Ontario Inc. ("**244 Ontario**"), as guaranteed by 2404783 Ontario Corp. ("**240 Ontario**");
 - iii) MCSnoxrecovery Inc. ("**MCSnox**"); and

iv) MCSAB10 Inc. ("**MCSAB**"), as guaranteed by 4873 Ontario,

which, based on the Company's books and records, the April 20th Package, and the information obtained by the Receiver thus far, collectively appear to have had a cumulative principal balance of approximately \$12,535,270 as at April 20, 2017, plus outstanding interest of approximately \$478,794, totaling \$13,014,064 (the "**OOM Energy Balance**");

c) a promissory note between 109 BC, as borrower, and the Company, as lender, dated November 4, 2016, for a principal balance of US \$125,000, which has matured (the "**109 BC Promissory Note**");

d) a promissory note issued by Cinnos Mission Critical Incorporated ("**Cinnos**") in favour of the Infrastructure Fund dated September 30, 2016, for a principal balance of \$300,000, which matures on September 28, 2018 (the "**Cinnos Promissory Note**"); and

e) a participation interest in a mortgage issued to Kanwal Investments Inc. ("**Kanwal**") by Liberty Mortgage Services Inc. (the "**Kanwal Mortgage**").

232 The Receiver is of the view that the OOM Energy Loans, the 109 BC Promissory Note, and the Kanwal Mortgage, with a cumulative Recorded Value of \$13,242,761 and US \$155,514 are impaired, but intends to continue realization efforts for the benefit of investors.

Pond Loan

233 As outlined in the Second Report, due to Pond's inability to repay the Pond Loan in accordance with the original terms of same, the Receiver and Pond entered into the Pond Amendment which, among other things, extended the maturity of the Pond Loan and restructured the timing of the required principal and interest payments. The terms of the Pond Amendment are outlined in detail in the Second Report.

Updates Subsequent to the Second Report

234 During a meeting at the Receiver's office on November 2, 2017, Pond advised the Receiver that it would be unable to make the first interest payment of \$581,398 due on November 30, 2017 (the "**First Interest Payment**") pursuant to the Pond Amendment. In

response, the Receiver and Pond entered into an amendment to the Pond Amendment dated November 16, 2017 (the “**November Amending Agreement**”), which extended the date of the First Interest Payment to December 21, 2017, and required Pond to remit to the Receiver a \$10,000 extension fee (the “**First Extension Fee**”) alongside the First Interest Payment. A copy of the November Amending Agreement is attached hereto as **Appendix “83”**.

235 On December 16, 2017, counsel to Pond further advised the Receiver that due to certain delays in completing the RTO with Ironhorse (as detailed in the Second Report), Pond would be unable to remit to the Receiver both the first principal payment of \$1,000,000 (the “**First Principal Payment**”) due on December 31, 2017 pursuant to the Pond Amendment, and the First Interest Payment on December 21, 2017. As a result, the Receiver and Pond entered into an amendment to the Pond Amendment dated December 19, 2017 (the “**December Amending Agreement**”) which, among other things:

- a) extended the date of the First Principal Payment to January 31, 2018;
- b) extended the date of the First Interest Payment, due on December 21, 2017, pursuant to the November Amending Agreement, to January 31, 2018; and
- c) required Pond to remit to the Receiver a \$10,000 extension fee (the “**Second Extension Fee**”) upon execution of the December Amending Agreement.

A copy of the December Amending Agreement is attached hereto as **Appendix “84”**.

236 As required, Pond paid the Second Extension Fee on December 20, 2017.

237 On December 15, 2017, the shareholders of Pond approved the amalgamation of Pond with 2597905 Ontario Inc., a wholly-owned subsidiary of Ironhorse, in connection with the proposed completion of the business combination with Ironhorse.

238 On December 18, 2017, Ironhorse shareholders voted at the annual and special meeting of shareholders to approve the business combination of Ironhorse and Pond by way of a “three-cornered amalgamation”. At this meeting, Ironhorse also received shareholder approval for the related share consolidation and name change of Ironhorse to Pond Technologies Holdings Inc.

- 239 On February 5, 2018, trading of the newly amalgamated company, Pond Technologies Holdings Inc., resumed on the TSX Venture Exchange under the ticker "POND".
- 240 As at the date of this Fourth Report, the Receiver has received from Pond payments totaling \$1,770,359, made up of the following:
- a) December 20, 2017 – a payment of \$10,000 consisting of the Second Extension Fee;
 - b) December 29, 2017 – a payment in the amount of \$611,890 consisting of: (i) the First Interest Payment (\$581,398); and (ii) the December 31, 2017 Quarterly Interest Payment of \$30,492;
 - c) January 31, 2018 – a payment of \$1,010,000 consisting of the First Principal Payment and the First Extension Fee;
 - d) April 5, 2018 – a payment of \$68,852 consisting of the March 31, 2018 Quarterly Interest Payment of \$68,852 pursuant to the Pond Amendment; and
 - e) June 28, 2018 – a payment of \$69,617 consisting of the June 30, 2018 Quarterly Interest Payment of \$69,617 pursuant to the Pond Amendment.

Receiver's Next Steps

- 241 The Receiver has and will continue to monitor and correspond with Pond to ensure the required payments under the Pond Amendment will be made on time and in full.

OOM Energy Loans

- 242 On October 26, 2017, as outlined in the Second Report, A&B, on behalf of the Receiver, issued default notices in respect of the OOM Energy Loans (the "**OOM Default Notices**") to the OOM Energy Group, Clydesdale, and Clydesdale's counsel, Bill McKenzie ("**McKenzie**"). The OOM Default Notices:
- a) advised certain OOM Energy Group entities that their failure to make the required interest payments when due under the terms of the applicable loan agreement(s) triggered an Event of Default under the applicable loan agreement(s);
 - b) advised all OOM Energy Group entities that their failure to provide the information requested by the Receiver on May 18, 2017 and June 6, 2017 in connection with the

- various loan agreements is an Event of Default under the applicable loan agreement(s);
- c) requested the most recent review engagement report for each of the OOM Energy Group companies, as provided for in their respective loan agreements; and
 - d) made formal demand for payment of interest or principal owing under certain of the OOM Energy Loans, to the extent that such amounts were payable on demand without a default notice.
- 243 Following the issuance of the OOM Default Notices, the applicable cure periods provided under the OOM Energy Loans expired without a response from any of the OOM Energy Group, Clydesdale, or McKenzie.
- 244 On November 13, 2017, A&B, on behalf of the Receiver, issued demand letters and notices of intention to enforce security pursuant to subsection 244(1) of the BIA to the OOM Energy Group, together with Clydesdale (in his personal capacity, as a guarantor of certain arrangements with Magnitude) (the “**OOM Demand Letters**”).
- 245 On November 28, 2017, after being served with the Receiver’s Motion Record returnable December 11, 2017, McKenzie requested that the Receiver adjourn the scheduled motion date as McKenzie was not available on that date to make submissions to the Court. In response, on November 29, 2017, A&B advised McKenzie that the Receiver would not agree to an adjournment. Moreover, A&B reiterated to McKenzie that the Receiver had made extensive efforts to receive information from Clydesdale and McKenzie regarding the OOM Energy Loans, to no avail. McKenzie made further requests to adjourn, which were denied by A&B. Correspondence between A&B and McKenzie regarding the requested adjournment (in reverse chronological order) is attached hereto as **Appendix “85”**.
- 246 As detailed throughout this section of this Fourth Report, McKenzie’s actions since the commencement of the receivership have obstructed the Receiver’s investigation and enforcement efforts.
- 247 When Clayton Smith was questioned during his examination by A&B concerning the Company’s failure to obtain security instruments prior to advancing loan monies, which

instruments, according to loan documentation, ought to have been obtained in connection with the OOM Energy Loans, Smith responded as follows:

CS *"...I was overwhelmed. I mean, there is no excuse. I am just trying to explain the state of mind at the time. That is why the oversight wasn't sufficient on a lot of these things. I was working with Jonathan Dyck [of Miller Thomson LLP] to try and get a lot of these agreements in place, and as you have now experienced, Mr. Clydesdale, with Mr. McKenzie, there was some resistance, delays, obstruction. We were getting on with running other stuff at Crystal Wealth. So, time would go by. It is not an excuse, but that is simple fact, so."*

MVZ *"So, why advance the money without that protection in hand to secure the investment?"*

CS *"In hindsight, it was a bad idea...."*

244 Ontario Loan – Updates Subsequent to the Second Report

248 As outlined in the Second Report, the Company entered into a loan agreement with 244 Ontario (as borrower) and 240 Ontario (as guarantor) dated November 7, 2014 (the "**244 Ontario Loan Agreement**"), whereby the Mortgage Fund advanced \$1,800,000 at 13% to finance the installation of a MCS COGEN MARK 6 CoEnergyPoD (the "**MCS PoD**"), to be deployed at the premises of St. Mary's Cement Inc. (Canada) ("**SMC**") located at 55 Industrial St., Toronto, Ontario (the "**244 Ontario Loan**"). The 244 Ontario Loan was assigned to the Mortgage Fund on November 2, 2016.

249 Prior to the Company entering into the 244 Ontario Loan Agreement, 2363265 Ontario Inc. (the "**Original Supplier**"), another company controlled by Clydesdale, and SMC had entered into an Energy Services Agreement dated November 27, 2013 (as was subsequently amended on July 17, 2014, and September 22, 2014, the "**SMC ESA**"). The Original Supplier, with the consent of SMC pursuant to a consent letter dated November 20, 2014 (the "**Consent Letter**"), assigned the SMC ESA to 244 Ontario by way of an Assignment of Energy Services Agreement dated November 20, 2014.

250 The 244 Ontario Loan was secured by, among other things: (i) a general security agreement dated November 20, 2014, by which 244 Ontario granted the Mortgage Fund

a security interest in all of 244 Ontario's present and after-acquired property (which included the MCS PoD); and (ii) a further Assignment of the SMC ESA made between the Supplier and the Mortgage Fund on November 20, 2014 (the "**Assignment of ESA**").

251 Pursuant to the Consent Letter, SMC is required to remit all payments due to 244 Ontario under the SMC ESA into a segregated account. The amount required to be remitted pursuant to the SMC ESA is \$38,895 per month (excluding HST) (the "**ESA Payments**" and individually, an "**ESA Payment**").

252 On December 12, 2017, A&B, on behalf of the Receiver, delivered to SMC a letter (the "**First Letter to SMC**") that, among other things:

- a) provided background to the Receiver's appointment and 244 Ontario's default under the 244 Ontario Loan Agreement;
- b) inquired if SMC had been sending the ESA Payments due under the SMC ESA to 244 Ontario; and
- c) provided notice to SMC that 244 Ontario had defaulted on the 244 Ontario Loan and that the Receiver was in a position to enforce its security.

A copy of the First Letter to SMC is attached hereto as **Appendix "86"**. A courtesy copy of the First Letter to SMC was sent to McKenzie.

253 On December 14, 2017, in response to an email from McKenzie criticizing the Receiver for allegedly being uncooperative, A&B delivered to McKenzie an email, a copy of which is attached hereto as **Appendix "87"**, that, among other things:

- a) advised that an in-person meeting between Clydesdale, McKenzie, the Receiver, and A&B (which had been requested by McKenzie) would be one step in a settlement process, however, prior to such a meeting taking place, a call must be convened to ensure such a meeting was productive;
- b) reminded McKenzie that in the December 11, 2017 Endorsement of the Honourable Justice Myers, His Honour stated that:

“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”; and

- c) advised McKenzie that the December 11 2017 Order specifically directed Mr. Clydesdale to provide the Receiver and its counsel with all previously requested information, including but not limited to: (i) the documents and information requested in writing by the Receiver on June 8, 2017; and (ii) the financial statements for each of Magnitude, MCSnox, 244 Ontario, MCSAB, and 240 Ontario, which had been previously requested by the Receiver on October 26, 2017.
- 254 On December 15, 2017, the Receiver received a letter from WeirFoulds LLP (“**WeirFoulds**”) that advised the Receiver that it currently represented SMC and that it was in the process of reviewing the First Letter to SMC to be able to provide a substantive response. Furthermore, WeirFoulds advised that it would commence depositing the ESA Payments into a segregated trust account until a determination as to whom such payments belong could be made. For greater clarity, the ESA Payments would no longer be issued to 244 Ontario until a resolution between the Receiver and 244 Ontario materialized. A copy of the letter received from WeirFoulds is attached hereto as **Appendix “88”**.
- 255 Between December 20, 2017, and February 28, 2018, various correspondence was exchanged by McKenzie, the Receiver, A&B on the Receiver’s behalf, and WeirFoulds, some of which was of a without prejudice nature.
- 256 On February 28, 2018, WeirFoulds delivered an email to McKenzie that followed up on a request by WeirFoulds for a meeting with Clydesdale, McKenzie, the Receiver, and SMC to discuss a potential agreement to determine the allocation of the ESA Payments for January, February, and March 2018 totaling \$135,244.50 (inclusive of HST) (the “**Q1 ESA Payments**”) among the parties.
- 257 On March 19, 2018, the Receiver received an email from WeirFoulds (the “**March 2018 WeirFoulds Email**”) that, among other things, outlined a plan (agreeable to SMC and 244 Ontario) to distribute the Q1 ESA Payments amongst SMC, 244 Ontario, and the Receiver as follows:

- a) SMC – \$61,587.04, including: (i) \$24,474.79 to pay for amounts owed to Enbridge as a result of 244 Ontario's failures under the SMC ESA; and (ii) \$37,112.25 for hydro costs required to be paid by SMC;
 - b) Receiver – \$37,112.25 to be applied against interest owing on the 244 Ontario Loan; and
 - c) 244 Ontario – \$36,545.21 to service and operate the MCS PoD.
- 258 On March 21, 2018, A&B, on behalf of the Receiver, notified WeirFoulds that, in order to not delay the release of the Q1 ESA Payments, the Receiver agreed to proceed with the payment scheme outlined in the March 2018 WeirFoulds Email. Notwithstanding the Receiver's acceptance to the terms, A&B requested, among other things:
- a) documentation supporting the amounts that were/are required to be paid to Enbridge and Hydro One;
 - b) confirmation that OOM Energy would be taking steps to refinance its obligations to the Crystal Wealth Funds;
 - c) confirmation that SMC would be taking steps to purchase the MCS PoD; and
 - d) confirmation from OOM Energy of the ownership of the intellectual property or technology required to operate the generator and documentation to substantiate same.
- 259 On March 27, 2018, the Receiver received the allocated payment of \$37,112.25. The March 2018 WeirFoulds Email and the Receiver's response to same are collectively attached hereto (in reverse chronological order) as **Appendix "89"**.
- 260 Since March 2018, the Receiver has continued to receive a monthly payment of \$12,370.75 from SMC on account of the monthly ESA Payment.

MCSAB Loan – Updates Subsequent to the Second Report

- 261 As outlined in the Second Report, the Company entered into a loan agreement among MCSAB (as borrower) and 4873 Ontario Corp (as guarantor), dated November 28, 2016 (the "**MCSAB Loan Agreement**") whereby the Sustainable Property Fund advanced

\$2,000,000 at 13% to finance the installation of a MCS PoD, to be deployed at the premises of Imaginea Energy Corp. ("**Imaginea**") located in Jenner, Alberta (the "**MCSAB Loan**"). The MCSAB Loan was assigned to the Sustainable Property Fund on December 9, 2016.

262 Prior to the Company entering into the MCSAB Loan Agreement, MCSAB and Imaginea entered into an Energy Services Agreement dated June 20, 2016 (as may have been amended from time to time, the "**Imaginea ESA**").

263 The MCSAB Loan was secured by, among other things: (i) a general security agreement by which the MCSAB granted the Sustainable Property Fund a security interest in all of MCSAB's present and after-acquired property (which included the MCS PoD); and (ii) an Assignment of the Imaginea ESA made between MCSAB and the Sustainable Property Fund on November 28, 2016 (the "**Imaginea ESA Assignment**").

264 Pursuant to the Imaginea ESA, Imaginea is required to remit all payments due to MCSAB under same into a segregated account. The amount required to be remitted pursuant to the Imaginea ESA is \$39,550 per month (excluding HST) (the "**Imaginea ESA Payments**").

265 On December 15, 2017, Imaginea formally changed its name to Cor4 Oil Corp. ("**Cor4**").

266 On December 12, 2017, A&B, on behalf of the Receiver, delivered to Cor4 a letter dated December 12, 2017 (the "**First Letter to Cor4**") that, among other things:

- a) provided background to the Receiver's appointment and MCSAB's default under the MCSAB Loan Agreement;
- b) inquired if the MCS PoD had been installed and if so, if Cor4 had been sending the Imaginea ESA Payments to MCSAB; and
- c) provided notice to Cor4 that MCSAB had defaulted and that the Receiver is in a position to enforce its security.

A copy of the First Letter to Cor4 is attached hereto as **Appendix "90"**. A courtesy copy of the First Letter to Cor4 was sent to McKenzie.

267 On December 20, 2017, Cor4 advised the Receiver that the MCS PoD was neither delivered nor installed at Cor4's facility in Jenner, Alberta.

268 On February 13, 2018, A&B delivered a letter to Lindsay Goos ("**Goos**"), a listed director of Imaginea, requesting that Goos and/or the previous president of Imaginea, Suzanne West, ("**West**"), attend a call with the Receiver to discuss, among other things, the background with respect to the MCS PoD and Imaginea's relationship with MCSAB. Goos advised the Receiver that she and West were no longer directors of Imaginea and that the correspondence would be sent to Cor4. Notwithstanding follow-up requests for a call, the Receiver has not received a response from Goos. A copy of the letter sent to Goos on February 13, 2018 is attached hereto as **Appendix "91"**.

269 The Receiver has since learned that West passed away on or about March 6, 2018.

MCSnox and Magnitude Loans – Updates Subsequent to the Second Report

270 Aside from the examination described below, the Receiver has not received any additional information regarding the MCSnox and Magnitude Loans since the date of the Second Report.

Examination of Clydesdale

271 On March 12 and 13, 2018, A&B conducted an examination of Clydesdale in accordance with the December 11, 2017 Order and Endorsement (the "**Clydesdale Examination**"). Clydesdale was represented at the examination by McKenzie.

272 The Clydesdale Examination was largely unhelpful. A&B and the Receiver confirmed that, aside from the MCS PoD installation located at the SMC facility in Leaside, none of the OOM Energy Group's projects have been completed, and they are not generating any funds. Accordingly, the OOM Energy Group does not hold assets which can be readily enforced against.

273 Clydesdale gave a number of undertakings relating to the flow of the funds received from Crystal Wealth, the status of the applicable projects, and any refinancing efforts that the OOM Energy Group was undertaking in order to obtain funds to complete the projects. To date, Clydesdale has not answered any of the undertakings.

274 A&B continues to follow up with McKenzie regarding the answers to undertakings.

275 A copy of the transcript of the Clydesdale Examination has been posted to the Receiver's website.

109 BC

276 As outlined in the Second Report, by letter dated October 26, 2017, the Receiver issued to 109 BC a demand for repayment of the 109 BC Promissory Note (the "**109 BC Demand Letter**"). Since the issuance of the 109 BC Demand Letter, the Receiver and A&B have had various correspondence with the principal of 109 BC, Marcel Rada ("**Rada**"), whom the Receiver previously noted in the Second Report has a history of engaging in similarly structured transactions in which investors are not repaid in full.

277 On November 22, 2017, Mr. Rada sent an email to A&B advising that 109 BC was insolvent, that it had a large amount of debt, and that there was no guarantee that certain mining permits would be granted in a timely manner. 109 BC required the mining permits to carry out the project in respect of which the Company had entered into the 109 BC Promissory Note. Mr. Rada proposed to settle the 109 BC Promissory Note by way of one of the following payment options:

a) US \$12,500 on or before January 30, 2018;

b) US \$25,000 on or before April 30, 2018; or

c) US \$37,500 on or before July 31, 2018

(collectively, the "**Rada Proposal**").

278 In addition, Mr. Rada stated that:

"If one of [the above three options] options is not acceptable 1092545 BC Ltd will be forced into dissolution. It has no cash or assets. Only debt."

Updates Subsequent to the Second Report

279 On November 24, 2017, in response to a previous request by the Receiver for cash flow documentation and financial statements to evaluate the Rada Proposal, Rada delivered to the Receiver an email that stated that:

- a) 109 BC did not have any financial statements prepared as it is a *“shell [company] that was setup for the transaction”*; and
 - b) 109 BC had approximately \$700,000 in senior secured debt.
- 280 On November 27, 2017, A&B, on behalf of the Receiver, sent an email to Rada that, among other things:
- a) requested certain information be provided by 109 BC to validate certain claims made by Rada;
 - b) inquired as to who is holding the trust account deposit of US \$250,000 that is noted in the 109 BC Promissory Note to be held in trust at Morton Law LLC (Morton Law LLC confirmed to the Receiver that 109 BC was never its client and that these funds were never held by it in trust); and
 - c) the source of the funds used to put forth an offer to the Receiver for the repayment of the 109 BC Promissory Note.
- 281 On November 29, 2017, A&B conducted a phone call with Rada. On the call, Rada refused to provide the names of 109 BC's secured creditors for reasons of purported confidentiality; the Receiver stated that this was unacceptable due to its role as a Court officer. With respect to the US \$250,000 deposit, Rada acknowledged that the 109 BC Promissory Note was misleading to the extent that it provides that the trust account deposit is in 109 BC's name, however, the intention was for it to be secured by a trust deposit in Century Energy Ltd.'s name, which funds, to his knowledge, were no longer in this account. At the conclusion of the call, Rada agreed to provide the Receiver with certain information in due course. A summary of this telephone conversation is set out in an email dated November 29, 2017 from A&B to Rada, which is attached hereto as **Appendix “92”**.
- 282 Rada did not provide the requested information, despite numerous follow-up emails from A&B.
- 283 After extensive correspondence and negotiations between Rada and the Receiver, the parties agreed to settle the 109 BC Promissory Note for US \$50,000, to be paid on or before February 15, 2018. The Receiver and 109 BC entered into a settlement agreement dated December 20, 2017 (the **“109 BC Settlement Agreement”**) to document the terms

of the settlement between the parties. A copy of the 109 BC Settlement Agreement is attached hereto as **Appendix “93”**.

- 284 On February 20, 2018, after not receiving the US \$50,000 by February 15, 2018, A&B sent an email to Rada indicating that the payment had not been received by the Receiver. Rada in correspondence dated February 23, 2018 indicated that the payment would be made the following week.
- 285 Despite repeated follow-up correspondence, the Receiver has not received payment in the amount of US \$50,000 pursuant to the 109 BC Settlement Agreement from Rada or 109 BC.
- 286 Accordingly, the Receiver requests that judgment be issued against 109 BC for the agreed upon sum of USD \$50,000.

Cinnos Debenture

- 287 The Cinnos Promissory Note principal and interest is repayable on maturity, or convertible into preferred shares of Cinnos in the event of a qualified financing. The Receiver has and continues to monitor (through the issuance of investor updates prepared and released by Cinnos) the performance of this investment until its stated maturity date, being September 28, 2018.

US REAL ESTATE LP

- 288 As outlined in previous reports, through subscription agreements (the “**Subscription Agreements**”), from June 6, 2016 to March 14, 2017, the Hedge Fund and Factoring Fund respectively purchased US \$5,750,000 and US \$2,150,000 of preferred share units in 107 LP, an entity that has an indirect ownership interest in the US Properties together with corporate and individual partners. The Hedge Fund and Factoring Fund cumulatively own 99.99% of 107 LP and act as limited partners (the “**Limited Partners**”) in the US Real Estate LP.
- 289 The remaining 0.01% ownership of 107 LP is held by 1076874 B.C. Ltd., an entity listed as the general partner which is owned by the following individuals: (i) Alberto Storelli (Canadian) (“**Storelli**”) – 51.0%; (ii) Brian Peoples (USA) (“**Peoples**”) – 24.5%; and (iii) Joe Harker (USA) (“**Harker**”) – 24.5% (collectively the “**General Partners**”). The Receiver

understands that Storelli is the directing mind of the US Real Estate LP and is a personal friend of Housego.

- 290 The Limited Partners own a minority interest in the US Real Estate LP. In addition, as preferred shareholders, it appears that the Limited Partners have no security over the assets of 107 LP and/or the various US Real Estate LP entities.

The Receiver's Continued Dealings with Storelli and the US Real Estate LP

- 291 As at the date of this Fourth Report, the Receiver had not been able to make direct contact with Storelli; however, it has had limited discussions with Storelli's counsel, Sean O'Neill ("O'Neill"), as detailed below.
- 292 As outlined in the Second Report, the Receiver had made requests for financial information for the various entities included in the US Real Estate LP but had not received such information as at the date of same.
- 293 Despite repeated follow-up requests on February 22, 2018, March 13, 2018, April 5, 2018, April 17, 2018, and June 18, 2018, the Receiver has not received any requested financial information nor any updates on the status of the US Properties since the initial updates provided by O'Neill, outlined in the Second Report.
- 294 As outlined in the Second Report, O'Neill indicated that the other owners of the US Properties were potentially interested in acquiring 107 LP's interests in same for cash and/or units of a different limited partnership which intends to become listed on the TSX Venture Exchange by June 30, 2018; Housego further reiterated this intent during the Receiver's Examination of him.
- 295 On June 28, 2018, in response to A&B's requests to provide an update as to the status of the proposal to purchase the Receiver's interest in the US Real Estate LP, Housego's counsel advised that:

"[Housego] has made inquiries and apparently an offer is forthcoming. [Housego] could not get any details beyond that (timing or specifics). I will advise if we have any further information."

296 As at the date of this Fourth Report, the Receiver has not received any further correspondence regarding the potential purchase.

MEDICAL FACTORING CONTRACTS

297 As outlined in the Receiver's previous reports, the Medical Fund invested in, among other things, Medical Factoring Contracts (as defined below) which were administered by Xynergy Medical Capital LLC ("**Xynergy**"). In these arrangements, Xynergy would enter into contracts (the "**Medical Factoring Contracts**") to purchase healthcare receivables (after purchase, invoices are referred to as "**Purchased Medical Receivables**") from operating businesses in the United States and Puerto Rico (the "**Clients**") for a discount and service fees.

298 Pursuant to a Master Medical Receivables Purchase and Administration Agreement dated March 31, 2016 (defined in the First Report as the "**MMRPAA**"), the Medical Fund entered into participation agreements (the "**Participation Agreements**") with Xynergy whereby it purchased a stated interest in certain of the Medical Factoring Contracts (the "**Participation**") as follows:

- a) a Participation Agreement dated March 31, 2016 between the Medical Fund and Xynergy for a Participation in GeodataPR International, Inc.'s ("**Geodata**") accounts receivable and 72% of the factoring fees (the "**Geodata Participation**");
- b) a Participation Agreement dated March 31, 2016 between the Medical Fund and Xynergy for a Participation in Servicios de Salud Integrada, CSP's ("**SSI**") accounts receivable and 70% of the factoring fees (the "**SSI Participation**"); and
- c) a Participation Agreement dated August 22, 2014 between the Medical Fund and Xynergy for a Participation in Unlimited Prosthetics, Inc.'s ("**UPI**") accounts receivable and 33.94% of the factoring fees (the "**UPI Participation**").

Sale of the Geodata Participation and SSI Participation

299 As outlined in the First Report, Second Report, Third Report, and Third Report Supplement, the Receiver and Xynergy executed bills of sale whereby Xynergy repurchased the Geodata Participation and SSI Participation for US \$684,313 (the "**Geodata Purchase Price**") and US \$222,291 (the "**SSI Purchase Price**") respectively;

both transactions were approved by the Court pursuant to vesting orders issued May 15, 2018, attached hereto at **Appendix “94”** and **Appendix “95”**.

- 300 The Receiver received the Geodata Purchase Price on July 12, 2017, and received the SSI Purchase Price and US \$103,885 from Xynergy on January 30, 2018.

Settlement of the UPI Participation

- 301 As outlined in the Second Report, as part of the UPI Settlement Agreement, the account balance with same was settled for US \$215,000 to be paid in a series of instalments. As at the date of the Second Report, there had been a total of 21 payments totaling US \$147,000 (the “**UPI Proceeds**”). As a result, the account balance for UPI was US \$68,000, consisting of nine (9) payments to be received. Xynergy has concerns if the remaining payments will be received.
- 302 Subsequent to the Second Report, Xynergy advised that it had not received any further payments as UPI’s financial situation had deteriorated as a result of Hurricane Harvey and the impact same had on its facilities and its ability to manufacture the prosthetics the business sells.
- 303 As at the date of the UPI Settlement Agreement, the UPI account balance totaled \$257,534 whereby Xynergy and the Medical Fund were owed the following:
- a) Medical Fund – US \$216,064 (84.29% of the total balance); and
 - b) Xynergy – US \$40,471 (15.71% of the total balance).
- 304 On December 13, 2017, the Receiver sent an email to Xynergy (the “**UPI Email**”) whereby it agreed to split the UPI Payments based on the pro-rata amount outstanding from UPI as at the date of the UPI Settlement Agreement as outlined above; more specifically, the Medical Fund and Xynergy would receive US \$123,995 and US \$23,005 of the UPI Proceeds respectively. The Receiver indicated that its agreement to the allocation of the UPI Payments did not prejudice its entitlement to any further amounts collected from UPI under the UPI Settlement Agreement. A copy of the UPI Email is attached hereto as **Appendix “96”**.

- 305 On December 19, 2017, Xynergy agreed to the Receiver's terms contained in the UPI Email.
- 306 On January 30, 2018, the Receiver received US \$123,995, reflecting the Medical Fund's allocated portion of the UPI Payments. Should further payments be received under the UPI Settlement Agreement, the Receiver will update the Court and investors accordingly.

NFL PARTICIPATION AGREEMENTS

- 307 As detailed in the Second Report, in March 2016, under the MMRPAA, the Medical Fund began entering into Participation Agreements to purchase a stated percentage in the NFL Funding Agreements between certain NFL Players and KrunchCash LLC (an entity associated with Xynergy) ("**KrunchCash**") (the "**NFL Participation Agreements**"), which participations were effected through the execution of assignment agreements. Under the NFL Participation Agreements, the Medical Fund advanced funds toward the participation and would earn a stated factoring fee. The factoring fee and initial advance under each NFL Participation Agreement is to be repaid to the Medical Fund as each claim made by NFL Players is paid by the NFL pursuant to its agreement to pay \$765 million to settle a lawsuit brought by more than 4,500 NFL Players and their families to provide medical help to more than 18,000 former NFL Players suffering from severe neurological conditions, or who could potentially suffer from such conditions in the future. After subsequent hearings and appeals, the Settlement became effective on January 7, 2017 (the "**NFL Settlement Agreement**").
- 308 As at the date of the Receiver's appointment, the Medical Fund entered into a total of 26 NFL Participation Agreements totaling US \$4,318,359 consisting of principal advances of US \$3,824,240 and accrued fees owed to the Medical Fund of US \$247,060.
- 309 In July 2017, four (4) of the NFL Participation Agreements totaling US \$662,500 in principal and US \$104,374 in accrued fees (half of the accrued fees were owed to Xynergy), were paid out through refinancing obtained by the respective NFL Players. The total amount remitted to the Medical Fund was US \$714,687 (i.e. US \$662,500 in principal plus US \$52,187 in accrued fees)

- 310 As at June 30, 2018, there are currently 22 NFL Participation Agreements outstanding with a total value of US \$3,908,286 consisting of principal advances of US \$3,161,740 and accrued fees owed to the Medical Fund of US \$373,273.

NFL Litigation

- 311 As noted in the Second Report, on November 10, 2017, Xynergy advised that it was served with a subpoena from a New York court regarding complaints made by NFL Players for bad practices of financial institutions with respect to the purchase of all or a portion of NFL Player Claims (i.e. charging egregious fees to NFL Players). At the time, Xynergy advised that this was currently being handled by its legal counsel who advised Xynergy that nothing significant should come of the subpoena as Xynergy's fees are fair.
- 312 On December 11, 2017, Xynergy made the Receiver aware of an order issued by the Honourable Anita B. Brody of the United States District Court for the Eastern District of Pennsylvania regarding the NFL Players' Concussion Injury Litigation dated December 8, 2017 (the "**December 8 2017 NFL Order**"), a copy of which is attached hereto as **Appendix "97"**. The December 8 2017 NFL Order, among other things, concludes that:

"To the extent that any Class Member has entered into an agreement that assigned or attempted to assign any monetary claims, that agreement is void, invalid and of no force and effect. Class Members receiving awards are, by definition, cognitively impaired [emphasis added]."

Furthermore, the December 8 2017 NFL Order states that:

"...under the principle of rescission, Class Members should return to the Third-Party Funder the amount already paid to them."

- 313 On March 16, 2018, Xynergy provided the Receiver with an order issued by the Honourable Anita B. Brody of the United States District Court for the Eastern District of Pennsylvania regarding the NFL Players' Concussion Injury Litigation dated February 20, 2018 (the "**February 20 2018 NFL Order**", together with the December 8 2018 NFL Order, the "**NFL Litigation Orders**") ordering that the Claims Administrator under the NFL Settlement Agreement pay any Monetary Awards (as defined in the NFL Settlement Agreement) directly to the NFL Player in cases where an improper assignment has

occurred. A copy of the February 20 2018 NFL Order is attached hereto as **Appendix “98”**.

314 In summary, it is the Receiver’s understanding that the NFL Litigation Orders void the Medical Fund’s entitlement to receive any amounts owing to it other than those amounts advanced directly to an NFL Player (the “**Direct Advances**”). Based on this definition, the following would appear to be excluded from the definition of “principal” under the NFL Litigation Orders:

- a) any interest or accrued fees earned pursuant to the individual funding arrangements (collectively, “**Accrued Fees**”);
- b) any amounts advanced on behalf of NFL Players, including but not limited to:
 - i) payments made directly to any creditor to which an NFL Player owed an outstanding obligation;
 - ii) monies paid to professionals and advisors acting on behalf of NFL Players with respect to obtaining financing; and
 - iii) monies paid directly to underwriters on behalf of NFL Players with respect to financing
 (collectively, the “**Indirect Advances**”).

315 As at May 31, 2018, the Medical Fund’s total investment in the NFL Participation Agreements amounts to US \$3,680,866 consisting of:

- a) Direct Advances – US \$2,004,342;
- b) Indirect Advances – US \$1,157,398; and
- c) Accrued Fees – US \$519,126.

316 As a result, depending on the US court’s definition of “principal”, the Indirect Advances and Accrued Fees, totaling US \$1,676,524, are in jeopardy of being collected.

Receiver's Next Steps

- 317 Xynergy has continued to keep the Receiver apprised of any developments with respect to the NFL Litigation. Xynergy has advised that, to its knowledge, no lender has yet decided to accept the payment of only Direct Advances as “principal” and waive any Indirect Advances and Accrued Fees. Furthermore, Xynergy has advised that certain larger lenders have filed formal appeals disputing the ruling.
- 318 The Receiver will continue to update the Court and investors as new information is received with respect to the NFL Litigation and the NFL Participation Agreements.

RESIDENTIAL MORTGAGES

- 319 As outlined in the Receiver's previous reports, as at the date of the Appointment Order, the Mortgage Fund, High Yield Mortgage Fund, and Sustainable Property Fund collectively held a total of 191 investments in first, second, or third ranking non-conventional residential mortgages administered by third parties (“**Residential Mortgages**”). Of the Residential Mortgages, 189 (\$18,813,884) were administered by a third-party, Spectrum Canada Mortgage Services Inc. (“**Spectrum**”) (the “**Spectrum Mortgages**”), while the remaining two (2) Residential Mortgages (\$196,000) were administered by Squire Management Inc. (“**Squire**”) (the “**Squire Mortgages**”).
- 320 On June 23, 2017, the Receiver accepted Squire's offer to acquire the Squire Mortgages for proceeds of \$197,526. The proceeds included the entire principal value of the Squire Mortgages in the sum of \$196,000, plus accrued interest of \$1,526 to June 23, 2017.
- 321 Most of the Residential Mortgages are performing as the underlying mortgagors continue to remit their required payments. As at May 31, 2018, a total of two (2) Residential Mortgages totaling approximately \$662,150 in balances owing were in a default position and are currently undergoing foreclosure proceedings (the “**Non-Performing Mortgages**”). Spectrum has continued to keep the Receiver apprised of the actions taken by Spectrum or its agents in each case. Based on the information currently available, Spectrum has advised that a portion of these balances is expected to not be collected.
- 322 As at May 31, 2018, the number of Spectrum Mortgages has reduced to 98 with a cumulative balance owing of \$9,241,572 held in the following Funds:

Fund	Number of Mortgages	Remaining Recorded Value
Mortgage Fund	75	\$ 8,036,851
High Yield Mortgage Fund	21	814,720
Sustainable Property Fund	2	390,000
Total	98	\$ 9,241,572

- 323 The Receiver has continued to instruct Spectrum to encourage the pay-out of Spectrum Mortgages upon renewal to avoid the continued renewal of same. If pay-out is not possible, the Residential Mortgages are being renewed on a six month basis at a modestly higher interest rate with the goal of a payout being made at the end of such renewal term(s).
- 324 As at the date of this Fourth Report, the Receiver is of the view that a continued orderly wind-down of the Residential Mortgage portfolio with the assistance of Spectrum will yield the best recovery for a majority of the Residential Mortgage investments. As the Residential Mortgages continue to expire, the Receiver expects that most mortgagors will be able to obtain refinancing to payout their balances owing; similar to what has been occurring since the Appointment Order. Notwithstanding the above, the Receiver expects that there will be a small number of mortgagors who cannot obtain refinancing and therefore may possibly require short-term renewal(s) until such refinancing can be obtained.

THE BDO ACTIONS AND ACTION AGAINST MCCREADY

THE PROPOSED CLASS ACTION UPDATE

325 As outlined in paragraphs 412b) and 419 to 422 of the Second Report, Whitehouse, an investor in certain of the Crystal Wealth Funds, issued an action against BDO Canada LLP (“**BDO**”), who was the auditor of the Company and the Crystal Wealth Funds prior to the Receiver’s appointment. The Statement of Claim issued by Whitehouse outlines that Whitehouse is claiming, among other relief:

- a) an order certifying the Class Action Proceeding (as defined in the Statement of Claim) and appointing Whitehouse as representative Plaintiff on his own behalf and on behalf of the Class (as defined in the Statement of Claim);
- b) a declaration that BDO had a duty of care to the Class which it breached by negligently performing its professional services, causing damages (as described in the Statement of Claim);
- c) damages for negligence in the sum of \$150,000,000; and
- d) punitive damages of \$25,000,000.

326 Whitehouse is represented by Adair Goldblatt Bieber LLP (“**AGB LLP**”) in the Proposed Class Action.

327 On June 15, 2018, AGB LLP served BDO with a 20 volume motion record in support the Whitehouse’s motion to certify the Proposed Class Action as a class proceeding. Materials filed with respect to the Proposed Class Action are available on the Receiver’s Case Website. A date for the motion has yet to be scheduled.

THE RECEIVER’S ACTION AND PROPOSED ENGAGEMENT OF AGB LLP

328 The Receiver has executed an engagement letter with AGB LLP (the “**AGB LLP Engagement Letter**”), which is subject to approval of this Court and is attached hereto as **Confidential Appendix “1”**, to represent the Receiver as its lawyer of record in an action commenced by the Receiver against BDO in the Ontario Superior Court of Justice (Commercial List) (CV-18-595063-00CL) (the “**Receiver’s Action**”).

- 329 Specifically, on behalf of the Company and the Crystal Wealth Funds, the Receiver issued a Notice of Action against BDO (the “**Receiver’s Notice of Action**”) to ensure that the Receiver’s legal rights remain preserved. A statement of claim (the “**Receiver’s Statement of Claim**”) was subsequently filed by the Receiver. A copy of the Receiver’s Notice of Action and Statement of Claim in the Receiver’s Action is attached hereto as **Confidential Appendix “2”**. To date, neither the Notice of Action nor the Statement of Claim have been served upon BDO, pending the Court’s approval of the Receiver’s engagement of AGB LLP.
- 330 Similar to the Proposed Class Action, the Receiver’s Action pertains to the audit services provided by BDO to the Company and the Crystal Wealth Funds prior to the Appointment Order, albeit it is being advanced by the Company and the Crystal Wealth Funds as opposed to the investors directly. In other words, while the substance of the allegations against BDO is similar in both the Receiver’s Action and the Proposed Class Action, the Receiver’s Action concerns alleged duties owed by BDO to the Company and the Crystal Wealth Funds, whereas the Proposed Class Action concerns alleged duties owed by BDO to Crystal Wealth Fund investors.
- 331 The Receiver recommends that this Honourable Court approve the Receiver’s engagement of AGB LLP pursuant to the AGB LLP Engagement Letter given that: (i) the Receiver’s counsel, A&B, is unable to act for the Receiver in the Receiver’s Action; (ii) the AGB LLP team, led by Simon Bieber, who will be involved in representing the Receiver, are qualified and accomplished litigators, as reflected in the team member biographies attached hereto as **Appendix “99”**; (iii) the Proposed Class Action and the Receiver’s Action have questions of law and fact in common, and both claim relief arising out of the same transaction or occurrence or series of transactions; (iv) AGB LLP is already counsel to Whitehouse in the Proposed Class Action, and accordingly, can minimize the current legal costs to the estate of the Company and Crystal Wealth Funds by similarly acting for the Receiver on a contingency fee basis, and as a result of having access to the Class Proceeding Fund in the Proposed Class Action with respect to certain costs and disbursements which may be duplicative in both proceedings; and (v) the Receiver will be considered to fulfill the role as the administrator of the claims process in the Proposed Class Action, and would consequently be tasked with issuing distributions to investors arising from any recovery in the Proposed Class Action, in addition to any recovery obtained in the Receiver’s Action.

THE ACTION AGAINST MARTIN MCCREADY

- 332 On July 5, 2018, the Receiver commenced a further action in the Ontario Superior Court of Justice (Commercial List) (CV-18-601019-00CL) against Martin McCready (“**McCready**”), claiming damages for breach of contract in the sum of \$1,250,000, along with additional damages with respect to the carrying and miscellaneous costs incurred by the Receiver, including the Receiver’s fees, in connection with the Mount Nemo Property, from April 28, 2017 through to May 18, 2018.
- 333 As is detailed in the Receiver’s prior reports, on April 26, 2017, in addition to issuing the Appointment Order, the Honourable Justice Newbould issued an Order (the “**Vesting Order**”) that, among other things, authorized the Receiver to complete, on behalf of CLJ Everest, the sale of the Mount Nemo Property to McCready for the purchase price of \$3,350,000 (the “**McCready Purchase Price**”) pursuant to and in accordance with an Agreement of Purchase and Sale dated April 12, 2017 which was entered into by CLJ Everest and McCready (the “**McCready APS**”).
- 334 The Mount Nemo Sale Agreement contained a completion date for the underlying transaction (the “**McCready Mount Nemo Sale Transaction**”) of April 28, 2017. In breach of the McCready APS, McCready failed to complete the transaction.
- 335 After an extensive sales and marketing process, the Receiver, as vendor on behalf of CLJ Everest, entered into an Agreement of Purchase and Sale dated April 11, 2018, as amended by an amendment thereto dated April 17, 2018, with Daniel Palmer (“**Palmer**”), as purchaser, regarding the sale of the Mount Nemo Property (the “**Palmer APS**”) to Palmer for a purchase price of \$2.1 million (the “**Palmer Purchase Price**”).
- 336 On May 3, 2018, the Receiver served a motion record, including a notice of motion dated May 3, 2018 (the “**Notice of Motion**”) and the Third Report, on McCready personally. The Notice of Motion sought, among other relief, an Order: (i) approving the Palmer APS; (ii) authorizing the Receiver to complete the transaction contemplated thereby (the “**Palmer Sale Transaction**”); and (iii) vesting title in the Mount Nemo Property to Palmer free and clear of any liens, claims, and encumbrances (the “**Proposed Approval and Vesting Order**”).

- 337 On May 15, 2018, this Honourable Court issued the Proposed Approval and Vesting Order as requested by the Receiver in its Notice of Motion.
- 338 On May 18, 2018, the Palmer Sale Transaction was completed.
- 339 The Receiver has accordingly commenced the McCready Action to obtain judgment as against McCready for the difference between the McCready Purchase Price and the Palmer Purchase Price, along with the carrying and miscellaneous costs incurred by the Receiver in connection with the Mount Nemo Property from April 28, 2017 through to May 18, 2018.

THE SETTLEMENT ENTERED INTO BY SMITH AND OSC STAFF

340 As indicated at paragraph 10 above, Staff of the OSC (“**Staff**”) and Clayton Smith executed a Settlement Agreement dated May 28, 2018 (**Appendix “3”**). On June 14, 2018, the OSC issued an Order approving the Settlement Agreement (the “**Order Approving Settlement**”), and released Oral Reasons for Approval of Settlement (both attached as **Appendix “4”**).⁸ The Receiver was not involved in connection with the negotiation of the Settlement Agreement, or the OSC hearing in which it was approved, but has provided a summary below of the details contained in the Settlement Agreement and Order Approving Settlement.

THE SETTLEMENT AGREEMENT

341 Part III and IV of the Settlement Agreement contain facts and conclusions which were agreed to by Smith for the purposes of the proceedings initiated against him by the OSC (and any other proceeding commenced against him by a securities regulatory body). Such facts which were acknowledged and agreed to by Smith include, but are not limited to:

- a) Smith, the Company, and Smith’s holding companies engaged in fraud involving two Crystal Wealth Funds – the Mortgage Fund and the Media Fund. Smith caused monies to be advanced from the Mortgage Fund and Media Funds, purportedly in connection with the purchase of investments for the Funds. In fact, at Smith’s direction, certain of the monies were transferred to Smith’s holding company, 115 Ontario, and to the Respondents, Chrysalis Yoga, CLJ Everest, or to Smith himself. With respect to other monies, Smith instructed the third-party recipients to transfer the funds to Smith, his holding company, or a related company.
- b) As an example of the foregoing, on November 2, 2016, Smith caused the Mortgage Fund to advance \$2 million to MCSnox, an OOM Energy Group entity controlled by Clydesdale, which was recorded as a loan in the Mortgage Fund’s financial statements. On November 7, 2016, MCSnox advanced \$1.75 million to CLJ Everest, substantially funded with the monies which MCSnox received from the Mortgage Fund.

⁸ The Settlement Agreement, the OSC’s Order, and the OSC’s Oral Reasons for Approval and Settlement are available on the OSC’s website: <http://www.osc.gov.on.ca>

The day after MCSnox advanced the \$1.75 million to CLJ Everest, Smith caused CLJ Everest to use \$1,586,277 of it to buy the shares in the Company which were held by Scott Whale;

- c) Smith arranged to personally receive payments from an entity (Media House Capital (Canada) Corp. – hereinafter, “**Media House**”) that sold investments to the Media Fund, creating a material conflict of interest that the Company neither responded to nor disclosed. From August 2014 to February 2015, Media House and Bron Management Ltd., another company associated with Aaron Gilbert, paid Crystal Wealth Marketing Inc., a company of which Smith was a 50% shareholder, officer, and director, approximately 30% of the loan facilitation fee (totaling approximately \$622,780) which Media House received to source and administer Media Loans for the Media Fund, with respect to Media Loans acquired by the Media Fund during that period. Smith received \$323,000 of this amount;
- d) By engaging in fraud and failing to respond to or disclose a material conflict, the Company breached its obligation to discharge its duties honestly, in good faith, and in the best interest of the Mortgage and Media Funds. Smith and the Company continued to cause clients to be invested in the Mortgage and Media Funds and in so doing, they failed to deal fairly, honestly, and in good faith with clients;
- e) As the Company’s Chief Compliance Officer and Ultimate Designated Person, Smith failed to discharge his obligations to ensure, promote, and monitor compliance with securities legislation by the Company and individuals acting on its behalf. He also misled OSC Staff during his examination under oath about his relationship to one of the corporate entities involved in the fraud;
- f) By engaging in the conduct set out in the Settlement Agreement:
 - i) Smith, Crystal Wealth, CLJ Everest, and 115 Ontario engaged or participated in acts, practices, or courses of conduct relating to the Mortgage and Media Funds that Smith, the Company, CLJ Everest, and 115 Ontario knew, or reasonably ought to have known, perpetrated a fraud on investors, in breach of subsection 126.1(1)(b) of the *Ontario Securities Act*;

- ii) the Company failed to respond to or disclose a conflict of interest to investors, contrary to subsections 13.4(2) and (3) of National Instrument 31-103 – *Registration Requirements, Exemptions, and Ongoing Registrant Obligations* (“**NI 31-103**”);
- iii) Smith and the Company breached their obligation to deal fairly, honestly, and in good faith with clients, contrary to section 2.1 of OSC Rule 31-505 – *Conditions of Registration*;
- iv) Smith failed to fulfil his obligation as CCO and UDP to ensure, promote, and monitor compliance with securities legislation by the Company and individuals acting on its behalf, contrary to sections 5.1 and 5.2 of NI 31-103; and
- v) the Company breached its fiduciary duty and failed to discharge its duties honestly, in good faith and in the best interests of the Mortgage and Media Funds, contrary to subsection 116(a) of the *Ontario Securities Act*.

342 The foregoing is a summary only of the facts and conclusions acknowledged and agreed to by Smith as part of the Settlement Agreement. The Receiver was not privy to the details, or breadth, of the OSC investigation of Smith. The Receiver encourages all readers of this Fourth Report to read, in their entirety, the Settlement Agreement, Order Approving Settlement, and Oral Reasons for Approval of Settlement, for further details.

THE ORDER APPROVING SETTLEMENT

343 As indicated, based on the facts set out in the Settlement Agreement, Smith consented to the Order Approving Settlement which was issued by the OSC on June 14, 2018. The OSC also released its Oral Reasons for Approval of Settlement on the same date.

344 Pursuant to the Order Approving Settlement, Smith was ordered to pay an administrative penalty in the sum of \$250,000, and costs in the amount of \$50,000. As is set out in the Settlement Agreement, but for the appointment of the Receiver over Smith’s property in the Receivership Proceeding, OSC Staff would have sought significantly greater monetary sanctions than the \$250,000 administrative penalty and \$50,000 in costs which Smith was ordered to pay pursuant to the Order Approving Settlement.

345 In addition to the foregoing monetary sanctions against Smith, the Order Approving Settlement includes additional sanctions against Smith, including the following:

- a) the registrations granted to Smith under Ontario securities law were terminated;
- b) trading in any securities or derivatives by Smith were ordered to permanently cease;
- c) the acquisition of any securities by Smith is prohibited permanently;
- d) any exemptions contained in Ontario securities law shall not apply to Smith permanently;
- e) Smith is reprimanded;
- f) Smith shall immediately resign any position that he holds as a director or officer of an issuer or a registrant, including an investment fund manager;
- g) Smith is permanently prohibited from becoming or acting as a director or officer of any issuer or registrant, including an investment fund manager; and
- h) Smith is permanently prohibited from becoming or acting as a registrant, including an investment fund manager, or a promoter.

346 In its Oral Reasons for Approval of Settlement, the OSC noted that the conduct of Smith, as detailed in the Settlement Agreement,

"...provides an illustration of the potential for abuse when unchecked authority is conferred on a single individual".

The OSC further noted that the conduct admitted by Smith in the Settlement Agreement

"...demonstrates a conscious disregard by Smith and [the Company], under Smith's direction, of their fiduciary responsibilities to, and their obligations to act honestly, in good faith and in the best interests of, mutual funds they managed and clients who invested in those funds".

RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP

- 347 Attached hereto as **Appendix “25”** is the Receiver's Interim Statement of Receipts and Disbursements for the period April 26, 2017 to May 31, 2018 which outlines the cash balances of the Company and the Crystal Wealth Funds. From April 26, 2017 to May 31, 2018, cash receipts totaled \$62 million while disbursements before the first interim distribution were \$5 million. The ending cash balances as at May 31 were \$30,924,244.
- 348 Cash receipts to the Crystal Wealth Funds were generated from the following significant receipts, among others:
- a) the monetization of Equities held by the Funds and those obtained through Warrants being exercised – \$9,535,760 and US \$4,228,221;
 - b) the sale of certain Media Loans pursuant to the APA between Bron Releasing Inc. and the Receiver (as detailed in the Second Report Supplement) – \$14,375,000;
 - c) collection of interest and principal with respect to the Residential Mortgages – \$11,095,979;
 - d) collection of Media Loan principal and interest payments – \$6,879,130 and US \$229,690;
 - e) the monetization of External Mutual Funds – \$5,095,907;
 - f) the sale of the Mount Nemo Property (detailed in the Third Report and Third Report Supplement) – \$2,100,000;
 - g) the collection of principal and interest owed under certain Commercial Loans – \$1,761,789 (\$1,700,742 of which relates to the Pond Loan); and
 - h) the sale and settlement of the Medical Factoring Contracts (detailed in the Third Report and Third Report Supplement) – US \$1,134,313.
- 349 Cash disbursements from the Crystal Wealth Funds relate to, among other things, the following significant disbursements:

- a) the interim distribution pursuant to the December 11, 2017 Order – \$31,407,010;
- b) payment of the first secured mortgage on the Mount Nemo Property – \$1,394,080;
- c) consulting fees paid to Quiver regarding its administration of the Media Fund – \$1,023,114; and
- d) payment of the Court approved Receiver and legal fees – \$1,322,741.

OTHER ACTIVITIES OF THE RECEIVER SINCE THE APPOINTMENT ORDER

350 Upon its appointment, the Receiver took immediate steps to secure and preserve the Property of the Crystal Wealth Group, communicate with stakeholders, and deal with other operational and administrative tasks. The Receiver has conducted the following key activities in relation to its appointment:

- a) attended and participated in the Examinations as outlined in this Fourth Report;
- b) investigated the conduct of various participants and traced the flow of funds;
- c) corresponded with Smith regarding the delivery of a revised statutory declaration and an estimate of current income and expenses;
- d) responded to numerous calls and emails from Crystal Wealth Group investors and other stakeholders;
- e) distributed notices from the Receiver to all investors, which were also posted to the Receiver's Case Website, from November 1, 2017 to June 30, 2018, updating them on the receivership as events unfolded;
- f) created and maintained a listing of investors with holdings, accounts, and contact information including email addresses;
- g) held meetings and corresponded with NBCN on a number of investor matters, including the on-going management of the securities, records and monetization of assets within the Crystal Wealth Funds;
- h) prepared the financial statements for the 2017 taxation year for each of the Crystal Wealth Funds and compiled the supporting information for same;
- i) prepared the necessary taxation reporting and filings for each of the Crystal Wealth Funds;
- j) issued tax receipts to investors in connection with the 2017 tax year, and engaged SS&C Fund Administration Company in connection with same in accordance with the engagement letter attached hereto as **Confidential Appendix "3"**;

- k) corresponded with various third-parties involved in administering certain Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
- l) collected monthly payments and funds held by third-parties administering certain Crystal Wealth Funds and/or their assets;
- m) corresponded with borrowers and debtors of the Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors and entered into settlement negotiations for amounts owing;
- n) conducted meetings with certain third-parties and borrowers/debtors, as appropriate;
- o) corresponded and held numerous discussions with various stakeholders, providers and/or their legal counsel;
- p) corresponded and held various discussions with the Receiver's counsel concerning enforcement and recovery initiatives; and
- q) maintained a public website for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol.

RECEIVER'S FEES AND DISBURSEMENTS

- 351 Pursuant to paragraph 23 of the Appointment Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 24 of the Appointment Order, the Receiver and its counsel shall pass their accounts.
- 352 The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court for the period beginning October 1, 2017 and ending May 31, 2018, and seeks approval of the allocation methodology described in paragraphs 43 to 45 above. The Receiver and its counsel have maintained detailed records of their professional time and costs.
- 353 The total fees for the Receiver for the period October 1, 2017 to May 31, 2018, were \$701,068.99, plus disbursements of \$10,101.96, plus HST of \$92,452.23, for a total of \$803,623.18. The time spent by the Receiver is more particularly described in the Affidavit of Bruce Bando sworn July 19, 2018 (the “**Bando Affidavit**”), which is attached hereto as **Appendix “100”** and contains copies of invoices that set out the services provided during this time period.
- 354 The total fees of A&B, as counsel to the Receiver, for the period of October 1, 2017 to May 31, 2018, were \$591,449, plus disbursements of \$38,602.21, plus HST of \$81,341.74, for a total of \$711,442.95. The time spent by A&B is more particularly described in the Affidavit of Mark van Zandvoort sworn July 10, 2018 (the “**van Zandvoort Affidavit**”), which is attached as **Appendix “101”** and contains, among other things, copies of invoices that set out the services provided during this period of time.⁹
- 355 It is the Receiver’s opinion that the fees and disbursements of the Receiver and A&B accurately reflect the work done by the Receiver and on behalf of the Receiver by A&B in connection with the receivership and the administration of the Property of the Crystal Wealth Group from October 1, 2017 to May 31, 2018.

⁹ The foregoing figures include some fees prior to October 1, 2017, as detailed in the van Zandvoort Affidavit and the accounts appended at Exhibit A thereto.

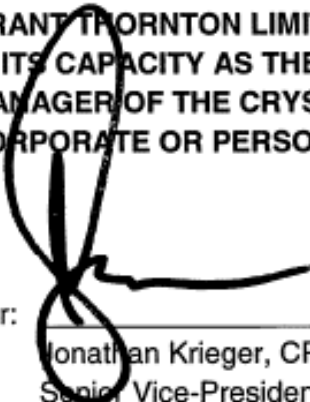
356 It is the Receiver's opinion that the fees and disbursements of A&B are fair and reasonable and justified in the circumstances. The Receiver recommends approval of A&B's accounts by this Honourable Court.

CONCLUSION

357 For the reasons set out in this Second Report, the Receiver respectfully requests the relief and approval requested in the Receiver's Notice of Motion dated July 20, 2018.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 20th day of July, 2018.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

TAB 1



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF
CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED**

**TEMPORARY ORDER
(Subsections 127(1) and 127(5))**

WHEREAS:

1. it appears to the Ontario Securities Commission (the "Commission") that:
 - a. Crystal Wealth Management System Limited ("Crystal Wealth") is a Burlington-based Ontario corporation, registered in the categories of Exempt Market Dealer ("EMD"), Investment Fund Manager ("IFM"), Portfolio Manager ("PM") and Commodity Trading Manager;
 - b. Crystal Wealth is the trustee, IFM, PM and promoter, and for some funds is also the commodity trading manager, for the following 15 investment funds, which are structured as open-ended mutual fund trusts:

Crystal Wealth Media Strategy

Crystal Wealth Mortgage Strategy

Crystal Enlightened Resource & Precious Metal Fund

Crystal Wealth Medical Strategy

Crystal Wealth Enlightened Factoring Strategy

ACM Growth Fund

ACM Income Fund

Crystal Wealth High Yield Mortgage Strategy

Crystal Enlightened Bullion Fund

- 2 -

Absolute Sustainable Dividend Fund
Absolute Sustainable Property Fund
Crystal Wealth Enlightened Hedge Fund
Crystal Wealth Infrastructure Strategy
Crystal Wealth Conscious Capital Strategy
Crystal Wealth Retirement One Fund

(collectively with any other investment funds managed or advised by Crystal Wealth, the “Crystal Wealth Funds”);

- c. Clayton Smith (“Smith”) is an Ontario resident and is the sole officer and director of Crystal Wealth. Smith is registered in Ontario as a dealing representative, an advising representative in the category of PM, an advising representative in the category of Commodity Trading Manager, and as Crystal Wealth’s Chief Compliance Officer (“CCO”) and Ultimate Designated Person (“UDP”);
- d. CLJ Everest Ltd, (“CLJ Everest”) is an Ontario company, with a registered office in Burlington. Smith is the sole officer and director of CLJ Everest. CLJ Everest holds 28.26% of Crystal Wealth’s shares and 100% of the shares of 1150752 Ontario Limited (“115 Limited”);
- e. 115 Limited holds 63.5% of Crystal Wealth’s outstanding shares;
- f. Smith and Crystal Wealth (collectively, the “Respondents”) may have participated in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud contrary to subsection 126.1(1)(b) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”); failed to act fairly, honestly and in good faith with clients, contrary to section 2.1 of Rule 31-505 – *Conditions of Registration*; and failed to comply with the standard of care expected of an IFM under section 116 of the Act;
- g. Crystal Wealth may have failed to comply with the Funds’ obligations to deliver the Funds’ audited financial statements for the calendar year ending December 31,

- 3 -

2016, according to sections 2.1, 2.2 and 2.11 of National Instrument 81-106 – *Investment Fund Continuous Disclosure*;

- h. Crystal Wealth may have failed to comply with its obligations to file its audited financial statements in compliance with subsection 21.10(3) of the Act and sections 12.10(2), 12.12, 12.13 and 12.14 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registration Obligations*;
 - i. Crystal Wealth and Smith may have acted contrary to the public interest.
 - j. Smith may have authorized, permitted or acquiesced in Crystal Wealth's contraventions of the Act and if so, may be deemed to have failed to comply with Ontario securities law pursuant to section 129.2 of the Act;
 - k. Staff are conducting an investigation into the conduct described above;
- 2. the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;
 - 3. the Commission is of the opinion that it is in the public interest to make this Order;
 - 4. by Authorization Order made March 24, 2017, pursuant to subsection 3.5(3) of the Act, each of Maureen Jensen, Monica Kowal, D. Grant Vingoe, Philip Anisman, Robert P. Hutchison, Janet Leiper, Timothy Moseley, and Mark J. Sandler, acting alone, is authorized to make orders under section 127 of the Act.

IT IS ORDERED pursuant to section 127 of the Act that:

- 1. pursuant to paragraphs 2 and 2.1 of subsection 127(1), all trading, including redemptions and distributions, or acquisitions of the securities of Crystal Wealth Funds shall cease;
- 2. pursuant to paragraphs 2 and 2.1 of subsection 127(1) all trading in securities held by the Crystal Wealth Funds, or the acquisition of securities by Crystal Wealth on behalf of the Crystal Wealth Funds shall cease;

- 4 -

3. pursuant to paragraphs 2 and 2.1 of subsection 127(1), the trading in or the acquisition of any securities or derivatives by Smith, CLJ Everest and 115 Limited shall cease;
4. pursuant to subsection 127(2), as an exception to the prohibition on trading securities and derivatives in paragraphs 2 and 3 above, Crystal Wealth in its capacity as portfolio manager for the Funds may, and Clayton Smith in his capacity as advising representative may, if in compliance with Ontario securities law, place orders to sell securities and derivatives already held as of the date of this temporary order by the Crystal Wealth Funds, provided that the sales occur through the facilities of a recognized exchange and all proceeds of such sales remain in the account of the respective Crystal Wealth Fund for which the order was placed until further order of the Commission;
5. pursuant to subsection 127(2), as an exception to the prohibition on trading securities and derivatives in paragraphs 2 and 3 above, Smith in his capacity as advising representative may, if in compliance with Ontario securities law, place orders to sell securities and derivatives already held by clients in discretionary accounts for which Crystal Wealth is the portfolio manager (the "Managed Accounts"), provided that the sales occur through the facilities of a recognized exchange;
6. pursuant to subsection 127(2), the following terms and conditions apply to the registration of Crystal Wealth as an exempt market dealer:
 - a. Crystal Wealth and any dealing representatives shall not accept any new money for investment from any existing clients, and shall not accept any new clients or open any new client accounts of any kind;
7. pursuant to subsection 127(2), the following terms and conditions apply to the registration of Crystal Wealth as a portfolio manager and investment fund manager:
 - a. Crystal Wealth's activities as a portfolio manager and investment fund manager shall be applied exclusively to the Managed Accounts and to the Crystal Wealth Funds, subject to the restrictions on trading set out in paragraph 2 and the exception in paragraph 4;

- 5 -

- b. Crystal Wealth and any advising representatives shall not accept any new money for investment from any existing clients, shall not accept any new clients or open any new client accounts of any kind;
- 8. pursuant to subsection 127(6) of the Act, this Order shall take effect immediately and shall expire on the 15th day after its making unless extended by the Commission.

DATED at Toronto, this 7th day of April, 2017.

“Maureen Jensen”



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

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Toronto ON M5H 3S8

IN THE MATTER OF
CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED,
CLAYTON SMITH, CLJ EVEREST LTD, 1150752 ONTARIO LIMITED, CRYSTAL
WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE & PRECIOUS METAL FUND, CRYSTAL WEALTH
MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY,
ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD
MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE
SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND,
CRYSTAL WEALTH ENLIGHTENED HEDGE FUND,
CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS
CAPITAL STRATEGY and
CRYSTAL WEALTH RETIREMENT ONE FUND

Janet Leiper, Commissioner

October 2, 2017

ORDER

(Subsection 127(8) of the *Securities Act*, RSO 1990, c S.5)

WHEREAS on October 2, 2017, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario, with respect to an application by Staff of the Commission (**Staff**) to extend the temporary cease trade order initially issued on April 6, 2017, amended on April 7, 2017, and extended on April 13, 2017 and April 28, 2017 (the **Temporary Order**);

ON READING the materials filed by Staff, the consent email dated September 21, 2017 from counsel for the Receiver, Grant Thornton Limited which was appointed by order of the Ontario Superior Court of Justice (Commercial List) pursuant to section 129 of the *Securities Act*, RSO 1990, c S.5 (the **Act**) on April 26, 2017 (the **Receiver**), and the email of Clayton Smith (**Smith**), dated September 23, 2017 stating that Smith does not consent to the extension of the Temporary Order, and on considering the oral submissions of Staff, appearing in person, and no one appearing for the Receiver and no one appearing for Smith although properly served;

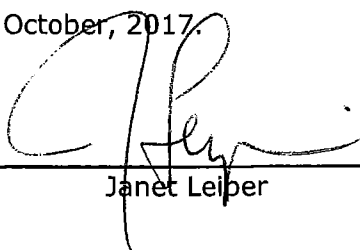
IT IS ORDERED that:

1. pursuant to subsection 127(8) of the Act, the Temporary Order is extended until April 10, 2018, or until further order of the Commission, without prejudice to the right of any of the parties to seek to vary the Temporary Order on application to the Commission, with the following modifications:

- 2 -

- a. the portions of paragraphs 4 and 5 of the order dated April 7, 2017, referring to Smith in his capacity as advising representative are struck, given that Smith is no longer acting in the capacity of an advising representative at Crystal Wealth Management System Limited, as his registration was automatically suspended when he was terminated by the Receiver; and
2. the hearing of this matter is adjourned until April 9, 2018 at 10:00 a.m. or such other date and time as provided by the Office of the Secretary and agreed to by the parties.

DATED at Toronto, this 2nd October, 2017.



Janet Leiber



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF
CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED,
CLAYTON SMITH, CLJ EVEREST LTD, 1150752 ONTARIO LIMITED, CRYSTAL
WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY,
CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METAL FUND, CRYSTAL
WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND,
ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE
PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL
WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS
CAPITAL STRATEGY and
CRYSTAL WEALTH RETIREMENT ONE FUND**

Janet Leiper, Commissioner and Chair of the Panel

April 9, 2018

ORDER
(Subsection 127(8) of the *Securities Act*, RSO 1990, c S.5)

WHEREAS on April 9, 2018, the Ontario Securities Commission (the “Commission”) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, with respect to a motion by Staff (“Staff”) of the Commission to extend the temporary order issued on April 6, 2017, amended on April 7, 2017, and extended on April 13, 2017, April 28, 2017 and October 2, 2017 (the “Temporary Order”);

ON READING the materials filed by Staff, including the consent email dated March 28, 2018 from counsel for the receiver, Grant Thornton Limited, which was appointed by order of the Ontario Superior Court of Justice (Commercial List) pursuant to section 129 of the *Securities Act*, RSO 1990, c S.5 (the “Act”) on April 26, 2017 (the “Receiver”), and the consent email dated March 27, 2018 from Clayton Smith (“Smith”), and on considering the oral submissions of Staff, appearing in person, and no one appearing for the Receiver or Smith;

IT IS ORDERED THAT:

1. pursuant to subsection 127(8) of the Act, the Temporary Order is extended until July 5, 2018, or until further order of the Commission, without prejudice to the right of any of the parties to seek to vary the Temporary Order on application to the Commission; and
2. the hearing of this matter is adjourned until July 4, 2018 at 10:00 a.m. or such other date and time as provided by the Office of the Secretary and agreed to by the parties.

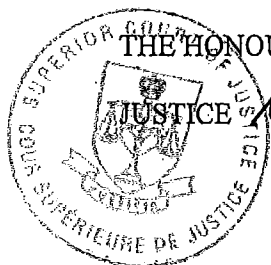


Janet Leiper

TAB 2

Court File No. CV-17-11779-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST



THE HONOURABLE

JUSTICE

NEWBOU

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)
)

WEDNESDAY, THE 26th DAY

OF APRIL, 2017

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ
EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA
STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH
MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION
FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE
PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL
WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS
CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and
CHRYSLIS YOGA INC.

Respondents

Application under Section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended

ORDER
(Appointing Receiver)

THIS APPLICATION made by the Ontario Securities Commission (the “Commission”) for an Order pursuant to section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “*Securities Act*”) appointing Grant Thornton Limited (“GTL”) as: (i) receiver and manager (in such capacities, the “Receiver”) without security, of all of the assets, undertakings and properties of each of the Respondents except the Respondent, Chrysalis Yoga Inc. (“Chrysalis Yoga”) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the “Crystal Wealth Group”); and (ii) Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “Chrysalis Account”), and of all contents, including funds, contained in the Chrysalis Account, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the application record of the Commission, including the affidavit of Marcel Tillie sworn April 17, 2017 and the exhibits thereto, the affidavit of Michael Ho sworn April 17, 2017 and the exhibits thereto, the supplementary affidavit of Michael Ho sworn April 24, 2017 and the exhibits thereto, the affidavit of David Adler sworn April 24, 2017 and the exhibits thereto, the consent of GTL to act as the Receiver, and the factum and brief of authorities of the Commission, and on hearing the submissions of counsel for the Commission, counsel for the Crystal Wealth Group, and counsel for Chrysalis Yoga,

CONSOLIDATION

1. **THIS COURT ORDERS** that the application to extend Freeze Directions commenced by the Commission by way of a notice of application issued through this Honourable Court on April 18, 2017 (Court File No. CV-17-11769-00CL) is hereby consolidated with the within application and that they proceed as one application identified by Court File No. CV-17-11779-00CL.

SERVICE

2. **THIS COURT ORDERS** that the time for service and filing of the Commission’s notice of application, application record, and factum is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

- 2 -

APPOINTMENT

3. **THIS COURT ORDERS** that pursuant to section 129 of the *Securities Act*, GTL is hereby appointed Receiver, without security, of:

- (a) all of the present and future assets, undertakings and properties of the Crystal Wealth Group of every nature and kind whatsoever, whether in the possession or under the control of the Crystal Wealth Group or any other Person (as defined herein) and wherever situate including all proceeds thereof (the "Property"), including, without limitation, cash, deposit instruments, securities or other property held by the Crystal Wealth Group on behalf of or in trust for any other person or entity and the funds, securities, or other property frozen by Freeze Directions issued by the Commission on April 6 and 7, 2017 which are attached hereto as Schedule "A"; and
- (b) as the Receiver of the Chrysalis Account, and of all contents, including funds, contained in the Chrysalis Account (hereinafter included in all references to the Property).

4. **THIS COURT ORDERS** that all institutions holding funds on deposit to the credit of the Crystal Wealth Group, or any of them, including the institutions which are the subject of the Freeze Directions attached hereto as Schedule "A", are directed to pay all such funds to the Receiver or as the Receiver may otherwise direct in writing.

5. **THIS COURT ORDERS** that the the Freeze Directions issued by the Commission on April 6, 2017 with respect to Chrysalis Yoga, copies of which are attached hereto as Schedule "B", shall continue until further order of this Court, with the exception:

- (a) that the funds contained in the Chrysalis Account shall be paid by Bank of Nova Scotia to the Receiver or as the Receiver may otherwise direct in writing, and that the Receiver shall have unrestricted access to the Chrysalis Account and records in connection therewith; and

- 3 -

(b) Chrysalis Yoga shall be permitted to use a bank account opened by Chrysalis Yoga at the Canadian Imperial Bank of Commerce, account no. 05162 010 59 37914 (the "**Chrysalis Yoga CIBC Account**"), for the sole purpose of operating Chrysalis Yoga's yoga studio business, provided that:

- (i) ~~the sole sources of the funds deposited into the Chrysalis Yoga CIBC Account shall be: (i) the parents of Shanine Lee Dennill; or (ii) clients of the yoga studio operated by Chrysalis Yoga, and not, directly or indirectly, from the Respondent Clayton Smith ("Smith") and entities connected with or related to Smith as further particularized in sub-paragraph 5(b)(ii) below;~~
- (ii) the Chrysalis Yoga CIBC Account shall not be used in any manner by, and the funds contained therein shall not be received from or distributed to, directly or indirectly, Smith or persons or entities connected with or related to Smith, including, without limitation: (i) the Crystal Wealth Group; (ii) any investment funds managed by Crystal Wealth Management System Limited; or (iii) any other company associated with Smith; and
- (iii) copies of monthly bank statements for the Chrysalis Yoga CIBC Account shall forthwith be provided on a monthly basis by Chrysalis Yoga to Staff of the Ontario Securities Commission ("**Staff**"), until such time as Staff revokes or varies this requirement in writing, or the Ontario Securities Commission or Ontario Superior Court of Justice (Commercial List) orders otherwise.

RECEIVER'S POWERS

6. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality

- 4 -

of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Crystal Wealth Group, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Crystal Wealth Group;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, legal counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Crystal Wealth Group or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Crystal Wealth Group and to exercise all remedies of the Crystal Wealth Group in collecting such monies, including, without limitation, to enforce any security held by the Crystal Wealth Group;

- 5 -

- (g) to settle, extend or compromise any indebtedness owing to the Crystal Wealth Group;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Crystal Wealth Group, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Crystal Wealth Group, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business as follows:
 - (i) without the approval of this Court, liquidating any exchange traded securities and derivatives held by the Respondents, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal

- 6 -

Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund (collectively, the **"Crystal Wealth Funds"**), Crystal Wealth Management System Limited (**"Crystal Wealth"**), CLJ Everest Ltd. (**"CLJ Everest"**), and 1150752 Ontario Limited (**"115"**), within 60 days of the Receiver's appointment, or within such longer period of time as the Receiver deems advisable;

- (ii) without the approval of this Court, selling, conveying, transferring, leasing, or assigning any other Property of the Crystal Wealth Funds, including without limitation illiquid assets such as film loans, mortgages, medical receivables, factoring receivables, or any other illiquid assets, regardless of the purchase price or aggregate purchase price of such transactions;
- (iii) without the approval of this Court, selling, conveying, transferring, leasing, or assigning any other Property of Crystal Wealth, CLJ Everest, and 115 in which the consideration for the transaction does not exceed \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000;
- (iv) with the approval of this Court, selling, conveying, transferring, leasing, or assigning any other Property of Crystal Wealth, CLJ Everest, and 115 in which the consideration for the transaction or the aggregate consideration for all such transactions exceeds \$250,000 or \$1,000,000, respectively; and
- (v) with the approval of this Court, selling, conveying, transferring, leasing, or assigning any Property of the Respondent, Clayton Smith;

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and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with any person or entity deemed necessary or advisable by the Receiver on all matters as the Receiver deems appropriate relating to the Property, the affairs of the Crystal Wealth Group, and the receivership, and to share information with such persons and entities, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental or regulatory authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Crystal Wealth Group;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Crystal Wealth Group, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Crystal Wealth Group;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Crystal Wealth Group may have;
- (r) without limiting the generality of clause 6(m) above, to share information, meet with and discuss with any regulatory bodies and their advisors, including without limitation the Commission and any other regulatory

- 8 -

authorities as the Receiver deems appropriate on all matters relating to the Property, the affairs of the Crystal Wealth Group, and the receivership of the Crystal Wealth Group, subject to such terms as to confidentiality as the Receiver deems advisable, including, without limitation, the Communications Protocol attached as Schedule "C" hereto;

- (s) to examine under oath any person the Receiver reasonably considers to have knowledge of the affairs of the Crystal Wealth Group, including, without limitation, any present or former director, officer, employee or person registered or previously registered with the Commission or subject to or formerly subject to the jurisdiction of the Commission or any other regulatory body respecting the Property and affairs of the Crystal Wealth Group;
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations; and
- (u) and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Crystal Wealth Group, and without interference from any other Person.

7. **THIS COURT ORDERS** that the Receiver may engage as its legal counsel Aird & Berlis LLP, notwithstanding that Aird & Berlis LLP has had an advisory role with respect to the Commission.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

8. **THIS COURT ORDERS** that (i) the Respondents, (ii) all of their current and former directors, officers, employees, persons registered or previously registered or subject or formerly subject to the jurisdiction of the Commission or any other regulatory body, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**") and each being a

- 9 -

"Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

9. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not required, to take possession and control of any monies, funds, deposit instruments or securities held by or in the name of the Crystal Wealth Group, or any of them, or by a third party for the benefit of the Crystal Wealth Group, or any of them, including without limitation the monies, funds, deposit instruments, or securities held in the accounts listed on the attached Schedule "D".

10. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Respondents, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 10 or in paragraph 11 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure, and that, without limiting the generality of subparagraph 6(r) or this paragraph 10 of this Order, the process for the Commission's review of information that may include documents over which privilege may be claimed, which process is attached as Schedule "E" hereto, is hereby approved.

11. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the

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information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

12. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

13. **THIS COURT ORDERS** that no proceeding or enforcement process in any court, tribunal, regulatory or administrative body (each, a "**Proceeding**") shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE CRYSTAL WEALTH GROUP OR THE PROPERTY

14. **THIS COURT ORDERS** that no Proceeding against or in respect of the Crystal Wealth Group or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Crystal Wealth Group or the Property are hereby stayed and suspended pending further Order of this Court, provided that nothing herein shall prevent the commencement or continuation of any investigation or proceedings against the Respondents or any of them by or

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before any regulatory body including, without limitation, the Commission or the Enforcement Staff of the Ontario Securities Commission.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that all rights and remedies against the Crystal Wealth Group, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Crystal Wealth Group to carry on any business which the Crystal Wealth Group is not lawfully entitled to carry on; (ii) exempt the Receiver or the Crystal Wealth Group from compliance with statutory or regulatory provisions relating to health, safety or the environment; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

16. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Crystal Wealth Group, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Crystal Wealth Group or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Crystal Wealth Group are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Crystal Wealth Group's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in

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accordance with normal payment practices of the Crystal Wealth Group or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

18. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

19. **THIS COURT ORDERS** that all employees of the Crystal Wealth Group shall remain the employees of the Crystal Wealth Group until such time as the Receiver, on the Crystal Wealth Group's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay.

PIPEDA

20. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and any other applicable privacy legislation, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such

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information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Crystal Wealth Group, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

21. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act*, and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

22. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Receiver by any applicable legislation.

RECEIVER'S ACCOUNTS

23. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless

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otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person.

24. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

25. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

26. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

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27. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

28. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "F" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

29. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

30. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in these proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure (the "Rules"). Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL; www.grantthornton.ca/crystalwealth.

31. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, and any notices or other correspondence, by forwarding a notice with a link to the Case Website to the Crystal Wealth Group's creditors or other interested parties by email, facsimile transmission, or ordinary mail to their respective addresses as last shown on the records of the Crystal Wealth Group, or as otherwise ordered by the Court, and that any such service or distribution by email, facsimile transmission, or ordinary

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mail shall be deemed to be received on the next business day following the date of sending thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

32. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

33. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Crystal Wealth Group.

34. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

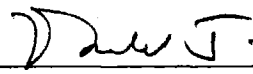
35. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

36. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than thirty (30) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 26 2017

PER / PAR:



SCHEDULE "A"
FREEZE DIRECTIONS - CRYSTAL WEALTH GROUP

See attached.



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

Phone: 416-283-7653
Fax: 416-593-2319

Web site: www.osc.gov.on.ca

**IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

**FREEZE DIRECTION
(Subsection 126(1))**

TO: CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED
192 Plains Road East
Burlington, Ontario
L7T 2C3

C/O: CLAYTON SMITH
192 Plains Road East
Burlington, Ontario
L7T 2C3

RE: Accounts at NBCN Inc., Royal Bank of Canada, The Toronto Dominion Bank and
Interactive Brokers Canada Inc.

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts listed in Schedule "A" to this Freeze Direction until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

TAKE NOTICE THAT pursuant to subsection 126(1) of the Act you are directed to maintain funds, securities or property, and you are directed to refrain from disposing of, transferring,

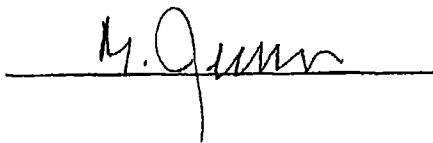
dissipating or otherwise dealing with or diminishing the value of those funds, securities or property until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise, except that Crystal Wealth may dispose of securities and derivatives already held in Brokerage Accounts identified on Schedule "A" as at the date of the Directions on behalf of one or more of the following funds:

- Crystal Wealth Media Strategy (the "Media Fund")
- Crystal Wealth Mortgage Strategy (the "Mortgage Fund")
- Crystal Enlightened Resource & Precious Metal Fund (the "Enlightened Resource Fund")
- Crystal Wealth Medical Strategy (the "Medical Fund")
- Crystal Wealth Enlightened Factoring Strategy (the "Factoring Fund")
- ACM Growth Fund
- ACM Income Fund
- Crystal Wealth High Yield Mortgage Strategy (the "High Yield Mortgage Fund")
- Crystal Enlightened Bullion Fund (the "Enlightened Bullion Fund")
- Absolute Sustainable Dividend Fund (the "Sustainable Dividend Fund")
- Absolute Sustainable Property Fund (the "Sustainable Property Fund")
- Crystal Wealth Enlightened Hedge Fund (the "Enlightened Hedge Fund")
- Crystal Wealth Infrastructure Strategy (the "Infrastructure Fund")
- Crystal Wealth Conscious Capital Strategy (the "Conscious Capital Fund")
- Crystal Wealth Retirement One Fund (the "Retirement Fund")

(collectively the "Funds"),

provided that any disposition of securities on behalf of the Funds occurs through the facilities of a recognized exchange and all proceeds of such sales are maintained in the account of the Fund on whose behalf the trade is executed.

DATED at Toronto this 6th day of April, 2017.



SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
NBCN Inc.	Crystal Wealth Management System Limited	27Q000A
NBCN Inc.	Crystal Wealth Management System Limited	27QCNA
NBCN Inc.	Crystal Wealth Management System Limited	27QTAAA
NBCN Inc.	Crystal Wealth Management System Limited	27QAABC
NBCN Inc.	Crystal Wealth Management System Limited	27QCNA
Royal Bank of Canada	Crystal Wealth Management System Limited	00002 1304211
Royal Bank of Canada	Crystal Wealth Management System Limited	00002 1304260
The Toronto Dominion Bank	Crystal Wealth Management System Limited	5004279-0122
Interactive Brokers Canada Inc.	Crystal Wealth Management System Limited	F4795511
The Toronto Dominion Bank	Crystal Wealth Mortgage Strategy	5266530-0125
Interactive Brokers Canada Inc.	ACM Growth Fund	U1446894
Interactive Brokers Canada Inc.	Crystal Wealth Strategic Yield Media Fund	U4657920
Interactive Brokers Canada Inc.	Crystal Wealth Medical Income Fund	U4895282
Interactive Brokers Canada Inc.	Crystal Enlightened Resource and Precious Metals Fund	U4804316

Institution	Account Name	Account Number
NBCN Inc.	Crystal Wealth Media Strategy	27Q003E
NBCN Inc.	Crystal Wealth Media Strategy	27Q003F
NBCN Inc.	Crystal Wealth Mortgage Strategy	27Q050E
NBCN Inc.	Crystal Wealth Mortgage Strategy	27Q050F
NBCN Inc.	Crystal Enlightened Resource & Precious Metal Fund	27Q070E
NBCN Inc.	Crystal Enlightened Resource & Precious Metal Fund	27Q070F
NBCN Inc.	Crystal Wealth Medical Strategy	27Q080E
NBCN Inc.	Crystal Wealth Medical Strategy	27Q080F
NBCN Inc.	Crystal Wealth Enlightened Factoring Strategy	27Q090E
NBCN Inc.	Crystal Wealth Enlightened Factoring Strategy	27Q090F
NBCN Inc.	ACM Growth Fund	27QA23E
NBCN Inc.	ACM Growth Fund	27QA23F
NBCN Inc.	ACM Income Fund	27QA24E
NBCN Inc.	ACM Income Fund	27QA24F
NBCN Inc.	Crystal Wealth High Yield Mortgage Strategy	27QB26E
NBCN Inc.	Crystal Wealth High Yield Mortgage Strategy	27QB26F

Institution	Account Name	Account Number
NBCN Inc.	Crystal Enlightened Bullion Fund	27QC25E
NBCN Inc.	Crystal Enlightened Bullion Fund	27QC25F
NBCN Inc.	Absolute Sustainable Dividend Fund	27QD93A
NBCN Inc.	Absolute Sustainable Dividend Fund	27QD93B
NBCN Inc.	Absolute Sustainable Property Fund	27QD94A
NBCN Inc.	Absolute Sustainable Property Fund	27QD94B
NBCN Inc.	Crystal Wealth Enlightened Hedge Fund	27QF14E
NBCN Inc.	Crystal Wealth Enlightened Hedge Fund	27QF14F
NBCN Inc.	Crystal Wealth Infrastructure Strategy	27QG01E
NBCN Inc.	Crystal Wealth Infrastructure Strategy	27QG01F
NBCN Inc.	Crystal Wealth Conscious Capital Strategy	27QH93E
NBCN Inc.	Crystal Wealth Conscious Capital Strategy	27QH93F
NBCN Inc.	Crystal Wealth Retirement Retirement One Fund	27QB27E
NBCN Inc.	Crystal Wealth Retirement Retirement One Fund	27QB27F



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: CLAYTON SMITH
5043 Mount Nemo Crescent
Burlington, Ontario
L7M 0T7

RE: Accounts at The Toronto Dominion Bank

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts listed in Schedule "A" to this Freeze Direction until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

TAKE NOTICE THAT pursuant to subsection 126(1) of the Act you are directed to maintain funds, securities or property, and you are directed to refrain from disposing of, transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

DATED at Toronto this 6th day of April, 2017.

SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
The Toronto Dominion Bank	Clayton Edward Smith	6045439-2228
The Toronto Dominion Bank	Clayton Edward Smith and Lee Ann Smith	0523771-0122



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: CLJ EVEREST LTD.
5043 Mount Nemo Crescent
Burlington, Ontario
L7M 0T7

C/O: CLAYTON SMITH
5043 Mount Nemo Crescent
Burlington, Ontario
L7M 0T7

RE: Accounts at The Toronto Dominion Bank

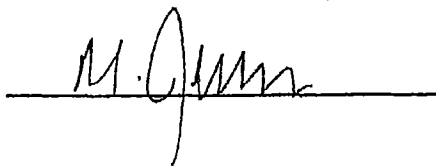
TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts listed in Schedule "A" to this Freeze Direction until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

TAKE NOTICE THAT pursuant to subsection 126(1) of the Act you are directed to maintain funds, securities or property, and you are directed to refrain from disposing of, transferring, dissipating or otherwise dealing with or diminishing the value of those funds,

7

securities or property until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature, appearing to be "M. Quinn", is written over a horizontal line.

8

SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
The Toronto Dominion Bank	CLJ Everest Ltd	5002640-0122



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
Royal Bank of Canada
200 Bay Street
Main Floor
Toronto, Ontario
M5J 2J5

RE: Crystal Wealth Management System Limited

All Accounts and Sub Accounts under Nos. (1) 00002 1304211 and (2) 00002 1304260

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of **Crystal Wealth Management System Limited** including any funds, securities or property on deposit in accounts with the following numbers:

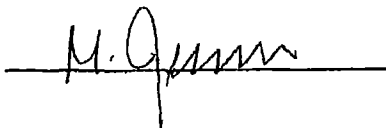
**00002 1304211, and
00002 1304260**

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise,

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of Royal Bank of Canada.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature, appearing to be "M. Quinn", is written over a horizontal line.



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue Queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
Interactive Brokers Canada Inc.
1800 McGill College Avenue
Suite 2106
Montreal, Quebec
H3A 3J6

- RE: 1. ACM Growth Fund,
2. Crystal Wealth Management System Limited,
3. Crystal Wealth Strategic Yield Media Fund,
4. Crystal Wealth Medical Income Fund, and
5. Crystal Enlightened Resource and Precious Metals Fund

All Accounts and Sub Accounts under Nos. (1) U1446894, (2) F4795511, (3) U4657920,
(4) U4895282 and (5) U4804316

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of ACM Growth Fund, Crystal Wealth Management System Limited, Crystal Wealth Strategic Yield Media Fund, Crystal Wealth Medical Income Fund and Crystal Enlightened Resource and Precious Metals Fund (the "Funds") including any funds, securities or property on deposit in accounts with the following numbers:

2

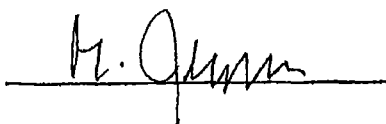
U1446894,
F4795511,
U4657920,
U4895282, and
U4804316

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise, with the exception that securities other than units of Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metal Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund (collectively the "Crystal Wealth Funds"), held in the name of, or otherwise under the control of, or on behalf of any of the Funds in the accounts at the brokerage may be sold provided that the disposition occurs through the facilities of a recognized exchange and all proceeds of such sales are maintained in the account where such securities were held.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of Interactive Brokers Canada Inc.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature in black ink, appearing to read "M. Quinn", is written over a horizontal line.



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
NBCN Inc.
The Exchange Tower
130 King Street West
Suite 3000
PO Box 21
Toronto, Ontario
M5X 1J9

RE: 1. Crystal Wealth Media Strategy,
2. Crystal Wealth Mortgage Strategy,
3. Crystal Enlightened Resource & Precious Metal Fund,
4. Crystal Wealth Medical Strategy,
5. Crystal Wealth Enlightened Factoring Strategy,
6. ACM Growth Fund,
7. ACM Income Fund,
8. Crystal Wealth High Yield Mortgage Strategy,
9. Crystal Enlightened Bullion Fund,
10. Absolute Sustainable Dividend Fund,
11. Absolute Sustainable Property Fund,
12. Crystal Wealth Enlightened Hedge Fund,
13. Crystal Wealth Infrastructure Strategy,
14. Crystal Wealth Conscious Capital Strategy,
15. Crystal Wealth Management System Limited, and
16. Crystal Wealth Retirement One Fund

All Accounts and Sub Accounts under Nos. (1) 27Q003E and 27Q003F, (2) 27Q050E and 27Q050F, (3) 27Q070E and 27Q070F, (4) 27Q080E and 27Q080F, (5) 27Q090E and 27Q090F, (6) 27QA23E and 27QA23F, (7) 27QA24E and 27QA24F, (8) 27QB26E and 27QB26F, (9) 27QC25E and 27QC25F, (10) 27QD93A and 27QD93B, (11) 27QD94A and 27QD94B, (12) 27QF14E and 27QF14F, (13) 27QG01E and 27QG01F, (14) 27QH93E and 27QH93F, (15) 27Q000A, 27QCNA, 27QTAAA, 27QAABC and 27QCNCA, and (16) 27QB27E and 27QB27F

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metal Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund (collectively the "Funds") and Crystal Wealth Management System Limited including any funds, securities or property on deposit in accounts with the following numbers:

27Q003E and 27Q003F,
 27Q050E and 27Q050F,
 27Q070E and 27Q070F,
 27Q080E and 27Q080F,
 27Q090E and 27Q090F,
 27QA23E and 27QA23F,
 27QA24E and 27QA24F,
 27QB26E and 27QB26F,
 27QC25E and 27QC25F,
 27QD93A and 27QD93B,
 27QD94A and 27QD94B,
 27QF14E and 27QF14F,
 27QG01E and 27QG01F,
 27QH93E and 27QH93F,
 27Q000A, 27QCNA, 27QTAAA, 27QAABC and 27QCNCA, and
 27QB27E and 27QB27F

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise, with the exception:

- (1) securities other than units of the Funds held in the name of or otherwise under the control of or on behalf of any of the Funds in the accounts at the brokerage may be sold provided that the sale or disposition occurs through the facilities of a recognized

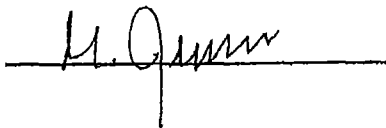
exchange and all proceeds of such sales or distributions are maintained in the account where such securities were held; and

- (2) of managed accounts, except managed accounts in the name or for the benefit of Clayton Edward Smith, Crystal Wealth Management System Limited, CLJ Everest Ltd., Chrysalis Yoga Inc., 1150752 Ontario Limited and Lee Ann Smith.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of NBCN Inc.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature, appearing to be "M. Quinn", is written over a horizontal line.



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
TD Bank Group
2931 Walkers Line
Burlington, Ontario
L7M 4M6

RE: Clayton Edward Smith
All Accounts and Sub Accounts under No. 6045439-2228

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of Clayton Edward Smith including any funds, securities or property on deposit in accounts with the following number:

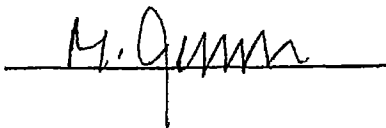
6045439-2228

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of TD Bank Group.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature, appearing to read "M. Quinn", is written over a horizontal line. A vertical line extends downwards from the center of the horizontal line.



Ontario
Securities
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Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
TD Bank Group
20 Main Street East
Grimsby, Ontario
L3M 1M9

RE: 1. CLJ Everest Ltd
2. Crystal Wealth Management System Limited
3. Clayton Edward Smith and Lee Ann Smith

All Accounts and Sub Accounts under Nos. (1) 5002640-0122, (2) 5004279-0122 and (3) 0523771-0122

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of CLJ Everest Ltd, Crystal Wealth Management System Limited and Clayton Edward Smith and Lee Ann Smith including any funds, securities or property on deposit in accounts with the following numbers:

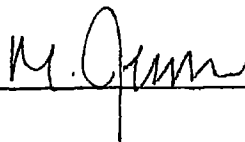
5002640-0122,
5004279-0122, and
0523771-0122

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of TD Bank Group.

DATED at Toronto this 6th day of April, 2017.



A handwritten signature, appearing to read "M. Quinn", is written over a horizontal line.



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

**FREEZE DIRECTION
(Subsection 126(1))**

TO: Branch Manager
TD Bank Group
55 King Street West
Toronto, Ontario
M5K 1A2

RE: Crystal Wealth Mortgage Strategy
All Accounts and Sub Accounts under No. 5266530-0125

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of **Crystal Wealth Mortgage Strategy** including any funds, securities or property on deposit in accounts with the following number:

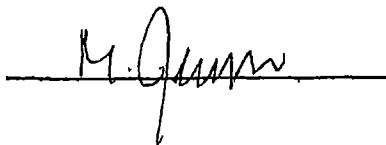
5266530-0125

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of TD Bank Group.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature, appearing to be "M. Quinn", is written over a horizontal line.

SCHEDULE "B"
FREEZE DIRECTIONS OVER CHRYSALIS YOGA

See attached.



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

Phone: 416-263-7863
Fax: 416-593-2319

Web site: www.osc.gov.on.ca

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: CHRYSALIS YOGA INC.
4040 Palladium Way
Burlington, Ontario
L7M 0C2

C/O: Shanine Lee Dennill
4040 Palladium Way
Burlington, Ontario
L7M 0C2

RE: Accounts at The Bank of Nova Scotia

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts listed in Schedule "A" to this Freeze Direction until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

SCHEDULE "B"
FREEZE DIRECTIONS OVER CHRYSALIS YOGA

See attached.



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

Phone: 416-283-7663
Fax: 416-583-2318

Web site: www.osc.gov.on.ca

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: CHRYSALIS YOGA INC.
4040 Palladium Way
Burlington, Ontario
L7M 0C2

C/O: Shanine Lee Dearnll
4040 Palladium Way
Burlington, Ontario
L7M 0C2

RE: Accounts at The Bank of Nova Scotia

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts listed in Schedule "A" to this Freeze Direction until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

TAKE NOTICE THAT pursuant to subsection 126(1) of the Act you are directed to maintain funds, securities or property, and you are directed to refrain from disposing of, transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

DATED at Toronto this ¹⁷6 day of April, 2017.

M. Q. M. M.

SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
The Bank of Nova Scotia	Chrysalis Yoga Inc.	87296 00518 10



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
Bank of Nova Scotia
4519 Dundas Street
Burlington, Ontario
L7M 5B4

RE: Chrysalis Yoga Inc.
All Accounts and Sub Accounts under No. 87296 00518 10

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of Chrysalis Yoga Inc. including any funds, securities or property on deposit in accounts with the following number:

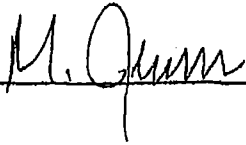
87296 00518 10

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of Bank of Nova Scotia.

DATED at Toronto this 6th day of April, 2017.



A handwritten signature in dark ink, appearing to read "M. Quinn", is written over a horizontal line.

SCHEDULE "C"
COMMUNICATIONS PROTOCOL

WHEREAS:

1. Pursuant to Orders of the Honourable Justice _____ of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 26, 2017 (the "**Appointment Order**"), Grant Thornton Limited has been appointed as Receiver of a bank account No. 87296 00518 10 at Bank of Nova Scotia in the name of Chrysalis Yoga Inc., and of all of the assets, undertakings and properties (collectively, the "**Property**") of:
 - (i) Clayton Smith;
 - (ii) Crystal Wealth Management System Limited;
 - (iii) CLJ Everest Ltd.;
 - (iv) 1150752 Ontario Limited;
 - (v) Crystal Wealth Media Strategy;
 - (vi) Crystal Wealth Mortgage Strategy;
 - (vii) Crystal Enlightened Resource & Precious Metals Fund;
 - (viii) Crystal Wealth Medical Strategy;
 - (ix) Crystal Wealth Enlightened Factoring Strategy;
 - (x) ACM Growth Fund;
 - (xi) ACM Income Fund;
 - (xii) Crystal Wealth High Yield Mortgage Strategy;
 - (xiii) Crystal Enlightened Bullion Fund;
 - (xiv) Absolute Sustainable Dividend Fund;
 - (xv) Absolute Sustainable Property Fund;
 - (xvi) Crystal Wealth Enlightened Hedge Fund;
 - (xvii) Crystal Wealth Infrastructure Strategy;
 - (xviii) Crystal Wealth Conscious Capital Strategy,
 - (xix) Crystal Wealth Retirement One Fund,

C - 2 -

(collectively, the "**Crystal Wealth Group**");

2. The Receiver was initially appointed pursuant to an Application of the Ontario Securities Commission (the "**OSC**") under section 129 of the *Securities Act* (Ontario);
3. The OSC has commenced an investigation into the activities of Crystal Wealth Management Systems Limited ("**Crystal Wealth**") and its principal, Clayton Smith ("**Smith**"), as well as the activities of companies connected to Smith, which investigation is ongoing.
4. In the course of the Receiver's appointment it receives, reviews and is otherwise advised of confidential information (including personal information), documents and/or materials (collectively, the "**Confidential Information**"), including without limitation Confidential Information relating to (i) the business, operations, financial condition and/or affairs of the Crystal Wealth Group; and (ii) former and current officers, directors, employees, clients, investors, shareholders and/or creditors of the Crystal Wealth Group;
5. Pursuant to paragraph 6(r) of the Appointment Order, the Receiver is authorized to share information, meet with and discuss with any regulatory bodies ("**Regulators**") and their advisors, including without limitation the OSC and any other regulatory authorities as the Receiver deems appropriate, on all matters relating to the Property, the affairs of the Crystal Wealth Group and the receivership of the Crystal Wealth Group, subject to such terms as to confidentiality as the Receiver deems advisable;
6. The Receiver is of the view that if so requested by the OSC or any other Regulator, the Receiver should have the authority to provide the requesting Regulator with information and documentation regarding the Crystal Wealth Group (the "**Information**", which term includes, without limitation, Confidential Information), on and subject to the terms of this protocol; and
7. Staff of the OSC seeks approval of this protocol by the Court.

NOW THEREFORE:

1. The Receiver may provide Information to the OSC or a Regulator upon request by the OSC or the Regulator; provided that the Receiver determines in its sole discretion that provision of such Information (i) is in the best interests of the estate herein, (ii) would not breach or be prohibited by any agreement to which the Receiver is a party or by the laws of any jurisdiction to which the Receiver (which term includes any of its officers, partners, employees and agents) may be subject; and (iii) would not result in the breach of any duty or obligation of confidentiality to which the Receiver (which term includes any of its officers, partners, employees and agents) may be subject or which the Receiver may owe pursuant to the laws of Canada or of any other jurisdiction.
2. The Regulator will deal with any Information provided by the Receiver in a manner consistent with any law to which the OSC or Regulator is subject, including, without limitation, the *Securities Act* (Ontario) and subject to any specific confidentiality

C - 3 -

requirements imposed by the Receiver in respect of any such Information provided to the Regulator.

3. The Receiver is in no way responsible or liable for any incorrect and/or incomplete Information.
4. The Receiver shall have no liability arising from (i) the disclosure of Information to the Regulator; (ii) the content of the Information; (iii) the use of the Information by the Regulator; or (iv) any disclosure of the Information by the OSC or Regulator.

SCHEDULE "D"
DEPOSIT ACCOUNTS

As provided at paragraph 9 of the Order to which this Schedule is attached, the Receiver is hereby empowered and authorized, but not required, to take possession and control of any monies, funds, deposit instruments, or securities held by or in the name of the Crystal Wealth Group, or any of them, or by a third party for the benefit of the Crystal Wealth Group, or any of them, including without limitation the monies, funds, deposit instruments, or securities held in the following accounts:

Institution	Account Name	Account Number
Bank of Nova Scotia	Chrysalis Yoga Inc.	87296 00518 10
Royal Bank of Canada	Crystal Wealth Management System Limited	00002 1304211
Royal Bank of Canada	Crystal Wealth Management System Limited	00002 1304260
TD Bank Group	Clayton Edward Smith	6045439-2228
TD Bank Group	CLJ Everest Ltd.	5002640-0122
TD Bank Group	Crystal Wealth Management System Limited	5004279-0122
TD Bank Group	Crystal Wealth Mortgage Strategy	5266530-0125
TD Bank Group	Clayton Edward Smith and Lee Ann Smith	0523771-0122
TD Bank Group	1150752 Ontario Limited	5001601-0122
Interactive Brokers Canada Inc.	ACM Growth Fund	U1446894
Interactive Brokers Canada Inc.	Crystal Wealth Management System Limited	F4795511

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Institution	Account Name	Account Number
Interactive Brokers Canada Inc.	Crystal Wealth Strategic Yield Media Fund	U4657920
Interactive Brokers Canada Inc.	Crystal Wealth Medical Income Fund	U4895282
Interactive Brokers Canada Inc.	Crystal Enlightened Resource and Precious Metals Fund	U4804316
NBCN Inc.	Crystal Wealth Media Strategy	27Q003E
NBCN Inc.	Crystal Wealth Media Strategy	27Q003F
NBCN Inc.	Crystal Wealth Mortgage Strategy	27Q050E
NBCN Inc.	Crystal Wealth Mortgage Strategy	27Q050F
NBCN Inc.	Crystal Enlightened Resource & Precious Metals Fund	27Q070E
NBCN Inc.	Crystal Enlightened Resource & Precious Metals Fund	27Q070F
NBCN Inc.	Crystal Wealth Medical Strategy	27Q080E
NBCN Inc.	Crystal Wealth Medical Strategy	27Q080F
NBCN Inc.	Crystal Wealth Enlightened Factoring Strategy	27Q090E
NBCN Inc.	Crystal Wealth Enlightened Factoring Strategy	27Q090F
NBCN Inc.	ACM Growth Fund	27QA23E
NBCN Inc.	ACM Growth Fund	27QA23F

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Institution	Account Name	Account Number
NBCN Inc.	ACM Income Fund	27QA24E
NBCN Inc.	ACM Income Fund	27QA24F
NBCN Inc.	Crystal Wealth High Yield Mortgage	27QB26E
NBCN Inc.	Crystal Wealth High Yield Mortgage	27QB26F
NBCN Inc.	Crystal Enlightened Bullion Fund	27QC25E
NBCN Inc.	Crystal Enlightened Bullion Fund	27QC25F
NBCN Inc.	Absolute Sustainable Dividend Fund	27QD93A
NBCN Inc.	Absolute Sustainable Dividend Fund	27QD93B
NBCN Inc.	Absolute Sustainable Property Fund	27QD94A
NBCN Inc.	Absolute Sustainable Property Fund	27QD94B
NBCN Inc.	Crystal Wealth Enlightened Hedge Fund	27QF14E
NBCN Inc.	Crystal Wealth Enlightened Hedge Fund	27QF14F
NBCN Inc.	Crystal Wealth Infrastructure Strategy	27QG01E
NBCN Inc.	Crystal Wealth Infrastructure Strategy	27QG01F
NBCN Inc.	Crystal Wealth Conscious Capital Strategy	27QH93E
NBCN Inc.	Crystal Wealth Conscious Capital Strategy	27QH93F

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Institution	Account Name	Account Number
NBCN Inc.	Crystal Wealth Management System Limited	27Q000A
NBCN Inc.	Crystal Wealth Management System Limited	27QCNA
NBCN Inc.	Crystal Wealth Management System Limited	27QTAA
NBCN Inc.	Crystal Wealth Management System Limited	27QAAB
NBCN Inc.	Crystal Wealth Management System Limited	27QCN
NBCN Inc.	Crystal Wealth Retirement One Fund	27QB27E
NBCN Inc.	Crystal Wealth Retirement One Fund	27QB27F

SCHEDULE "E"

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, *ET AL.*

PRIVILEGE PROTOCOL FOR RECEIVER PRODUCTIONS

This Protocol identifies how Staff of the Ontario Securities Commission ("**Staff**") intend to address any potentially solicitor-client privileged documents that may be obtained from the Receiver in Staff's investigation of Crystal Wealth Management Systems Limited ("**Crystal Wealth**") and its principal, Clayton Smith ("**Smith**"), as well as the activities of companies connected to Smith. Generally, Staff will make best efforts to identify, in accordance with this Protocol, any documents over which privilege may be claimed prior to reviewing them and exclude those documents from Staff's review. Staff will advise the Receiver of any privilege issues that may arise as a result of the review and will consult with the Receiver on those issues that are not otherwise addressed in this Protocol.

A. **HARD COPY DOCUMENTS**

1. The investigating team (the "**Team**") will endeavor not to request any hard copy documents from the Receiver that could be privileged.
2. Prior to requesting any documents, the Team will review any index provided by the Receiver. The Team will also not review any documents or folders obtained that on their face may contain privileged advice. For example, folders labelled "**Privileged and Confidential**" will not be reviewed and will be immediately returned to the Receiver.
3. Hard copy documents obtained from the Receiver will be scanned by the Technology & Evidence Control Unit ("**TEC**") and added to the main database of documents (the "**Main Database**").

B. **E-MAILS**

4. Upon request by the Team, the Receiver will provide electronic documents, which include the emails of certain custodians. These electronic documents will not have been reviewed for privilege prior to production.
5. TEC will upload the electronic documents into a database (the "**Receiver Database**") that is segregated from the Main Database. The Team will never have access to the Receiver Database.
6. TEC may "**de-dupe**" the electronic documents in the Receiver Database.
7. TEC will run searches through the Receiver Database to attempt to identify potentially privileged electronic documents (the "**Blind Search**"). The search terms for the Blind Search will be provided by the Team, based on its knowledge of the file (see Appendix

"A"). This list will be supplemented with a list of Ontario law firms provided by TEC.¹ Electronic documents that do not include "hits" from the Blind Search will be added to the Main Database and can be reviewed by the Team.

8. TEC will generate a summary report of the emails in the Receiver Database that contain "hits" from the Blind Search. The Report will set out the address fields (i.e., "To"; "From"; "CC" and "BCC"). A Team member will review the report to determine which emails have also been addressed to third parties and will code those emails as "Third Party". Those emails may also be added to the Main Database and can be reviewed by the Team.
9. With regard to the remaining electronic documents in the Receiver Database, that is those which generated a "hit" in the Blind Search, the Team will discuss next steps with the Receiver before taking any steps with respect to these documents. Options to consider may include, but are not limited to, delaying the assessment of privilege issues in the Receiver Database to a later time when a privilege holder is able to review or initiating a privilege review with the use of a "Filter Lawyer".

IDENTIFICATION AND SEGREGATION OF POTENTIALLY PRIVILEGED DOCUMENTS DURING REVIEW

1. In the event a Team member comes across a potentially privileged document in the Main Database, the Team member will stop reviewing the document immediately, record the document ID and advise litigation counsel, who will advise the Receiver.
2. If the potentially privileged document identified was originally a hard copy document, TEC will remove the electronic version from the Main Database and will identify the original document from the boxes provided by the Receiver. TEC will secure the document in an envelope, which will be returned to the Receiver with a completed chain of custody form.
3. If the potentially privileged document identified was originally an electronic document, TEC will remove the document from the Main Database and put it back into the Receiver Database, to which the Team has no access.
4. If possible, TEC may extract information such as name of lawyer, name of law firm, email address and, upon direction by litigation counsel, use the information to run further Blind Searches in the Main Database to segregate any similar, additional documents identified. These electronic documents will be dealt with as described in item 8, above.

Staff reserve the right to challenge at a later date any claim of solicitor client privilege that may be made over any documents identified as potentially privileged in accordance with this

¹ List downloaded from Korbitec Inc. (ACL or Automated Civil Litigation software) on July 27, 2016. The list for the Blind Search shall not include Kelly Margaritas, Margaritis Law, Stephanie McManus, or Compliance Support Services.

Protocol. Staff also acknowledge that production of a document by the Receiver does not constitute a waiver of solicitor client privilege with respect to it.

APPENDIX "A"

PRIVILEGE SEARCH TERMS
LAWYERS AND LAW FIRMS

From following list, search:

- (a) last name of known lawyer
- (b) portions of law firm email address
- (c) email address of known lawyer (to the extent not covered by (b))

	Name of Lawyer	Law Firm	Email Address
1.	Laura Paglia	Borden Ladner Gervais LLP	lpaglia@blg.com
2.	Suzanne Kittell	Borden Ladner Gervais LLP	SKittell@blg.com
3.	Kathryn M. Fuller	Borden Ladner Gervais LLP	kfuller@blg.com
4.	Martin J. Doane	Martin J. Doane, Barrister & Solicitor	mjd@martinjoane.com
5.	Jeremy Devereux	Norton Rose Fulbright Canada LLP	Jeremy.devereux@nortonrosefulbright.com
6.	Bruce O'Toole	Crawley MacKewn Brush LLP	botoole@cmblaw.ca
7.	Ellen Bessner	Babin Bessner Spry	ebessner@babinbessnerspry.com
8.	Nigel Campbell	Blake, Cassels & Graydon LLP	nigel.comapbell@blakes.com
9.	Doug McLeod	Blake, Cassels & Graydon LLP	Doug.mcleod@blakes.com

SCHEDULE "F"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Grant Thornton Limited is the receiver and manager (in such capacities, the "Receiver") of the assets, undertakings and properties of all of the Respondents, except the Respondent Chrysalis Yoga Inc., including all proceeds thereof (collectively, the "Property", which term shall include the funds contained in the account of Chrysalis Yoga Inc. bearing No. 87296 00518 10 at Bank of Nova Scotia), appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 2017 (the "Order") made in an application having Court file number 17-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly] not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

GRANT THORNTON LIMITED, solely in its
capacity as Receiver of the Property, and not in
its personal capacity

Per: _____

Name:

Title:

ONTARIO SECURITIES COMMISSION

Applicant

and CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, ET AL.

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at TORONTO**

APPOINTMENT ORDER

ONTARIO SECURITIES COMMISSION
20 Queen Street West, 22nd Floor
Toronto ON M5H 3S8

Catherine Weiler (LSUC # 52424M)
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Fax: (416) 593-8321
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Tel: (416) 593-2363
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Email: ychisholm@osc.gov.on.ca

*Lawyers for the Applicant,
Ontario Securities Commission*

April 26, 2017

ONTARIO SECURITIES COMMISSION

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, ET AL.

Applicant

Respondents

Court File No. CV-17-11779-0006

April 26, 2017

Counsel for Crystal Wealth Group and for
Chrysalis Yogi Inc have attended & advised
they do not oppose the order sought. I
am satisfied that the relief is fully
justified and that the requirements of
section 129 of the Securities Act have
been met. Order to go.

D. J.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

APPLICATION RECORD
VOLUME 8 OF 8

ONTARIO SECURITIES COMMISSION
20 Queen Street West, 22nd Floor
Toronto ON M5H 3S8

Catherine Weiler (LSUC # 52424M)
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Tel: (416) 593-2363
Fax: (416) 593-8321
Email: ychisholm@osc.gov.on.ca

Lawyers for the Applicant:
Ontario Securities Commission

Service of a true copy hereof admitted

this 25 day of April 2017

Chrysalis Yogi Inc.
SOLICITOR FOR

Service of a true copy hereof admitted

this 25 day of April 2017

Crystal Wealth
SOLICITOR FOR

TAB 3



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF CLAYTON SMITH

SETTLEMENT AGREEMENT

PART I - REGULATORY MESSAGE AND INTRODUCTION

1. For there to be fairness and confidence in Ontario's capital markets, it is critical that investment fund managers ("IFMs") and the individuals who control them faithfully and diligently fulfill their fiduciary duty to act in the best interests of their funds and the investors in those funds. Investors must be in a position to believe that their investments will be treated with the utmost care by those in whose trust they are placed. This matter concerns the conduct of Clayton Smith ("Smith" or the "Respondent") who engaged in fraud, and breached his duty to act fairly, honestly and in good faith with clients, while directing the affairs, and being the registered Ultimate Designated Person ("UDP") and Chief Compliance Officer ("CCO"), of a registered firm, Crystal Wealth Management System Limited ("Crystal Wealth").

2. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing (the "Notice of Hearing") to announce that it will hold a hearing to consider whether, pursuant to subsections 127(1) and 127.1(1) of the *Securities Act*, RSO 1990, c S.5 (the "Act"), it is in the public interest for the Commission to make certain orders in respect of the conduct described herein.

PART II - JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") recommend settlement of the proceeding (the "Proceeding") against the Respondent commenced by the Notice of Hearing, in accordance with the terms and conditions set out in Part VI of this Agreement. The Respondent consents to the

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making of an order (the “Order”) in the form attached as Schedule A to this Agreement based on the facts set out herein.

4. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts set out in Part III of this Agreement and the conclusions in Part IV of this Agreement.

PART III - AGREED FACTS

A. OVERVIEW

5. The conduct at issue in this case occurred during the period April 2012 to April 2017 (the “Material Time”).

6. Smith was an experienced market participant and registered with the Commission during the Material Time. Crystal Wealth was the IFM, portfolio manager (“PM”) and trustee for a suite of 15 proprietary investment funds (“Crystal Wealth Funds”). Smith was the directing mind of Crystal Wealth, its sole officer and director as well as the firm’s UDP and CCO.

7. Smith, Crystal Wealth and Smith’s holding companies engaged in fraud involving two Crystal Wealth Funds – Crystal Wealth Mortgage Strategy (formerly, Crystal Enhanced Mortgage Fund, the “Mortgage Fund”) and Crystal Wealth Media Strategy (formerly, Crystal Wealth Strategic Yield Media Fund, the “Media Fund”). Smith caused monies to be advanced from the Mortgage and Media Funds, purportedly in connection with the purchase of investments for the funds. In fact, at Smith’s direction, certain of the monies were transferred directly to Smith’s holding company, as described in paragraph 22. With respect to other monies, Smith instructed the third-party recipients to transfer the funds to Smith, his holding company or a related company.

8. Smith also arranged to personally receive payments from an entity that sold investments to the Media Fund, creating a material conflict of interest that Crystal Wealth neither responded to nor disclosed.

9. By engaging in fraud and failing to respond to or disclose a material conflict, Crystal Wealth breached its obligation to discharge its duties honestly, in good faith and in the best

interests of the Mortgage and Media Funds. Smith and Crystal Wealth continued to cause Crystal Wealth clients to be invested in the Mortgage and Media Funds and in so doing, they failed to deal fairly, honestly and in good faith with clients.

10. As Crystal Wealth's CCO and UDP, Smith failed to discharge his obligations to ensure, promote and monitor compliance with securities legislation by Crystal Wealth and individuals acting on its behalf. He also misled Staff during his examination under oath about his relationship to one of the corporate entities involved in the fraud.

B. DETAILED FACTS

(1) Crystal Wealth, Clayton Smith and Smith's Holding Companies

11. Crystal Wealth is a Burlington-based Ontario corporation that was registered with the Commission in several categories, including as an IFM and PM.

12. Crystal Wealth created and managed the Crystal Wealth Funds, which were structured as open-ended mutual fund trusts and distributed on a prospectus-exempt basis, pursuant to offering memoranda ("OMs").

13. Crystal Wealth performed the roles of trustee, IFM, PM and promoter for the Crystal Wealth Funds. As the IFM, Crystal Wealth managed the day-to-day business of the Crystal Wealth Funds and oversaw the PM function. As PM, Crystal Wealth was required to make suitable investment decisions for the Crystal Wealth Funds' portfolios consistent with the respective fund's investment objectives.

14. As at April 20, 2017, Crystal Wealth recorded a value for the assets under management ("AUM") of all of the Crystal Wealth Funds of approximately \$193,198,912.

15. There were approximately 1,250 Crystal Wealth clients that had discretionary managed accounts for which Crystal Wealth was the PM. Many of these clients were invested in various of the Crystal Wealth Funds. Smith was the advising representative for a number of clients with managed accounts.

16. Smith, an Ontario resident, founded Crystal Wealth in 1998 and was the firm's directing mind. From 1998 onward, Smith was Crystal Wealth's President, Chief Executive Officer and

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Chief Financial Officer. During the Material Time, Smith beneficially owned a controlling interest in Crystal Wealth and was its sole officer and director.

17. Smith was registered with the Commission in a number of capacities, including as an advising representative in the category of PM, and as Crystal Wealth's CCO and UDP. As CCO and UDP, Smith bore responsibility for supervising, promoting and monitoring Crystal Wealth's compliance with Ontario securities law.

18. Smith was also the directing mind of CLJ Everest Ltd. ("CLJ Everest") and 1150752 Ontario Limited ("115 Limited"), Ontario holding companies for which Smith was the sole officer and director. Smith owned 100% of CLJ Everest which, in turn, owned 100% of 115 Limited's voting shares. 115 Limited owned the majority of Crystal Wealth's outstanding shares. 115 Limited's registered business name was MBS Partners.

19. Crystal Wealth Marketing Inc. ("CWMI") is an Ontario company that was owned by Smith and Scott Whale ("Whale"), a shareholder and advising representative of Crystal Wealth. Smith acted as a director and officer of CWMI between August 2014 and February 2015, when the conduct described in Part III.B(5) occurred.

20. Chrysalis Yoga Inc. ("Chrysalis") is a yoga studio owned by Smith's former common law wife, at which Smith taught yoga and meditation part-time. Smith was initially a 50% owner and a director and officer of Chrysalis. During much of the Material Time, Smith dealt with Chrysalis' finances and bookkeeping and had signing authority over its bank account.

(2) Misappropriation of Investor Monies from the Mortgage Fund involving 115 Limited

21. The April 12, 2007 and August 31, 2012 Offering Memoranda for the Mortgage Fund (the "Mortgage Fund OMs") stated that the Mortgage Fund's investment objective was to "generate a consistently high level of interest income while focusing on preservation of capital by investing primarily in residential mortgages in Canada." The Mortgage Fund OMs also stated that Crystal Wealth would enter into agreements with independent companies to procure and service mortgage loans and that Crystal Wealth would rely on the expertise of licensed mortgage brokers to service and monitor the mortgages in which the Mortgage Fund invested.

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22. Despite these representations, during the period of April 2012 to September 2013, Smith caused the Mortgage Fund to make six payments, totaling approximately \$894,932, to his holding company, 115 Limited. 115 Limited was neither independent nor a registered mortgage broker and the six payments were not used to acquire mortgages from 115 Limited. Instead, shortly after each payment from the Mortgage Fund, Smith caused 115 Limited to pay all, or a significant portion, of the funds to Chrysalis, CLJ Everest (Smith's holding company), or himself. In total, Smith caused 115 Limited to pay \$511,000 to Chrysalis, \$389,000 to CLJ Everest and \$10,000 to himself, substantially with funds received from the Mortgage Fund.

23. Subsequently, in respect of these transactions, Smith advised the Mortgage Fund's auditors, BDO Canada LLP ("BDO") that the Mortgage Fund held interests in mortgages obtained through an entity known as MBS Partners (the "Purported Mortgage Investments"). The amounts of the advances from the Mortgage Fund to 115 Limited correspond approximately to the principal amounts for six Purported Mortgage Investments reflected in the correspondence provided to BDO.

(3) Misappropriation of Investor Monies from the Media and Mortgage Funds

24. The Media Fund was the largest of the Crystal Wealth Funds, with a recorded AUM of approximately \$54,466,843 as at April 20, 2017. The April 30, 2013 and August 30, 2014 Offering Memoranda for the Media Fund (the "Media Fund OMs") stated that the Media Fund's investment objective was "to generate a high level of interest income with minimum volatility and low correlation to most traditional asset classes by investing in asset-backed debt obligations of motion pictures and series television productions."

25. According to the Media Fund OMs, Media House Capital (Canada) Corp. ("Media House") was to source, advise in connection with the procurement of and service investments in film loans for the Media Fund. On behalf of the Media Fund, Smith dealt principally with Aaron Gilbert ("Gilbert"), Media House's majority shareholder and sole director, and Steven Thibault ("Thibault"), Media House's Vice President, Finance. After the purchase of a film loan by the Media Fund, Media House was to monitor and report on the performance of the investment, including the actual sales performance of the related production compared with target projections on an ongoing basis.

26. The Media Fund OMs described the film loans it intended to purchase as short to medium term loans of 12 to 30 months that have been made “to independent producers used to fund a portion of the production costs to complete motion pictures and series television productions.” Once a potential debt investment was sourced for the Media Fund by Media House, which was to have evaluated it and reported on whether it complied with due diligence guidelines, Crystal Wealth was to perform its due diligence and examine how the new debt fit into the overall investment portfolio from a diversification point of view.

27. Among the film loans recorded in the Media Fund’s financial statements were six film loans acquired from Media House during the period October 2013 to July 2015 (the “Bron Film Loans”) that were for film productions produced by Gilbert’s company, Bron Studios Inc. (“Bron Studios”). Gilbert and Thibault had a role with the borrower film production companies on the Bron Film Loans, and signed loan documents on behalf of both Media House as lender, and the production companies as borrower. The Media Fund acquired four of the Bron Film Loans from Media House. Two of the Bron Film Loans were initially purchased by the Mortgage Fund and subsequently sold to the Media Fund. The monies for the Bron Film Loans flowed largely from the Media Fund or the Mortgage Fund to Media House, Bron Animation Inc. (“Bron Animation”) or BSI Developments Inc. (“BSI Developments”), other companies related to Gilbert.

28. With respect to three of the Bron Film Loans (*Henchmen*, *Mercy* and *Kingdom*), Smith caused the Media Fund to advance investor monies to Media House or Bron Animation in tranches, and then directed Gilbert and/or Thibault to:

- (a) transfer a portion of the funds advanced from the Media Fund to Smith, CLJ Everest and Chrysalis, which resulted in transfers totaling approximately \$465,000 to Smith, \$2.3 million to CLJ Everest and \$125,000 to Chrysalis; and
- (b) transfer approximately \$4.1 million of the funds advanced from the Media Fund to Spectrum-Canada Mortgage Services Inc. (“Spectrum”), a service provider for the Mortgage Fund, to buy from the Mortgage Fund:
 - (i) certain mortgages in arrears involving third parties; and

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(ii) the Purported Mortgage Investments;

on behalf of Media House or BSI Developments, removing these mortgages and the Purported Mortgage Investments from the Mortgage Fund's books.

29. With respect to the purchase of another Bron Film Loan (*A Good Day's Work*) by the Mortgage Fund, Smith directed Spectrum to advance \$1.25 million from funds held in trust for the Mortgage Fund to BSI Developments. Smith then directed Gilbert and Thibault to, on receiving the funds advanced, transfer approximately \$1 million of the funds to a law firm representing Smith, which funds were then used for the purchase of a residential property for Smith in Burlington, Ontario, and approximately \$200,000 to CLJ Everest. Smith later caused the Mortgage Fund to advance additional monies to BSI Developments as additional loan advances for *A Good Day's Work*. These monies were substantially used by Gilbert and/or Thibault to transfer \$375,000 to CLJ Everest.

30. Smith used the monies that had been transferred to him and to CLJ Everest, as described in subparagraph 28(a) and paragraph 29, substantially for personal purposes, including the purchase of another residential property at which Smith resided in Burlington, Ontario. Some of the funds were transferred to Crystal Wealth.

(4) Misappropriation of Investor Monies from the Mortgage Fund involving CLJ Everest

31. Smith caused Crystal Wealth to enter into an agreement (the "Master Financing Agreement") dated July 6, 2016 with Magnitude CS Energy Inc. ("MCS"), which was described as being in the business of installing power and heat co-generating equipment for large energy users ("MCS Energy Projects"). Craig Clydesdale ("Clydesdale"), an Ontario resident, is a director and officer of MCS. The Master Financing Agreement contemplated that the Crystal Wealth Funds could provide financing for MCS Energy Projects, and that separate project specific financing agreements would be entered into. In addition, CLJ Everest entered into an agreement dated July 6, 2016 with MCS, pursuant to which CLJ Everest would be paid a monthly consulting fee of "15% of the Net Free Cash Flow from all Energy Projects" for its assistance with any aspect of MCS's business operations.

- 8 -

32. Smith also caused Crystal Wealth and CLJ Everest to enter into a share purchase agreement (the “Share Purchase Agreement”) dated October 21, 2016 with Whale. The Share Purchase Agreement provided that CLJ Everest would acquire all of Whale’s shares in Crystal Wealth for a purchase price of \$1,586,277, with a closing date of November 7, 2016.

33. On November 2, 2016, Smith caused the Mortgage Fund to advance \$2 million to MCSNoxrecovery (“MCSNox”), another Clydesdale company, which was recorded as a loan in the Mortgage Fund’s financial statements. On November 7, 2016, MCSNox advanced \$1.75 million to CLJ Everest, substantially funded with the monies received from the Mortgage Fund. The day after MCSNox advanced the \$1.75 million to CLJ Everest, Smith caused CLJ Everest to use \$1,586,277 of it to buy the Crystal Wealth shares held by Whale.

34. The course of conduct Smith and Crystal Wealth engaged in with respect to the Mortgage and Media Funds as described in sections (2) and (3) above and this section (4), was deceptive and placed the pecuniary interests of Mortgage and Media Funds’ investors at risk. By engaging in this conduct, Smith, Crystal Wealth, CLJ Everest and 115 Limited engaged or participated in acts, practices or courses of conduct relating to the Mortgage and Media Funds that Smith, Crystal Wealth, CLJ Everest and 115 Limited, knew or reasonably ought to have known perpetrated a fraud on investors, in breach of subsection 126.1(1)(b) of the Act.

(5) Failure to Respond to or Disclose Material Conflict of Interest

35. Between August 2014 and February 2015, Smith received a substantial financial benefit from the purchase of certain film loans by the Media Fund from Media House. At the time, Smith was the directing mind of Crystal Wealth, and on behalf of Crystal Wealth, served as the lead PM for the Media Fund. The benefit obtained by Smith created a material conflict of interest that Crystal Wealth neither responded to nor disclosed to investors.

36. According to the Media Fund OMs, Media House was to receive compensation for sourcing and administering the film loans in the form of a loan facilitation fee of up to 10% of the face value of any loans the Media Fund purchased from Media House (the “Loan Facilitation Fee”). Crystal Wealth was to receive a management fee at an annual rate of 2% of the AUM of the Media Fund.

37. The Media Fund OMs did not disclose that for several of the film loans, a portion of the Loan Facilitation Fee was paid to CWMI, a company for which Smith was a 50% shareholder, and an officer and director. From August 2014 to February 2015, Media House and Bron Management Ltd., another company associated with Gilbert, paid CWMI approximately 30% of the Loan Facilitation Fee on film loans acquired by the Media Fund during that period. The Loan Facilitation Fee payments to CWMI totaled approximately \$622,780. CWMI used substantially all of the monies to make payments to its two shareholders, Whale and Smith. Smith received \$323,000, funded substantially from those Loan Facilitation Fee payments.

38. Causing the Media Fund to purchase film loans for which Smith received a substantial personal payment created a material conflict of interest that Crystal Wealth had an obligation to respond to and that reasonable investors would be expected to be informed about. Crystal Wealth failed to respond to or disclose the conflict to investors, contrary to subsections 13.4(2) and (3) of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”).

(6) Failure to Deal Fairly, Honestly, and in Good Faith with Clients

39. As registered advisers, Crystal Wealth and Smith had an obligation to deal honestly, fairly and in good faith with their clients. While Smith and Crystal Wealth engaged in the conduct described in sections (2) to (5) above, Smith and Crystal Wealth caused clients to be invested in the Mortgage and Media Funds. In so doing, Smith and Crystal Wealth breached their obligation to deal fairly, honestly and in good faith with clients, contrary to section 2.1 of OSC Rule 31-505 – *Conditions of Registration* (“OSC Rule 31-505”).

(7) Failure to Discharge Duties as an IFM Honestly, in Good Faith, and in the Best Interests of the Investment Fund

40. Crystal Wealth was the IFM for the Mortgage and Media Funds, and as such, had the obligation to discharge its duties honestly, in good faith, and in the best interests of the Mortgage and Media Funds. Crystal Wealth, as trustee for the Crystal Wealth Funds, had an express fiduciary obligation under the master declaration of trust for the funds, to act in good faith and in the best interests of the unitholders or investors, who were the beneficiaries of the trusts and whose monies were entrusted to Crystal Wealth.

41. By engaging in the conduct described in sections (2) to (5) above, Crystal Wealth breached its fiduciary duty and failed to discharge its duties honestly, in good faith and in the best interests of the Mortgage and Media Funds, contrary to subsection 116(a) of the Act.

(8) Failure to Discharge Duties of CCO and UDP

42. As Crystal Wealth's CCO, Smith had an obligation pursuant to section 5.2 of NI 31-103 to establish policies and procedures directed towards assessing compliance by Crystal Wealth with securities legislation and to monitor and assess compliance with securities legislation by Crystal Wealth and individuals acting on its behalf.

43. As Crystal Wealth's UDP, Smith had an obligation pursuant to section 5.1 of NI 31-103 to supervise the activities of Crystal Wealth that were directed towards ensuring compliance with securities legislation and to promote compliance with securities legislation by Crystal Wealth and the individuals acting on its behalf.

44. In light of the conduct that Smith and Crystal Wealth engaged in described in sections (2) to (7) above, Smith failed to fulfil his obligation as CCO and UDP of Crystal Wealth to ensure, promote and monitor compliance with securities legislation by Crystal Wealth and individuals acting on its behalf, contrary to sections 5.1 and 5.2 of NI 31-103.

(9) Misleading Staff

45. Smith was examined under oath by Staff on September 26 and 27, 2017 pursuant to subsection 13(1) of the Act. During this examination, Staff asked questions about various entities Smith dealt with on behalf of the Mortgage Fund, including MBS Partners, the entity through which Smith and Crystal Wealth perpetrated a fraud as described in section (2), above. During the examination, Smith misled Staff by:

- (a) falsely stating that neither he nor Crystal Wealth had an interest in MBS Partners, when in fact Smith beneficially owned 100% of the voting shares of MBS Partners, which was the business name that was registered for Smith's company, 115 Limited, and Smith was the director, officer and directing mind of 115 Limited; and

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- (b) falsely stating that MBS Partners had no interest in Crystal Wealth, when in fact 115 Limited owned the majority of Crystal Wealth's outstanding shares throughout the Material Time.

46. Smith thereby breached subsection 122(1)(a) of the Act because he made statements that, in a material respect, and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading.

PART IV - NON-COMPLIANCE WITH ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

47. The Respondent acknowledges and admits that, during the Material Time:

- (a) the Respondent engaged in or participated in acts, practices and courses of conduct relating to securities that the Respondent knew or reasonably ought to have known perpetrated a fraud on the Mortgage and Media Funds and their investors, contrary to subsection 126.1(1)(b) of the Act;
- (b) the Respondent did not deal fairly, honestly and in good faith with the Respondent's clients, contrary to subsection 2.1(2) of OSC Rule 31-505;
- (c) the Respondent did not comply with the Respondent's obligations as the UDP and CCO of Crystal Wealth, contrary to sections 5.1 and 5.2 of NI 31-103;
- (d) the Respondent made statements in evidence submitted to Staff that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state facts that were required to be stated or that were necessary to make the statements not misleading, contrary to subsection 122(1)(a) of the Act;
- (e) the Respondent, a director and officer of Crystal Wealth, CLJ Everest and 115 Limited, authorized, permitted or acquiesced in each company's non-compliance with Ontario securities law, and is deemed not to have complied with Ontario securities law under section 129.2 of the Act; and

- (f) as set out in subparagraphs (a) through (e) above, the Respondent engaged in conduct contrary to the public interest.

PART V – STAFF’S POSITION

48. On April 26, 2017, on application by the Commission under subsection 129(1) of the Act, the Ontario Superior Court of Justice made an order appointing Grant Thornton Limited (the “Receiver”) receiver and manager of the assets of Smith, personally, and the assets of Crystal Wealth, the Crystal Wealth Funds, CLJ Everest, 115 Limited and receiver of a bank account owned by Chrysalis. Through the receivership proceeding (the “Receivership”), the Receiver has begun and continues to liquidate and distribute assets.

49. As of May 1, 2018, approximately \$30,817,199 has been returned to investors through the Receivership.

50. But for the appointment of the Receiver over Smith’s assets for the benefit of investors and other creditors, Staff would seek monetary sanctions against Smith significantly greater than the \$250,000 administrative penalty and \$50,000 in costs set forth in subparagraphs 52(j) and 52(k) below.

PART VI – TERMS OF SETTLEMENT

51. The Respondent agrees to the terms of settlement set forth below.

52. The Respondent consents to the Order, pursuant to which it is ordered that:

- (a) this Agreement be approved;
- (b) the registrations granted to the Respondent under Ontario securities law be terminated, pursuant to paragraph 1 of subsection 127(1) of the Act;
- (c) trading in any securities or derivatives by the Respondent cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;
- (d) the acquisition of any securities by the Respondent be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

- 13 -

- (e) any exemptions contained in Ontario securities law not apply to the Respondent permanently, pursuant to paragraph 3 of subsection 127(1) of the Act;
- (f) the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- (g) the Respondent immediately resign any position that the Respondent holds as a director or officer of an issuer, a registrant or an investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;
- (h) the Respondent be permanently prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;
- (i) the Respondent be permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
- (j) the Respondent pay an administrative penalty in the amount of \$250,000 pursuant to paragraph 9 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
- (k) the Respondent pay costs in the amount of \$50,000, pursuant to subsection 127.1(1) of the Act.

53. The Respondent acknowledges that, in addition to any proceedings referred to in paragraph 56, failure to pay in full any monetary sanctions and/or costs ordered will result in the Respondent's name being added to the list of "Respondents Delinquent in Payment of Commission Orders" published on the Commission's website.

54. The Respondent consents to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraph 52, other than subparagraphs 52(a), 52(j) and 52(k). These sanctions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

55. The Respondent acknowledges that this Agreement and the Order may form the basis for orders of parallel effect in other jurisdictions in Canada. The securities laws of certain Canadian jurisdictions allow orders made in this matter to take effect in them automatically, without further notice to the Respondent. The Respondent should contact the securities regulator of any other jurisdiction in which the Respondent intends to engage in any securities-related activities, prior to undertaking such activities.

PART VII - FURTHER PROCEEDINGS

56. If the Commission approves this Agreement, Staff will not commence or continue any proceeding against the Respondent under Ontario securities law based on the misconduct described in Part III of this Agreement, unless the Respondent fails to comply with any term in this Agreement, other than subparagraphs 52(j) and 52(k) (a “Breach”). If a Breach occurs, Staff may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of this Agreement, as well as the Breach.

57. The Respondent waives any defences to a proceeding referenced in paragraph 56 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Agreement.

PART VIII - PROCEDURE FOR APPROVAL OF SETTLEMENT

58. The parties will seek approval of this Agreement at a public hearing (the “Settlement Hearing”) before the Commission, which will be held on a date determined by the Secretary to the Commission in accordance with this Agreement and the Commission’s *Rules of Procedure* (2017), 40 OSCB 8988.

59. The Respondent will attend the Settlement Hearing in person.

60. The parties confirm that this Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

61. If the Commission approves this Agreement:

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- (a) the Respondent irrevocably waives all rights to a full hearing, judicial review or appeal of this matter under the Act; and
- (b) neither party will make any public statement that is inconsistent with this Agreement or with any additional agreed facts submitted at the Settlement Hearing.

62. Whether or not the Commission approves this Agreement, the Respondent will not use, in any proceeding, this Agreement or the negotiation or process of approval of this Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may be available.

PART IX - DISCLOSURE OF AGREEMENT

63. If the Commission does not make the Order:

- (a) this Agreement and all discussions and negotiations between Staff and the Respondent before the Settlement Hearing will be without prejudice to Staff and the Respondent; and
- (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations in respect of the Proceeding. Any such proceedings, remedies and challenges will not be affected by this Agreement, or by any discussions or negotiations relating to this Agreement.

64. The parties will keep the terms of this Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

PART X - EXECUTION OF AGREEMENT

65. This Agreement may be signed in one or more counterparts which together constitute a binding agreement.

66. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

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[The remainder of this page is intentionally left blank.]

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DATED at Burlington, Ontario as of the 28th day of May, 2018.

"Jillian Van Osch"

Witness: Jillian Van Osch

"Clayton Smith"

CLAYTON SMITH

DATED at Toronto, Ontario, as of the 28th day of May, 2018.

ONTARIO SECURITIES COMMISSION

By: ***"Jeff Kehoe"***

Jeff Kehoe
Director, Enforcement Branch

SCHEDULE A
FORM OF ORDER



Ontario
Securities

de l'Ontario

Commission des
22e étage
valeurs mobilières
20, rue queen ouest

Toronto ON M5H 3S8

22nd Floor

20 Queen Street West

Toronto ON M5H 3S8

File No. [#]

IN THE MATTER OF
CLAYTON SMITH

[Name of Chair of Panel], Commissioner and Chair of the Panel
[Name of Commissioner], Commissioner
[Name of Commissioner], Commissioner

[Day and date Order made]

ORDER
(Subsections 127(1) and 127.1(1) of the
***Securities Act*, RSO 1990, c S.5)**

WHEREAS on [date], the Ontario Securities Commission (the “Commission”) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider an application made jointly by Clayton Smith (the “Respondent”) and Staff (“Staff”) of the Commission for approval of a settlement agreement dated as of [date] (the “Agreement”);

ON READING the Statement of Allegations dated [date] and the Joint Application Record for a Settlement Hearing dated [date], including the Agreement;

AND ON HEARING the submissions of the Respondent and Staff;

IT IS ORDERED THAT:

1. the Agreement be approved;
2. the registrations granted to the Respondent under Ontario securities law be terminated, pursuant to paragraph 1 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the “Act”);
3. trading in any securities or derivatives by the Respondent cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;
4. the acquisition of any securities by the Respondent be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
5. any exemptions contained in Ontario securities law not apply to the Respondent permanently, pursuant to paragraph 3 of subsection 127(1) of the Act;
6. the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
7. the Respondent immediately resign any position that the Respondent holds as a director or officer of an issuer, a registrant or an investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;
8. the Respondent be permanently prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;
9. the Respondent be permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
10. the Respondent pay an administrative penalty in the amount of \$250,000 pursuant to paragraph 9 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
11. the Respondent pay costs in the amount of \$50,000, pursuant to subsection 127.1(1) of the Act.

•

[Name of Chair of Panel]

•

[Name of Commissioner]

•

[Name of Commissioner]

TAB 4



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

FILE NO.: 2018-35

**IN THE MATTER OF
CLAYTON SMITH**

Janet Leiper, Commissioner and Chair of the Panel
Philip Anisman, Commissioner
Frances Kordyback, Commissioner

June 14, 2018

ORDER

(Subsections 127(1) and 127.1(1) of the
Securities Act, RSO 1990, c S.5)

WHEREAS on June 13, 2018, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider an application made jointly by Clayton Smith (the **Respondent**) and staff of the Commission (**Staff**) for approval of a settlement agreement dated as of May 28, 2018 (the **Settlement Agreement**);

ON READING the Joint Application for a Settlement Hearing dated June 8, 2018, including the Statement of Allegations, the Settlement Agreement and the Consent of the parties, and on hearing the submissions of the Respondent, appearing in person, and of the representative for Staff;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;
2. the registrations granted to the Respondent under Ontario securities law are terminated;
3. trading in any securities or derivatives by the Respondent cease permanently;
4. the acquisition of any securities by the Respondent is prohibited permanently;
5. any exemptions contained in Ontario securities law not apply to the Respondent permanently;
6. the Respondent is reprimanded;
7. the Respondent immediately resign any position that he holds as a director or officer of an issuer or a registrant, including an investment fund manager;
8. the Respondent is permanently prohibited from becoming or acting as a director or officer of any issuer or registrant, including an investment fund manager;

9. the Respondent is permanently prohibited from becoming or acting as a registrant, including an investment fund manager, or a promoter;
10. the Respondent pay an administrative penalty in the amount of \$250,000, which amount is designated for allocation or use by the Commission in accordance with paragraph 3.4(2)(b) of the *Securities Act*, RSO 1990, c S.5; and
11. the Respondent pay costs in the amount of \$50,000.

"Janet Leiper"

Janet Leiper

"Philip Anisman"

Philip Anisman

"Frances Kordyback"

Frances Kordyback



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue Queen Ouest
Toronto ON M5H 3S8

Citation: Clayton Smith (Re), 2018 ONSEC 33

Date: 2018-06-14

File No. 2018-35

IN THE MATTER OF CLAYTON SMITH

ORAL REASONS FOR APPROVAL OF SETTLEMENT (Subsections 127(1) and 127.1(1) of the *Securities Act*, RSO 1990, c S.5)

Hearing: June 13, 2018

Decision: June 14, 2018

Panel:	Janet Leiper Philip Anisman Frances Kordyback	Commissioner and Chair of the Panel Commissioner Commissioner
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Appearances:	Anna Huculak Clayton Smith	For Staff of the Commission Appearing on his own behalf
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ORAL REASONS FOR APPROVAL OF SETTLEMENT

The following reasons have been prepared for publication in the Ontario Securities Commission Bulletin, based on the reasons delivered orally at the hearing, and as edited, with footnotes, and approved by the Panel, to provide a public record.

- [1] The Settlement Agreement dated May 28, 2018 (**Settlement Agreement**) between enforcement staff (**Staff**) of the Ontario Securities Commission (the **Commission**) and Clayton Smith (**Smith**), submitted for approval in this settlement hearing, provides an illustration of the potential for abuse when unchecked authority is conferred on a single individual.
- I. SMITH'S CONDUCT**
- [2] The conduct admitted by Smith in the Settlement Agreement demonstrates a conscious disregard by Smith and Crystal Wealth Management System Limited (**Crystal Wealth**), under Smith's direction, of their fiduciary responsibilities to, and their obligations to act honestly, in good faith and in the best interests of, mutual funds they managed and clients who invested in those funds.
- [3] Smith was the founder of Crystal Wealth and as its president, CEO, CFO, CCO, UDP, sole officer and director and indirect controlling shareholder, was its directing mind.¹ He controlled Crystal Wealth through a series of holding companies of which he was the only officer and director; he was the sole shareholder of CLJ Everest Ltd. (**CLJ Everest**), which owned all the voting shares of 1150752 Ontario Limited (**115 Limited**), which in turn owned a majority of Crystal Wealth's outstanding shares.²
- [4] Crystal Wealth was the creator, promoter and trustee and the registered investment fund manager (**IFM**) and portfolio manager of fifteen mutual funds (the **Crystal Wealth Funds**) that distributed their securities on a prospectus-exempt basis.³ Smith was registered as a portfolio manager and advising representative, was the lead portfolio manager for at least one of the Crystal Wealth Funds, Crystal Wealth Media Strategy (the **Media Fund**), and advised a number of Crystal Wealth's 1,250 clients who had discretionary managed accounts, many of whom were invested in various Crystal Wealth Funds.⁴
- [5] Over a period of approximately five years, from April, 2012 to April, 2017 (the **Material Time**), Smith misappropriated significant amounts of money from two of the Crystal Wealth Funds, Crystal Wealth Mortgage Strategy (the **Mortgage Fund**) and the Media Fund, by causing payments to be made, directly and indirectly, to himself, his wholly-owned corporations and two other corporations that he owned equally with another shareholder and advising representative of Crystal Wealth in one case (**CWMI**) and with his former common law wife in the

¹ Settlement Agreement at paras 6 and 16. These reasons adopt the definitions used in the Settlement Agreement.

² Settlement Agreement at para 18.

³ Settlement Agreement at paras 6 and 11-13.

⁴ Settlement Agreement at paras 15, 17 and 35.

other (**Chrysalis**).⁵ A brief description demonstrates the nature of this fraudulent conduct.

a. Mortgage Fund

- [6] Smith caused the Mortgage Fund to make six payments totalling approximately \$894,932 to 115 Limited. He subsequently told the Mortgage Fund's auditors that the Mortgage Fund held interests in mortgages corresponding to the amounts of these payments (the **Purported Mortgage Investments**) that were obtained through "MBS Partners", the registered name under which 115 Limited carried on business.⁶ These Purported Mortgage Investments were contrary to the Mortgage Fund's offering memorandum, which represented that it would invest in mortgages with independent companies.⁷ Moreover, when asked by Staff about MBS Partners on an examination under oath, he said he had no interest in MBS Partners and MBS Partners had no interest in Crystal Wealth; as MBS Partners was 115 Limited, Crystal Wealth's direct controlling shareholder, both statements were lies.⁸
- [7] Smith subsequently misappropriated funds from the Media Fund by having it overpay for three film loans and directing the recipients, Media House and its related parties, to transfer the funds to a service provider to purchase the Purported Mortgage Investments from the Mortgage Fund.⁹ He thus repaid the Mortgage Fund some or all of the amount he previously misappropriated from it with funds misappropriated from the Media Fund.
- [8] Although the Mortgage Fund's offering memorandum stated that it would invest primarily in residential mortgages, Smith caused it to purchase two film loans, which were subsequently sold to the Media Fund. The money paid for one of these loans was substantially returned to Smith amounting to a further misappropriation of approximately \$1,575,000.¹⁰
- [9] Smith also caused Crystal Wealth to enter into a financing agreement with MCS to provide financing for energy projects. The same day, he had CLJ Everest enter into an arrangement with MCS under which a monthly consulting fee of 15 per cent of the net free cash flow from all such energy projects would be paid to CLJ Everest for unspecified assistance with "any aspect of MCS's business operations". Smith subsequently had the Mortgage Fund pay \$2,000,000 to an MCS affiliate, which was recorded as a loan in the Mortgage Fund's financial statements, \$1,750,000 of which was advanced by the MCS affiliate to CLJ Everest and used by it to purchase shares of Crystal Wealth from the other shareholder of CWMI.¹¹ Smith thus used funds obtained from the Mortgage Fund to increase his indirect share ownership of Crystal Wealth. Smith admits this and the other Mortgage Fund transactions were fraudulent.¹²

⁵ Settlement Agreement at paras 19, 20, 28 and 37.

⁶ Settlement Agreement at paras 18 and 22-23.

⁷ Settlement Agreement at para 21.

⁸ Settlement Agreement at paras 18, 23 and 45.

⁹ Settlement Agreement at para 28(b)(ii).

¹⁰ Settlement Agreement at paras 27 and 29.

¹¹ Settlement Agreement at paras 31-33.

¹² Settlement Agreement at para 34.

b. Media Fund

- [10] Although the Media Fund's offering memorandum said that funds would be invested in film loans to independent producers, six such loans were provided to Media House for films produced by corporations controlled by Media House's majority shareholder and sole director.¹³ At Smith's direction, approximately \$6,990,000 of these loans were transferred to Smith and his corporations¹⁴ and to the Mortgage Fund's service provider to purchase from the Mortgage Fund the Purported Mortgage Investments¹⁵ and other mortgages that were in arrears.¹⁶ This course of conduct, too, was fraudulent.
- [11] Smith also arranged for payments that were, in effect, a kickback in connection with the purchase by the Media Fund of certain other film loans from Media House. The contract with Media House provided that Media House was to receive a loan facilitation fee of up to 10 per cent of the face value of these loans. For several of the loans, Media House paid 30 per cent of its loan facilitation fee to CWMI, amounting to approximately \$622,780, substantially all of which was paid to Smith and CWMI's other shareholder.¹⁷
- [12] The Settlement Agreement treats this payment separately as a conflict of interest, which Crystal Wealth failed to disclose to investors in the Media Fund contrary to Ontario securities law.¹⁸ In fact, although the Settlement Agreement does not say this, all of the misappropriations described in the Settlement Agreement raised conflicts of interest, disclosure of which would have prevented their accomplishment.¹⁹

c. Duty to Clients

- [13] Finally, during the Material Time, Smith caused clients of Crystal Wealth, whose discretionary accounts he managed, "to be invested in the Mortgage and Media Funds". He admits that in doing so he failed to deal fairly, honestly and in good faith with them, contrary to Ontario securities law.²⁰

II. APPROPRIATE SANCTIONS

a. Market Prohibitions

- [14] Smith's egregious, admittedly fraudulent conduct in directing and managing the investment funds of clients invested in the Mortgage and Media Funds warrants serious sanctions. The sanctions agreed to in the Settlement Agreement would permanently exclude him from participation in the securities market by prohibiting him from trading in securities or derivatives, from becoming or acting

¹³ Settlement Agreement at paras 24-27.

¹⁴ Settlement Agreement at para 28(a).

¹⁵ See paragraph 7, above.

¹⁶ Settlement Agreement at para 28(b).

¹⁷ Settlement Agreement at paras 35-37.

¹⁸ Settlement Agreement at para 38; National Instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, ss 13.4(2) and (3) (**NI 31-103**). The Settlement Agreement does not state that this was fraudulent.

¹⁹ See LD Brandeis, *Other People's Money and How the Bankers Use It* (1914, Harper Torchbook Edition, 1967) at 62 ("Sunlight is said to be the best of disinfectants; electric light the most efficient policeman").

²⁰ Settlement Agreement at paras 15, 39 and 47(b); OSC Rule 31-505 - *Conditions of Registration*, s 2.1.

as a registrant or promoter and from acting in any managerial position with an issuer or registrant (including an investment fund manager).²¹ These sanctions are clearly appropriate.

b. Disgorgement

- [15] In most circumstances, other sanctions would be as well. The Settlement Agreement describes misappropriations from the Mortgage Fund and Media Fund over an extended period totalling approximately \$11,832,712.²² All of these funds were misappropriated through Smith's portfolio management activities on behalf of Crystal Wealth and, as admitted in the Settlement Agreement, were contrary to section 126.1 of the Act or the conflict of interest provisions of NI 31-103.²³ As a result, an order requiring Smith to disgorge all of the funds obtained as a result of these contraventions of Ontario securities law would usually be appropriate. The Settlement Agreement does not provide for one.
- [16] The Settlement Agreement states, however, that a receiver and manager has been appointed under section 129 of the Act over the assets of Crystal Wealth, the Crystal Wealth Funds, CLJ Everest, 115 Limited, Chrysalis' bank account and Smith's personal assets for the benefit of investors in the Crystal Wealth Funds and other creditors of Crystal Wealth.²⁴
- [17] The implication is that Smith has no remaining assets. The effect of the receiver's appointment is thus equivalent to a disgorgement order applicable to all of Smith's assets with a more direct benefit to Crystal Wealth's investors, whether or not these assets are equal to the misappropriated amounts that would be subject to a disgorgement order (which is not disclosed in the Settlement Agreement). In these circumstances, a disgorgement order, if enforced as a claim by Staff in the receivership, would reduce proportionately the amount that investors may receive. As a result, the fact that the Settlement Agreement does not require disgorgement of the funds obtained by Smith does not take it beyond a reasonable range of appropriate sanctions.²⁵

c. Monetary Administrative Penalty

- [18] The agreed sanctions also include a monetary administrative penalty in the amount of \$250,000. In the context of Smith's conduct, this amount is arguably insignificant. When the receiver and manager was appointed, the AUM of the Crystal Wealth Funds were \$193,198,912, and the Media Fund alone had AUM of

²¹ Investment fund managers are registrants; see *Dhanani (Re)* (2017), 40 OSCB 4457, 2017 ONSEC 15 at para 14.

²² Paragraphs 6 and 8-11, above.

²³ NI 31-103, s 13.4. Smith is also responsible for these contraventions as the authorizing director and officer of Crystal Wealth, as he admitted; see Act, s 129.2; Settlement Agreement at paras 34, 38 and 47(a) and (e).

²⁴ Settlement Agreement at paras 48-50. As of May 1, 2018, approximately \$30,817,199 had been returned to investors by the receiver. This is significantly less than Crystal Wealth's \$193,198,912 assets under management (AUM) and the \$54,466,843 AUM of the Media Fund as of April 20, 2017, one week before the receiver was appointed; Settlement Agreement at paras 14, 24 and 48.

²⁵ This is so, even though a settlement that required disgorgement of funds obtained from investors where a receiver had been appointed has been approved by the Commission; see *Pogachar (Re)* (2011), 34 OSCB 1048 (order) and 1055 (settlement agreement). The settlement in this case was with the corporate respondents, was agreed to by their receiver acting for them and required allocation of the disgorged funds to specified classes of investors and the distribution of these funds by the receiver.

approximately \$54,466,843. The amounts misappropriated by Smith totalled almost \$12,000,000. In light of these amounts and Smith's multiple contraventions, an administrative penalty of \$250,000 is inadequate and would not be an appropriate sanction.

- [19] Moreover, the Settlement Agreement suggests that the administrative penalty may not be collectible. Like similar settlement agreements, the Settlement Agreement provides that a failure by Smith to comply with the agreed order will entitle Staff to bring proceedings against him based on both the misconduct described in the Settlement Agreement and the breach of the order. Under the Settlement Agreement, however, this provision does not apply to the administrative penalty and costs.²⁶ As a result, if Smith does not pay the administrative penalty and costs to which he has agreed, the settlement will continue to be binding on Staff, so long as he complies with the market prohibitions in the order. The effect of this exclusion is emphasized by Smith's acknowledgement that a failure to pay will result in his name being added to the list of delinquent respondents that is published by the Commission.²⁷
- [20] The potential for a proceeding based on the facts admitted in a settlement agreement for a breach of the agreed order encourages compliance with the order, including monetary sanctions, and enhances the deterrent effect of the settlement.²⁸ The carveout in the Settlement Agreement thus reduces any incentive to comply with the monetary and costs orders and the specific deterrence that it may otherwise accomplish.
- [21] The relatively small administrative penalty, when combined with Staff's inability to take proceedings if it is not paid and Smith's acknowledgement, may also diminish the general deterrence of the agreed sanctions and could bring into question the reasonableness of these sanctions.²⁹ If payment is not expected, it may be preferable not to include an administrative penalty and costs in a settlement agreement.³⁰ A monetary sanction that is merely symbolic may have a perverse effect and diminish confidence in the Commission's enforcement process. In this case, however, for the following reasons, the sanctions remain within a reasonable range of appropriateness.

d. Public Interest

- [22] The fact that a receiver has been appointed over Smith's personal assets does not mean he will never have assets. Smith is capable and enterprising, as is demonstrated by the fact that under his direction, in less than 20 years, Crystal Wealth acquired AUM of almost \$200 million and by the complexity of the fraudulent misappropriations described in the Settlement Agreement. It is possible that Smith will acquire funds following the receivership, the conclusion

²⁶ Settlement Agreement at para 56. A carveout like this one is contained in only one prior settlement agreement; see *Kotton (Re)* (2017), 40 OSCB 4855, 2017 LNONOSC 291 at para 100.

²⁷ Settlement Agreement at para 53. Although this provision is common in settlement agreements, its deterrent effect is questionable, and in a case like this one, likely negligible.

²⁸ See, e.g., *Wing (Re)* (2018), 41 OSCB 4365, 2018 ONSEC 25 at para 17 (*Wing*).

²⁹ The fact that one prior settlement agreement contains similar provisions does not, in our view, support the reasonableness of this one.

³⁰ See, e.g., *Sbaraglia (Re)* (2013), 36 OSCB 2572 (order) and 2609 (settlement agreement) at paras 29-30 (settlement of proceeding based on similar conduct; no monetary sanction or costs because receiver appointed over respondent's assets); see also *Marlow (Re)* (2006), 29 OSCB 5217 at paras 5-7.

of which will not release him from liability for his debts. Staff will be entitled to register the agreed order in the Superior Court of Justice, after which it will be enforceable as an order of the Court.³¹ As such, its enforcement will not be subject to a limitation period.³² Thus, despite the carveout in the Settlement Agreement, the monetary penalty and costs may be collectible in the long term, if Staff seeks to enforce the order.

- [23] In addition, the complexity of the transactions described in the Settlement Agreement indicates that a lengthy hearing will be necessary if the Settlement Agreement is rejected. A hearing would require full proof of the facts agreed to in the Settlement Agreement and, possibly, evidence relating to other transactions not included in it. The Settlement Agreement will thus remove the need to conduct a lengthy hearing and by saving substantial Staff time, will enable Staff to address other enforcement needs.
- [24] More significantly, it is not clear that any result obtained after a hearing on the merits would fulfill the Commission's mandate to a substantially greater degree than the agreed order. The market prohibitions will accomplish the direct protective purposes of sanctions under the Act by precluding any activities by Smith relating to the securities market and investors. A failure to comply with them will entitle Staff to bring a proceeding based on all of Smith's admitted conduct. In view of the receivership, it is far from clear that any disgorgement order and administrative penalty that might be imposed after a lengthy hearing would accomplish enough to make this Settlement Agreement unreasonable. As a result, the Settlement Agreement embodies adequate specific and general deterrence to bring the agreed sanctions within a reasonable range of appropriateness.³³ For these reasons, approval of the Settlement Agreement is in the public interest and we shall make an order substantially in the form agreed to by Staff and Smith in this hearing.
- [25] Approval in this case should not, however, be treated as acceptance of the reasonableness of the carveout in paragraph 56 of the Settlement Agreement³⁴ or as a precedent for consideration of the parameters of reasonableness in future settlement hearings. Rather, this decision should be limited to its facts, recognizing that a carveout of this nature is inconsistent with the specific and general deterrence that is essential to the prevention sought in Commission sanction orders.³⁵

III. ADDITIONAL COMMENTS

a. Reprimand

- [26] The Settlement Agreement invites two further comments. First, the agreed order includes a reprimand. Authority to reprimand was granted in 1994 to enable the Commission to sanction registrants and other market participants where another

³¹ Act, s 151.

³² *Limitations Act, 2002*, SO 2002, c 24, Schedule B, s 16(1)(b); see, e.g., *Independence Plaza 1 Associates, LLC v Figliolini*, 2017 ONCA 44 at para 32.

³³ See, e.g., *Electrovaya (Re)* (2017), 40 OSCB 5795, 2017 ONSC 25 at paras 5-8; *Wing* at paras 4, 5 and 11.

³⁴ See paragraph 19, above.

³⁵ See *Wing* at para 1.

sanction would be too severe.³⁶ An agreement to be reprimanded may also recognize a respondent's acceptance of responsibility and commitment to future compliance with Ontario securities law.³⁷ In a case like this one, it may also serve as an attempt to emphasize and bring home to a respondent direct responsibility for his or her abusive conduct.

- [27] A reprimand, like other sanctions, must be based on the facts of each case, which determine its utility.³⁸ In view of the conscious nature and repetition of the wrongdoing described in the Settlement Agreement, a reprimand would appear to add little, if anything, to the prohibitions in the agreed order. If it is perceived as a token sanction, merely a slap on the wrist, it may undermine the effect of reprimands generally. While including it here does not make the settlement unreasonable, it is important to consider in future cases based on similar egregious conduct whether a reprimand serves a useful purpose with respect to an individual respondent.

b. Regulatory Framework

- [28] Finally, the conduct described in the Settlement Agreement is indicative of the potential for conflicts of interest in the management of mutual funds. Transactions involving conflicts of interest by mutual funds that are reporting issuers are subject to review by an independent review committee (**IRC**).³⁹ Although not mentioned by the parties, Smith's management of Crystal Wealth and the Crystal Wealth Funds demonstrates a need for such protection with respect to mutual funds that distribute securities in the exempt market and are not reporting issuers. Had the transactions in this case been subject to IRC review, they might not have occurred.⁴⁰ An IRC would at a minimum have made it more difficult for Smith to manage Crystal Wealth and the Crystal Wealth Funds in the manner he did. In view of the amounts of assets under management by mutual funds that are not reporting issuers, the limitation of NI 81-107 to reporting issuers should be reconsidered.

IV. REPRIMAND

- [29] Mr. Smith, we acknowledge and recognize your cooperation in settling these matters. As part of the settlement agreement, a reprimand is imposed on you. The Panel notes that this settlement arose from your failure toward your community – a breach of trust that appears to be the product of your willingness to be deceitful and to prefer your own interests over those of others, unlawfully, over a lengthy period of time. You have accepted formal responsibility. There are questions to take away with you, to which only you know the answers. Why did you allow this to happen? Will you serve your community with integrity in the future? Will you resolve to do better? That is yet to be known.

³⁶ See *Credit Unions and Caisses Populaires Act*, 1994, SO 1994, c 11, s 375; *Proposals to Amend the Enforcement Provisions of the Securities Act* (1991), 14 OSCB 1907 at 1908 (where other sanctions "too great an intrusion"); Borden Ladner Gervais, *Securities Law and Practice* (2013), vol 3, p 22-71, s 22.7.3(b.6).

³⁷ See, e.g., *Sentry (Re)* (2017), 40 OSCB 3435, 2017 ONSC 7 at paras 14-18; *Wing* at para 18.

³⁸ See *Global RESP Corporation (Re)* (2018), 41 OSCB 4369, 2018 ONSC 26 at paras 13-15.

³⁹ See National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**).

⁴⁰ See note 19, above and accompanying text.

Dated at Toronto this 14th day of June, 2018.

"Janet Leiper"
Janet Leiper

"Philip Anisman"
Philip Anisman

"Frances Kordyback"
Frances Kordyback

TAB 5



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF
CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED,
CLAYTON SMITH, CLJ EVEREST LTD, 1150752 ONTARIO LIMITED, CRYSTAL
WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY,
CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METAL FUND, CRYSTAL
WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND,
ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE
PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL
WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS
CAPITAL STRATEGY and
CRYSTAL WEALTH RETIREMENT ONE FUND**

Janet Leiper, Commissioner and Chair of the Panel

June 14, 2018

ORDER

ON READING a request from Staff of the Commission that the hearing date scheduled for July 4, 2018 be vacated;

IT IS ORDERED THAT:

1. the hearing date of July 4, 2018 is vacated.

"Janet Leiper"

Janet Leiper

TAB 6

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**FIRST REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

JUNE 22, 2017



Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4

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- Appendix 2** Extension Order dated April 28, 2017
- Appendix 3** Appointment Order dated April 26, 2017
- Appendix 4** Vesting Order dated April 26, 2017
- Appendix 5** Commission Affidavits
- Appendix 6** Receiver's Interim R&D dated June 16, 2017
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- Appendix 22** Smith Termination Letter dated May 16, 2017
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- Appendix 27** Housego Email dated May 17, 2017
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- Appendix 1** Securityholder Services Agreement dated February 17, 2004, unsigned Securityholder Services Agreement dated May, 2009, and unsigned Amending Agreement dated November 30, 2016
- Appendix 2** Summary of Mount Nemo Property Proposals Received
- Appendix 3** Mount Nemo Property Listing Agreement dated June 8, 2017

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**FIRST REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER OF THE RESPONDENTS**

JUNE 22, 2017

INTRODUCTION AND PURPOSE OF THE FIRST REPORT

- 1 On April 7, 2017, the Ontario Securities Commission (the "**OSC**") issued a temporary order (the "**Temporary Order**") providing that the trading of units of all of the Crystal Wealth Funds (defined herein) cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith ("**Smith**") and Crystal Wealth Management System Limited (the "**Company**"), with limited exceptions that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant fund. A copy of the Temporary Order is attached as **Appendix "1"** to this First Report of the Receiver (the "**First Report**"). On April 28, 2017, the OSC extended the Temporary Order to October 3, 2017 (the "**Extension Order**"). The Extension Order is attached as **Appendix "2"** to this First Report.

- 2 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List), the Honourable Mr. Justice Newbould issued an Order (the "**Appointment Order**") appointing Grant Thornton Limited: (i) as receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties (collectively, the "**Property**") of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"); and (ii) as Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the "**Application**") under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"). The said receivership proceedings, shall be referred to herein as the "**Receivership Proceedings**". A copy of the Appointment Order and the endorsement of the Honourable Mr. Justice Newbould are attached as **Appendix "3"** to this First Report of the Receiver (the "**First Report**").

- 3 On April 26, 2017, the Honourable Mr. Justice Newbould issued an Order (the "**Vesting Order**") that, among other things, authorized the Receiver to complete, on behalf of the Respondent, CLJ Everest Ltd. ("**CLJ Everest**"), the sale transaction of the property located at 5043 Mount Nemo Crescent in Burlington, Ontario (the "**Mount Nemo Property**") to Martin McCready (the "**Purchaser**") pursuant to and in accordance with an

agreement of purchase and sale dated April 12, 2017 (the “**Mount Nemo Sale Agreement**”). A copy of the Vesting Order is attached to this First Report as **Appendix “4”**.

- 4 As outlined in the OSC’s Application, the appointment of the Receiver was based on concerns the OSC had regarding, among other things, the Respondent, Crystal Wealth Media Strategy (the “**Media Fund**”). The OSC presented evidence that:

- a) *...Smith advanced approximately \$9.6M from the Media Fund (which are investors’ monies) to a third-party, Media House Capital (Canada) Corp., and another entity related to it, purportedly to purchase film loans for the Media Fund (“**Film Loans**”, also referred to herein as “**Media Loans**”), when in fact at least \$329,930 was transferred to Smith’s personal account, and \$2,307,347.50 was transferred to his personal holding company, CLJ Everest. It was stated that Smith used these monies to, among other things, make credit card payments, purchase the Mount Nemo Property, and fund his then common-law spouse’s yoga studio.¹*
- b) *...raised concerns about the existence and validity of the Film Loans owned by the Media Fund, and whether the value of the Film Loans as reflected in the net asset value (“**NAV**”) of the Media Fund has been materially overstated. Smith appears to have acknowledged that the Film Loans should be written down in value, but nevertheless he has not caused that to happen and the NAV of the Media Fund remained substantially unchanged.²*

- 5 The OSC stated that it believed that Smith and the Company may have:

- a) participated in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud, contrary to s. 126.1(1)(b) of the Act;
- b) failed to act fairly, honestly and in good faith with clients, contrary to s. 2.1 of Rule 31-505 - *Conditions of Registration*; and

¹ Affidavit of Marcel Tillie, sworn April 17, 2017, para. 26; Affidavit of Michael Ho, sworn April 17, 2017, paras. 17-63

² Affidavit of Marcel Tillie, sworn April 17, 2017, paras. 32 and 41-57.

- c) failed to comply with the standard of care expected of investment fund managers under s. 116 of the Act.

6 The potential breaches of the Act identified with respect to the Media Fund have an impact on several of the other Crystal Wealth Funds due to the significant number of inter-fund investments between the Crystal Wealth Funds which inter-fund transactions, as discussed in detail later in this First Report, are particularly prevalent with respect to the Media Fund.

7 More detailed information pertaining to the Crystal Wealth Group, including the circumstances leading to the appointment of the Receiver, are contained in the affidavits of:

- a) Marcel Tillie sworn April 17, 2017;
- b) Michael Ho sworn April 17, 2017;
- c) David Adler sworn April 24, 2017; and
- d) the supplementary affidavit of Michael Ho sworn April 24, 2017;

(collectively, the “**Commission Affidavits**”), all filed in support of the Application. Copies of the Commission Affidavits, without exhibits, are attached hereto as **Appendix “5”**.

8 The purpose of this First Report is to inform the Court of the Receiver’s activities since the date of the Appointment Order, to inform the Court of the Receiver’s recommendations for the sale of certain investments of the Crystal Wealth Group, and to support the Receiver’s request for an order, among other things, approving:

- a) this First Report, including the actions and activities of the Receiver as described in this First Report;
- b) a claims process to be conducted by the Receiver in respect of creditor claims against the Crystal Wealth Group, other than those of investors (the “**Creditor Claims Procedure Order**”);
- c) the Receiver’s reliance on the Unit Holder Listing (as defined herein) to make interim distributions to investors, where possible, without further approval of the

Court, of the proceeds obtained from the divestiture of certain assets of the Crystal Wealth Funds;

- d) the Receiver's request for an Order approving the proposed sale process ("**Sale Process**") with respect to certain Crystal Wealth Funds and authorizing the Receiver to carry out its functions in accordance with the Sale Process;
- e) the Receiver's Interim Statement of Receipts and Disbursements for the period from April 26, 2017 to May 31, 2017 appended as **Appendix "6"** to the First Report;
- f) the fees and disbursements of the Receiver and Aird & Berlis LLP, legal counsel to the Receiver ("**A&B**"), as described herein; and
- g) sealing **Confidential Appendices "1", "2", and "3"** of this First Report until further Order of the Court.

- 9 The Receiver's activities since its appointment are detailed throughout this First Report, with specific details of particular activities being described at paragraph 178 below.

RESTRICTIONS AND TERMS OF REFERENCE

- 10 In preparing this First Report, the Receiver has relied upon unaudited financial information, the Crystal Wealth Group's books and records, certain financial information, discussions with the Crystal Wealth Group's former management and employees, and discussions with various interested parties (collectively, the "**Information**"). Except as described in this First Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
- 11 This First Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought. This First Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

- 12 Capitalized terms not defined in this First Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.
- 13 Copies of materials filed in these Receivership Proceedings are available on the Receiver's Case Website at: www.grantthornton.ca/crystalwealth.

BACKGROUND

- 14 The Company is a corporation registered with the OSC in the categories of: "Exempt Market Dealer", "Investment Fund Manager", "Portfolio Manager", and "Commodity Trading Manager". Prior to the commencement of the Receivership Proceedings, it operated out of an office located at 192 Plains Road E., Burlington, Ontario (the "**Premises**").
- 15 Smith is the controlling mind of the Company, is listed as the sole director and officer, and holds a controlling interest of 91.76% in the Company. Smith's ownership is held indirectly through CLJ Everest, a holding company incorporated in Ontario of which Smith is the sole shareholder, officer, and director. CLJ Everest holds 28.26% of the Company's outstanding shares and 100% of the shares of the Respondent, 1150752 Ontario Limited ("**115 Ontario**"). 115 Ontario in turn holds 63.50% of the Company's outstanding shares. The remaining 8.24% of the Company's shares are held by an individual named Gary Allen who, as the Receiver understand, acts as a silent shareholder. A copy of the legal corporate structure provided by Smith to the Receiver is attached hereto as **Appendix "7"**.
- 16 At the time of the Appointment Order, Smith was registered in Ontario with the OSC as a dealing representative, an advising representative in the category of "Portfolio Manager", and an advising representative in the category of "Commodity Trading Manager". Smith was also registered as the Company's chief executive officer, chief compliance officer and ultimate designated person. In fulfilling his responsibilities in the latter two roles, Smith bears responsibility for the Company's compliance with Ontario securities laws, including, without limitation, the Act.
- 17 The Company created and managed the following 15 proprietary investment funds (collectively referred to as the "**Crystal Wealth Funds**"):
 - a) Crystal Wealth Mortgage Strategy (the "**Mortgage Fund**");

- b) Crystal Enlightened Resource and Precious Metals Fund (the “**Resource Fund**”);
- c) Crystal Wealth Enlightened Factoring Strategy (the “**Factoring Fund**”);
- d) Crystal Wealth Medical Strategy (the “**Medical Fund**”);
- e) Crystal Enlightened Bullion Fund (the “**Bullion Fund**”);
- f) Crystal Wealth Media Strategy (the Media Fund);
- g) Crystal Wealth High Yield Mortgage Strategy (the “**High Yield Mortgage Fund**”);
- h) Crystal Wealth Infrastructure Strategy (the “**Infrastructure Fund**”);
- i) Crystal Wealth Enlightened Hedge Fund (the “**Hedge Fund**”);
- j) Crystal Wealth Conscious Capital Strategy (the “**Conscious Capital Fund**”);
- k) ACM Income Fund;
- l) ACM Growth Fund;
- m) Absolute Sustainable Dividend Fund (the “**Sustainable Dividend Fund**”)
- n) Absolute Sustainable Property Fund (the “**Sustainable Property Fund**”); and
- o) Crystal Wealth Retirement One Fund (the “**Retirement Fund**”).

A detailed description of the Crystal Wealth Funds and the work performed by the Receiver with respect to each of them is included later in this First Report.

- 18 The Crystal Wealth Funds are structured as open-ended mutual fund trusts. Units in each of the funds were distributed to investors on an exempt basis, pursuant to offering memoranda (“**OMs**”). The Company managed the day-to-day business of the Crystal Wealth Funds and was required to make investment decisions consistent with each fund’s investment objectives. Based on internal information provided by Smith, the assets under management (“**AUM**”) of the Crystal Wealth Funds, as at April 20, 2017, was approximately \$193,198,912. The Receiver believes this amount is materially overstated.

OVERVIEW OF THE CRYSTAL WEALTH FUNDS

- 19 During the initial stages of its appointment, the Receiver obtained a general understanding of the Company and, in particular, the Crystal Wealth Funds. The following sections of this First Report provide a summary of the Crystal Wealth Funds and details regarding the steps and actions taken by the Receiver in this regard.
- 20 The Receiver conducted a series of discussions with Smith focusing on the process of administering the Crystal Wealth Funds, the individuals who made investment decisions, how buy/sell orders were executed by the Company, the entities involved in recording trades, and the identity of investors within the Crystal Wealth Funds at any given time, and the frequency and methodology for the pricing of the funds.
- 21 On May 4, 2017, the Receiver met with Smith and Joanne Bentley ("**Bentley**") (the Company's trading officer and an associate advising representative at the time of the Appointment Order), to review each of the Crystal Wealth Funds in detail, for the purpose of understanding the investment objective of each fund and the underlying investments contained within. During the meeting, Smith provided the Receiver with the most recent valuation package for each of the Crystal Wealth Funds prepared by the Company prior to the Appointment Order. The valuation package, dated April 20, 2017 (the "**April 20th Package**"), outlines the investments in, and respective values of, each investment for each of the funds. This information includes the acquisition cost and the supposed market value of each investment, which are referred to herein as the "**Recorded Cost**" and the "**Recorded Value**", respectively. A copy of the April 20th Package is attached to this First Report as **Appendix "8"**.
- 22 In general, each of the Crystal Wealth Funds contains one or more of the following types of investments:
 - a) cash and money market securities ("**Cash**") held with two third parties, NBCN Inc. (otherwise known as National Bank Correspondent Network) ("**NBCN**") and Interactive Brokers Canada Inc. ("**IBCI**");
 - b) investments where the underlying security is held and recorded by NBCN ("**On-Book Assets**"); and
 - c) investments not held or recorded by NBCN but rather administered by the

Company and/or a third-party ("**Off-Book Assets**")

(collectively referred to as the "**Investment Categories**").

- 23 At the conclusion of the meeting, the Receiver provided Smith with a more detailed request to provide supporting documentation verifying the existence, value, and ownership of the investments contained in each of the Crystal Wealth Funds, with specific emphasis on the Off-Book Assets.
- 24 Shortly thereafter, Smith compiled and delivered to the Receiver a set of documents in response to the Receiver's request (the "**Provided Documents**"). The Provided Documents, particularly as they relate to the Off-Book Assets, are largely incomplete. In order to supplement the Provided Documents, the Receiver has been concurrently contacting various third parties to obtain the information required to support and corroborate the assets recorded on the Company's records.
- 25 Through discussions with Smith and the Receiver's review of the Provided Documents, it became apparent to the Receiver that the governance and management of the Crystal Wealth Funds, again more relating to the Off-Book Assets, was insufficient for a Company managing AUM of purportedly approximately \$200M. Through a continued review of the additional documentation obtained from various sources, the Receiver noted that there are little to no internal tracking mechanisms in place at the Company with respect to the Off-Book Assets. In addition, there appears to be no protocol for organizing documentation with respect to the investments and no central location or repository for same. This has continued to further impact the Receiver's efforts to gain a comprehensive understanding of the Off-Book Assets.
- 26 Notwithstanding the foregoing, the following is a summary of the Crystal Wealth Funds and the Investment Categories outlined in the April 20th Package:

Fund ¹	Portfolio Manager	Cash	On-Book Assets	Off-Book Assets	Accruals	Total
Mortgage Fund	Smith	\$ 1,217,989	\$ 2,578,364	\$ 23,242,421	\$ 44,162	\$ 27,082,935
Resource Fund	A. Housego	185,489	1,908,151	966	(6,799)	2,087,807
Factoring Fund	A. Housego	411,706	11,026,656	27,771,688	(1,085,882)	38,124,168
Medical Fund	Smith	449,770	1,540,927	7,277,553	1,840	9,270,090
Bullion Fund	A. Housego	268,830	763,006	-	(2,280)	1,029,555
Media Fund	Smith	731,305	1,018,720	53,520,539	(803,721)	54,466,843
High Yield Mortgage Fund	Smith	760,006	1,378,897	3,344,820	(41,557)	5,442,165
Infrastructure Fund	Smith	2,087,302	315,000	5,362,300	-	7,764,601
Hedge Fund	A. Housego	531,692	1,561,271	11,862,643	(36,657)	13,918,950
Conscious Capital Fund	Smith	27,905	658,198	(274,000)	(2,897)	409,206
ACM Income Fund	Smith	371,053	10,458,518	-	(14,153)	10,815,417
ACM Growth Fund	Smith	(2,040,779)	13,674,671	-	(24,828)	11,609,064
Sustainable Dividend Fund	Smith	121,340	6,524,987	3,475	(19,627)	6,630,175
Sustainable Property Fund	Smith	245,796	-	4,314,619	(12,480)	4,547,935
		\$ 5,369,403	\$ 53,407,366	\$ 136,427,023	\$ (2,004,879)	\$ 193,198,912
1-USD to CAD Rate: 1.3481001						

- 27 The general types of investments contained within each of the Investment Categories, all of which are discussed in detail later in this First Report, are as follows:

a) On-Book Assets include:

- i. investments in units of Crystal Wealth Funds ("**Inter-fund Investments**");
- ii. equity investments in companies whereby the securities of same are traded on active market exchanges and readily saleable ("**Equities**") as well as warrant options for the purchase of similar shares at a stated price in respect of equities traded on active market exchanges ("**Warrants**");
- iii. equity investments in companies whereby the securities were obtained through private placements or direct purchases and are not traded on active market exchanges and therefore are not readily saleable ("**Private Equities**") and warrant options for the purchase of shares in same at a stated price ("**Private Warrants**");
- iv. gold purchase agreements for the right to purchase a stated number of gold bullion ounces ("**Gold**") at a discount ("**Gold Contracts**");
- v. fixed income debentures with the option for the holder to convert the instrument into a set number of shares in the borrower ("**Convertible Debentures**");

- vi. unit holdings in mutual funds not managed by the Company and thus external to the Crystal Wealth Group, which the Receiver understands should be reasonably redeemable or monetizable ("**External Mutual Funds**"); and
- vii. currency future contracts, entered into with the purpose of hedging against a decline of the U.S. Dollar in relation to the Canadian Dollar ("**USD Futures**").

b) Off-Book Assets include:

- i. investments in first or second non-conventional residential mortgages administered by third parties ("**Residential Mortgages**");
- ii. term loans issued to private corporations and entities for various purposes ("**Commercial Loans**");
- iii. term loans purchased from Media House Capital (Canada) Corp. ("**MHC**") reflecting loans made to various production companies for the production of films ("**Media Loans**");
- iv. contracts with commercial businesses under which specific Crystal Wealth Funds purchased accounts of such businesses at a discount ("**Factoring Contracts**");
- v. participation rights in contracts with healthcare providers to purchase medical accounts receivable at a discount ("**Medical Factoring Contracts**"); and
- vi. preferred and common partnership units in 1076874 Properties Limited Partnership ("**107 LP**"), an entity that owns an interest in various rental properties located in the United States.

A detailed summary of the Crystal Wealth Funds and the Recorded Values of the investments as at April 20, 2017, prepared by the Receiver, is attached as **Appendix "9"** to this First Report.

CRYSTAL WEALTH FUND DESCRIPTIONS

- 28 For the purposes of this section, noted Cash balances and investment values are based on the Recorded Values in the April 20th Package, unless otherwise stated. They should not be taken as any statement, representation or reflection of actual or realizable value.

Mortgage Fund

- 29 The Mortgage Fund is the oldest active fund of the Crystal Wealth Group initially launched on or about April 12, 2007 with the objective of generating "a consistently high level of interest income with no downside volatility by investing primarily in first and second Canadian residential mortgages"³.
- 30 As at April 20, 2017, the Mortgage Fund held Cash of \$1,217,989 along with the following investments:
- a) On-Book Assets:
 - i. a 90 day GIC with HSBC Canada with a Recorded Value of \$522,765; and
 - ii. Inter-fund Investment in the Media Fund with a Recorded Value of \$2,055,599.
 - b) Off-Book Assets:
 - i. one hundred thirty four (134) individual Residential Mortgages managed by Spectrum Canada Mortgage Services Inc. ("**Spectrum**") and Squire Management Inc. ("**Squire**"), with a Recorded Value of \$14,322,861;
 - ii. Commercial Loans with a Recorded Value of \$8,543,500 made to the following entities:
 - 1. MCSnoxrecovery Inc. ("**MCSnox**") – \$2,000,000;
 - 2. 2441472 Ontario Inc. ("**1472**") – \$1,800,000;

³ <http://crystalwealth.com/quartz-strategies/crystal-wealth-mortgage-strategy/>, Mortgage Fund OM, Nov. 21, 2016.

3. Magnitude CS Energy Inc. ("**Magnitude**") – \$1,133,500;
4. Pond Technologies Inc. (formerly known as Pond Biofuels Inc.) ("**Pond**") – \$3,110,000; and
5. Kanwal Development Inc. ("**Kanwal**") – \$500,000.

A detailed discussion of the Commercial Loans appears later in this First Report.

- iii. accrued and uncollected interest related to Residential Mortgages and Commercial Loans with a Recorded Value of \$376,060.

Resource Fund

- 31 The Resource Fund was launched on or about August 14, 2009, and its objective was to "...generate positive absolute annual returns by investing primarily in securities with economic exposure to the global resource and precious metals sector"⁴.
- 32 As at April 20, 2017, the Resource Fund held Cash of \$185,489. The Resource Fund also held the following investments:
 - a) On-Book Assets:
 - i. thirty nine (39) Equities in the resource and precious metals sector with a Recorded Value of \$1,563,820 along with 21 Warrants with a Recorded Value of \$36,878;
 - ii. one (1) 5% Convertible Debenture with a Recorded Value of \$50,000 plus accrued interest with a Recorded Value of \$966 (recorded as an Off-Book Asset);
 - iii. one (1) USD foreign exchange contract with a Recorded Value of negative \$4,718; and

⁴ crystalwealth.com/sapphire-funds/crystal-enlightened-resource-and-precious-metals-fund, Resource Fund OM, Nov. 21, 2016.

- iv. Inter-fund Investments in the Bullion Fund and Factoring Fund with Recorded Values of \$261,643 and \$528, respectively.

Factoring Fund

- 33 The Factoring Fund has an inception date of on or about January 22, 2010 and an objective to "...provide consistently positive total returns while seeking to protect against downside risk by investing primarily in commercial factoring contracts"⁵. In addition, the Factoring Fund is "...authorized to invest in other securities including equities, fixed income securities, investment funds and exchange-traded derivatives"⁶. The exclusive partner of this Crystal Wealth Fund in executing this strategy is Frontline Factoring Inc. ("Frontline"). Frontline is discussed later in this First Report.
- 34 As at April 20, 2017, the Factoring Fund held Cash of \$411,706 and held the following investments:
- a) On-Book Assets:
 - i. six (6) Equities and three (3) Warrants totaling a Recorded Value of \$988,026;
 - ii. one (1) 10% Convertible Debenture, from Garmatex Holdings Ltd. with a Recorded Value of \$30,000;
 - iii. five (5) Gold Contracts with a Recorded Value of \$6,996,654;
 - iv. one (1) External Mutual Fund with a Recorded Value of 67,406;
 - v. USD foreign exchange contracts with a Recorded Value of negative \$8,234; and
 - vi. Inter-fund Investments in the Hedge Fund and Media Fund with Recorded Values of \$2,951,950 and \$854, respectively.

⁵ crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-factoring-strategy, Factoring Fund OM, Nov. 21, 2016

⁶ crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-factoring-strategy, Factoring Fund OM, Nov. 21, 2016

b) Off-Book Assets:

- i. a promissory note with a principal amount owing of USD \$125,000 (Recorded Value of \$168,513) along with an additional conversion option for common shares in the borrower, 1092545 B.C. Ltd. ("**109 BC**"), along with accrued interest with a Recorded Value of \$41,136;
- ii. twelve (12) Factoring Contracts managed by Frontline with a Recorded Value of \$22,821,205, in addition to accrued interest and fees with a Recorded Value of \$1,641,268; and
- iii. a 31.545% ownership in 107 LP with Recorded Cost and a Recorded Value of \$2,898,415 (US \$2,650,000) in addition to accrued (but uncollected) interest with a Recorded Value of \$201,151.

Medical Fund

35 The Medical Fund was launched on or about January 22, 2010 with an objective to "...generate a high level of interest income with minimal volatility and low correlation to most traditional asset classes by investing in American health care receivables"⁷. The exclusive partner in executing this strategy is Xynergy Medical Capital LLC ("**Xynergy**"), who is discussed later in this First Report.

36 As at April 20, 2017, the Medical Fund held Cash of \$449,770 and the following investments:

a) On-Book Assets:

- i. one (1) External Mutual Fund with a Recorded Value of \$25,288;
- ii. one (1) USD Equity traded on the "Over-The-Counter Markets Exchange" in the United States with a Recorded Value of \$7,846;
- iii. one (1) USD foreign exchange contract with a Recorded Value of negative \$18,812; and

⁷ <http://crystalwealth.com/quartz-strategies/crystal-wealth-medical-strategy/>, Medical Fund OM, Nov. 21, 2016

- iv. Inter-fund Investment in the Media Fund with a Recorded Value of \$1,526,605.

b) Off-Book Assets:

- i. thirty (30) Medical Factoring Contracts managed by Xynergy and accrued fees related to same with Recorded Values of \$6,470,773 (US \$4,800,019) and \$806,780 (US \$598,469), respectively.

Bullion Fund

37 The Bullion Fund was launched on or about July 3, 2015. The Bullion Fund's objective was to "...provide investors with the opportunity to invest in gold and silver bullion in a convenient way while simultaneously earning a yield on their bullion holdings"⁸.

38 As at April 20, 2017, the Bullion Fund held Cash of \$268,830 and the following investments:

a) On-Book Assets:

- i. two (2) Gold Contracts with a Recorded Value of \$763,006.

Media Fund

39 The Media Fund was launched on or about September 2, 2011. This fund's objective was to "...generate a high level of interest income with minimal volatility and low correlation to most traditional asset classes by investing in debt obligations of motion pictures and series television productions"⁹. The exclusive partner in executing this strategy was MHC, who is discussed in detail later in this First Report.

40 As at April 20, 2017, the Media Fund held Cash of \$731,305 and the following investments:

a) On-Book Assets:

- i. one (1) External Mutual Fund with a recorded value of \$1,042,228; and

⁸ <http://crystalwealth.com/sapphire-funds/crystal-enlightened-bullion-fund/>, Bullion Fund OM, May 17, 2016

⁹ <http://crystalwealth.com/quartz-strategies/crystal-wealth-media-strategy/>, Media Fund OM, Nov. 21, 2016

- ii. one (1) USD foreign exchange contract with a negative Recorded Value of \$23,508.

b) Off-Book Assets all managed by MHC:

- i. twenty one (21) CAD Media Loans with principal and accrued interest Recorded Values of \$33,649,959 and \$11,873,156, respectively; and
- ii. four (4) USD Media Loans with principal and accrued interest Recorded Values of \$5,325,456 (US \$3,950,423) and \$2,671,968 (US \$1,982,065), respectively.

High Yield Mortgage Fund

41 The High Yield Mortgage Fund was launched on or about January 23, 2015. The High Yield Mortgage Fund's objective was to "...generate a consistently high level of interest income while focusing on preservation of capital by investing primarily in residential 2nd mortgages in Canada"¹⁰. The exclusive partner in executing this strategy was and continues to be Spectrum.

42 As at April 20, 2017, the High Yield Mortgage Fund held Cash of \$760,006 and the following investments:

a) On-Book Assets:

- i. Inter-fund Investments in the Media Fund and Mortgage Fund with Recorded Values of \$516,820 and \$862,077, respectively.

b) Off-Book Assets:

- i. fifty one (51) individual Residential Mortgages, administered by Spectrum, with a principal balance of \$2,467,145 (Recorded Value) plus monthly accrued interest with a Recorded Value of \$437;

¹⁰ crystalwealth.com/quartz-strategies/crystal-wealth-high-yield-mortgage-strategy/, High Yield Mortgage Fund OM, Nov. 21, 2016

- ii. an inter-fund loan receivable from the Conscious Capital Fund with a Recorded Value of \$274,000; and
- iii. participation in the Pond Loan (as defined below) with a principal balance of \$550,000 plus accrued interest with a Recorded Value of approximately \$53,238;

Infrastructure Fund

- 43 The Infrastructure Fund was launched on or about May 6, 2016. The Infrastructure Fund's objective was to "...generate a consistently high level of interest income along with long-term growth potential while focusing on preservation of capital by investing primarily in debt and equity instruments of infrastructure projects and companies"¹¹.
- 44 As at April 20, 2017, the Infrastructure Fund held Cash of \$2,087,302 and the following investments:
- a) On-Book Assets:
 - i. a Convertible Debenture to Cinnos Mission Critical Incorporated ("Cinnos") with a principal balance of \$315,000 (the note is convertible into common shares of Cinnos at a rate of 85% of the value of such share upon an initial equity raise); and
 - b) Off-Book Assets:
 - i. seven (7) separate loans to two (2) companies for a total principal value of \$5,154,571 called the OOM Energy Loans (defined and discussed herein) with a Recorded Value of accrued interest of \$193,782; and
 - ii. accrued interest related to the Convertible Debenture from Cinnos with a Recorded Value of \$13,947.

¹¹ <http://crystalwealth.com/quartz-strategies/crystal-wealth-infrastructure-strategy/>, Infrastructure Fund OM, Nov. 21, 2016

Hedge Fund

- 45 The Hedge Fund was launched on or about February 26, 2016. The Hedge Fund's objective was to "...generate consistently positive annual returns regardless of the directional movement in equity, interest rates or currency markets"¹².
- 46 As at April 20, 2017, the Hedge Fund held Cash of \$531,692 and the following investments:
- a) On-Book Assets:
 - i. one (1) USD, and three (3) CAD Equities, as well as two (2) Warrants, with a cumulative Recorded Value of \$272,508;
 - ii. four (4) Gold Contracts with a cumulative Recorded Value of \$1,235,773; and
 - iii. one (1) External Mutual Fund with a Recorded Value of \$52,990;
 - b) Off-Book Assets:
 - i. three (3) Factoring Contracts with principal and related accrued interest with Recorded Values of \$2,992,362 and \$568,797, respectively;
 - ii. a 68.45% ownership in 107 LP with a Recorded Cost and Recorded Value of \$7,751,575 (US \$5,750,000) and accrued interest with a Recorded Value of \$503,909 (US \$373,800); and
 - iii. a non-interest bearing promissory note with a face value of \$46,000 issued from the 107 LP due December 31, 2017.

Conscious Capital Fund

- 47 The Conscious Capital Fund was launched on or about May 27, 2016. The Conscious Capital Fund's objective was "...long term capital growth through investment in companies

¹² <http://crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-hedge-fund/>, Hedge Fund OM, Nov. 21, 2016

that are making a positive change in the world¹³.

48 As at April 20, 2017, the Conscious Capital Fund held Cash of \$27,905 and the following investments:

a) On-Book Assets:

- i. 336,571 common shares in Pond (Private Equities) with a Recorded Value of \$632,753; and
- ii. 212,040 warrants (Private Warrants) in Pond with the right to purchase shares (one share per warrant) at a strike price of \$2.50/share, expiring November 21, 2018 with a Recorded Value of \$25,445.

b) Off-Book Assets (Liabilities):

- i. an inter-fund loan owing to the High Yield Mortgage Fund with a principal balance of \$274,000.

ACM Income Fund

49 The ACM Income Fund was launched on or about July 4, 2014. The ACM Income Fund's objective was to "...provide a consistent level of current income while protecting against loss of capital"¹⁴.

50 As at April 20, 2017, the ACM Income Fund held Cash of \$371,053 and the following investments:

a) On-Book Assets:

- ii. Manulife Yield Opportunities Fund (External Mutual Fund) with a Recorded Value of \$560,025; and
- iii. Inter-fund Investments with a total Recorded Value of \$9,898,493 in the following four Funds with the respective Recorded Values:

¹³ <http://crystalwealth.com/quartz-strategies/conscious-capital-strategy/>, Conscious Capital Fund OM, Nov. 28, 2016

¹⁴ <http://crystalwealth.com/sapphire-funds/acm-income-fund/>, ACM Income Fund and ACM Growth Fund OM, May 6, 2016

1. Media Fund – \$6,594,529;
2. Factoring Fund – \$2,426,339;
3. Medical Fund – \$560,297; and
4. Hedge Fund – \$317,328.

ACM Growth Fund

- 51 The ACM Growth Fund was launched on or about July 4, 2014. The ACM Growth Fund's objective was to "...provide long term capital appreciation while minimizing the risk of loss of capital"¹⁵.
- 52 As at April 20, 2017, the ACM Growth Fund had a margin balance (negative Cash) of \$2,040,779 and held the following investments:
- a) On-Book Assets:
 - i. fourteen (14) Equities in publicly traded entities with a Recorded Value of \$5,452,400;
 - ii. four (4) External Mutual Funds with a Recorded Value of \$3,482,518; and
 - iii. Inter-fund Investments with a total Recorded Value of \$4,739,753 in the following four Funds with the respective Recorded Values of:
 1. Factoring Fund – \$2,511,933;
 2. Mortgage Fund - \$1;
 3. Hedge Fund – \$1,655,059; and
 4. Media Fund – \$572,761.
 - b) Off-Book Assets:
 - i. accrued interest and dividends related to investments with a Recorded

¹⁵ Ibid.

Value of \$3,475.

Sustainable Dividend Fund

- 53 The Sustainable Dividend Fund was launched on or about February 5, 2016. The Sustainable Dividend Fund's objective was to "...generate long term capital appreciation while focusing on preservation of capital by combining sustainable, responsible and values-based investing principles"¹⁶.
- 54 As at April 20, 2017, the Sustainable Dividend Fund held Cash of \$121,340 and the following investments:
- a) On-Book Assets:
 - i. nine (9) CAD Equities with a Recorded Value of \$1,440,897;
 - ii. twenty Five (25) USD Equities with a Recorded Value of \$5,008,397 (US \$3,715,153); with accrued dividends with a Recorded Value of \$3,475 (classified as an Off-Book Asset); and
 - iii. Inter-fund Investment in the Sustainable Property Fund with a Recorded Value of \$75,693.

Sustainable Property Fund

- 55 The Sustainable Property Fund was launched on or about February 5, 2016. The Sustainable Property Fund's objective was to "...generate a consistently reasonable level of income while focusing on preservation of capital by investing primarily in a diversified portfolio of alternative financing vehicles on real properties, within the residential and commercial sectors while adhering to Responsible, Equitable and Values-Based principles"¹⁷. The exclusive partner in executing this strategy, was and continues to be Spectrum.

¹⁶ <http://crystalwealth.com/sapphire-funds/absolute-sustainable-dividend-fund/>, Sustainable Dividend Fund OM, Nov. 21, 2016

¹⁷ <http://crystalwealth.com/sapphire-funds/absolute-sustainable-property/>, Sustainable Property Fund OM, Nov. 21, 2016

56 As at April 20, 2017, the Sustainable Property Fund held Cash of \$245,796 and the following investments:

a) Off-Book Assets:

- i. six (6) individual Residential Mortgages with a principal balance of \$2,219,879 administered by Spectrum; and
- ii. a Commercial Loan to MCSAB10 Inc. ("**MCSAB**") with a principal balance of \$2,000,000 plus accrued user fees with a Recorded Value of \$94,740.

Retirement Fund

57 The Retirement Fund was originally launched on or about January 2015 and was discontinued in March 2017. The Unit Holder Listing (defined later in this First Report) provided by International Financial Data Services (Canada) Limited ("**IFDS**") (a third-party that maintained the listing of investors) indicated that there were zero investors in the Retirement Fund and it had a NAV of \$0.

ON-BOOK ASSETS – SPECIFIC DETAILS

Inter-Fund Investments

58 Upon review of the April 20th Package, the Receiver noted that there were significant Inter-fund Investments between the Crystal Wealth Funds. The Media Fund is the single largest recipient of Inter-fund Investments with a Recorded Cost of \$11,349,768. The Recorded Costs noted for the following Crystal Wealth Funds represent the Inter-fund Investment balance in the Media Fund as at April 20, 2017:

- a) ACM Income Fund – \$6,641,115;
- b) Mortgage Fund – \$2,072,643;
- c) Medical Fund – \$1,537,291;
- d) ACM Growth Fund – \$576,764;
- e) High Yield Mortgage Fund – \$521,098; and

f) Factoring Fund – \$857.

The Receiver has prepared a diagram outlining the Inter-fund Investments between the Crystal Wealth Funds, with the noted Recorded Costs, which is attached as **Appendix “10”**.

- 59 When questioned, Smith advised the Receiver that Inter-fund Investments are common in the mutual fund industry and were utilized to manage cash flow requirements between the Crystal Wealth Funds, specifically for requested redemptions from investors. Based on the transaction data obtained from NBCN for the 12 months ending April 26, 2017, it appears the inter-fund transfers are largely one sided, meaning that the Media Fund is the largest recipient of proceeds from other funds to create liquidity in the Media Fund for redemptions.
- 60 The Receiver intends to conduct a more thorough review of the inter-fund transfers and will report the results of such review in a future report to the Court.

Equities and Warrants

- 61 Certain Equities in the Funds are traded in the following active markets:
- a) Toronto Stock Exchange;
 - b) TSX – Venture Exchange;
 - c) New York Stock Exchange;
 - d) National Association of Securities Dealers Automated Quotations (“**NASDAQ**”);
 - e) Australian Stock Exchange; and
 - f) Over-The-Counter Markets Exchange in the United States.

As a result, Equities quoted on these exchanges ***should be*** relatively liquid.

- 62 Based on a preliminary review of supporting documentation, some of the Warrants contain restrictions on their assignability and ultimately their saleability. Therefore, these warrants may not be readily liquid. The Receiver will continue to review the supporting documentation regarding these warrants to determine if and when they may be turned into

cash.

Private Equities and Private Warrants

- 63 Private Equities held in the Crystal Wealth Funds are obtained primarily through private placements or through direct purchases from persons who independently hold same. These investments are not actively traded in external markets. Therefore, they are not easily valued or realizable. The Receiver continues to review documentation and correspond and/or meet with the issuers with respect to these investments to develop a monetization strategy.
- 64 Similar to the Warrants, the Receiver continues to review the documentation with respect to each of the Private Warrants.

Gold Contracts

- 65 The Bullion Fund, Factoring Fund, and Hedge Fund collectively have a total of eleven (11) Gold Contracts:
- a) Onstar Exploration Ltd. ("**Onstar**") – 4 Gold Contracts with a combined Recorded Value of approximately \$6,447,484 (the "**Onstar Contracts**");
 - b) 611802 B.C. Ltd. ("**611 BC**") – 4 Gold Contracts with a combined Recorded Value of approximately \$1,255,819 (the "**611 Contracts**");
 - c) Inca One Gold Corp. ("**Inca**") – 2 Gold Contracts with a combined Recorded Value of approximately \$958,797 (the "**Inca Contracts**"); and
 - d) Solid Holdings Ltd. ("**Solid Holdings**") – 1 Gold Contract with a Recorded Value of \$333,332 (the "**Solid Contract**").
- (Onstar, 611 BC, Inca, and Solid Holdings are referred to as the "**Gold Sellers**"). A summary of the Gold Contracts is attached hereto as **Appendix "11"**.

Onstar Contracts, 611 Contracts, Inca Contracts, and Solid Contract

- 66 The 611 Contracts, the Inca Contracts and the Solid Contract (collectively, the "**Settlement Contracts**") are similar in nature in that upon expiry, the contract is

completed either through: (i) the delivery of the Gold; or (ii) a cash settlement.

67 In general, the commercial arrangement for the Settlement Contracts is as follows:

- a) the Crystal Wealth Fund enters into a monthly Settlement Contract whereby it becomes entitled to purchase a certain amount of Gold at the current quoted spot price per ounce (the “**Spot Price**”), less a stated discount (between 1% to 5%) (the “**Purchase Price**”) for a stated period of time until the contract matures (the “**Maturity Date**”);
- b) on the anniversary date of each month (the commencement date of the Settlement Contract), there is a settlement in cash between the Gold Seller and the Crystal Wealth Fund whereby the Fund “sells” the Gold to the Seller at the Spot Price and then “re-purchases” the Gold at the Purchase Price (no actual transfer of physical Gold occurs);
- c) at the Maturity Date, a final settlement occurs either through the delivery of Gold to an agreed upon location or through a cash settlement whereby the Gold Seller remits payment to the Crystal Wealth Fund for the current market value of the Gold.

An example of a Settlement Contract under increasing and decreasing Gold prices along with an example of the appendices of such a contract (with financial terms redacted) is attached to this First Report as **Appendix “12”**.

68 Based on the contact information provided by the Company, the Receiver corresponded with the Gold Sellers advising them of the Appointment Order and requested a discussion to be scheduled with the Receiver. A summary of the various correspondence and discussions with each of the Gold Sellers is included below:

- a) 611 BC
 - i. 611 BC explained the nature of the Settlement Contract and 611 BC's role in same. The 611 Contracts begin to expire in November 2017.
 - ii. The Receiver inquired into the potential for an early exit from the 611 Contracts. 611 BC indicated that since it does not have to settle the 611 Contract until November 2017, the potential for an early exit would not be

possible as 611 BC does not have the funds required to buyout the contract at this time or to deliver the Gold. Mining of the Gold under this contract has not yet commenced.

b) Inca

- i. There are currently two Inca Contracts ("Inca 1" and "Inca 2"). The third and final tranche of Inca 1 expired on June 1, 2017 while Inca 2 expires December 1, 2017.
- ii. The Receiver conducted a call with Inca on May 24, 2017. Inca indicated that it did not have the funds available to settle the third and final tranche of Inca 1 and that it would prepare a re-payment proposal for the Receiver to review.
- iii. On June 7, 2017, Inca provided a proposal to the Receiver which proposed that Inca settle the Inca Contracts for a cumulative value of \$1,000,000 over the course of 52 weeks beginning June 26, 2017. The proposal also included an alternative for Inca to repay the original face value (i.e. the acquisition cost) of the Inca Contracts plus a 2.5% annual interest rate, for total proceeds of approximately \$725,000 within 60 days. The Receiver has acknowledged receipt of this proposal but has not provided a response to Inca.

c) Solid Holdings

- i. On May 20, 2017, the Receiver obtained a response from a representative from Solid Holdings stating that the president of the company (the contact for the Solid Contract) was very ill, and, therefore, was unable to respond to questions. The Receiver advised the representative to have the president of Solid Holdings contact the Receiver once available. The Solid Contract does not expire until February 2018.
- ii. On June 20, 2017, the Receiver had a discussion with the president of Solid Holdings who indicated the company was undergoing significant financial and operational challenges. The Receiver has requested certain information to better understand this situation.

d) Onstar

- i. The nature of the Onstar Contracts differs slightly from the Settlement Contracts. The Factoring Fund and Hedge Fund entered into Gold Certificate Subscription Agreements whereby the Hedge/Factoring Fund purchased gold certificates for 1,000 ounces of gold per certificate (the “**Gold Certificates**”). The Receiver was able to locate unsigned Gold Certificates in the Company’s books and records which included the following:

1. *Gold deliveries to the Owner [the Hedge/Factoring Fund] shall commence **on April 30, 2017 F.O.B. Juneau, Alaska** and shall occur monthly, until the entire 1,000 ounces of gold due under this Certificate has been delivered to the Owner. It is expected that all gold payments will be completed no later than April 30, 2019.*

The Receiver has confirmed with Onstar that no Gold has been delivered to either the Factoring Fund or the Hedge Fund.

- ii. The Receiver is unable to locate executed versions of the Gold Certificates in the Company’s books and records.
- iii. The Receiver conducted a call with Onstar on May 24, 2017. On this call, Onstar claimed that one of the Company’s former independent investment advisors, Al Housego (“**Housego**”), had verbally agreed to provide a total of US \$10M of funding to Onstar for the development of a mine in Juneau, Alaska. However, to date, the Hedge Fund and Factoring Fund had only provided USD \$4M. As a result, Onstar has had to seek external financing to complete the development of such mine.
- iv. The Receiver had requested that Onstar provide copies of the executed Onstar Contracts which, as at the date of this Report, have not been provided to the Receiver.

External Mutual Funds

69 External Mutual Funds include units in mutual funds managed by large asset management

firms, including: Hollis Canadian Bank, Sentry Investments, National Bank Mutual Funds, Manulife Asset Management Limited, and Sprott Asset Management LP. It is the Receiver's understanding that the units in these External Mutual Funds should be reasonably redeemable.

OFF-BOOK ASSETS – SPECIFIC DETAILS

Residential Mortgages

- 70 The Mortgage Fund, High Yield Mortgage Fund, and Sustainable Property Fund contain a total of 191 Residential Mortgages with a cumulative principal balance owing to the said Funds of \$19,009,884.
- 71 Of the 191 Residential Mortgages, 189 (\$18,813,884) are administered by a third-party, Spectrum, while the remaining two Residential Mortgages (\$196,000) are administered by Squire (the "**Squire Mortgages**"). Spectrum and Squire are both licensed financial intermediaries involved in originating, underwriting, and managing non-conventional first and second Residential Mortgages. Spectrum and Squire both have Mortgage Procurement and Administration Agreements ("**MPAAs**") with the Company, the Mortgage Fund, the High Yield Mortgage Fund, and the Sustainable Property Fund (collectively the "**Mortgage Related Funds**") outlining their respective roles in administering Residential Mortgages on behalf of the Mortgage Related Funds.
- 72 Spectrum and Squire evaluate and underwrite Residential Mortgages which are then presented to the Mortgage Related Funds for purchase. Once purchased, Spectrum and Squire administer the Residential Mortgages by performing duties, including, but not limited to:
 - a) collecting and remitting principal and interest payments by the mortgagors on a monthly basis;
 - b) negotiating and settlement of, and collecting payments in arrears;
 - c) the management of any legal actions require to enforce on a Residential Mortgage; and
 - d) administering a trust account(s) on behalf of the Company and Mortgage Related

Funds and remitting monies to same as requested by the Company.

- 73 Shortly after the commencement of the Receivership Proceedings, the Receiver instructed Spectrum to continue to perform its obligations under the MPAA with the Company and remit balances collected in the trust account administered by Spectrum on behalf of the Mortgage Related Funds on a weekly basis to NBCN. The Receiver remains in regular contact with Spectrum with respect to the administration of the Mortgage Related Funds.
- 74 On June 19, 2017, Squire offered to acquire the Squire Mortgages, with an effective date of June 23, 2017, for proceeds of \$197,526 (proceeds include the entire principal value of the Squire Mortgages (\$196,000) plus accrued interest of \$1,526 to June 23, 2017). The Receiver subsequently accepted the offer and intends to close the transaction on June 23, 2017 as permitted by the Appointment Order.

Term Loans & Promissory Notes

- 75 The Funds have a total of fourteen (14) individually issued Commercial Loans with a cumulative principal balance of \$16,416,584 issued to:
- a) Pond;
 - b) MCSnox, Magnitude, 1472, 2445958 Ontario Inc. ("**5958 Ontario**"), MCSAB (each of these entities are under the control of a common individual, Craig Clydesdale ("**Clydesdale**")), and are collectively referred to as the "**OOM Energy Group**");
 - c) Kanwal; and
 - d) 109 BC.

Pond Loan

- 76 A term-loan in the amount of \$4,500,000 was advanced to Pond by the Company on December 15, 2015 (the "**Pond Loan**"). Subsequent to its advance, the Company executed various participation agreements assigning the rights to a stated portion of the Pond Loan to the Mortgage Fund, High Yield Mortgage Fund, and an individual, Suzanne West, resulting in the following participation amounts of the Pond Loan:
- a) Mortgage Fund – \$2,950,000;

b) High Yield Mortgage Fund – \$550,000; and

c) Suzanne West - \$1,000,000.

- 77 Shortly after the Receiver's appointment, the Receiver contacted Pond to notify it of the Receivership Proceedings at which time Pond acknowledged the outstanding amount of \$4,500,000. Subject to the review of all documentation related to these loans, it appears that the Company is the first secured creditor over all of the assets of Pond.
- 78 Pond was incorporated on May 27, 2008 under the laws of Canada, with the purpose of pursuing microalgal biomass production using raw stack gas emissions from industrial emitters. Pond remains in the development stage, has not yet reached profitably, and has relied on non-conventional sources of financing to fund operations.
- 79 The Receiver has continued discussions with Pond and reviewed certain documentation, but is currently not in a position to advise the Court regarding monetization of these loans for the benefit of the investors. The Receiver will update the Court in a future report.

OOM Energy Group

- 80 The following term loans and promissory notes with a cumulative principal sum of \$12,090,607 were advanced to the entities under the OOM Energy Group as follows:
- a) MCSnox – a ten year term-loan with a principal value of \$2,000,000 issued on November 2, 2016 held by the Mortgage Fund (the “**MCSnox Loan**”);
 - b) 5958 Ontario – advances reflected by four (4) promissory notes totaling \$967,107 issued between May 26, 2016 and August 4, 2016 all held by the Infrastructure Fund and all of which are repayable on demand (the “**5958 Ontario Notes**”);
 - c) MCSAB – a three year term-loan with a principal value of \$2,000,000 advanced on December 9, 2016 held by the Infrastructure Fund (the “**MCSAB Loan**”);
 - d) Magnitude – a five year term-loan with a principal value of \$3,000,000 advanced on July 6, 2016 held by the Infrastructure Fund (the “**Magnitude Loan**”), further advances reflected by two (2) promissory notes with a cumulative value of \$1,190,000 issued on July 8, 2016 and January 12, 2017 (the “**Magnitude Notes**”), and a \$1,133,500 loan advanced on April 28, 2016 administered by Spectrum (the

"Magnitude Spectrum Loan"); and

- e) 1472 – a fifteen year term-loan with a principal value of \$1,800,000 advanced on December 4, 2014 held by the Mortgage Fund (the **"1472 Ontario Loan"**)

(collectively the **"OOM Energy Loans"**).

- 81 On May 9, 2017, Smith provided the Receiver with the contact information for Clydesdale. Subsequent to obtaining the information, the Receiver immediately contacted Clydesdale advising him of the Appointment Order along with a request to discuss the OOM Energy Loans.
- 82 On May 11, 2017, the Receiver received a response from Bill McKenzie (**"McKenzie"**) from KWM Law Professional Corporation advising that he had been retained to represent the OOM Energy Group and Clydesdale with respect to these matters.
- 83 On May 18, 2017, the Receiver conducted a call with McKenzie; Clydesdale did not attend the call. During the call, McKenzie had little knowledge of the specifics surrounding the OOM Energy Group and the loans issued to same. Upon request for Clydesdale to provide documents related to the OOM Energy Loans, McKenzie advised that such documents would be provided after a written request was issued, outlining the specific documents required by the Receiver. The Receiver issued a document request list for the MCSnox Loan and the 1472 Ontario Loan on June 7, 2017 but, as at the date of this First Report, neither McKenzie nor Clydesdale have provided the documents requested.
- 84 The Receiver continues to work with A&B to determine the outstanding documents required to fully understand the status of the remaining OOM Energy Loans.

Media Loans

MHC and the Bron Companies

- 85 All of the Media Loans are administered by a third-party, MHC, and are held in the Media Fund. MHC was originally incorporated in the Province of Alberta on December 22, 2010 and continued out of Alberta on January 11, 2011 to be a federal corporation, with a registered office in Vancouver, British Columbia specializing in the structuring, sourcing and administration of loans for the independent film and television market. MHC's

President, CEO, Chairman, and sole director is Aaron Gilbert ("**Gilbert**"). In addition, Bron Studios Inc. and Bron Animation Inc. are both entities related to MHC of which Gilbert is listed as a director.

- 86 From December 22, 2010 to July 13, 2015, MHC operated under Media House Capital (Canada) Corp. Beginning July 13, 2015, MHC operated under Bron Capital Partners Corp. until April 7, 2016 when it reverted to and continued to operate under MHC.
- 87 Gilbert has some involvement in the films which are investments of the Media Fund. Gilbert is listed as a producer or executive producer on 19 of the 25 film productions for which Media Loans have been purchased by the Media Fund. For five of the productions, he is a director or officer of the production company (the underlying borrower)¹⁸. A detailed account of the Receiver's interactions with MHC are included below in this section.
- 88 Media Loans are made to production companies who require financing in excess of the funds raised through other sources (e.g. equity and financing tax credits) (this shortfall is referred to as the "**Gap Financing**" or "**Gap Loans**") required to develop films or television productions ("**Production**").
- 89 The Media Fund OM states that: "The [Media] Fund will not be in the business of making loans, but rather purchasing already existing securities such as notes and other debt obligations". However, a preliminary review of the documentation supporting the Media Loans indicates that in many cases, the loans were made directly by the Media Fund to the production companies (this is discussed in greater detail in the Commission Affidavits). A schedule of the Media Loans provided by Smith on May 9, 2017 ("**Media Loan Schedule**"), is attached hereto as **Appendix "13"**.
- 90 The purported process for acquiring Media Loans was as follows:
- a) MHC sourced potential Gap Loans and conducted initial underwriting and lending (i.e. MHC advanced the funds to the production company);
 - b) the Company conducted secondary underwriting and analyzed how/if the loans fit into the Media Fund's portfolio;

¹⁸ Paragraph 39 of the Tillie Affidavit attached to this First Report as Appendix "2".

- c) the Media Fund would buy the pre-existing loans from MHC and all loan rights would be transferred to the Media Fund;
- d) the Company would hire MHC to provide Management Services (defined below); and
- e) Smith, the sole individual responsible for valuing the Media Loans, would monitor and determine the weekly value of the Media Loans (i.e. ensuring Media Loans were performing and recording loss reserves as needed).

91 The process for Production and the collection of proceeds was as follows:

- a) as the Production was produced, interest on the Media Loan would accrue in accordance with the original loan documents between MHC and the Production;
- b) during production, a sales agent would be hired to promote the Production to different geographical distributors;
- c) MHC would set up an account with a collection account manager (a **"CAM"**) and execute a Collection Account Management Agreement (a **"CAMA"**) with the CAM and any other parties who had a financial interest in the Production (e.g. equity owners, lenders, the actors', directors', and producers' guilds (unions) etc.) (the **"Production Interests"**);
- d) the CAM would be a third-party responsible for collecting all revenues earned from the Production (i.e. revenue from distributors, broadcasters, merchandising, and other revenues); and
- e) the CAMA between all of the Production Interests outlines, among other things, the fees earned by the CAM, the ranking of Production Interests, and the "waterfall" payment structure for the film's receipts to the various Production Interests (the **"CAMA Waterfall"**).

92 Based on a preliminary review of the CAMAs obtained thus far from MHC, the principal and interest of a sample of Media Loans appear after payment to other interests in the CAMA Waterfall, such as: the CAM expenses and fees, the actors', directors', and producer's guilds and the entitlement to a portion of the sales agents fees/expense.

Documentation of Media Loans

- 93 In addition to the Media Loan Schedule, Smith provided documentation relating to the Media Loans and Media Fund's payment relationship with MHC but did not provide documentation to support the value, security, status of collections, and the position of the Media Fund in the respective CAMA Waterfalls.
- 94 Upon reviewing fully the Company's books and records, the Receiver was unable to obtain the information required to fully understand and support the value of the Media Loans. Aside from the Media Loan Schedule, it appears that there was no documentation used by Smith or the Company to understand the performance of the Media Loans. As a result, the Receiver and its counsel have spent significant time contacting and conducting discussions with various third parties with respect to the Media Loans to gather sufficient documentation to understand the entirety of the Media Fund and its holdings and their structure.

Dealings with MHC

- 95 MHC and the Media Fund entered into a Master Assignment Agreement (the "**Media Master Assignment Agreement**"), dated October 6, 2011 which, among other things, outlined the terms in which the Media Fund would purchase Media Loans from MHC.
- 96 On August 12, 2011, MHC and the Media Fund entered into a Production Loan Administration Agreement (the "**Media Production Loan Administration Agreement**") which, among other things, outlined MHC's role in sourcing and presenting potential Media Loans to the Media Fund for purchase and administration of same. Under the Media Production Loan Administration Agreement, MHC was to manage and service each Media Loan by performing duties, including, but not limited to:
- a) the collection and remittance of all prescribed payments of principal and interest and any profit or other participations (exclusive only of the 10% facility fee that is retained by MHC but deferred in part during the term) generated by the Production, as required under each Media Loan;
 - b) the collection of any penalties or miscellaneous fees, including any shared sales agent fee;

- c) the provision of information to the Production and any other parties for the maintenance or discharge of the loan;
- d) the negotiation and settlement, subject to the Company's approval, of any payments in arrears;
- e) the management of any legal actions required to enforce the Media Loans;
- f) the negotiation and management of any actions with the completion bond company, sales agent(s), distributor(s) or other third parties, if any;
- g) the negotiation and management of any actions required with the producers or production company; and
- h) the takeover, management, and oversight of all of or part of the film production, if necessary.

(collectively referred to as the "**Management Services**").

- 97 On May 9, 2017, Smith provided the Receiver with the contact information for MHC. Subsequent to obtaining the information, the Receiver contacted Gilbert advising him of the Appointment Order along with a request to discuss the Media Loans and MHC's involvement in same.
- 98 On May 10, 2017, the Receiver obtained a response from Gilbert who advised that MHC would be available for a discussion along with MHC's US counsel, Adam Davids from Davoli Davids, LLP ("**Davids**"), and MHC's Toronto counsel, Fasken Martineau DuMoulin LLP ("**Faskens**").
- 99 On May 16, 2017, the Receiver and A&B attended a conference call with MHC, Davids, and Faskens. During the call, the Receiver inquired into MHC's role in administering the Media Loans whereby MHC indicated that activities related to the tracking, monitoring, and valuation of same was performed by Smith. The Receiver also requested that MHC provide all of the necessary documentation and supporting schedules with respect to the Media Loans.
- 100 On May 23, 2017, MHC provided an email response (the "**May 23 MHC Email**") which, among other things:

- a) included the executed Media Master Assignment Agreement and Media Production Loan Administration Agreement;
- b) provided background information on the Management Services MHC performed;
- c) notified the Receiver that in the second quarter of 2016, the Media Fund retained an individual named Paco Alvarez ("**Paco**") to assist in administering and managing the Media Loans on behalf of the Media Fund;
- d) provided status updates on specific Media Loans and the Management Services provided by MHC with respect to same; and
- e) provided the Receiver with access to a Dropbox account containing documentation for two Media Loans.

- 101 Based on the status updates contained in the May 23 MHC Email, it is apparent that a significant number of the films underlying the Media Loans appear to be experiencing significant issues and/or delays. The status updates included in the May 23 MHC Email are included in the Media Loan Schedule.
- 102 On May 24, 2017, A&B, on the Receiver's behalf, requested that Davids direct MHC to provide all of the closing/security documents for all of the Media Loans. On May 30, 2017, MHC began providing same. As of the date of this First Report, the Receiver has been provided with certain documents requested for only 20 Media Loans. With respect to 6 of these loans, critical documentation, including distribution agreements, collection agreements, and sales agent agreements, remain outstanding.
- 103 On May 26, 2017, A&B, on the Receiver's behalf, requested that MHC provide current contact information for all individuals and entities who are currently involved or associated with the sale, distribution, collection, and remittance of payments (whether on account of principal, interest, profit, or otherwise) in connection with each of the Media Loans. On May 31, 2017, MHC provided a spreadsheet that identified the aforementioned contact information.

Paco Alvarez

- 104 Subsequent to advising Paco of the Receivership Proceedings on May 31, 2017, the

Receiver attended a call with Paco on June 1, 2017.

- 105 Paco advised the Receiver that he and his company, Forward Motion Entertainment Corp. ("**Forward Motion**"), were retained in December 2016 to administer the Media Loans on behalf of the Media Fund which included but was not limited to: assisting in collecting amounts from distributors and agents, obtaining reports from CAMs, conducting discussions with sales agents, and providing updates to Smith. Paco advised that he was retained by the Media Fund as MHC began to focus more on producing its own movies through Bron and wanted to reduce its involvement in administering the Media Loans.
- 106 Smith, in an earlier email, advised the Receiver that Forward Motion was paid a monthly fee for its services plus expenses to attend film sale festivals; Paco confirmed this arrangement. There is no written contract between the Company or Media Fund and Paco/Forward Motion.
- 107 The Receiver requested that Paco provide any documentation with respect to the Media Loans, including but not limited to, agreements, supporting schedules, notes from conversations with sales agents, contacts of individuals and companies involved in the Media Loans, and status updates on the Productions. Paco advised that he would not provide the Receiver with the requested information until he was paid his arrears (including expenses) up to and including May 2017.
- 108 The Receiver is currently assessing all of the issues regarding the Media Fund before any commitment is made to any party relating to on-going services to the Media Fund.

Receiver's Potential Engagement of an Advisor

- 109 Given the complex and unique nature of the Media Fund, the Receiver has sought out and discussed the potential of engaging an independent advisor to assist with the management of the Media Fund.
- 110 On June 13, 2017, after initial discussions, the Receiver and A&B attended a meeting with Quiver Capital Inc. ("**Quiver**") to discuss the potential engagement of Quiver as an independent expert to assist in recapturing as much value as possible from the Media Loans.
- 111 Quiver is involved in financing and distributing films and television productions throughout

the world. Quiver's management team consists of three individuals who have had lengthy careers in all facets of the film and television entertainment industry including but not limited to producing, financing, and distributing of a wide variety of content. Prior to starting Quiver, its management team founded and sold companies such as Hollywood Suite, ThinkFilm, Phase 4 Films, and KaBOOM! Entertainment in addition to holding executive level positions at companies such as Lions Gate Films, Momentum Pictures (an Entertainment One Company), and Peace Arch Home Entertainment.

112 On June 14, 2017, Quiver delivered a proposal to the Receiver which outlined the scope of the potential engagement along with a proposed fee structure. More specifically, the proposal outlined Quiver's mandate as follows:

- a) engage with all third party sales agents and domestic distributors to review the status of each film, including but not limited to interest and results from international distributors, timing of such interest, exposure and interest at film markets and festivals, and identification of unpaid, current and long-term accounts receivable;
- b) identify the unsold rights by film, by media (e.g. video on demand, television, etc.), and determine the best course of action to extract value from said rights and provide recommendations on the best course of action moving forward; and
- c) utilize relationships with the distributors and customers (e.g. Netflix, Amazon, Walmart, etc.) to influence collection of accounts receivable, and assist to generate further revenue to maximize value to the unit holders of the fund.

113 Subject to negotiations on the proposed fee structure, the Receiver is of the view that engaging Quiver as an advisor to the Receiver with respect to the Media Fund is the most efficient way to:

- a) obtain all of the relevant Media Loan documentation directly from third-parties (other than MHC);
- b) determine the current underlying value of the Media Loans; and
- c) develop and execute a strategy to create additional value through unpursued markets and revenue streams.

Factoring Contracts

- 114 All of the Factoring Contracts are administered by Frontline, which is a corporation based in Alberta that sources and administers contracts that the Factoring Fund and Hedge Fund enter into to purchase invoices (after purchase, invoices are referred to as "**Purchased Receivables**") from operating businesses ("**Merchants**") for a discount (typically 70% - 95% of the invoice value) and a service fee. Each of the Purchased Receivables are then assigned to Frontline who ultimately collects the invoice value. Any amounts collected over the purchase price, less applicable fees, are remitted to the company that sold the invoice.
- 115 The Factoring Fund and Hedge Fund entered into a Factoring Procurement and Administration Agreement ("**FPAA**") with Frontline on November 25, 2014. The FPAA outlines that Frontline is responsible for evaluating and presenting potential Factoring Contracts to the Factoring Fund/Hedge Fund for purchase (i.e. the rights of the Factoring Contract(s) are assigned) and administering same. Once purchased, Frontline, under the FPAA, administers the Factoring Contracts by performing duties, including, but not limited to:
- a) the registration and assignment of, or transfer into the name of the Factoring/Hedge Fund of all Purchased Receivables pursuant to the Factoring Contracts entered into between the Factoring/Hedge Fund and the Merchants;
 - b) the provision of assurances, as required by the Factoring/Hedge Fund, for enforcing its rights, benefits, title, interest, and vesting of the Purchased Receivables;
 - c) the collection and remittance to the Factoring/Hedge Fund of all Purchased Receivables (less any fees under the FPAA) received from the Merchants as well as any fees, commissions, or penalties, if any;
 - d) the negotiation and settlement of any payments in arrears;
 - e) the management of any legal actions required to enforce the Factoring/Hedge Fund's rights with respect to Purchased Receivables, the Merchants or the Factoring Contracts;

- f) the provision of weekly reporting to the Factoring/Hedge Fund; and
- g) the administration of a bank account on behalf of the Factoring/Hedge Fund and remittance of monies to same as requested by the Company.

116 Under the section 4.4 of the FPAA, *"the [Factoring/Hedge] Fund hereby authorizes and empowers Frontline, without the requirement of further authorization or direction from the [Factoring/Hedge] Fund to:*

- a) *Make, or cause to be made, advances out of the fund provided by the [Factoring/Hedge] Fund in accordance with a Factoring Agreement;*
- b) *Make any emergency type advances to preserve and protect the property and assets which are the subject matter of a Factoring Agreement."*

Specific to item (a) above, except where the Merchant is in default under the applicable Factoring Contract, the Factoring/Hedge Fund is required to purchase all of the approved receivables from the Merchant (i.e. the Factoring/Hedge Fund was obligated to continue to purchase invoices after the Receivership Date) under and pursuant to the terms of the operative Factoring Contract.

117 Subsequent to advising Frontline of the Receivership Proceedings, the Receiver conducted a call with representatives from Frontline on May 12, 2017. Frontline advised that it had not and would not purchase approved receivables from the various Merchants after the Receivership Date but it has been collecting proceeds from Purchased Receivables on behalf of the Factoring/Hedge Fund.

118 The Receiver remains in regular contact with Frontline with respect to the administration of the Factoring/Hedge Fund. The Receiver has instructed Frontline to send available cash balances to the Factoring/Hedge Fund's NBCN accounts, and to provide a full accounting and reconciliation of all amounts currently outstanding to the Receiver. As of the date of this Report, the Receiver has yet to receive any cash currently being held by Frontline on the Factoring/Hedge Fund's behalf or a reconciliation of same.

Medical Factoring Contracts

119 Similar to the Factoring/Hedge Fund's contractual arrangement with Frontline, the Medical

Fund holds investments in medical factoring receivables which are sourced and administered by Xynergy.

- 120 Xynergy is a corporation based in Florida that enters into contracts to purchase healthcare receivables (after purchase, invoices are referred to as **"Purchased Medical Receivables"**) from operating businesses in the United States (**"Clients"**) for a discount and service fees pursuant to which the invoice is assigned to Xynergy who ultimately collects the invoice value. Unlike Factoring Contracts, the Medical Factoring Contracts are not entered into between the Clients and the Medical Fund but rather a participation in the relationship is purchased by the Medical Fund.
- 121 Xynergy and the Medical Fund entered into a Master Medical Receivables Purchase and Administration Agreement on March 31, 2016 (the **"MMRPAA"**) which essentially gives the Medical Fund the opportunity to purchase participations in Xynergy's Medical Factoring Contracts with various Clients (defined therein). For active participations, Xynergy, under the MMRPAA, administers the Medical Factoring Contracts by performing duties, including, but not limited to:
 - a) bearing all costs and expenses of managing and servicing the Medical Factoring Contracts;
 - b) providing weekly reporting to the Medical Fund; and
 - c) administering a trust account on behalf of the Medical Fund and remitting monies to same as requested by the Company.
- 122 Subsequent to advising Xynergy of the Receivership Proceedings, the Receiver conducted a call with representatives from Xynergy on May 10, 2017. Xynergy made the Receiver aware that Xynergy is obligated to the Clients to continue purchasing healthcare invoices as they depend on the financing to operate their business.
- 123 Xynergy has continued to administer the Medical Factoring Contracts that the Medical Fund has an interest in and remains in regular communication with the Receiver. Xynergy also provides the Receiver with weekly reports outlining the activity (i.e. purchases and collections) of the Medical Factoring Contracts and provides a trust account statement outlining the cash held on behalf of the Medical Fund.

Potential Sale of Geodata Balance

- 124 Included in the Medical Fund is Medical Factoring Contracts with GeodataPR International, Inc. ("**Geodata**") and Servicios de Salud Integrada, CSP ("**SSI**") who both operate out of Puerto Rico. The most recent weekly report received from Xynergy (June 15, 2017) indicated that Geodata and SSI have net outstanding funds employed (i.e. the principal balance) of \$684,313 (the "**Geodata Balance**").
- 125 On June 20, 2017, Xynergy put forth a revised offer to acquire only the Medical Fund's participation in the Geodata Balance in full for \$684,313 (the "**Geodata Offer**"). The Receiver has verbally indicated to Xynergy that it is interested in the Geodata Offer. The Geodata Offer is for 100% of the Geodata Balance and as such represents its fair market value. Furthermore, the Geodata Medical Factoring Contract is a unique and specialized investment, and would likely result in a limited number of potential purchasers willing to pay greater than 100% of the balance outstanding.

US Real Estate LP

- 126 Based on a review of the Provided Documents and additional documents located in the Company's books and records, the Hedge Fund and Factoring Fund cumulatively own 99.99% of 107 LP, an entity that has an indirect ownership interest in a number of rental properties located in the United States together with corporate and individual partners (collectively the structure is referred to as the "**US Real Estate LP**"). The Hedge Fund and Factoring Fund act as limited partners in the US Real Estate LP (the "**Limited Partners**").
- 127 The remaining 0.01% ownership of 107 LP is held by 1076874 B.C. Ltd., an entity listed as the general partner which is owned by the following individuals:
- a) Alberto Storelli (Canadian) ("**Storelli**") – 51.0%;
 - b) Brian Peoples (USA) ("**Peoples**") – 24.5%; and
 - c) Joe Harker (USA) ("**Harker**") – 24.5%.

All or one of Storelli, Peoples, and Harker (collectively the "**General Partners**") are listed as directors or officers in a majority of the entities included in the US Real Estate LP.

- 128 The US Real Estate LP is a cross-border operation through a Nevada based corporation, DaVinci Capital Property, Inc. ("**DVCP**") which is an indirect wholly owned subsidiary of 107 LP.
- 129 The purpose of the US Real Estate LP is to acquire and develop real estate properties in the United States to subsequently earn rental income and proceeds from the possible and/or eventual sale of such properties. Through its investment in 107 LP, the Receiver understands that the Factoring Fund and Hedge Fund have an indirect minority ownership interest in the following properties in the US Real Estate LP:
- a) 3961 Covington Highway, Decatur, Dekalb County, Georgia;
 - b) 3859 Austin Circle, Decatur, Dekalb County, Georgia;
 - c) 325 - 3rd Avenue SW, Birmingham, Alabama;
 - d) 201 - 3rd Avenue SW, Birmingham, Alabama;
 - e) 922 Lawndale Drive, Tupelo, Mississippi; and
 - f) 619 E. Groveland Parkway, Chicago, Illinois.
- (collectively referred to as the "**US Properties**").
- 130 The Receiver has prepared a detailed organizational chart demonstrating the structure of the US Real Estate LP which is attached to this First Report as **Appendix "14"**.

Subscription Agreements

- 131 From June 6, 2016 to March 14, 2017, the Limited Partners invested US \$7,500,000 in the US Real Estate LP by way of unit purchases in 107 LP through subscription agreements (the "**Subscription Agreements**"). Based on a preliminary review of the Subscription Agreements, the Receiver understands that the investment structure to be as follows:
- a) the Limited Partners would purchase units in 107 LP (the "**Subscription Amount**");
 - b) a portion of the Subscription Amounts would be advanced to DVCP by way of a

12% loans (the “**DVCP Loans**”) while the remaining Subscription Amounts would be advanced to DVCP by way of a share purchases in same (the “**DVCP Equity**”);

- c) in almost all cases, the entire Subscription Amounts received by DVCP would then be advanced to the various special purpose entities by way of interest bearing loans (the “**SPE Loans**”); and
- d) the proceeds from the SPE Loans would then be used to purchase and/or develop the US Properties.

- 132 The Receiver and A&B continue to review the Subscription Agreements and other related documents with respect to the US Real Estate LP to gain a more fulsome understanding of same.

Contact with General Partners

- 133 On June 4, 2017, the Receiver notified the General Partners of the Appointment Order along with a request to discuss the US Real Estate LP. On June 7, 2017, the Receiver delivered a follow-up email to the General Partners. Despite repeated follow-up communications, the Receiver has yet to have a discussion with the General Partners.

PRELIMINARY CONCLUSION REGARDING MONETIZATION OF THE CRYSTAL WEALTH FUNDS

- 134 Since the beginning of the Receivership Proceedings, the Receiver has issued and posted on its Case Website notices to all investors dated May 1, 2017, May 10, 2017, May 17, 2017, and June 9, 2017.
- 135 In its May 17, 2017 notice to investors, the Receiver stated that it was very mindful of the needs of the investors, and, accordingly, was conducting a review of the Company’s books and records on an accelerated basis to devise a plan that would ultimately lead to realization of the assets and distribution of the proceeds. Moreover, the Receiver determined that there were certain Crystal Wealth Funds which could be monetized on an urgent basis as they were largely comprised of marketable securities and cash holdings.
- 136 As a result of the foregoing review, the Receiver, in consultation with colleagues in Canada and the US with extensive investment and portfolio expertise, is carefully monetizing all

marketable securities, including Equities and Warrants, where possible, which are traded on the various public stock exchanges. The Receiver anticipates that this realization process will be complete by the end of June 2017.

- 137 As a result of its appointment by the Court, the Receiver holds an obligation to the investors. As such, the over-arching investment objective is to minimize the downside risk of uncontrollable domestic and global factors, by monetizing Crystal Wealth Funds in the short term for ultimate distribution to the investors rather than earning longer term higher returns.
- 138 Once this monetization process is complete, the Receiver will be issuing a notice to the investors advising them of the results of same.

PROPOSED SALE PROCESS

- 139 A significant portion of the total AUM of the Crystal Wealth Funds, particularly, the Off-Book Assets, have long maturities and appear to be difficult to value individually as they are not actively traded. Therefore, the Receiver is of the view that monitoring and the eventual realization of these assets individually will present significant effort and costs to the Crystal Wealth Funds and ultimately the investors.
- 140 In addition, the Receiver has also received expressions of interest from a number of parties with respect to purchasing and/or assuming the management of one or more of the Crystal Wealth Funds.
- 141 Given the above, the Receiver proposes that it conduct a sales process (the "**Sales Process**") for certain Crystal Wealth Funds in a manner in which:
- a) potential bidders may make an offer to purchase the investments from one or more of the Crystal Wealth Funds (the "**Potential Bidders**"); and/or
 - b) potential managers may present an offer to assume the management of one or more of the Crystal Wealth Funds' investment activities and assume Crystal Wealth's position and duties to investors (the "**Potential Managers**").
- 142 The proposed Sales Process comprises the following:
- a) The Receiver has begun and will continue to prepare a list of Potential Bidders and

Potential Managers for certain Crystal Wealth Funds. Potential Bidders will have the opportunity to bid for some or all of certain Crystal Wealth Funds' investments. Potential Managers will have the opportunity to present their proposal for assuming the entirety of the assets and management of certain Crystal Wealth Funds.

- b) The Sales Process will be advertised in publication(s) as determined by the Receiver.
- c) The Receiver will provide Potential Bidders and Potential Managers with a solicitation letter summarizing the acquisition and opportunity (the "**Solicitation Letter**") and a form of confidentiality agreement (the "**CA**") to be executed for further participation in the Sales Process.
- d) Any Potential Bidders and/or Potential Managers who execute a CA (a "**Prospective Bidder**" and a "**Prospective Manager**" respectively), will receive a confidential information memorandum ("**CIM**") describing the purchase and/or management opportunity and will gain access to an electronic data room, containing confidential information to perform due diligence.
- e) Prospective Bidders will be required to submit a binding offer to purchase the investment(s) contained within certain Crystal Wealth Funds (a "**Purchase Offer**") by 5:00 p.m. Eastern Standard Time ("**EST**") on August 10, 2017 (the "**Offer Deadline**"), which must include:
 - i. the identity, contact information, and disclosure of the principal(s) of the Prospective Bidder;
 - ii. a list and description of the Crystal Wealth Fund(s) and investments to be included in a purchase;
 - iii. an indication of the proposed purchase price or financial terms of such sale;
 - iv. an acknowledgement that the sale will be made on an "as is, where is" basis and that the Prospective Bidder will be bound by the terms of the Sales Process;
 - v. a description of any liabilities to be assumed by the Prospective Bidder;

- vi. details related to any regulatory approvals required to close the proposed transaction;
 - vii. a proposed timeline to the date of closing the transaction, along with critical milestones; and
 - viii. such other information requested by the Receiver.
- f) Prospective Managers will be required to submit a binding offer to assume and manage certain Crystal Wealth Funds (a “**Management Offer**”) by the Offer Deadline, which must include:
- i. the identity, contact information, and disclosure of principal(s) of the Prospective Manager;
 - ii. a list and description of the Crystal Wealth Fund(s) and the investments which the Prospective Manager has an interest in assuming;
 - iii. a list of the qualifications and experience in managing mutual funds and investments and a listing of the portfolio manager(s), proposed for the applicable Crystal Wealth Fund(s);
 - iv. a description of the proposed fees to be imposed on the investors of the applicable Crystal Wealth Funds;
 - v. a copy of the most recent audited financial statements of the Prospective Manager;
 - vi. an acknowledgement that the transfer will be made on an “as is, where is” basis and that the Prospective Manager will be bound by the terms of the Sales Process;
 - vii. a description of any liabilities to be assumed by the Prospective Manager;
 - viii. details related to any regulatory approvals required to close the proposed transaction;
 - ix. a proposed timeline to the date of closing the transaction, along with critical

milestones; and

- x. such other information requested by the Receiver.
- g) The Receiver may also request information to demonstrate that the Prospective Bidder / Prospective Manager has the resources to close the transaction.
- h) A Purchase Offer and/or Management Offer will be considered a "Qualified Offer" if it meets the following criteria:
- i. The offer is received by the Offer Deadline;
 - ii. The offer contains a letter stating that the Purchase/Management Offer is irrevocable and open for acceptance until at least five business days after the Offer Deadline;
 - iii. The Purchase/Management Offer includes proof of the Prospective Bidder's/Manager's ability to close the transaction and is not conditional upon financing;
 - iv. The Purchase/Management Offer includes proof of the Prospective Bidder's/Manager's financial stability;
 - v. The Purchase/Management Offer includes an acknowledgement that the Prospective Bidder/Manager has (a) relied solely upon its own independent review of any documents and assets to be acquired and/or assumed in making its offer; and (b) not relied upon any representations or warranties whatsoever regarding the property of the Crystal Wealth Group, except as expressly stated in the agreement of purchase and sale and/or the transfer of ownership agreement;
 - vi. The Purchase/Management Offer shall not contain any material conditions to closing other than Court approval;
 - vii. The Purchase/Management Offer should include a completed form of agreement of purchase and sale and/or ownership transfer agreement, in a form prepared by the Receiver;

- viii. The Purchase/Management Offer shall not contain a break-fee or any type of compensation to the Prospective Bidder/Manager;
 - ix. The Receiver must believe the transaction will close on or prior to five days after Court approval of the transaction; and
 - x. As appropriate, the Purchase Offer shall include a deposit equal to 10% of the purchase price of the assets(s), and in the case of a Management Offer, a deposit per the Receiver's discretion;
- i) Upon review of the Qualified Offers, the Receiver, may:
- i. accept a Qualified Offer (a **"Successful Offer"**) and complete an agreement for a Successful Offer;
 - ii. accept two or more non-overlapping Qualified Offers and complete agreements for same;
 - iii. continue negotiations with a selected number of Prospective Bidders and/or Prospective Managers; or
 - iv. terminate the Sales Process.
- j) The Receiver shall be under no obligation to accept the highest offer, and shall be under no obligation to accept any offer if the Receiver determines that no suitable offers have been received.
- k) If no acceptable Purchase Offers and/or Management Offers are received, the Receiver may consider other options for dealing with the Crystal Wealth Funds' assets.
- l) A Successful Offer must be approved by the Court.

143 The following chart summarizes the relevant milestones for the proposed Sales Process:

Milestone	Approximate Date
(i) Court Approval of Proposed Sales Process	July 3, 2017
(ii) Solicitation Letter Distribution	July 10, 2017
(iii) Purchase/Management Offer Deadline	August 10, 2017
(iv) Selection of a Successful Offer(s)	August 17, 2017
(v) Issuance of an Approval and Vesting Order	August 31, 2017
(vi) Closing Date	5 days after (v)

144 It is proposed that the Sales Process will be carried out by the Receiver as it is qualified to administer the proposed Sales Process for the following reasons:

- i. the Receiver has considerable experience conducting a sale process for investment assets and investment portfolios and will utilize the expertise of its corporate finance professionals, as necessary, in carrying out its duties;
- ii. the Receiver has extensive contacts in the industry who it will ensure are made aware of the Sales Process;
- iii. if a party other than the Receiver were to be engaged to run the Sales Process, the Receiver would be required to maintain oversight of the third party, thus duplicating certain efforts and costs;
- iv. the proposed Sales Process has been designed to be a thorough and efficient process, which will reduce professional fees associated with administering same, if it is administered by the Receiver; and
- v. the Receiver will not charge a success fee, but instead will charge its standard hourly rates based on actual hours spent in administering and processing the Sales Process. It is anticipated, given the nature of the Crystal Wealth Funds, that the Receiver's fees, based on its standard hourly rates, will be significantly less than a success fee.

PROPOSED CREDITOR CLAIMS PROCEDURE ORDER

145 The Receiver is of the view that a Creditor Claims Procedure (as defined in the proposed Creditor Claims Procedure Order) is warranted for non-investor creditor claims against the Crystal Wealth Group. With respect to investor distributions, the Receiver requests approval to rely on the IFDS Unit Holder Listing, as is outlined in paragraphs 167 to 175 below.

146 The books and records of the Company indicate the following liabilities:

- a. trade payables totaling \$169,964;
- b. income tax and HST payable of \$34,200;
- c. loans from shareholders and employees totaling \$9,952;
- d. loans from Smith of \$202,648; and
- e. loans from CLJ Everest of \$286,879.

(collectively referred to as the "**Recorded Liabilities**")

147 Since the Appointment Order, the Receiver has been contacted by several parties claiming that there are monies owing to them from either the Company or Crystal Wealth Funds which liabilities were not identified in the Recorded Liabilities.

148 As a result of these claims, it appears that the liabilities recorded on the books and records of the Company and the Crystal Wealth Funds are inaccurate and unreliable for the Receiver to establish a complete creditor listing for the Crystal Wealth Group. As a result, the Receiver is seeking approval of a Creditor Claims Procedure, according to which the Receiver would call for all claims against the Crystal Wealth Group, and bar any claims against the Crystal Wealth Group not submitted by the Claims Bar Date (as defined in the proposed Creditor Claims Procedure Order).

149 The proposed Creditor Claims Procedure provides the Receiver with a mechanism to determine the amounts of claims against the Crystal Wealth Group. The proposed Creditor Claims Procedure Order will permit the Receiver to instruct creditors of the Crystal Wealth Group to file proofs of claim since the Receiver is not confident in the completeness

and accuracy of the Crystal Wealth Group's books and records with regard to non-investor creditor claims.

- 150 The proposed Creditor Claims Procedure Order provides for a package of information (each a **"Claims Package"**) to be sent to each known creditor.
- 151 The complete details of the proposed Creditor Claims Procedure are set out in the draft Creditor Claims Procedure Order, which is attached hereto as **Appendix "15"**, and are summarized here as follows.

Summary of Proposed Creditor Claims Procedure

- 152 Under the proposed Creditor Claims Procedure, the Receiver intends to send a Claims Package to known creditors of the Crystal Wealth Group and potential creditors that request such a mailing prior to the Claims Bar Date, which will also include an instruction letter and Proof of Claim, by ordinary mail no later than July 10, 2017.
- 153 As soon as reasonably practicable upon receiving a request from a potential creditor (provided such request is made prior to the Claims Bar Date), the Receiver would send such creditor a Claims Package by ordinary mail, courier, facsimile or electronic mail.
- 154 In addition, the Receiver would cause notice of the proposed Creditor Claims Procedure to be published for one day in the Globe and Mail by no later than July 10, 2017 and would make the Claims Package available on its website at www.GrantThornton.ca/crystalwealth.

Claims Bar Date

- 155 The draft Creditor Claims Procedure Order provides that the **Claims Bar Date for all claims will be 5:00 p.m. (Toronto time) on August 3, 2017** (the "Claims Bar Date").
- 156 All creditors are required to file a Proof of Claim such that it is **received** by the Receiver prior to the Claims Bar Date. Failure to submit a Proof of Claim by the Claims Bar Date would result in such creditor's claim being forever barred and extinguished, released and discharged.

Review of Proofs of Claim

- 157 As part of proposed Creditor Claims Procedure Order, the Receiver would review all Proofs of Claim that are received on or before the Claims Bar Date to determine the adequacy of the manner in which Proofs of Claim have been completed and executed.

Notice of Revision or Disallowance

- 158 The Receiver would accept or, by way of Notice of Revision or Disallowance (as defined in the proposed Creditor Claims Procedure Order), revise or disallow, in whole or in part, the amount and/or status of the claim set out in any Proof of Claim.
- 159 At any time, the Receiver would be entitled to request additional information with respect to any claim and would be entitled to request that the creditor file a revised Proof of Claim. The Receiver would send a form of Notice of Dispute (as defined in the proposed Creditor Claims Procedure Order) to any creditor whose claim has been revised or disallowed at the time the Notice of Revision or Disallowance of Claim is sent to that creditor.
- 160 Where a claim has been revised or disallowed, in whole or in part, by a Notice of Revision or Disallowance, the revised or disallowed portion of that claim would be determinative unless the creditor disputes the revision or disallowance and proves the revised or disallowed claim, or portion thereof, in accordance with the proposed Creditor Claims Procedure Order.

Disputed Notices of Revision or Disallowance

- 161 Any creditor that receives a Notice of Revision or Disallowance and intends to dispute such Notice of Revision or Disallowance would be required to deliver a Notice of Dispute to the Receiver by no later than 5:00 p.m. (Toronto time) on the day that is ten business days after the Receiver sends the Notice of Revision or Disallowance. The filing of a Notice of Dispute with the Receiver within the time limit would constitute an application to have the amount or status of such claim resolved as set out below.
- 162 Where a creditor that receives a Notice of Revision or Disallowance fails to file a Notice of Dispute with the Receiver within the time limit, the amount and status of such creditor's claim would be deemed to be as set forth in the Notice of Revision or Disallowance and such amount and status, if any, would constitute such creditor's proven claim.

Resolution of Claim

- 163 Upon receipt by the Receiver of a Notice of Dispute from a creditor, the proposed Creditor Claims Procedure Order provides for the resolution of claims by the creditor and the Receiver by first attempting to resolve and settle the creditor's claim on consent of the parties. If it is not possible to resolve and settle the creditor's claim consensually, the Receiver or the creditor would be entitled to make a motion to the Court for a final determination of the creditor's claim.
- 164 In addition, the Receiver would be entitled to make a motion to the Court for the final determination of any claim at any time, whether or not the Receiver has sent the creditor a Notice of Revision or Disallowance.

Distribution to Creditors

- 165 The proposed Creditor Claims Procedure Order addresses only the identification of claims. It does not address entitlement to a distribution, or the priority of such claims. The matter of distributions to non-investor creditors of the Crystal Wealth Group will be the subject matter of a separate motion.
- 166 After the conclusion of the proposed Claim Procedure, the Receiver will report to the Court in respect of any proposed interim distribution to non-investor creditors of the Crystal Wealth Group, and would seek Court approval of same.

PROPOSED RELIANCE ON IFDS UNIT HOLDER LISTING FOR THE PURPOSE OF MAKING DISTRIBUTIONS TO INVESTORS

- 167 On April 26, 2017, the Receiver requested that Smith provide the most recent investor listing/database showing all of the investors in each of the Crystal Wealth Funds and their respective holdings. In response to this request, Smith advised that neither he nor the Company maintained the listing of investors but rather this function was performed by an external entity, IFDS. Smith advised the Receiver that when T3's were to be prepared or if the information was required for any correspondence with investors, the Company would obtain this list directly from IFDS for a fee.
- 168 On April 27, 2017, the Receiver contacted IFDS to advise them of the Receivership Proceedings and to request relevant information as it related to the Crystal Wealth Funds

and the investors therein. Subsequent to initial contact, the Receiver requested the following items from IFDS:

- a) a current listing of Crystal Wealth Funds, with details of composition in each fund;
- b) a current listing of investors in each of the Crystal Wealth Funds, indicating the holdings of each investor in each fund;
- c) a current listing of the investors with individually managed funds on hand with National Bank; and
- d) all of the available contact information (including mailing addresses, email addresses, and telephone and fax numbers) for each of the investors in each of the Crystal Wealth Funds, as well as for each of Company's portfolio management clients who have their managed accounts at NBCN.

- 169 On May 4, 2017, IFDS, through its counsel, provided the Receiver with a document addressing items (b) to (d) noted above (the "**Unit Holder Listing**"). It is the Receiver's understanding that the Unit Holder Listing encompasses all of the individuals invested in a particular Crystal Wealth Fund (i.e. the Unit Holder Listing contains a complete picture of the unit holdings in each of the Funds). In regards to item (a), the Receiver obtained same from NBCN.
- 170 On May 11, 2017, IFDS, through its counsel, provided the Receiver with the executed Securityholder Services Agreement between IFDS and the Company dated February 17, 2004 as well as a similar unsigned Securityholder Services Agreement between IFDS and the Company dated May, 2009 and an Amending Agreement dated November 30, 2016. All three of these documents are attached hereto as **Confidential Appendix "1"**.
- 171 IFDS is the central repository of all investor data, including names, addresses, personal information, Crystal Wealth Funds holdings, etc. Moreover, discussions with NBCN, recent discussions with BDO Canada LLP ("**BDO**"); the Company's auditors, and discussions with Smith corroborate the fact that IFDS independently maintains its records based on instructions from NBCN or the Company.
- 172 Accordingly, based on the fact that the Unit Holder Listing is maintained solely by IFDS, with Smith or the Company having limited involvement in same, the Receiver is of the view

that the Unit Holder Listing accurately reflects the units held by each investor and that a separate process for investors to validate such holdings would not present a result materially different than the Unit Holder Listing. As a result, the Receiver will not be conducting a separate investor claims process as it will be relying on the investor information contained in the Unit Holder Listing.

- 173 On June 15, 2017, the Receiver attended a meeting with BDO and its counsel. During the meeting, the Receiver inquired into BDO's understanding of the Unit Holder Listing, the processes for maintaining and updating same, and the work performed on the Unit Holder Listing during the scheduled audits. BDO advised that the Unit Holder Listing was maintained and updated by IFDS with information provided by an additional third-party, Fundserv Inc., who was responsible for processing investor subscriptions and redemptions within the Funds.
- 174 BDO advised that an annual external audit is performed by a third-party on IFDS' processes and controls with respect to its business through the issuance of a Canadian Standard on Assurance Engagements 3416 (CSAE 3416) Report. BDO indicated that during the audit of the Company it would obtain copies of the annual CASE 3416 Report to confirm that the conclusions contained within the Report outlined that the controls and processes used by IFDS were sufficient to ensure the Unit Holder Listing was not materially misstated.
- 175 The Receiver seeks Court approval of its proposed reliance on the IFDS Unit Holder Listing to make distributions to investors in the Crystal Wealth Funds, where possible, without the necessity of seeking further approval from the Court.

RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP

- 176 Attached hereto as **Appendix "6"** is the Receiver's Interim Statement of Receipts and Disbursements for the period April 26, 2017 to May 31, 2017 which outlines the cash balances of the Company and the Crystal Wealth Funds.
- 177 The deposits to the Crystal Wealth Funds primarily relate to Off-Book Assets, such as regular payments from Spectrum or Squire for on-going maintenance of the Residential Mortgages. Disbursement from the Crystal Wealth Funds primarily relate to bank charges.

SPECIFIC ACTIVITIES OF THE RECEIVER SINCE THE APPOINTMENT ORDER

178 Upon its appointment, the Receiver took immediate steps to secure and preserve the Property of the Crystal Wealth Group, communicate with stakeholders, and deal with other operational and administrative tasks. The Receiver has conducted the following key activities in relation to its appointment:

Taking Possession

- a) Attended the Premises immediately upon being appointed and changed the locks to secure the assets and books and records contained therein, notified various service providers and transferred billing arrangements into the Receiver's name for the period post-Appointment Order.
- b) Attended the Mount Nemo Property shortly after the Appointment Order and changed the locks to secure the Mount Nemo Property and its contents. The Receiver transferred utilities for the Mount Nemo Property for the period post Appointment Order into the Receiver's name as well as arranged for on-going maintenance of the Mount Nemo Property.
- c) Corresponded with the landlord of the Premises to notify it of the Appointment Order and make arrangements for payment of rent during the Receiver's occupancy.
- d) Secured the books and records of the Crystal Wealth Group, located at the Premises, disabled external access to the computer system and performed a forensic backup of all data contained on the Company's Dropbox account and GoDaddy email systems. During this process, the Receiver identified that the emails contained in the inbox and sent items of the email accounts of Smith, Housego and Bentley were either deleted in their entirety, or it was apparent that individual emails had been removed.
- e) Contacted the third party cloud server company to restore email data with respect to the deleted emails. This process is still underway.
- f) Corresponded with the Crystal Wealth Group's contract accountant and received copies of certain records of the Crystal Wealth Group.

- g) Secured the Crystal Wealth Group's bank accounts and transferred the funds therein to the Receiver's trust accounts. Specifically, the Receiver has maintained separate trust accounts consistent with the origin of funds transferred from the Crystal Wealth Funds.

Employee Matters

- a) Permitted the Company to continue to actively employ three (3) employees for a brief period post Appointment Order (including Smith and Bentley) to assist the Receiver in understanding the business and operations of the Crystal Wealth Group and to facilitate the initial mailing to all investors.
- b) Terminated these employees on behalf of the Company effective May 10, 2017 and arranged for all Records of Employment ("**ROEs**") to be issued to same. A fourth employee, who was subsequently discovered by the Receiver to be on maternity leave, was terminated effective May 24, 2017.
- c) Engaged the Company's contracted accountant to prepare
 - i. bi-weekly payroll for Smith and the other employees;
 - ii. ROEs; and
 - iii. T4's.

Investor Matters

- a) Established a Crystal Wealth Funds toll free number and email account.
- b) Responded to numerous calls and emails from Crystal Wealth Group investors and other stakeholders.
- c) Published the Receivership Proceedings in the national editions of the Globe and Mail and the National Post on May 4, 2017.
- d) Distributed four (4) notices from the Receiver to all investors, which were also posted to the Receiver's Case Website, on May 1, 2017, May 10, 2017, May 17, 2017, and June 9, 2017 updating them on the receivership as events unfolded.

- e) Created and maintained a listing of investors with holdings, accounts, and contact information including email addresses.

Administration of the Funds

- a) The Receiver's activities with respect to the administration of the Crystal Wealth Funds include:
 - i. meeting and corresponding with NBCN on a number of investor matters, including the on-going management of the securities, records and monetization of assets within the Crystal Wealth Funds;
 - ii. corresponding with various third-parties involved in administering certain Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
 - iii. collecting monthly payments and funds held by third-parties administering certain Crystal Wealth Funds and/or their assets;
 - iv. corresponding with borrowers of the Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
 - v. conducting meetings with certain third-parties and borrowers, as appropriate; and
 - vi. negotiating the sale of two Residential Mortgages to a third party as discussed further below.

Other Activities

- a) Corresponded and held numerous discussions with Smith, employees, and contractors of the Crystal Wealth Group.
- b) Corresponded and held numerous discussions with various stakeholders, providers and/or their legal counsels.
- c) Corresponded and held various discussions with the Company's auditor, BDO.
- d) Corresponded and held various discussions and meetings with parties expressing

interest in either purchasing or managing certain Crystal Wealth Funds.

- e) Maintained a public website for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol.
- f) Arranged for the redirection of the Company's and CLJ Everest's mail to the Receiver's office.
- g) Made arrangements with insurance providers to ensure that continued coverage remains in place with respect to both the Premises and Mount Nemo Property.

MOUNT NEMO PROPERTY

- 179 Pursuant to the Vesting Order, the Receiver was authorized by the Court to complete, on behalf of CLJ Everest, the sale transaction contemplated by the Mount Nemo Sale Agreement.
- 180 CLJ Everest is the registered owner of Mount Nemo Property. At the date of the Receivership Proceedings, this property was vacant.
- 181 Prior to the Appointment Order, the Mount Nemo Sale Agreement was entered into by CLJ Everest and the Purchaser with a completion date for the underlying transaction of April 28, 2017.
- 182 On April 27, 2017, Jo-Anne Smith ("**Ms. Smith**"), Smith's sister and the listing agent for the Mount Nemo Property, informed the Receiver that the Purchaser had advised her on April 27, 2017, that the Purchaser would not be completing the purchase transaction.
- 183 At 9:20 a.m. and 9:21 a.m. on April 28, 2017, the Receiver attempted to contact the Purchaser by telephone at the number which Ms. Smith advised was the Purchaser's cell phone number. On both occasions, the message "Call cannot be completed as dialed" was received.
- 184 Accordingly, by letter to the Purchaser dated April 28, 2017, A&B advised the Purchaser that the Receiver was treating his anticipatory breaches as a repudiation of the Mount Nemo Sale Agreement, thereby discharging the Receiver from proceeding with the Mount Nemo Sale Agreement while reserving the Receiver's right to pursue damages from the Purchaser. A&B's letter to the Purchaser is attached to this Report as **Appendix "16"**.

- 185 To date, no response has been provided by the Purchaser, and the transaction did not proceed as contemplated by the Vesting Order.
- 186 The Receiver obtained the listing agreement from Ms. Smith which was in place at the time of the Appointment Order.
- 187 After the transaction contemplated by the Mount Nemo Sale Agreement failed to close, the Receiver corresponded with Ms. Smith, providing information with respect to the Receivership Proceedings and the Receiver's intention to conduct a formal sales process for the listing of the Mount Nemo Property (the "**Mount Nemo Listing Process**"). The Receiver invited Ms. Smith to participate in that process. On May 10, 2017, the Receiver received an executed Listing Cancellation from Ms. Smith to allow the Receiver to conduct the Mount Nemo Listing Process.
- 188 Between April 28, 2017 and May 1, 2017, the Receiver researched and compiled a short-list of seven (7) real estate agents/brokers with extensive experience in marketing and selling rural estate properties in the Burlington and surrounding areas, including Ms. Smith (the "**Prospective Brokers**").
- 189 On May 2, 2017, the Receiver distributed a request for proposals (the "**Request for Proposals**" or "**RFP**") via email to the Prospective Brokers outlining: the appointment of the Receiver, the contents of the Mount Nemo Listing Process, and the request for each Prospective Broker to submit a proposal outlining, among other things, such Brokers' experience in the related market, a strategic marketing plan with timelines, as well as indications of value of the Mount Nemo Property, by 5:00 PM EST on May 9, 2017. The Receiver also included a confidentiality agreement, to be executed by the Prospective Brokers, along with preliminary information with respect to the Mount Nemo Property in the RFP. On May 6, 2017, a copy of the RFP was provided to Ms. Smith, inviting her to participate in the RFP conducted by the Receiver. A copy of the RFP is attached hereto as **Appendix "17"**.
- 190 Between May 2, 2017 and May 9, 2017, the Receiver received expressions of interest from four (4) Prospective Brokers (the "**Interested Brokers**"), one (1) response indicating a proposal would not be submitted, and two (2) Prospective Brokers did not respond. Of the four Interested Brokers, the Receiver obtained three executed confidentiality agreements.

- 191 On May 8, 2017, the Receiver provided on-site access to the Mount Nemo Property to the three Interested Brokers who submitted confidentiality agreements. During the on-site visit, the Receiver gave tours of the Mount Nemo Property and responded to questions with respect to the Receivership Proceedings and the Mount Nemo Sale Process.
- 192 On May 9, 2017, RFP submissions from the Interested Brokers were received. A proposal was not received from Ms. Smith. After review of the proposals received from the Interested Brokers, the Receiver selected and notified the successful broker on May 18, 2017, being RE/MAX Aboutowne Realty Corp., Brokerage (the "**Broker**"). A summary of the proposals received is attached to this First Report as **Confidential Appendix "2"**. The Receiver selected the Broker due to its extensive experience selling similar real estate in the Burlington and surrounding area, its competitive commission structure, and its detailed marketing plan to prepare and execute the sale of the Mount Nemo Property.
- 193 On June 8, 2017, the Receiver entered into an MLS listing agreement with the Broker (the "**Listing Agreement**") which is attached to this First Report as **Confidential Appendix "3"**. The Mount Nemo Property is currently listed for \$3,399,000.

COMMUNICATIONS WITH INVESTMENT ADVISORS

- 194 On May 1, 2017, the Receiver obtained a listing of eight (8) individuals, including Smith, then registered and/or acting for the Crystal Wealth Funds as investment advisors, consultants, referral sources, and/or portfolio managers (the "**Investment Advisors**"). Of the Investment Advisors, the following seven (7) individuals were determined to be registered representatives of Crystal Wealth:
- a) Smith;
 - b) Bentley;
 - c) Housego;
 - d) Scott Whale ("**Whale**");
 - e) Tim Johnston ("**Johnston**");
 - f) Sameer Azam ("**Azam**"); and

g) Geoff Reiner ("**Reiner**").

(collectively referred to as the "**Registered Representatives**").

- 195 The remaining Investment Advisor, Jeffrey Mushaluk, was confirmed to not be a Registered Representative of the Company and was independently contracted by the Company as a referral source.
- 196 On May 2, 2017, the Receiver delivered a letter via email to Housego, Whale, Johnston, and Azam, (the "**May 2nd Letter**") advising them, among other things:
- a) of the Appointment Order;
 - b) of the Receiver's intention not to execute trades or manage client accounts with NBCN over which the Company had been authorized to make and implement investment decisions (the "**Managed Accounts**");
 - c) not to undertake or effect any activity in the Managed Accounts;
 - d) of the Receiver's intention to honour written directions provided by the Managed Accounts clients to transfer the same to another registered dealer and/or advisor; and
 - e) that, at their request and upon releasing the Company from any claims related to their respective business arrangements with the Company, the Receiver would terminate the Registered Representative's relationship with the Company, and would file an online Form 33-109F1 Notice of Termination of Registered Individuals and Permitted Individuals (the "**Notice of Termination**") via the National Registration Database ("**NRD**"), enabling them to register with another firm.
- 197 Subsequent to sending the May 2nd Letter, the Receiver did not receive a response from any of Housego, Whale, Johnston, or Azam instructing the Receiver to terminate their relationship with the Company. On May 17, 2017, the Receiver delivered another letter via email to Housego, Whale, Johnston and Azam (the "**May 17th Letter**") notifying them that the Receiver intended to file the Notice of Termination and that if they wanted for same to reflect a voluntary resignation, they were to notify the Receiver of such a request in writing by the end of the week.

- 198 When no affirmative response was received from Housego, Whale, Johnston or Azam, the Receiver delivered a further letter dated May 26, 2017 to each of them terminating each of their relationships with the Company, and advising each of them that a Notice of Termination would be filed.
- 199 On May 30, 2017, the Receiver sent a letter to Reiner similarly advising him that the Receiver was terminating his relationship with the Company effective as of that date, and advising him that a Notice of Termination would be filed.
- 200 The Receiver completed the relevant NRD forms to effect the filing of the Notices of Termination, and on May 30, 2017, executed Notices of Termination for all Registered Representatives. The Notices of Termination were filed with NRD on June 7, 2017.

THE RECEIVER'S DEALINGS WITH SMITH

Investor and Other Correspondence

- 201 On May 8, 2017, the OSC and Receiver were made aware of an email communication made by Smith on May 1, 2017 to an unknown group of apparent investors in the Crystal Wealth Funds (the "**Smith Email**"). In the Smith Email, Smith made many false and/or erroneous statements ultimately misinforming the investors who had received same. A copy of the Smith Email is attached to this First Report as **Appendix "18"**.
- 202 On May 10, 2017, the Receiver sent an email to Smith (the "**Smith Response**") advising him that the Smith Email contained certain false and misleading statements that interfered with the steps and actions taken by the Receiver and that it was in breach of the Appointment Order. The Receiver demanded that Smith cease all communications with investors in the Crystal Wealth Funds, and the Company's Managed Account clients, unless expressly authorized by the Receiver in writing. In addition, the Receiver demanded that it be provided with copies of any and all communications sent by Smith to any one or more investors in the Crystal Wealth Funds, or to Managed Account clients. As of the date of this First Report no such communications have been provided to the Receiver by Smith. A copy of the Smith Response is attached to this First Report as **Appendix "19"**.
- 203 As of the date of this First Report, the Receiver has corresponded with numerous investors who have received the Smith Email. The Receiver understands the confusion that these

proceedings can cause to investors, which confusion is exacerbated by the Smith Email and the conflicting messages it creates. Through its Notices to Investors, the Receiver has tried to clarify to investors that the Receiver's communications should be the sole source of information relied upon for information and updates concerning the status of the Crystal Wealth Group.

- 204 On May 18, 2017, the Receiver was made aware that Smith had sent an email to Paco advising him that he should continue his services and that he would be compensated by the Receiver. In so doing, it came to the Receiver's attention that Smith had used the email address "crystalwealthceo@gmail.com". A copy of Smith's email is attached to this First Report as **Appendix "20"**.
- 205 On May 20, 2017, the Receiver sent an email response to Smith reiterating that he has no authority to represent or speak on behalf of the Receiver, including with respect to whom will be compensated under the Appointment Order. In addition, the Receiver demanded that Smith refrain from using any email address containing the words "crystal wealth", and cease all communications under same. A copy of the Receiver's response to Smith is attached to this First Report as **Appendix "21"**.

Removal of RV & Moving Trailer

- 206 On April 28, 2017, upon taking possession of the Mount Nemo Property, the Receiver documented a trailer with the license plate L52 87V (the "**Moving Trailer**") and a recreational vehicle with the license plate BVCD 847 (the "**RV**") on the Mount Nemo Property. The Receiver ensured that both the Moving Trailer and RV were both locked and secured prior to leaving.
- 207 On May 7, 2017, the Receiver returned to the Mount Nemo Property and noted that both the Moving Trailer and RV were not present. On May 11, 2017, the Receiver obtained information through the Government of Ontario database, dated May 8, 2017, indicating that Smith was the owner of both the Moving Trailer and RV.
- 208 In Smith's termination letter, dated May 16, 2017 (delivered via registered mail and email, a copy of which is attached to this First Report as **Appendix "22"**), the Receiver notified Smith of the removal of the RV and Moving Trailer and requested that Smith preserve the RV and Moving Trailer, at a location of his choice until such time that the Receiver provided

further direction. The Receiver also requested that Smith notify the Receiver of the location where the RV and Moving Trailer would be located; the Receiver has yet to obtain a response from Smith.

Smith's Proposed Motion & Failure to Deliver Statutory Declaration

- 209 As a result of the Appointment Order, all of Smith's known assets, including bank accounts, continue to be frozen, and all of the Property (as defined in the Appointment Order) of the Crystal Wealth Group was vested in the Receiver.
- 210 At the hearing of the Receivership Application on April 26, 2017, and subsequent to granting the Appointment Order which was unopposed by the Crystal Wealth Group, the Honourable Justice Newbould scheduled a motion date of May 24, 2017 (the "**Comeback Date**"), at which time, Smith was to bring a motion, if he wished, to vary certain terms of the Appointment Order, including any request to access funds for the purpose of retaining counsel and for personal living expenses. The Receiver has received correspondence from investors communicating their opposition to Smith gaining access to such funds.
- 211 On May 18, 2017, the Receiver delivered a blank form of statutory declaration (the "**Statutory Declaration**") to Smith requesting that he provide information concerning, among other things, his assets, liabilities, income, and expenses. A copy of the statutory declaration sent to Smith by the Receiver is attached as **Appendix "23"** to this First Report.
- 212 On May 24, 2017 and June 6, 2017, A&B, on behalf of the Receiver, sent follow-up correspondence to Smith reiterating the Receiver's request that Smith complete the Statutory Declaration. As at the date of the First Report, the Receiver has not received the completed Statutory Declaration from Smith.
- 213 No motion materials were served by Smith prior to the May 24th Comeback Date. On the Comeback Date, Smith advised the Court that his previously retained counsel had resigned on May 18, 2017 and that he therefore required additional time to prepare the necessary materials himself in support of a motion to vary certain terms of the Appointment Order, and more specifically, to access funds for retaining counsel and for personal living expenses (despite not having completed the Statutory Declaration). The Honourable Justice Morawetz directed Smith to serve and file his materials in support of any such

motion with the Court by the close of business on June 1, 2017. Justice Morawetz further directed the Receiver and Smith to re-attend Court with counsel for the OSC on June 2, 2017 to review the status and to set a schedule for the hearing of Smith's motion, if necessary. A copy of the endorsement of the Honourable Justice Morawetz issued on May 24, 2017 is attached as **Appendix "24"** to this First Report.

- 214 On June 1, 2017, Smith, representing himself, served a notice of motion, legal brief, and motion record which failed to include any evidence (the "**June 1 Materials**"). The relief sought in the notice of motion was substantially different than that to which Smith advised the Court he would be seeking on the Comeback Date before Justice Morawetz, and included a request that the Appointment Order, Vesting Order, and OSC Freeze Directions be rescinded in their entirety. A copy of the notice of motion included in the June 1 Materials is attached hereto as **Appendix "25"**.
- 215 On June 2, 2017, the Receiver, A&B, Smith, and OSC lawyers attended the scheduled 9:30 a.m. Court appointment. During the appointment, the Honourable Justice Hainey advised Smith that the June 1 Materials were insufficient to allow the Court to consider the relief sought, and accordingly, the Court declined to schedule Smith's motion. Furthermore, the Honourable Justice Hainey advised that the relief sought by Smith in the June 1 Materials was far different and greater in scope than Smith had communicated to Justice Morawetz at the May 24, 2017 Comeback Date. The Honourable Justice Hainey issued an endorsement on June 2, 2017 scheduling a further 9:30 appearance for June 23, 2017, and directed counsel to provide a progress report to the Court at that time. A copy of the endorsement of the Honourable Justice Hainey issued on June 2, 2017 is attached as **Appendix "26"** to this First Report.

ISSUES CONCERNING REPRESENTATIVE COUNSEL

Housego's Support for the Appointment of CMB as Representative Counsel

- 216 On May 17, 2017, the Receiver was made aware of an email sent by Housego on the same date to a group of investors in the Crystal Wealth Funds using the email address crystalwealthupdates@gmail.com (the "**Housego Email**"). The Housego Email, among other things, "*strongly recommended*" that investors endorse the appointment of Alistair Crawley ("**Crawley**") and Crawley MacKewn Brush LLP ("**CMB**") as representative counsel for investors. Housego's recommendation supporting Crawley and CMB was

done utilizing false and/or erroneous statements regarding the Receivership Proceedings as well as past and future actions to be taken by the Receiver. Most notably, Housego asserted that the cost of CMB's services to the investors would be covered by the Receiver, rather than from the Property of the Crystal Wealth Group. The Housego Email contained a hyperlink which investors could click on to support CMB's appointment as Representative Counsel. A copy of the Housego Email is attached to this First Report as **Appendix "27"**.

- 217 On May 18, 2017, the Receiver delivered an email to Housego (the "**Housego Response**"), attached as **Appendix "28"**, advising him that although the Receiver is supportive of investors seeking independent legal advice, it was concerned about the numerous inaccurate statements which were communicated in the Housego Email, which had given rise to confusion within the investor body.
- 218 On May 24, 2017, the Receiver distributed an email to the email addresses provided by Housego that attached the Housego Email, the Housego Response, and directed these investors to monitor the Receiver's case website for reliable updates concerning the status of the Receivership Proceedings. A copy of the Receiver's communication in this regard is attached to this First Report as **Appendix "29"**.

CMB's Motion to be Appointed as Representative Counsel

- 219 At the June 2, 2017 Court hearing, Crawley, on behalf of CMB, attended to advise the Court of CMB's intention to bring a motion to be appointed as representative counsel for the investors in the Crystal Wealth Funds. On June 9, 2017, CMB served the Receiver with a motion record in support of a motion to appoint CMB as representative counsel to the investors in the Crystal Wealth Funds. A date for the motion has yet to be scheduled.
- 220 At the time of the Appointment Order, CMB acted as counsel for one of the named Respondents, Chrysalis Yoga, and appeared on Chrysalis Yoga's behalf at the hearing before the Honourable Justice Newbould on April 26, 2017.
- 221 Shortly following the Application hearing on April 26, 2017, A&B was contacted by Crawley. During a conference call between A&B and Crawley on May 8, 2017, Crawley indicated that he had been informally speaking with an investor named Tony Murphy, as well as Johnston, one of the Registered Representatives, but had not been retained. On

May 10, 2017, Crawley advised A&B of his view that this case would benefit from representative counsel to represent the interests of investors, and that CMB would be interested in seeking an appointment for this role.

- 222 On May 11, 2017, A&B and the Receiver participated in a conference call with Crawley and Melissa MacKewn of CMB to discuss CMB's interest in the appointment. Crawley advised that he was introduced to the Crystal Wealth situation by Housego and Johnston. The Receiver inquired as to Crawley's experience acting as representative counsel on similar files to which Crawley responded that neither he nor CMB had acted in such capacity. The Receiver advised Crawley that it has had extensive experience interacting with representative counsel in its capacity as Court-appointed Receiver and acknowledged the importance of the role in certain of these mandates. Notwithstanding the above, the Receiver indicated to Crawley that the appointment of representative counsel at that stage was premature.
- 223 On May 16, 2017, Crawley sent a letter via email to A&B reiterating CMB's interest in being appointed representative counsel (the "**May 16th Crawley Letter**"). A copy of the Crawley Letter is attached hereto as **Appendix "30"**. On May 17, 2017, A&B, on behalf of the Receiver, sent a letter in response to the May 16th Crawley Letter reiterating the Receiver's view, and rationale for it, that it was premature for representative counsel to be appointed at that juncture. A&B's response sent to CMB on May 17th is attached to this First Report as **Appendix "31"**.
- 224 On May 19, 2017, (two days after the Housego Email was sent) Crawley sent additional correspondence via email to A&B (the "**May 19th Crawley Letter**") which is attached hereto as **Appendix "32"**. The May 19th Crawley Letter, among other things, contained a critical and aggressive tone towards the Receiver and its actions taken to date and made many incorrect assumptions regarding same. In the letter, Crawley took issue with the fact that the Receiver had not contacted Housego with respect to the management of certain Crystal Wealth Funds. On behalf of the Receiver, A&B provided a response to the May 19th Crawley Letter via letter sent to CMB on May 19, 2017. In its response, A&B advised Crawley, among other things, that it was "surprised by the aggressive tone of your letter" while reiterating once again that the Receiver believed it to be premature to introduce representative counsel at that stage, and to unnecessarily levy the cost of representative counsel to investors at this time. A&B further advised CMB in its letter that

the Receiver had intentionally not consulted with Housego, given the Receiver's view that it was neither necessary nor desirable to seek Housego's consultation in order for the Receiver to review and make appropriate decisions in connection with the Crystal Wealth Funds. A copy of A&B's May 19th letter to CMB is attached to this Report as **Appendix "33"**.

225 As is set out in A&B's letters to Crawley sent on May 17th and May 19th, the Receiver has not foreclosed the option of recommending representative counsel to investors. However, the Receiver still believes it is premature to engage representative counsel for the following reasons:

- a) The Receiver is acting as independent court officer, with legal representation from A&B, and is taking steps to advance the interests of all investors;
- b) An omnibus representative counsel will likely not have a meaningful role. The Receiver believes that there are divergent interests among the investor group, given the differences between the Crystal Wealth Funds, and accordingly, many investors may opt out, or multiple representative counsel roles may be required;
- c) The Receiver believes that the monetization of certain Crystal Wealth Funds is straight forward and as previously mentioned, is currently underway. Accordingly, it seems counter-productive to burden investors in such Crystal Wealth Funds with the cost of representative counsel at this stage; and
- d) Certain Crystal Wealth Funds may require individual and protracted realization strategies, unique to each Crystal Wealth Fund, during which time the cost of representative counsel could unnecessarily be significant while adding questionable value. As previously discussed in this First Report, the Receiver has expended considerable effort to obtain documentation to fully understand the Off-Book Assets, is continuing the process to do so and will very shortly be in a position to conduct the Sales Process as described in this First Report. In addition, the Receiver will be engaging an expert to assist the Receiver in the management and development of realization strategies of the Media Fund, arguably one of the most complex investments of the Crystal Wealth Funds, and will consider the need for such a specialized advisor in respect of any other fund if the circumstances warrant it.

226 The Receiver is of the view that in the event that this Honourable Court nevertheless believes that representative counsel should be appointed, such role should not be fulfilled by Crawley or CMB for the following reasons:

- a) CMB: (i) acted for one of the Respondents, Chrysalis Yoga, an entity which is subject to the Receiver's investigation; (ii) made representations to the Court in that capacity at the time of the Appointment Order; and (iii) is, in the Receiver's view, conflicted from acting in an impartial role;
- b) Crawley and CMB admitted that they were introduced to the Crystal Wealth situation, in part, by Housego and Johnston. Both of these individuals were actively working with Smith, were Registered Representatives of the Company prior to being terminated by the Receiver, were subject to the OSC's Temporary Order and Extension Order, and are the subject of the Receiver's continued investigation;
- c) Housego circulated false and misleading information to investors vehemently advocating for CMB to be appointed as representative counsel;
- d) CMB's correspondence to the Receiver has been inflammatory, accusatory, and misleading, based, at least in part, on knowledge and information provided to CMB by Housego and Johnston; and,
- e) CMB's alleged proxies from investors, through the hyperlink referenced in the Housego Email, were obtained under false pretenses from Housego.

227 If this Honourable Court believes that representative counsel should be appointed, the Receiver respectfully suggests that such role be fulfilled by Cassels, Brock & Blackwell LLP ("**Cassels**"), a firm with significant experience in acting as representative counsel and a firm well versed in the mutual fund industry and the financial services sector. Cassels is one of the various experienced firms who have contacted the Receiver to communicate an interest in acting in the representative counsel capacity, and has confirmed to the Receiver that it is free of conflicts in acting in such capacity.

RECEIVER'S FEES AND DISBURSEMENTS

228 Pursuant to paragraph 23 of the Appointment Order, the Receiver and its counsel are to

be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 24 of the Appointment Order, the Receiver and its counsel shall pass their accounts.

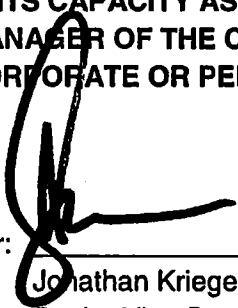
- 229 The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Receiver and its counsel have maintained detailed records of their professional time and costs.
- 230 The total fees for the Receiver for the period April 25, 2017 to May 31, 2017, were \$214,276.91, plus disbursements of \$1,566.00, plus HST of \$28,058.28, for a total of \$243,891.19. The time spent by the Receiver is more particularly described in the Affidavit of Jonathan Krieger sworn June 21, 2017 (the "**Krieger Affidavit**"), which is attached hereto as **Appendix "34"** and contains copies of invoices that set out the services provided during this time period.
- 231 The total fees of A&B, as counsel to the Receiver, for the period of April 24, 2017 to May 31, 2017, were \$160,293.50, plus disbursements of \$5,069.55, plus HST of \$21,237.34, for a total of \$186,600.39. The time spent by A&B is more particularly described in the Affidavit of Steven L. Graff sworn June 22, 2017 (the "**Graff Affidavit**"), which is attached as **Appendix "35"** and contains, among other things, copies of invoices that set out the services provided during this period of time.
- 232 It is the Receiver's opinion that the fees and disbursements of the Receiver and A&B accurately reflect the work done by the Receiver and on behalf of the Receiver by A&B in connection with the receivership and the administration of the property of the Crystal Wealth Group from April 24, 2017 to May 31, 2017.
- 233 It is the Receiver's opinion that the fees and disbursements of A&B are fair and reasonable and justified in the circumstances. The Receiver recommends approval of A&B's accounts by this Honourable Court. While the Receiver is seeking approval of its fees and disbursements at this time, the Receiver intends to make a recommendation and seek approval of an allocation of its fees and disbursements among the Crystal Wealth Funds in a further motion before this Court.

CONCLUSION

234 For the reasons set out in this First Report, the Receiver respectfully requests the relief and approval as set out in the Receiver's Notice of Motion dated June 22, 2017.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 22 day of June, 2017.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

TAB 7

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SUPPLEMENT TO THE FIRST REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

JUNE 29, 2017



Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4

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CONFIDENTIAL APPENDIX

Appendix 1 Memorandum of Understanding dated June 27, 2017

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SUPPLEMENT TO THE FIRST REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

JUNE 29, 2017

INTRODUCTION AND PURPOSE OF THE FIRST REPORT SUPPLEMENT

- 1 This supplement (this "**First Report Supplement**") is filed by Grant Thornton Limited in its capacity as Court-appointed receiver (the "**Receiver**") of the Crystal Wealth Group and of the Chrysalis Account. This First Report Supplement is filed by the Receiver as a supplement to its first report dated June 22, 2017 (the "**First Report**").
- 2 Unless otherwise defined, all capitalized terms in this First Report Supplement are defined as they are in the First Report. Any and all disclaimers provided in the First Report also apply to this First Report Supplement.
- 3 Background information in respect of the Respondents and the Receivers' appointment is provided in the First Report.
- 4 Copies of materials filed in these proceedings generally are available on the Receiver's Case Website at www.grantthornton.ca/crystalwealth.
- 5 The purpose of this First Report Supplement is to inform and update the Court on:
 - a) the Receiver's efforts thus far in monetizing certain On-Book Assets, more specifically, Equities and External Mutual Funds;
 - b) the Receiver's efforts thus far in monetizing certain Off-Book Assets, more specifically, the Squire mortgages; and
 - c) the engagement of Quiver Capital Inc. ("**Quiver**") as an advisor to the Receiver in managing the Media Fund.

MONETIZATION OF ON-BOOK ASSETS

- 6 As mentioned in the First Report, the Receiver, in consultation with colleagues in Canada and the US with extensive investment and portfolio expertise, is carefully monetizing all marketable securities, including Equities and External Mutual Funds, where possible, which are traded on the various public stock exchanges. The Receiver estimates that this process is over 90% complete, covering the ACM Growth Fund, ACM Income Fund, Factoring Fund, Medical Fund, Media Fund, Resource Fund and the Sustainable Dividend Fund. The Receiver anticipates that this realization process will be completed shortly.

MONETIZATION OF OFF-BOOK ASSETS

- 7 As mentioned in the First Report, Squire had offered to acquire the remaining two Squire Mortgages, with an effective date of June 23, 2017, for proceeds of \$197,526 (proceeds include the entire principal value of the Squire Mortgages (\$196,000) plus accrued interest of \$1,526 to June 23, 2017). The Receiver accepted the offer and the transaction closed on June 23, 2017.

PRESERVATION OF CRYSTAL WEALTH FUNDS

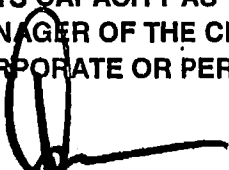
- 8 The Receiver notes that the monetization of individual On-Book Assets and Off-Book Assets will be preserved in each Crystal Wealth Fund to which they pertain and cash proceeds will not be intermingled among other Crystal Wealth Funds.

ENGAGEMENT OF QUIVER AS ADVISOR

- 9 The First Report describes the Receiver's potential engagement of Quiver as an advisor to assist with the management of the Media Fund, due to the uniqueness of the Media Fund and Quiver's expertise in this area.
- 10 On June 27, 2017, the Receiver and Quiver entered into a Memorandum of Understanding ("MOU") which outlines the roles and responsibilities of Quiver and compensation in so acting. A copy of the MOU is attached as **Confidential Appendix "1"** which the Receiver respectfully requests be subject to the sealing order as requested in the First Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 29 day of June, 2017.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

TAB 8

Court File No. CV- 17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE HAINEY

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FRIDAY, THE 30th DAY
OF JUNE, 2017



BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

ORDER

THIS MOTION, made by Grant Thornton Limited ("**GTL**"), in its capacity as the Court-appointed receiver and manager (in such capacity, the "**Receiver**")), without security, of all of the assets, undertakings and properties of each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"), for an Order, *inter alia*: (i) approving the First Report of the Receiver dated June 22, 2017 (the "**First Report**") and the activities of the Receiver set out in the First Report; (ii) approving the Supplement to the First Report of the Receiver dated June 29, 2017 (the "**Supplement to the First Report**") and the

- 2 -

activities of the Receiver set out in the Supplement to the First Report; (iii) sealing certain appendices to the First Report and the Supplement to the First Report (the "**Confidential Appendices**") until further Order of the Court; (iv) approving the Receiver's reliance on the Unit Holder Listing (as defined in the First Report) to make interim distributions of the proceeds obtained from the divestiture of certain assets of Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, and Crystal Wealth Retirement One Fund (collectively, the "**Crystal Wealth Funds**"), where possible, to investors in the Crystal Wealth Funds; (v) approving the Sales Process (the "**Sales Process**") as defined and described in the First Report and authorizing the Receiver to carry out its functions in accordance with the Sales Process; (vi) approving the Receiver's interim statement of receipts and disbursements for the period from April 26, 2017 to May 31, 2017 (the "**Receiver's Interim R&D**"); and (vii) approving the fees and disbursements of the Receiver and its counsel, Aird & Berlis LLP, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report, including the affidavit of Jonathan Krieger sworn June 21, 2017 (the "**Krieger Affidavit**"), and the affidavit of Steven L. Graff sworn June 22, 2017 (the "**Graff Affidavit**"), the Supplement to the First Report, and on hearing the submissions of counsel for the Receiver, counsel for the Ontario Securities Commission, and of the Respondent, Clayton Smith, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Diana Saturno sworn June 22, 2017, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the First Report and the Supplement to the First Report, and the activities of the Receiver described therein be and are hereby approved.

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3. **THIS COURT ORDERS** that the Confidential Appendices be and are hereby sealed until further Order of the Court.

4. **THIS COURT ORDERS** that the Sales Process, as defined and described in the First Report, be and is hereby approved.

5. **THIS COURT ORDERS** that the Receiver may rely on the Unit Holder Listing (as defined in the First Report) to make distributions, without further approval of the Court, of the proceeds obtained from the divestiture of certain assets of the Crystal Wealth Funds to investors of the Crystal Wealth Funds.

6. **THIS COURT ORDERS** that the Receiver's Interim R&D, as described in the First Report, be and is hereby approved.

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver, as described in the First Report and as set out in the Krieger Affidavit, be and are hereby approved.

8. **THIS COURT ORDERS** that the fees and disbursements of Aird & Berlis LLP, counsel to the Receiver, as described in the First Report and as set out in the Graff Affidavit, be and are hereby approved.

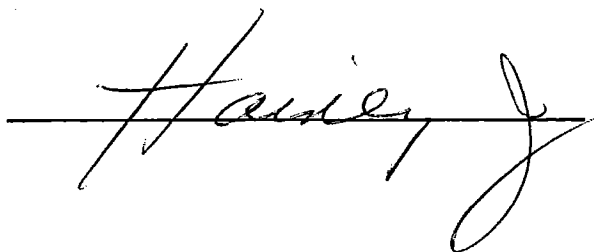
9. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the

- 4 -

within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

A handwritten signature in cursive script, appearing to read "Haisley", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 30 2017

PER / PAR: 

ONTARIO SECURITIES COMMISSION

-and-

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED et al.

Applicant
Short Title of Proceedings

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER

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June 23, 2017 343

Short Title of Proceedings

Applicant

Respondents
Court File No. CV-17-11779-00CL

June 30, 2017

I am satisfied that this motion should be granted on the terms of the attached order and the creditor claims procedure order.

That shall be a sealing order with respect to the Confidential Appendices as defined in the attached order.

Hanley J

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at TORONTO

MOTION RECORD

Volume 1 of 2

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TAB 9

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SECOND REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

NOVEMBER 24, 2017



**Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4**

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Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SECOND REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER OF THE RESPONDENTS**

NOVEMBER 24, 2017

INTRODUCTION

THE APPLICATION AND APPOINTMENT ORDER

- 1 The Ontario Securities Commission (the "**OSC**") issued a temporary order on April 7, 2017 (as extended by the OSC on April 13, 2017 and April 28, 2017 (the "**Temporary Order**")) providing that the trading of units of all of the Crystal Wealth Funds (defined herein) cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith ("**Smith**") and Crystal Wealth Management System Limited (the "**Company**"), with limited exceptions that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant Fund. On October 2, 2017, the OSC further extended the Temporary Order to April 10, 2018 (the "**Extension Order**"), while modifying the Temporary Order issued April 7, 2017 to remove the portions of paragraphs 4 and 5 thereof referring to Smith in his capacity as advising representative, given that Smith's registration was automatically suspended when he was terminated by the Receiver. The Temporary Order issued April 7, 2017 and the Extension Order are attached hereto as **Appendix "1"** to this Second Report of the Receiver (the "**Second Report**").

- 2 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List), the Honourable Mr. Justice Newbould issued an Order (the "**Appointment Order**") appointing Grant Thornton Limited: (i) as receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties (collectively, the "**Property**") of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"); and (ii) as Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the "**OSC Application**") under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"). The said receivership proceedings shall be referred to herein as the "**Receivership Proceedings**". A copy of the Appointment Order and the endorsement of the Honourable Mr. Justice Newbould are attached thereto as **Appendix "2"**.

- 3 As detailed in the OSC Application, the appointment of the Receiver was based on concerns the OSC had regarding, among other things, the Respondent, Crystal Wealth Media Strategy (the "**Media Fund**"). The OSC stated that it believed that Smith and the Company may have:
- a) participated in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud, contrary to s. 126.1(1)(b) of the Act;
 - b) failed to act fairly, honestly and in good faith with clients, contrary to s. 2.1 of Rule 31-505 - *Conditions of Registration*; and
 - c) failed to comply with the standard of care expected of investment fund managers under s. 116 of the Act.
- 4 A summary of the circumstances leading to the appointment of the Receiver is outlined in the Receiver's First Report to Court dated June 22, 2017 (the "**First Report**") which is attached hereto, without appendices, as **Appendix "3"**. The complete OSC Application can be found on the Receiver's case website at www.GrantThornton.ca/CrystalWealth (the "**Case Website**").
- 5 Also on April 26, 2017, the Honourable Mr. Justice Newbould issued a Vesting Order (the "**Vesting Order**") authorizing the Receiver to complete, on behalf of the Respondent, CLJ Everest Ltd. ("**CLJ Everest**") (a company wholly owned by Smith), the sale transaction of the property located at 5043 Mount Nemo Crescent in Burlington, Ontario (the "**Mount Nemo Property**") to Martin McCready (the "**Purchaser**") pursuant to and in accordance with an agreement of purchase and sale dated April 12, 2017 (the "**Mount Nemo Sale Agreement**"). The Purchaser did not respond to the Receiver's communications following the issuance of the Vesting Order, and the Purchaser failed to complete the sale transaction. The Receiver has reserved its rights to claim damages from the Purchaser as a result of his failure to complete the sale transaction. As will be described herein, the Mount Nemo Property remains listed for sale by the Receiver.
- 6 On April 26, 2017, counsel for the Crystal Wealth Group requested that the Honourable Mr. Justice Newbould set a motion date on which the Crystal Wealth Group would move to vary certain terms of the Appointment Order, specifically to access funds for paying

counsel and for Smith's personal living expenses. Justice Newbould set a hearing date of May 24, 2017 for the Crystal Wealth Group's motion.

- 7 On May 24, 2017, Smith advised that the Crystal Wealth Group's counsel had resigned and that he was not in a position to proceed with a motion (the materials for which had yet to be served) that day. Smith also advised that he would be self-represented. Accordingly, the Honourable Mr. Justice Morawetz issued an endorsement (the "**May 24, 2017 Endorsement**") that directed Smith's motion materials be served and filed with the Court by the close of business on June 1, 2017 and requiring that the parties attend at a 9:30am appointment with the Court on June 2, 2017 to schedule at date for the motion, if necessary. A copy of the May 24, 2017 Endorsement is attached hereto as **Appendix "4"**.

THE JUNE 2017 MOTIONS AND COURT RELIEF

- 8 On June 1, 2017, Smith served counsel to the Receiver with a motion record in support of a motion requesting, among other things, that the Temporary Order, Appointment Order and Vesting Order be rescinded in their entirety.
- 9 A further development arose on June 1, 2017 when Crawley MacKewn Brush LLP ("**CMB**") provided a draft notice of motion to counsel to the Receiver indicating that CMB would be seeking an appointment as representative counsel for investors of the Crystal Wealth Funds.
- 10 On June 2, 2017, the Receiver, its counsel, Smith, and CMB, amongst others, attended a 9:30 a.m. appointment with the Court. During the appointment, the Honourable Mr. Justice Hainey advised Smith that his motion record, which failed to include any affidavit evidence, was insufficient to allow the Court to consider the relief sought, and accordingly, the Court declined to schedule Smith's proposed motion. The Honourable Justice Hainey thereafter issued an endorsement (the "**June 2, 2017 Endorsement**") scheduling a 9:30 a.m. appointment with the Court on June 23, 2017, and directed counsel to provide a progress report to the Court at that time. A copy of the June 2, 2017 Endorsement is attached hereto as **Appendix "5"**.
- 11 On June 9, 2017, CMB served the Receiver with a motion record in support of a motion to appoint CMB as representative counsel to the investors of the Crystal Wealth Funds.

- 12 On June 22, 2017, the Receiver provided the Court with its First Report and served a motion record in support of a motion to, among other things, approve: (i) a creditor claims procedure; and (ii) a proposed Sales Process (as defined and described in the First Report) to be conducted by the Receiver by which prospective purchasers and managers could submit bids to the Receiver to either purchase the assets of certain Crystal Wealth Funds, or to take over the management of certain Funds. On June 29, 2017, the Receiver provided the Court with its Supplement to the First Report dated June 29, 2017, a copy of which is attached hereto as **Appendix "6"**.
- 13 On June 23, 2017, the Honourable Justice Hainey issued an endorsement (the "**June 23, 2017 Endorsement**") scheduling June 30, 2017 as the hearing date for the Receiver's and CMB's motions. A copy of the June 23, 2017 Endorsement is attached hereto as **Appendix "7"**.
- 14 On June 30, 2017, the Honourable Mr. Justice Hainey issued an Order and Endorsement (the "**June 30 2017 Order and Endorsement**") that, among other things, approved:
 - a) the Receiver's First Report and the activities of the Receiver set out therein;
 - b) the Receiver's reliance on the Unit Holder Listing (as defined in the First Report) to make interim distributions to investors of the proceeds generated from the divestiture of certain assets of the Crystal Wealth Funds; and
 - c) the Sales Process.

A copy of the June 30th Order and Endorsement is attached hereto as **Appendix "8"**.
- 15 On June 30, 2017, the Honourable Mr. Justice Hainey also issued a Creditor Claims Procedure Order (the "**Creditor Claims Procedure Order**") that, among other things, approved the procedure for determining and resolving claims to be filed by creditors against the Crystal Wealth Group. A copy of the Creditor Claims Procedure Order is attached hereto as **Appendix "9"**.
- 16 On June 30, 2017, the Court also heard the motion of CMB to be appointed as representative counsel. On July 5, 2017, the Honourable Mr. Justice Hainey issued an endorsement (the "**July 5, 2017 Endorsement**") which dismissed CMB's motion. In dismissing the motion, Justice Hainey found that "the investors' interests are being

protected and advanced by the Receiver” and that “the appointment of representative counsel will add unnecessary expense to the receivership which will adversely affect investors”. A copy of the July 5, 2017 Endorsement is attached hereto as **Appendix “10”**.

PURPOSE OF THE SECOND REPORT

- 17 The purpose of this Second Report is to inform the Court of the Receiver's activities since the date of the First Report and to support the Receiver's request for an order, among other things:
- a) approving this Second Report, including the actions and activities of the Receiver as described in this Second Report;
 - b) approving the Receiver's methodology and proposal to make an interim distribution to the investors of certain Crystal Wealth Funds, and authorizing the Receiver to make such interim distribution without liability, including, without limitation, liability for any tax implications arising therefrom;
 - c) approving the Quiver MOU Amendments executed by the Receiver and Quiver (as such terms are hereafter defined);
 - d) directing the following entities and/or individuals to provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the Crystal Wealth Group:
 - i) Jerry Froese ("**Froese**") – President & CEO of Frontline Factoring Inc. ("**Frontline**");
 - ii) Alberto Storelli ("**Storelli**"), Brian Peoples ("**Peoples**"); and Joe Harker ("**Harker**") as it relates to their involvement in the US Real Estate LP (defined and described herein);
 - iii) Craig Clydesdale ("**Clydesdale**") – Principal of the OOM Energy Group (defined herein);
 - iv) Kari Gillespie ("**Gillespie**") – Operations Manager of Liberty Mortgage Services Ltd.;
 - v) Stephen Miller ("**Miller**") – a representative of MGE (defined herein);
 - vi) Chuck Pinnell – Principal of 611802 B.C. Ltd.; and

vii) Stan Spletzer – Principal of Solid Holdings Inc.

- e) directing that The Investment Administration Solution Inc. (“**IAS**”), the third-party entity that performed accounting and record keeping for the Crystal Wealth Funds, provide the Receiver and its counsel with certain requested but still outstanding information required for a proper assessment of the Crystal Wealth Funds, namely, monthly reporting for each of the Crystal Wealth Funds, including all underlying transactions, for the period January 1, 2015 to May 1, 2017;
- f) authorizing the Receiver to examine the following individuals under oath at the offices of Victory Verbatim located at 222 Bay Street, Suite 900, in Toronto, Ontario, with each such individual bearing their own cost of the attendance:
 - i) Al Housego (“**Housego**”), the former Lead Portfolio Strategist for the Resource Fund, Bullion Fund, Factoring Fund, and Hedge Fund (as such Crystal Wealth Funds are defined below);
 - ii) Smith;
 - iii) Joanne Bentley;
 - iv) Clydesdale;
 - v) Gillespie;
 - vi) Froese;
 - vii) Miller;
 - viii) Steven Bandola, a former employee of Frontline;
 - ix) David DenHollander, the President of 647497 B.C. Ltd.;
 - x) Jeffrey Maljaars, Principal of 1566496 Alberta Ltd.;
 - xi) Darcy Pahl, President of Dome Mountain Resources of Canada Inc.;
 - xii) Robert Maljaars, previous signing authority of Dome Mountain Resources of Canada Inc. and Principal of 1566496 Alberta Ltd.;

xiii) Chuck Pinnell – Principal of 611802 B.C. Ltd.; and

xiv) Alan Braun – Principal of Onstar Exploration Ltd.

- g) ordering Frontline pay to the Receiver the sum of \$536,775, representing payments received by Frontline from Zomongo TV, Advanced Metal, 156 Alberta, and Restoration Energy (as such entities are herein defined), which payments have yet to be remitted to the Receiver in trust for the Factoring Fund and Hedge Fund contrary to the FPAA (as defined below);
- h) approving the Receiver's Interim Statement of Receipts and Disbursements for the period from April 26, 2017 to October 31, 2017, attached hereto as **Appendix "11"**;
- i) approving the Receiver's recommendation regarding the treatment of an amended proof of claim filed by BDO Canada LLP ("**BDO**"), and the BDO Agreement (as defined below);
- j) approving the fees and disbursements of the Receiver and Aird & Berlis LLP ("**A&B**"), legal counsel to the Receiver, as described herein for the period of June 1, 2017 to September 30, 2017, and an allocation of such fees and disbursements from April 24, 2017 to September 30, 2017; and
- k) sealing the **Confidential Appendices** of this Second Report until further Order of the Court.

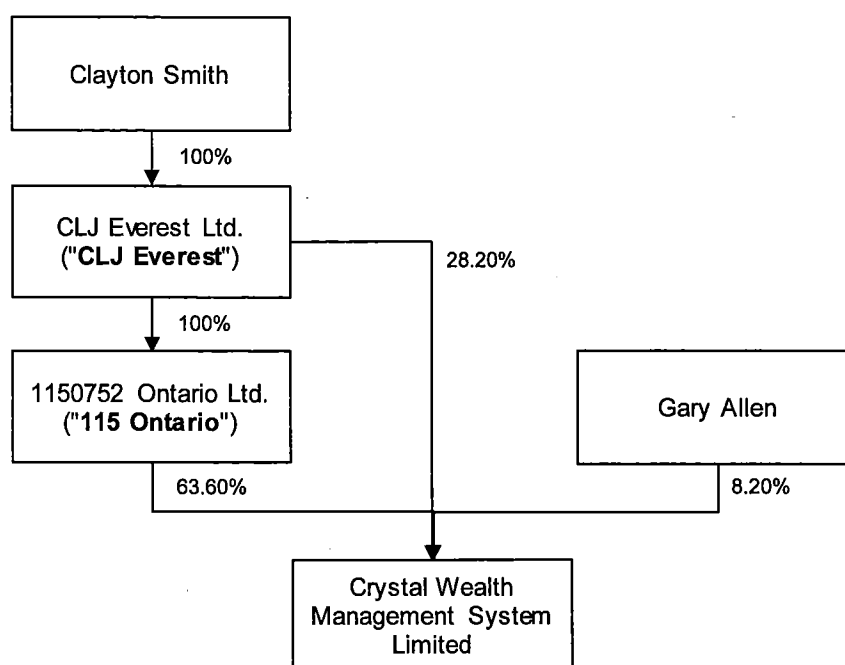
- 18 The Receiver's activities since the date of the First Report are detailed throughout this Second Report.

RESTRICTIONS AND TERMS OF REFERENCE

- 19 In preparing this Second Report, the Receiver has relied upon unaudited and certain audited financial information, the Crystal Wealth Group's books and records, certain financial information obtained by third parties, and discussions with various individuals (collectively, the "**Information**"). Except as described in this Second Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
- 20 This Second Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought. This Second Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Second Report contrary to the provisions of this paragraph.
- 21 Capitalized terms not defined in this Second Report are as defined in the First Report. All references to dollars are in Canadian currency unless otherwise noted.
- 22 Copies of materials filed in these Receivership Proceedings are available on the Receiver's Case Website.

CORPORATE STRUCTURE

- 23 At the time of the Appointment Order, the Company was a corporation registered with the OSC in the categories of: "Exempt Market Dealer", "Investment Fund Manager", "Portfolio Manager", and "Commodity Trading Manager".
- 24 At the time of the Appointment Order, Smith was the controlling mind of the Company, was listed as the sole director and officer, and held a controlling interest of 91.76% in the Company. The ownership structure of the Company is as follows:



- 25 At the time of the Appointment Order, Smith was registered in Ontario with the OSC as a dealing representative, an advising representative in the category of "Portfolio Manager", and an advising representative in the category of "Commodity Trading Manager". Smith was also registered as the Company's chief executive officer, chief compliance officer and ultimate designated person.

26 The Company created and managed the following 15 proprietary investment funds (collectively referred to as the “**Crystal Wealth Funds**”):

- a) Crystal Wealth Mortgage Strategy (the “**Mortgage Fund**”);
 - b) Crystal Enlightened Resource and Precious Metals Fund (the “**Resource Fund**”);
 - c) Crystal Wealth Enlightened Factoring Strategy (the “**Factoring Fund**”);
 - d) Crystal Wealth Medical Strategy (the “**Medical Fund**”);
 - e) Crystal Enlightened Bullion Fund (the “**Bullion Fund**”);
 - f) Crystal Wealth Media Strategy (the Media Fund);
 - g) Crystal Wealth High Yield Mortgage Strategy (the “**High Yield Mortgage Fund**”);
 - h) Crystal Wealth Infrastructure Strategy (the “**Infrastructure Fund**”);
 - i) Crystal Wealth Enlightened Hedge Fund (the “**Hedge Fund**”);
 - j) Crystal Wealth Conscious Capital Strategy (the “**Conscious Capital Fund**”);
 - k) ACM Income Fund;
 - l) ACM Growth Fund;
 - m) Absolute Sustainable Dividend Fund (the “**Sustainable Dividend Fund**”);
 - n) Absolute Sustainable Property Fund (the “**Sustainable Property Fund**”); and
 - o) Crystal Wealth Retirement One Fund (the “**Retirement Fund**”);
- (collectively, the “**Crystal Wealth Funds**”, and individually, a “**Fund**”).

A detailed description of the Crystal Wealth Funds is included in paragraphs 28 to 54 of the First Report. A summary of each of the Crystal Wealth Funds and the Recorded Values of each of the different investments is attached hereto as **Appendix “12”**.

- 27 The Crystal Wealth Funds are structured as open-ended mutual fund trusts. Units in each of the Crystal Wealth Funds were distributed to investors on an exempt basis, pursuant to offering memoranda ("**OMs**"). The Company managed the day-to-day business of the Crystal Wealth Funds and was required to make investment decisions consistent with each of the Crystal Wealth Funds' investment objectives. As will be discussed later in this Second Report, certain Crystal Wealth Funds hold investments which were not in compliance with their respective OMs.

EXECUTIVE SUMMARY

- 28 **The Receiver strongly encourages that readers of this Second Report read it in its entirety as it provides important details of the work performed by the Receiver that led to its conclusions and concerns as set out in this Executive Summary.**
- 29 As the large majority of the investments contained within the Crystal Wealth Funds are unconventional, the Receiver has spent a significant amount of time, together with its advisors, to understand and assess the underlying investments, and the quality and realizable value of same, where possible. Furthermore, the significant deficiencies in the Company's books and records with respect to the documentation (or lack thereof) associated with such investments, and the refusal by certain individuals to provide required information to the Receiver to properly conduct its mandate, have created additional complexities for the Receiver and its counsel in understanding and supporting the investments and their respective values.
- 30 The Receiver is sympathetic to the needs of investors in the Crystal Wealth Funds, many of whom have conflicting interests. Certain investors may have a long term investment strategy. Some investors may have the need for short term stable income or dividends, while others are prepared to accept more risk. In executing its mandate, the Receiver has to balance the needs and interests of investors, and make recommendations in the best interest of all stakeholders.
- 31 The Receiver's investigation of the Company's affairs has identified serious concerns around the conduct of certain parties associated with the Crystal Wealth Funds and the underlying investments therein.
- 32 The Receiver draws the following conclusions:
- a) The lack of segregation of duties in performing the day to day operations and governance thereof (e.g. Smith was the controlling mind, sole director, and Chief Compliance Officer, among others) resulted in the Company not having an effective organizational structure to ensure proper oversight and governance of the Crystal Wealth Funds and possibly, compliance with Ontario securities laws, including, without limitation, the Act;

- b) The decisions of the Company, Smith, and Housego to cause certain of the Crystal Wealth Funds to advance monies to third parties, purportedly on account of investments, which investments had questionable return and recovery prospects, were inconsistent with the Funds' investment objectives as set out in the OMs, and/or lacked the security which was to be provided by third parties to the Crystal Wealth Funds in connection with such investments;
- c) The Receiver is concerned with the relationships between Smith, Housego, administrators of certain investments in Crystal Wealth Funds, and the principals of the companies in which certain Crystal Wealth Funds advanced monies purportedly on account of investments;
- d) Certain Crystal Wealth Funds' exposure was concentrated within a few companies who received substantial monies from the Funds;
- e) The Receiver is concerned as to the ultimate use of and lack of accountability for the investors' monies once such investments were made by the Company, Smith, and/or Housego on behalf of the Funds;
- f) The Company transferred significant money between Crystal Wealth Funds which may have been used to falsely create liquidity to meet investor distributions and/or redemptions;
- g) The Company made payment of distributions to investors in Crystal Wealth Funds, which Funds had no sources of income, or cash flow. Such payments appear to have been only supportable by Inter-fund Investments;
- h) The Company disclosed false or manipulated net asset values ("**NAVs**") of the Funds, causing the NAVs of certain Funds to be materially overstated; and
- i) Accordingly, the quality of and ultimate collectability of investments held by certain of the Crystal Wealth Funds: the Factoring Contracts; the Media Loans; certain Commercial Loans; the Gold Loans; and the US Real Estate LP, may be grossly impaired.

33 Given the Receiver's findings and concerns as detailed in this Second Report, the Receiver will be bringing the contents of the Second Report to the attention of the Ontario

Provincial Police and the Royal Canadian Mounted Police.

- 34 The Receiver has significant concerns over the quality and ultimate collectability of approximately \$88.72 million of Recorded Value, or approximately 46% of the April 20th Package NAV provided by Smith of \$193,198,912. In addition, the Receiver has concerns that there may be further potential impairment of approximately \$27.91 million (Recorded Value).
- 35 The Receiver has monetized approximately 98% of the marketable securities held within the Crystal Wealth Funds, in consultation with its corporate finance team and NBCN. Notwithstanding the challenges regarding specific investments contained in the Crystal Wealth Funds, there is currently cash on hand for certain of the Crystal Wealth Funds from the proceeds of the Receiver's monetization of marketable securities and its on-going management of the Crystal Wealth Funds which are available for interim distributions to investors in certain of the Crystal Wealth Funds in the sum of \$30,817,199. Accordingly, the Receiver is requesting the Court to approve the first interim distribution to investors, the methodology of which is specified in the section below.
- 36 As authorized by the Court on June 30, 2017, the Receiver conducted a Sales Process in respect of the Crystal Wealth Funds, seeking parties interested in buying assets of certain Funds, or assuming management of certain Funds. By the Offer Deadline, the Receiver obtained seven offers from different Prospective Purchasers and Prospective Managers.
- 37 The Receiver worked diligently to investigate and consider Prospective Managers' offers to assume the management of certain Funds, however, the Receiver ultimately rejected the management offers as the Receiver was of the view that it was not in the best interest of Crystal Wealth Fund investors to accept any of the management offers that were submitted. The management offers received via the Sales Process provided no certainty that the Crystal Wealth Funds would be managed back to fiscal health (especially in light of the concerns with many of the recorded investments). In addition, no offer was received that gave the Receiver any comfort that the investors would have a timely avenue through which to redeem their units and turn them into cash (let alone any certainty with respect to the price at which such redemption might happen). The proposed management transactions themselves would have taken several months to be completed, with no guarantees of completion as the offers submitted were highly conditional.

- 38 Given the nature of the Funds and the serious issues with certain of the investments held therein, the Receiver is of the view that any third party manager would face the same issues of “creating” liquidity from these impaired investments and, arguably, would have to outsource management of same as they would not typically possess the necessary skill and experience to deal with these types of investments and their distressed status, as compared with the experience of the Receiver. Furthermore, certain recourse is available to the Receiver under the Appointment Order which would not be available to a third party management firm.
- 39 In addition to its specific communications and correspondence with individual investors, the Receiver has issued 10 formal Notices to investors in respect of the status of the Crystal Wealth Funds, including a description of the Receiver's actions to date. Such Notices have been posted on the Receiver's Case Website.

MONETIZED CRYSTAL WEALTH FUNDS

40 As outlined in the First Report, certain of the Crystal Wealth Funds contained equity investments in companies, the securities of which were traded on active market exchanges and were readily saleable ("**Equities**"). In addition, certain Crystal Wealth Funds had unit holdings in mutual funds not managed by the Company and thus external to the Crystal Wealth Group, which were monetizable ("**External Mutual Funds**"). As authorized in subsection 6(k)(i) of the Appointment Order, and as set out in the First Report, the Receiver commenced the monetization of Equities and External Mutual Funds in June 2017.

41 As the result of the monetization of certain Equities and External Mutual Funds (the results of which are described in detail below), the following Crystal Wealth Funds have been fully monetized¹ into cash, with the exception of the below noted Inter-fund Investments:

a) Sustainable Dividend Fund

- i) Cash – \$6,656,066 and US \$3,542; and
- ii) Inter-fund Investment held in the Sustainable Property Fund with a Recorded Value of \$75,693.

b) ACM Growth Fund

- i) Cash – \$5,926,304 and US \$153,275; and
- ii) Inter-fund Investments held with a total Recorded Value of \$4,739,753 in the following four Crystal Wealth Funds with the respective Recorded Values of:
 - 1. Factoring Fund – \$2,511,932;
 - 2. Mortgage Fund – \$1;
 - 3. Hedge Fund – \$1,655,059; and
 - 4. Media Fund – \$572,761.

¹ Cash balances are as at October 31, 2017 as per NBCN.

c) ACM Income Fund

- i) Cash – \$930,429 and US \$2,180;
- ii) Inter-fund Investments held with a total Recorded Value of \$9,898,493 in the following four Crystal Wealth Funds, distributed as follows:
 - 1. Media Fund – \$6,594,529;
 - 2. Factoring Fund – \$2,426,339;
 - 3. Medical Fund – \$560,297; and
 - 4. Hedge Fund – \$317,328.

42 As outlined above, Inter-fund Investments are investments made in Crystal Wealth Funds by other Crystal Wealth Funds through the purchase of units. As a result, similar to individual investor unit holdings, Inter-fund Investments cannot be valued until the investments in the underlying Crystal Wealth Funds of such Inter-fund Investments are realized/valued. The monetization of the Inter-fund Investments will occur through distributions made from one Crystal Wealth Fund to another Crystal Wealth Fund which holds units in the former Fund. Once such distributions are received by the latter Fund, if any, those monies will ultimately be made available for further distribution to investors of the latter Fund.

43 Unfortunately, a large majority of the above noted Inter-fund Investments are in the Media Fund, Factoring Fund, and Hedge Fund, all of which hold underlying investments that are illiquid, significantly impaired, and/or have been materially overstated by the Company. As a result, the Recorded Values of the Inter-fund Investments are significantly overstated whereby the Funds which have invested in the Media Fund, Factoring Fund, and Hedge Fund will receive far less from these Funds than was invested.

MONETIZATION OF EXTERNAL MUTUAL FUNDS, EQUITIES, AND WARRANTS

- 44 In the First Report and Supplement to the First Report, the Receiver outlined its efforts to monetize readily saleable marketable securities held by certain Crystal Wealth Funds. The rationale for this was the over-arching investment objective of minimizing the downside risk of uncontrollable domestic and global market factors in the short term and to permit an interim distribution to the investors. Through a distribution, investors will be free to reinvest the proceeds received on their own accord. The Receiver, in consultation with colleagues in Canada and the US with extensive investment and portfolio expertise, as well as with the assistance of NBCN, carefully monetized all marketable securities, including Equities, Warrants, and External Mutual Funds which are traded on the various public stock exchanges, to the extent that such monetization was possible.
- 45 The Receiver was also cognizant of the Crystal Wealth Funds' underlying OMs when monetizing the marketable securities to ensure the monetization of certain investments did not create concentration risk in other particular investments. For example, the OM of the Resource Fund states that:

"The [Resource] Fund will limit its exposure to any one issuer to no more than 30% of the Fund's net assets..."

When performing the monetization of the below noted assets, the Receiver ensured the timing of such monetization reduced the risk of concentration of a particular investment whereby a negative movement in the value of same could have a detrimental impact on the underlying Crystal Wealth Fund(s).

- 46 The tables presented in this section with respect to the monetization of the Equities and External Mutual Funds contain the following information:
- a) the market value of the Equities and External Mutual Funds as at the closing of April 26, 2017, the date in which the Receiver was appointed over the Crystal Wealth Group, (the "**April 26th Market Value**"); and
 - b) the gross proceeds received by the Receiver from the monetization of the Equities and/or External Mutual Funds (the "**Monetization Proceeds**").

EXTERNAL MUTUAL FUNDS

- 47 Upon completion of the monetization of the External Mutual Funds, the realized loss was minimal, amounting to approximately \$7,082 on Monetization Proceeds of \$5,045,681. The table below outlines the results of the monetization of the External Mutual Funds for each of the Crystal Wealth Funds that held same; no selling commissions were incurred on the disposition of External Mutual Funds.

Fund	April 26th Market Value	Monetization Proceeds
ACM Growth Fund	\$ 3,417,725	\$ 3,410,855
ACM Income Fund	565,089	564,876
Medical Fund	25,345	25,345
Media Fund	1,044,604	1,044,604
	\$ 5,052,763	\$ 5,045,681

EQUITIES

- 48 As at the date of this Second Report, the Receiver has monetized approximately 98% of the Equities contained within the Crystal Wealth Funds. The Resource Fund and ACM Growth Fund currently have approximately \$50,000 each of low volume trading Equities remaining to which the Receiver is working with NBCN to monetize. Overall, the monetization of Equities generated a realized loss of \$554,382 and a realized gain of approximately US \$128,304, excluding commissions of \$57,263 and US \$11,469.
- 49 The table below outlines the results of the monetization of the Equities for the below noted Crystal Wealth Funds.

Fund	April 26th Market Value		Monetization Proceeds	
	CAD	USD	CAD	USD
Sustainable Dividend Fund	\$ 1,438,364	\$ 3,688,297	\$ 1,478,092	\$ 3,829,828
Resource Fund	1,190,079	-	1,081,758	-
ACM Growth Fund	4,947,908	402,478	4,514,672	389,251
Factoring Fund	191,419	-	138,866	-
	\$ 7,767,770	\$ 4,090,776	\$ 7,213,388	\$ 4,219,079

- 50 The majority of the CAD realized loss is attributable to three holdings in the ACM Growth Fund: (i) UEX Corporation; (ii) Pacific Booker Minerals Inc.; and (iii) Emblem Corporation. Had the Receiver not monetized all three Funds when it did, the loss would have been greater given that the market value as at October 31, 2017 was approximately \$63,000 less than the Receiver realized.

WARRANTS

- 51 The Crystal Wealth Funds contained a number of warrant options for the purchase of shares in equities traded on active markets at a stated price ("**Warrants**"). Based on a preliminary review of supporting documentation, some of the Warrants contain restrictions on their assignability and ultimately, their salability. However, the Receiver is able to exercise such Warrants (i.e. purchase the company shares attached to the Warrants for a stated price) subject to the conditions of exercisability being satisfied. Although the underlying documentation for a majority of the Warrants was not contained in the Crystal Wealth Group's books and records, the Receiver was able to obtain such documentation from NBCN. The Receiver has prepared a listing of the Warrants currently held by the Crystal Wealth Funds, which is attached hereto as **Appendix "13"**.
- 52 The Receiver continues to evaluate each of the Warrants with its advisors by monitoring the market values of the underlying shares of the companies to which the Warrants apply. In cases where the price to purchase shares under a particular Warrant is favourable (i.e. when the exercise price is less than that of the market value price of the shares), the Receiver has exercised the Warrant and acquired the underlying shares.

- 53 As at the date of this Second Report, the Receiver has exercised the following Warrants whereby it has purchased the shares in the underlying companies:
- a) GREATBANKS RES LTD 20JUL17 – 363,637 shares at a strike price of \$0.03/share;
 - b) NOVO RES CORP 24JUL17 – 96,160 shares at a strike price of \$0.80/share;
 - c) KLONDIKE GOLD CORP 5AUG17 – 100,000 shares at \$0.20/share;
 - d) MONTAN MINING CORP 14AUG17 – 363,640 shares at a strike price of \$0.02/share;
and
 - e) GOLDEN RIDGE RES LTD 20OCT17 – 250,000 shares at a strike price of \$0.12/share
(collectively, the “**Exercised Warrants**”).
- 54 As at the date of this Second Report, of the above Exercised Warrants, the Receiver has monetized the resulting shares obtained from one (1) of the Exercised Warrants: Novo Resources Corp. The Receiver monetized the 96,160 shares acquired in Novo Resources Corp. from exercising the Warrant of same for proceeds of \$726,864. This resulted in net cash proceeds to the Resource Fund of \$649,936, as the shares were acquired for \$76,928. The Receiver continues to work with NBCN to monetize shares acquired through the exercising of Warrants.

THE RECEIVER'S PROPOSED INTERIM DISTRIBUTION

- 55 Through the completion of the monetization of the Equities, External Mutual Funds, certain shares acquired through exercising Warrants, and the maturation and payout of certain Off-Book Assets, the Receiver currently has net proceeds available for distribution to investors of certain Crystal Wealth Funds of \$30,817,199, after the allocation of professional fees and appropriate holdback for claims filed pursuant to the Creditor Claims Procedure Order.
- 56 Cash balances are those being held in the respective Fund accounts at NBCN. Any proceeds (e.g. mortgage payments) or realizations from the monetization of marketable securities of a particular Fund were deposited to that Fund's bank account at NBCN. In other words, each Fund is being managed and accounted for on its own with no co-mingling amongst the Funds.
- 57 The creditor claims filed are currently being analyzed by the Receiver. However, for purposes of the Receiver's request for a timely interim distribution to investors, the Receiver has included a holdback for the full value of the creditor claims filed (as outlined in the table below) while they remain under evaluation. As detailed in the Creditor Claims Procedure section to this Second Report, a claim which named a particular Fund was allocated to that Fund. For those claims which named the Crystal Wealth Funds in general, such claims were allocated among the Crystal Wealth Funds based on the weighted average of the recorded NAV as at April 20, 2017 of each Crystal Wealth Fund.
- 58 The sole exception to the holdbacks provided for on account of the creditor claims filed through the Creditor Claims Procedure concerns the contingent claim filed by BDO Canada LLP ("**BDO**"), which is addressed in paragraphs 410 to 418 below and has been resolved by the Receiver in a manner which permits the Receiver's proposed interim distributions to investors to proceed.
- 59 The following table demonstrates the calculated proposed per unit interim distribution to investors of certain of the Crystal Wealth Funds using the foregoing allocation methodology, and with respect to the allocation of Receiver and legal fees through to September 30, 2017 (including HST). The database of investors are that as contained in the records of IFDS pursuant to the June 30, 2017 Order. Cash balances for each of the

Crystal Wealth Funds are as at November 15, 2017. The total cash balance of \$38,780,756 consists of \$36,227,236 and US \$1,999,154, converted at a rate of 1.2773 (\$2,553,520).

Fund	Cash Balance	Claims/Account Holdbacks	Receiver & Legal Fees	Available Proceeds	Per Unit
Mortgage Fund	\$ 5,208,001	\$ (1,126,299)	\$ (205,000)	\$ 3,876,702	\$ 1.45
Resource Fund	1,910,766	(104,745)	(34,503)	1,771,517	\$ 2.93
Factoring Fund	637,647	(1,050,607)	(147,086)	(560,045)	\$ -
Medical Fund	2,368,693	(354,966)	(61,541)	1,952,186	\$ 2.86
Bullion Fund	271,308	(87,360)	(17,441)	166,507	\$ 2.02
Media Fund	8,954,229	(2,255,355)	(315,145)	6,383,729	\$ 1.18
High Yield Mortgage Fund	1,854,851	(205,975)	(63,658)	1,585,219	\$ 2.92
Infrastructure Fund	2,088,371	(372,335)	(32,803)	1,683,234	\$ 2.19
Hedge Fund	630,890	(387,839)	(86,693)	156,358	\$ 0.12
Conscious Capital Fund	27,912	(120,971)	(2,039)	(95,098)	\$ -
ACM Income Fund	933,137	(243,122)	(32,480)	657,534	\$ 0.62
ACM Growth Fund	6,121,572	(255,922)	(31,366)	5,834,284	\$ 4.88
Sustainable Dividend Fund	6,660,591	(122,762)	(37,021)	6,500,807	\$ 10.76
Sustainable Property Fund	1,112,788	(168,153)	(40,370)	904,265	\$ 1.99
	\$38,780,756	\$ (6,856,412)	\$ (1,107,146)	\$ 30,817,199	

60 As the foregoing table suggests, the Receiver is recommending a per unit distribution for all Crystal Wealth Funds except for the Factoring Fund and the Conscious Capital Fund, where no funds are available for distribution. With respect to the Factoring Fund, the lack of funds available for distribution to investors arises directly from the significant impairment of the purported investments made by the Factoring Fund prior to the Receiver's appointment, as is detailed throughout this Second Report and immediately below.

- 61 Holdbacks for actual and future estimated Receiver and legal fees are similarly tracked in the table above either by specific Crystal Wealth Fund, or if they represent time allocable to all Crystal Wealth Funds, then such fees were allocated on the basis of effort and number of investors in each Fund. Cumulative Receiver and legal fees of approximately \$127,671 (including HST) were allocated outside of the Crystal Wealth Funds to Crystal Wealth Group entities and individuals including, CLJ Everest, Smith, and 115 Ontario.

DISCUSSION OF INVESTMENTS AND RECEIVER'S FINDINGS

FACTORING CONTRACTS

BACKGROUND

62 As outlined in the First Report, all of the Factoring Contracts (agreements to purchase invoices or portions thereof, which after purchase are referred to as "**Purchased Invoices**", from operating businesses referred to as "Merchants", for a discount and a service fee) are sourced and administered by Frontline Factoring Inc. Frontline was tasked by the Company with finding these opportunities and then collecting the invoice value from the underlying debtor(s) of the invoice(s) (the "**Debtors**"). The procurement and administration of Factoring Contracts is governed by a Factoring Procurement and Administration Agreement ("**FPAA**") entered into with Frontline by the Factoring Fund and the Hedge Fund.² A copy of the FPAA entered into with Frontline by the Factoring Fund is attached hereto as **Appendix "14"**.

63 As at the date of this Second Report, the Factoring Fund and the Hedge Fund have outstanding Purchased Invoices acquired through Factoring Contracts entered into with the following Merchants:

- a) Dome Mountain Resources of Canada Inc. ("**Dome Mountain**");
- b) Zomongo TV Corp ("**Zomongo TV**");
- c) Advanced Metal Concept and Fabrication Ltd. ("**Advanced Metal**");
- d) 1566496 Alberta Ltd. ("**156 Alberta**");
- e) 647497 B.C. Ltd. ("**647 BC**");
- f) Restoration Energy Inc. ("**Restoration Energy**"); and
- g) Single Source Services Ltd. ("**Single Source**")

² Frontline has advised the Receiver that it does "not ever remember" a FPAA executed by the Hedge Fund, and that Frontline cannot locate such an agreement. Frontline was accordingly to conduct the administration of the Hedge Fund Factoring Contracts as per the FPAA entered into by the Factoring Fund with Frontline.

(collectively, the “**Merchants**”).

- 64 As at October 26, 2017, the Factoring Fund and Hedge Fund had total principal owing from the Merchants of \$23,013,773 and \$3,011,397, respectively, totaling \$26,025,170 (the “**Factoring Principal Balance**”). The Factoring Fund and Hedge Fund also had interest owing under the Factoring Contracts of \$3,744,678 and \$909,586, respectively, totaling \$4,654,265 (the “**Factoring Interest Balance**”). The sum of the Factoring Principal Balance and the Factoring Interest Balance, totaling \$30,679,435, is referred to herein as the “**Factoring Balance**”.
- 65 The following table outlines the principal and interest owing from each of the Merchants as at October 26, 2017.

Merchant	Principal			Interest		
	Factoring Fund	Hedge Fund	Total	Factoring Fund	Hedge Fund	Total
Dome Mountain	\$ 12,793,175	\$ 1,015,660	\$ 13,808,835	\$ 2,280,593	\$ 181,058	\$ 2,461,651
Zomongo TV	6,204,373	1,494,737	7,699,110	845,396	660,307	1,505,702
Advanced Metal	1,256,311	-	1,256,311	248,029	-	248,029
156 Alberta	824,039	-	824,039	140,318	-	140,318
Restoration Energy	1,402,193	501,000	1,903,193	100,876	68,222	169,098
647 BC	439,698	-	439,698	109,260	-	109,260
Single Source	93,985	-	93,985	20,206	-	20,206
	\$ 23,013,773	\$ 3,011,397	\$ 26,025,170	\$ 3,744,678	\$ 909,586	\$ 4,654,265

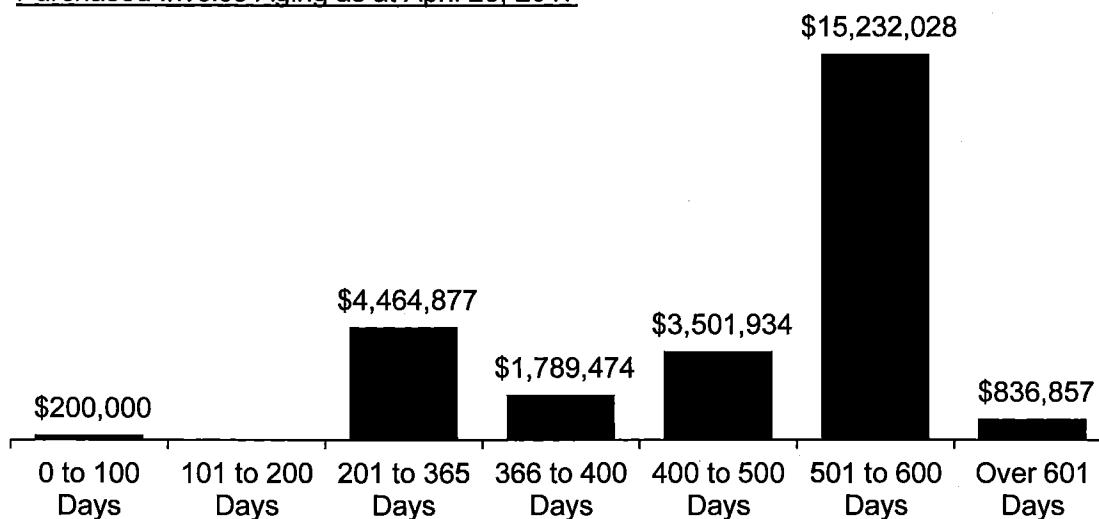
A more detailed account of each of the balances owing from the Merchants, the underlying Purchased Invoices of such balances, and the Debtors of same, is included in a summary prepared by the Receiver attached hereto as **Appendix “15”** (the “**Outstanding Invoice Schedule**”). A detailed discussion of the status of the individual Merchants and the Receiver’s activities with respect to same is outlined below.

RECEIVER'S KEY FINDINGS

Non-Performance of the Factoring Contracts

- 66 Since its appointment, the Receiver has monitored the Factoring Contracts mainly through its review of the weekly reporting provided to the Factoring Fund and Hedge Fund by Frontline which outlines the outstanding Purchased Invoices and the activity of same (the **"Weekly Frontline Reporting"**).
- 67 As demonstrated in the Outstanding Invoice Schedule, the Factoring Fund and Hedge Fund have only collected \$2,310,507 and \$10,963, from four (4) Merchants, on the outstanding Purchased Invoices. A total of \$2,786,052 (which includes the above noted amounts) was collected by the Hedge Fund and Factoring Fund during the 12 months prior to the Appointment Order. The Receiver has concerns as to how redemptions and distributions to investors in the Factoring Fund and Hedge Fund were made prior to the Receiver's appointment given the minimal collections during the 12 months preceding the Receiver's appointment on the Factoring Contracts, and with respect to the US Real Estate LP and Gold Contracts. The Receiver has concerns that the Inter-fund Investments made by other Crystal Wealth Funds and/or investors who purchased units in the Factoring/Hedge Fund did so at an overstated NAV and funded the redemptions and distributions to other investors.
- 68 As at the Receiver's appointment on April 26, 2017, the average number of days outstanding for the Purchased Invoices (i.e. the difference between the invoice date and April 26, 2017) (the **"Invoice Days Outstanding"**) was approximately 405 days. The oldest invoice outstanding is dated August 4, 2015 while the most recent invoice outstanding is February 12, 2017. The following table demonstrates the aging of the principal balances owing under the Purchased Invoices.

Purchased Invoice Aging as at April 26, 2017



As shown above, as at April 26, 2017, approximately 82% (\$21,360,293) of the Factoring Principal Balance was over one (1) year past the invoice date.

- 69 In the Receiver's initial discussions with Frontline, Frontline advised that it was in constant communication with the Merchants noted above and that it was being advised by the Merchants that payments would be made on the Purchased Invoices in the near future. Notwithstanding these representations, as at the end of July 2017, the Receiver notes that no payments had been received from any of the Merchants or the Debtors since the Appointment Order.

Frontline and the Receiver's Efforts in Pursuing Non-Paying Debtors

- 70 In the absence of payments being received from the Debtors and/or the Merchants, despite Frontline's initial assurances, the Receiver engaged in the following with respect to all Debtors and Merchants.
- 71 On June 28, 2017, A&B, on behalf of the Receiver, sent Frontline a letter (the "**June 28 2017 Receiver Letter**") that, among other things:
- a) advised that at times, Frontline had failed to provide the Weekly Frontline Reporting and that such reporting should be provided to the Receiver forthwith;

- b) requested that Frontline provide reports to the Receiver with respect to any Non-Performing Factoring Arrangements as required by s. 5.1 of the FPAA (the “**Non-Performing Reports**”); and
- c) requested that Frontline, under s. 4.1(e) of the FPAA, send correspondence to all Debtors advising that the Receiver’s appointment is of no consequence to the amount owing under the Purchased Invoices and that the amount of same must be remitted in full.

A copy of the June 28 2017 Receiver Letter is attached hereto as **Appendix “16”**.

- 72 On June 30, 2017, Frontline delivered to the Receiver a Non-Performing Report dated June 30, 2017 (the “**June 30 2017 Non-Performing Report**”) which provided a status update on all of the Merchants. Based on the Receiver’s review of the Company’s books and records, the Receiver was unable to locate any Non-Performing Reports prepared by Frontline and sent to the Factoring Fund and/or Hedge Fund prior to receiving the June 30 2017 Non-Performing Report.
- 73 On July 12, 2017, letters were sent by Frontline to all of the underlying Debtors advising them of the Purchased Invoices outstanding and their obligation to remit payment (the “**Frontline July 12 2017 Letters**”). An example of the Frontline July 12 2017 Letters, excluding Debtor information, is attached hereto as **Appendix “17”**.
- 74 On August 15, 2017, after no correspondence and only one payment of \$25,000 being received, the Receiver sent letters to each of the Debtors (the “**August 15 2017 Debtor Letters**”). The August 15 2017 Debtor Letters, which referenced the Frontline July 12 2017 Letters and the Purchased Invoices outstanding, demanded that the Debtors remit all outstanding amounts owing under the Purchased Invoice — including accrued interest — directly to Frontline, in trust for the Receiver, by no later than 5:00 p.m. EST on August 23, 2017. Despite the August 15 2017 Debtor Letters, only one further payment has been remitted on account of a Purchased Invoice in the sum of \$113,044.51.³

³ The Debtor pursuant to this Purchased Invoice is Lotus Environmental Ltd, pursuant to the Factoring Fund’s Factoring Agreement with the Merchant, Advanced Metal. Frontline has yet to remit any of this payment to the Receiver, contrary to the Receiver’s directions to Frontline pursuant to the FPAA.

Compliance with Factoring Fund and Hedge Fund OMs

75 As outlined in the First Report, the Factoring Fund's investment objective is to:

"...to provide consistently positive total returns...by investing primarily in commercial factoring contracts. The Fund is also authorized to invest in other securities including equities, fixed income securities, investment funds and exchange-traded derivatives."

(the "**Factoring Fund Investment Objective**").

76 The Receiver is of the opinion that the issuance of the Bridge Facility to Dome Mountain (as defined and described in detail below) resulted in the Factoring Fund breaching the Factoring Fund Investment Objective. The non-disclosure of such an investment is a gross misrepresentation to investors investing into a fund with the expectation to be invested in Factoring Contracts whereby traditional receivables are being purchased.

77 It is unclear if the Factoring Contracts would be considered appropriate investments in the Hedge Fund given the broad wording contained in the Hedge Fund's OM.

Receiver's Conclusion on the Non-Performance of the Factoring Contracts

78 Based on the foregoing, it is unlikely that the outstanding Purchased Invoices will be paid by the Debtors – several of whom are resident outside of Ontario, Canada, or North America – as it appears that no payments have been received by the Debtors directly for any of the outstanding Purchased Invoices. Neither the Factoring/Hedge Fund nor the Merchants have any security against the Debtors for the Purchased Invoices; both are unsecured creditors of the Debtors. The pursuit of the Debtors for the payment of the Purchased Invoices would be an expensive process which would likely result in unfavorable results, if any. Frontline has indicated that collections from the underlying Debtors is unlikely, and that the Merchants are likely the sole recourse for recovery.

79 Under the Factoring Contracts, there are certain provisions available to the Factoring Fund and Hedge Fund (i.e. the Receiver) against the Merchants to pursue the outstanding balances under the Purchased Invoices, including in some cases, security over the assets of the Merchants. As a result, pursuing the Merchants for the balances owing to the Factoring Fund and Hedge Fund is the most economical and best source of any recovery.

- 80 The following section describes: (i) what the Receiver has learned about each of the Merchants and the facts that led to the acquisition of the impaired Purchased Invoices by the Factoring Fund and Hedge Fund; and (iii) the Receiver's activities thus far in pursuing the Merchants for the repayment of same.

RECEIVER'S DETAILED REVIEW OF FACTORING CONTRACTS

Dome Mountain

- 81 As noted above, as at October 26, 2017, Dome Mountain has an outstanding balance owing to the Factoring Fund and Hedge Fund of \$15,073,768 and \$1,196,718, respectively, totaling \$16,270,486 (the "**Dome Mountain Balance**"). The Dome Mountain Balance includes principal owing to the Factoring Fund and Hedge Fund of \$12,793,175 and \$1,015,660, respectively, in addition to interest owing to the Factoring Fund and Hedge Fund of \$2,280,593 and \$181,058, respectively.
- 82 Based on numerous discussions with Frontline and a detailed review of the documentation located with respect to the Dome Mountain Balance, the Dome Mountain Balance is in fact a bridge loan (defined below as the "**Bridge Facility**") to Dome Mountain; it is not a Purchased Invoice. A questionable "invoice" was issued by Dome Mountain to MGE Corporation Limited, apparently to falsely portray the Bridge Facility to Dome Mountain as a Purchased Invoice pursuant to a Factoring Contract. The Receiver's review of these arrangements is detailed below.

Dome Financing – 2015

- 83 The Company (in trust) and Dome Mountain entered into a "factoring agreement" (i.e. a bridge loan agreement) dated November 4, 2015 for a term of 12 months (the "**Dome 2015 Loan Agreement**"). Under the Dome 2015 Loan Agreement, the Company purchased one (1) invoice issued to MGE Corporation Limited ("**MGE**") dated November 11, 2015 totaling \$80,000,000 (the "**MGE 2015 Invoice**"). A copy of the MGE 2015 Invoice is attached hereto as **Appendix "18"**.
- 84 Under the Dome 2015 Loan Agreement total advances of \$12,507,676 were made by certain Funds at various times during November 2015 to December 2015 as follows:
- a) Factoring Fund – \$10,127,676; and

b) ACM Growth Fund – \$2,380,000.⁴

Frontline provided the Receiver with a Mandate Letter and Term Sheet between Overseas European Holdings limited (“OEHL”), an affiliate of MGE, and Dome Mountain dated November 7, 2015 (the “**MGE 2015 Term Sheet**”) that expired on November 6, 2016. A copy of the MGE 2015 Term Sheet is attached hereto as **Appendix “19”**. The MGE 2015 Term Sheet referenced a proposed acquisition of shares (the “**Acquisition**”) in Gavin Mines Inc. (“**Gavin Mines**”) by Dome Mountain, and noted that OEHL and MGE agreed to, among other things:

- a) assist in securing a bridge financing facility to finance drilling operations of Gavin Mines (the “**Bridge Facility**”);
- b) issue a performance guarantee bond to assist in securing the Bridge Facility (as described below); and
- c) issue a 10 year, US \$80 million loan to Dome Mountain to fund the Acquisition, capital expenditures, and to refinance the Bridge Facility (the “**Acquisition Loan Facility**”).

85 Frontline also provided the Receiver with a copy of a performance guarantee bond in the amount of \$12 million issued by Active Capital Reinsurance Ltd. for the period of November 6, 2015 to November 5, 2016 (the “**2015 Performance Bond**”). The 2015 Performance Bond, which is attached hereto as **Appendix “20”**, had named MGE as the insured and the Company (Crystal Wealth Management System Limited (in Trust)) as the beneficiary.

86 Based on the above, it is apparent that the Dome 2015 Loan Agreement and the purchase of the MGE 2015 Invoice were entered into together to disguise the transaction as a “factoring arrangement” although in substance, the advances to Dome Mountain were essentially a bridge loan, i.e. the Bridge Facility as outlined in the MGE 2015 Term Sheet. MGE, through the Acquisition Loan Facility, was to refinance the Bridge Facility provided by the Factoring Fund and ACM Growth Fund. Frontline has confirmed the Receiver’s

⁴ The amount advanced by the ACM Growth Fund was later assigned to the Factoring Fund through the execution of an Assignment Agreement dated November 11, 2016, between the ACM Growth Fund and the Factoring Fund (each by their manager and trustee, the Company).

understanding that the monies advanced by the Funds were in fact a Bridge Facility as described above.

- 87 The Receiver inquired with Frontline as to the underlying rationale with respect to this arrangement, to which Frontline advised that it had not procured this arrangement but rather Housego had sourced and negotiated the deal with Dome Mountain and MGE. Frontline advised that this arrangement was funded by the Factoring Fund and that Housego instructed Frontline to include it in the portfolio and administer same. The Receiver has obtained evidence that Frontline was actively involved in the origination of the Dome 2015 Loan Agreement.

Dome Financing – 2016

- 88 Upon expiry of the Dome 2015 Loan Agreement, the MGE 2015 Term Sheet, and the 2015 Performance Bond, the following occurred:
- a) the Company (in trust) entered into another 12 month “factoring agreement” with Dome Mountain dated November 4, 2016 (the “**Dome 2016 Loan Agreement**”);
 - b) the Company (in trust) and Dome Mountain entered into a security agreement (“**GSA**”) dated November 4, 2016 (the “**Dome Mountain GSA**”);
 - c) another Dome Mountain invoice (invoice no. 0206) dated November 5, 2016 to MGE (the “**MGE 2016 Invoice**”) was purchased by the Factoring Fund to replace the MGE 2015 Invoice;
 - d) an updated Mandate Letter and Term Sheet dated November 3, 2016 between MGE and Dome Mountain was executed (the “**MGE 2016 Term Sheet**”) with terms substantively the same as the MGE 2015 Term Sheet, aside from the Acquisition Loan Facility being reduced to US \$36 million; and
 - e) a performance guarantee in the amount of \$18 million (the “**Guarantee Limit**”) was issued by Best Meridian International Company SPC (“**BMIC**”), as reinsurer, for the period of November 4, 2016 to November 6, 2017 (MGE – 112017-000016) (the “**2016 Performance Bond**”) whereby MGE is named as the insured and the Company (Crystal Wealth Management System Limited (in trust)) as the beneficiary. The 2016

Performance Guarantee also carried a premium of \$630,000 (the “**Performance Premium**”) payable by the insured, MGE.

A copy of the MGE 2016 Invoice, the MGE 2016 Term Sheet, and the 2016 Performance Bond are attached hereto as **Appendix “21”**, **Appendix “22”**, and **Appendix “23”** respectively.

- 89 The Invoice Summary (as defined below) provided by Frontline dated November 22, 2016, which is attached to this Second Report as **Appendix “24”**, notes that the Dome 2016 Loan Agreement, the 2016 Performance Bond, and the MGE 2016 Invoice were entered into because:

“...MGE was unable to close on the funding of Gavin Mines as the numbers did not substantiate the purchase price, although we had an insurance policy covering the performance of MGE. As the deal has been restructured at a lower price, MGE will now be able to fund the share purchase and the insurance company is willing to reissue a new policy at an increased amount.”

- 90 MGE and Dome Mountain also executed a Deed of Guarantee dated November 4, 2016 (the “**Deed of Guarantee**”), wherein MGE expressly acknowledged that Dome Mountain was borrowing funds from the Company (in trust for the Factoring Fund and the Hedge Fund), in the form of an interest-bearing loan (the Bridge Facility) in the amount of CAD \$18,000,000. The Deed of Guarantee expressly provides that MGE had procured the 2016 Performance Guarantee “to ensure repayment of the [Bridge Facility]” to the Factoring and Hedge Funds, together with all interest due to the Company (in trust for the Factoring Fund and Hedge Fund).
- 91 Consistent with the Deed of Guarantee, on November 4, 2016, MGE effected a registration under the PPSA (Alberta), registering MGE as a secured party of Dome Mountain with the following collateral description:

100% of the share capital of [Dome Mountain], secured party has charge over the total share capital of the Debtor, Dome Mountain Resources of Canada Inc., as collateral for a loan of C\$18,000,000 starting on 4 November 2016, as per Deed of Guarantee of the same Date.

- 92 On November 11, 2016, days following the execution of the Deed of Guarantee and the issuance of the Performance Guarantee, the Hedge Fund advanced an additional \$996,625 to Dome Mountain, in addition to the \$12,600,607 advanced in 2015 by the Factoring Fund, in apparent reliance on the representation by MGE that the \$18 million 2016 Performance Bond was in place to ensure that these advances, and all accrued interest, would be repaid to the Factoring Fund and Hedge Fund.

Status of Dome Mountain

- 93 Frontline has advised the Receiver that Dome Mountain is not performing as MGE has not yet been able to secure funding as contemplated in the MGE 2016 Term Sheet. The Non-Performing Reports indicate that MGE continues to push back the timeline with respect to the Acquisition Loan Facility.
- 94 Upon review of the 2016 Performance Bond, the Guarantee Limit is payable by BMIIIC on or after November 6, 2017 should the Loan (as defined in the 2016 Performance Bond) not be repaid to the Factoring and Hedge Funds by November 6, 2017. As the Loan had not been repaid to the Factoring Fund the Hedge Fund, the Receiver took steps to ensure that a claim would be submitted by MGE pursuant to the Performance Guarantee, to ensure that the principal amount of the Bridge Facility, and all accrued interest, is repaid to the Factoring Fund and Hedge Fund as the beneficiaries of the 2016 Performance Bond.
- 95 However, Frontline advised the Receiver that after the 2016 Performance Bond was executed in November 2016, MGE, nor any other party, remitted the Performance Premium to the underwriter of the 2016 Performance Bond, Global BRG, LLC ("**BRG**").
- 96 On October 17, 2017, after being contacted by the Receiver, BRG advised that the Performance Premium was never remitted and as a result, the 2016 Performance Guarantee was cancelled on November 28, 2016. A copy of the cancellation letter provided by BRG is attached hereto as **Appendix "25"**.
- 97 On October 19, 2017, the Receiver sent a letter to MGE (the "**October 19 2017 Letter**") demanding that MGE provide, by no later than 5 p.m. EST on Friday, October 20, 2017, a written explanation to the Receiver advising of:
- a) the circumstances which gave rise to MGE's failure to pay the Performance Premium;

- b) whether notice was given by MGE to the Crystal Wealth Group, Dome Mountain, and/or to Frontline that the Performance Premium had not been paid, and that the 2016 Performance Bond had been cancelled;
 - c) the reason MGE registered its security interest against Dome Mountain as per the Deed of Guarantee, despite its failure to secure the 2016 Performance Bond as required and contrary to MGE's representations in the Deed of Guarantee; and
 - d) whether a replacement policy of insurance, or performance guarantee, had been obtained by MGE or any other party to secure repayment of the Bridge Facility indebtedness owing to the Factoring and Hedge Funds.
- 98 After not receiving a response from MGE, A&B, on behalf of the Receiver, sent a follow-up email to MGE on October 23, 2017. A copy of the October 19 2017 Letter and the follow-up email sent by A&B are attached hereto as **Appendix "26"** and **Appendix "27"** respectively.
- 99 On October 24, 2017, A&B, the Receiver, and Stephen Miller, who had executed the 2016 Performance Guarantee and Deed of Guarantee on behalf of MGE, attended a call to discuss the contents contained in the October 19 2017 Letter. Miller advised that he was working with MGE's counsel to draft a response and to provide supporting documentation to support his response to the October 19 2017 Letter. Miller acknowledged such a response would be delivered by the end of the week (October 27, 2017). Miller also advised the Receiver of the following:
- a) it was the responsibility of Frontline, the Factoring Fund, and the Hedge Fund to pay the Performance Premium required by the 2016 Performance Bond;
 - b) Froese (the President of Frontline) and Housego were aware that it was the responsibility of Frontline, the Factoring Fund, and the Hedge Fund to pay the Performance Premium, but they failed to cause the Performance Premium to be paid, thereby causing the 2016 Performance Bond to be cancelled; and
 - c) MGE had at no time provided financing to Dome Mountain, given that Dome Mountain failed to obtain a valuation of Gavin Mines which was a precondition to MGE providing Dome Mountain with financing, or issuing a bond.

- 100 On October 30, 2017, after no response was received to the October 19, 2017 Letter, A&B sent a follow-up email to Miller requesting a response and that the previously-requested supporting documentation be delivered to the Receiver by the end of the day.
- 101 On October 31, 2017, MGE provided a response to the Receiver (the “**MGE October 31st Email**”) which confirmed the assertions made by Miller in his discussion with the Receiver and A&B on October 24, 2017. More specifically, Miller asserted that Froese and Housego were “very well aware” that it was the Hedge Fund, Factoring Fund, and Frontline’s responsibility to pay the Performance Premium of \$630,000. Miller further asserted that at no time had MGE provided financing to Dome Mountain. Notwithstanding the assertions made by Miller, A&B, on behalf of the Receiver, responded to Miller indicating that he had failed to provide any support for his assertion that it was the responsibility of Frontline, the Hedge Fund, and/or the Factoring Fund to pay the Performance Premium. As at the date of this Second Report, Miller has not provided any supporting documentation to support his assertions in the MGE October 31st Email, despite A&B having sent a further follow-up email to him on November 9, 2017 demanding a response. Copies of the MGE October 31st Email and A&B’s responses to Miller sent on October 31, 2017 and November 9, 2017 are attached hereto as **Appendix “28”**.
- 102 As the MGE October 31st Email contradicted Froese’s (Frontline’s) account of the events, the Receiver sent correspondence to Froese on October 31, 2017 (the “**Receiver’s October 31 2017 Email**”) that, among other things:
- a) made Froese aware of the Receiver’s correspondence with MGE and BRG;
 - b) made Froese aware of the assertions made by Miller in the MGE October 31st Email;
 - c) requested that Froese provide an update on the nature of the ongoing dealings between MGE and Dome Mountain;
 - d) requested that Froese explain and elaborate upon the meaning of his October 27, 2017 email to the Receiver, wherein Froese indicated that “*MGE has had some good progress [on obtaining financing] although nothing [was] definitive*”;
 - e) requested that Froese provide an explanation as to why the \$630,000 Performance Premium was never paid, which left the Hedge Fund and Factoring Fund without recourse to an insurance policy;

- f) requested the reporting which was given to the Hedge Fund and Factoring Fund by Frontline leading up to the advances made by the Funds to Dome Mountain; and
- g) requested that Froese provide a copy of Frontline's due diligence summary report provided to the Factoring Fund and Hedge Fund and all correspondence and discussion notes which preceded the advances made to Dome Mountain.

A copy of the Receiver's October 31 2017 Email is attached hereto as **Appendix "29"**.

103 After repeatedly following up with Froese, on November 21, 2017, the Receiver received a response from Froese to the Receiver's October 31 2017 Email, which response is attached hereto as **Appendix "30"**. Froese's response failed to reasonably explain why the Performance Premium for the 2016 Performance Bond had not been paid, or why a claim had not been submitted pursuant to the 2015 Performance Bond. In his November 21st email to the Receiver, Froese indicates, among other things, that:

- a) On November 14, 2016, Froese *"Received instructions from Al Housego regarding wording of [Frontline] Invoice Summary and what needs to happen with internal structure"*.

As indicated above, the Invoice Summary subsequently provided by Frontline was dated November 22, 2016, which is attached to this Second Report as **Appendix "24"** (as noted above), and notes that the Dome 2016 Loan Agreement, the 2016 Performance Bond, and the MGE 2016 Invoice were entered into because:

"...MGE was unable to close on the funding of Gavin Mines as the numbers did not substantiate the purchase price, although we had an insurance policy covering the performance of MGE. As the deal has been restructured at a lower price, MGE will now be able to fund the share purchase and the insurance company is willing to reissue a new policy at an increased amount."

- b) On November 15, 2016, Froese *"Received email instructions from Clayton Smith requesting we structure this as a factoring agreement and the object being factored is the sale proceeds from MGE with insurance as backup"*. This email from Smith to Frontline was subsequently provided by Froese to the Receiver on November 21, 2017, and is included within **Appendix "30"** noted above; and

- c) During the first week of December 2016, Froese *“received word that Crystal Wealth did not have any funds to pay for the insurance policy although based on their conversations with Steve Miller from MGE, they were confident he would perform”*.

Dome Mountain Assets and Receiver's Recourse

- 104 The Receiver has requested that Frontline and Dome Mountain provide information to the Receiver concerning Dome Mountain and Gavin Mines. As at the date of this Second Report, neither Frontline nor Dome Mountain have provided such information, and by an email sent on November 8, 2017, Dome Mountain advised it “has not had any financial documents prepared”. There is accordingly no information or evidence as to how Dome Mountain utilized the \$13,808,835 which was advanced to it by the Factoring and Hedge Funds.
- 105 By letter dated November 22, 2017, the Receiver demanded immediate payment of the Dome Mountain Balance from Dome Mountain pursuant to the Dome 2016 Loan Agreement, as well as immediate payment of all amounts owing by Dome Mountain to the Factoring Fund pursuant to the Fund’s factoring arrangements with 156 Alberta and 647 BC, as detailed immediately below. A copy of the November 22, 2017 letter sent by the Receiver to Dome Mountain is attached to this Second Report as **Appendix “31”**.

156 Alberta and 647 BC

156 Alberta

- 106 The Factoring Fund entered into a Factoring Agreement with 156 Alberta dated January 8, 2015 (the **“156 Alberta Factoring Agreement”**). The Factoring Fund also entered into a security agreement with 156 Alberta dated January 8, 2015 granting the Factoring Fund a general continuing security interest over all present and future property and assets of 156 Alberta. Frontline has advised that, similar to 647 BC (described below), 156 Alberta performs project management and consulting for mining projects. The principals of 156 Alberta are Jeff Maljaars and Robert Maljaars (**“R. Maljaars”**). In addition to Darcy Pahl, who is the director of Dome Mountain, R. Maljaars executed Dome Mountain’s Factoring Contracts with the Company (in trust for the Factoring Fund and Hedge Fund) on behalf of Dome Mountain, with the stated title of “Director” of Dome Mountain. In MGE’s October 31 Email (**Appendix “28”**), Miller had indicated that the “majority” of MGE’s communications were with Darcy Pahl and R. Maljaars, and with Froese and Housego.

647 BC

- 107 On November 28, 2014, the Factoring Fund entered into a Factoring Agreement with 647 BC (the “**647 BC Factoring Agreement**”). The Factoring Fund also entered into a security agreement with 647 BC dated November 27, 2014 which granted the Factoring Fund a general continuing security interest over all present and future property and assets of 647 BC. Frontline has advised the Receiver that 647 BC performs project management services for large projects and had been a client of Frontline in the past. Froese advised that he is personally familiar with the owners of 647 BC, Marion DenHollander and David DenHollander (together, the “**DenHollanders**”). The Receiver has been advised by an investor that David DenHollander is also related to Dome Mountain. As will be detailed in the Zomongo TV section below, the DenHollanders are also involved with Zomongo Inc. and/or Zomongo TV, both of whom are Merchants pursuant to Factoring Contracts entered into with the Factoring Fund and/or the Hedge Fund.

Relationship of 647 BC and 156 Alberta to Dome Mountain

- 108 As outlined in the table below, all but one of the Purchased Invoices from 647 BC and 156 Alberta are owing from Dome Mountain as the Debtor. A copy of the outstanding Purchased Invoices for 647 BC and 156 Alberta are attached to this Second Report as **Appendix “32”**.

					Balances as at October 26th		
	Debtor	No.	Amount of Invoices	Days Outstanding as at April 26th	Principal	Interest	Total
156 Alberta	Dome Mountain	2	\$1,010,000	312 Days	\$ 624,039	\$117,118	\$ 741,157
647 BC	Dome Mountain	2	578,550	340 Days	439,698	109,260	548,958
156 Alberta	IC Commerce	1	238,095	73 Days	200,000	23,200	223,200
		5	\$1,826,645	275 Days	\$1,263,737	\$249,579	\$1,513,316

- 109 The fact that an additional \$1,290,116 is owing to the Factoring Fund from Dome Mountain (as the Debtor), results in Dome Mountain, directly and indirectly, owing the Factoring/Hedge Fund a total of \$17,560,601 (principal of \$14,872,572 and interest of \$2,688,029). It is unclear as to the types of services provided by 156 Alberta and 647 BC as the invoice description contains only the words “*Consulting*” (for 156 Alberta) or “*Project Management*” (for 647 BC), with no other pertinent details.

- 110 In addition, to the 156 Alberta Dome Invoices and the 647 BC Dome Invoices, the following table outlines previous invoices issued to Dome Mountain from 156 Alberta and 647 BC that the Factoring Fund purchased resulting in the Fund advancing funds to 156 Alberta and 647 BC. These invoices were subsequently repaid.

Merchant / Debtor	Invoice Summary Date	Invoice No.	Invoice Amount	Funds Advanced to Merchant
647497 BC Ltd.				
Dome Mountain	28-Nov-14	257	\$ 357,000	\$ 279,888
Dome Mountain	22-Dec-14	261	367,500	288,120
Dome Mountain	27-Jan-15	264	328,125	257,250
Dome Mountain	11-May-15	302	507,675	398,017
Dome Mountain	30-Sep-15	304	237,891	186,506
			1,798,191	1,409,781
1566496 Alberta Ltd.				
Dome Mountain	27-Feb-15	145	152,250	119,364
Dome Mountain	17-Mar-15	146	131,250	102,900
Dome Mountain	30-Mar-15	149	183,750	144,060
Dome Mountain	13-Apr-15	150	131,250	102,900
Dome Mountain	29-Apr-15	151	262,500	205,800
Dome Mountain	11-May-15	152	510,300	400,075
Dome Mountain	31-Aug-15	153	105,000	82,320
Dome Mountain	10-Sep-15	155	220,500	172,872
Dome Mountain	29-Oct-15	157	340,000	266,560
Dome Mountain	06-Nov-15	158	260,000	203,840
Dome Mountain	05-Jan-16	159	390,000	305,760
Dome Mountain	15-Apr-16	215	65,100	51,038
			2,751,900	2,157,490
Grant Total			\$ 4,550,091	\$ 3,567,271

- 111 Based on the table above, it appears that Dome Mountain paid:
- a) \$1,798,181 to 647 BC for "*Project Management*" invoices issued to Dome Mountain; and
 - b) \$2,751,900 to 156 Alberta for "*Consulting*" invoices issued to Dome Mountain in circumstances where 156 Alberta appears to be a related party.
- 112 The Receiver is in the process of obtaining more information to determine the timing of these transactions as well as the original funding to Dome Mountain by the Factoring Fund

and Hedge Fund totaling approximately \$13,808,835. The Receiver has concerns that a portion of the \$13,808,835 was used to pay the above noted invoices issued to Dome Mountain totaling \$4,550,091.

- 113 On November 7, 2017, DenHollander sent Frontline an email, advising as follows:

"I am out of the country and don't know when we will return. Perhaps sometime next year but at present not sure".

DenHollander further advised that 647 BC is three years behind on its financial statements. DenHollander indicated that

"[i]n regards to a repayment schedule [647 BC is] working on a plan which I hope will be finalized in the next 30-60 days which would allow us to start repaying funds".

A copy of DenHollander's email to Frontline is attached to this Second Report as **Appendix "33"**.

- 114 By letters dated November 22, 2017, the Receiver demanded immediate payment from 647 BC and 156 Alberta pursuant to the 647 BC Factoring Agreement and the 156 Alberta BC Factoring Agreement, respectively. Copies of the November 22, 2017 letters sent by the Receiver to 647 BC and 156 Alberta are attached to this Second Report as **Appendix "34"**.

Zomongo TV

- 115 The Factoring Fund and the Hedge Fund each entered into Factoring Agreements with Zomongo TV, an Alberta entity, dated August 7, 2015 (the **"Zomongo TV Factoring Agreement"**).
- 116 The Factoring Fund also entered into a security agreement with Zomongo TV dated August 7, 2015 (the **"Zomongo TV Security Agreement"**). The Zomongo TV Security Agreement granted the Factoring Fund a general continuing security interest over all present and after acquired undertaking, property and assets of Zomongo TV, including all present and future right, title, and interest and benefit of Zomongo TV in all property, on a first-position secured basis.

- 117 In addition, pursuant to a Guarantee and Postponement of Claim dated January 25, 2017, Zomongo.TV Holdings Corp ("**Zomongo TV Holdings**") entered into a Guarantee and Postponement of Claim with the Hedge Fund dated January 25, 2017, pursuant to which Zomongo TV Holdings provided a continuing guarantee of all the obligations owing by Zomongo TV to the Hedge Fund. Zomongo TV Holdings also entered into a General Security Agreement dated January 25, 2017 with the Hedge Fund, granting the Hedge Fund a general continuing security interest over all present and future property and assets of Zomongo TV Holdings.
- 118 According to Frontline, in the latter half of 2016, as a result of Zomongo TV incurring net losses and generating negative cash flow in its operations, Zomongo TV required additional funding to continue as a going concern. Frontline advised the Receiver that the Factoring Fund did not have funds available to advance to Zomongo TV to assist it in continuing as a going concern.
- 119 As a result, on December 29, 2016, Zomongo TV and its associated entities entered into a credit agreement with TCA Global Credit Master Fund, LP ("**TCA**") effective December 30, 2016 (the "**TCA Loan Agreement**") for a revolving credit facility of up to US \$10,000,000 (the "**TCA Credit Facility**"). Funding available under the TCA Credit Facility is based on underlying working capital (e.g. accounts receivable, inventory, etc.) of Zomongo TV.
- 120 As a condition of the TCA Loan Agreement, the Factoring Fund entered into a Subordination of Loans Agreement with Zomongo TV (and its associated entities) and TCA dated December 28, 2016 (the "**Zomongo TV Subordination Agreement**"). The Zomongo TV Subordination Agreement resulted in the Factoring Fund being in a subordinated position to that of TCA (i.e. giving up its first position security to TCA). As at December 28, 2016, the Factoring Fund was owed a principal balance of \$11,960,213 from Purchased Invoices of Zomongo TV. For greater clarity, the Receiver is advised that the Factoring Fund subordinated its position as TCA would not provide additional funding unless it was given the position of first secured creditor.

Current Status

121 As at October 26, 2017, Zomongo TV has outstanding principal balances owing to the Factoring Fund and Hedge Fund of \$6,204,373 and \$1,494,737, respectively, totaling \$7,669,110 (the **"Zomongo TV Principal Balance"**) from the following Debtors:

- a) Accent Marketing – \$1,193,158 owing for three (3) invoices;
- b) Golden Shores Enterprises Inc. – \$947,368 owing for two (2) invoices;
- c) Eyeconic.tv – \$4,244,701 owing for seven (7) invoices;
- d) Vanus Consulting Inc. – \$842,105 owing for two (2) invoices; and
- e) Mobility Media & TV – \$723,000 owing for two (2) invoices

(collectively the **"Zomongo TV Debtors"**).

122 In addition to the Zomongo TV Principal Balance, the Factoring Fund and Hedge Fund are owed \$845,396 and \$660,307 in interest and fees, respectively, totaling \$1,505,702 (together with the Zomongo TV Principal Balance, the **"Zomongo TV Balance"**).

123 The table below outlines, for each Zomongo TV Debtor: the number of Purchased Invoices; the total amount of the Purchased Invoices; the average number of days outstanding as the date of the Receiver's appointment (April 26, 2017); and the balance owing to the Factoring Fund and Hedge Fund as at October 26, 2017.

Debtor	No.	Amount of Invoices	Days Outstanding as at April 26th	Principal and Interest as at Oct. 26th		
				Factoring Fund	Hedge Fund	Total
Accent Marketing	3	\$ 1,500,000	553 Days	\$ 905,719	\$ 211,115	\$ 1,116,834
Golden Shores Enterprises Inc.	2	1,500,000	387 Days	-	1,380,003	1,380,003
Eyeconic.tv	7	7,650,000	390 Days	4,696,198	156,468	4,852,666
Vanus Consulting Inc.	2	1,500,000	387 Days	955,365	-	955,365
Mobility Media & TV	2	3,000,000	252 Days	492,487	407,457	899,944
	16	\$ 15,150,000	403 Days	\$ 7,049,769	\$ 2,155,044	\$ 9,204,812

- 124 As demonstrated in the table above, prior to the Appointment Order, the Purchased Invoices were, on average, outstanding for 403 days. This puts into question the collectability, and thus the underlying Recorded Value of the Zomongo TV Balance. In initial discussions with the Receiver, Frontline had failed to highlight or acknowledge an issue with the Zomongo TV Balance and the Zomongo TV Debtors' repayment of the Purchased Invoices when asked by the Receiver as to the status of same.
- 125 Not until the June 29 2017 Non-Performing Report did Frontline acknowledge that the Zomongo TV Balance and the underlying Purchased Invoices were "non-performing". In each subsequent Non-Performing Report, Frontline advised that communication with Zomongo TV had been limited and it became apparent that the collectability of the Zomongo TV Balance from the Zomongo TV Debtors is at risk.
- 126 Based on the above, and especially in light of the fact that neither the Factoring Fund nor the Hedge Fund have any security over the Zomongo TV Debtors, the Receiver has concluded that the Zomongo TV Balance will be challenging to recover.

Receiver's Strategy: Potential Zomongo TV Settlement Agreement

- 127 In the June 29 2017 Non-Performing Report, Frontline indicated that Zomongo TV had advised that it was in the process of obtaining additional financing to payout the balance owing to the Factoring Fund and the Hedge Fund. In each subsequent Non-Performing Report, Frontline had advised that Zomongo TV was continuing to work on obtaining new financing and had lenders involved in performing due diligence to issue same.
- 128 On October 3, 2017, the Receiver received an email from Frontline (the "**Initial Zomongo Email**") indicating that Zomongo TV was in financial difficulties as TCA had not advanced the total amount of the funds that were potentially available under the TCA Loan Agreement (i.e. US \$10 million). As a result, Frontline claimed that Zomongo TV did not have the cash to continue completing the current projects entered into with a chain of hotels (the "**Hotel Rollout**"); Frontline represented that the Hotel Rollout would create a significant amount of cash flow. Frontline indicated that without additional funding, Zomongo TV could not continue operating.
- 129 On October 4, 2017, the Receiver, A&B, Frontline, and a representative acting on behalf of Zomongo, BFF Ventures, through its representative, Tim Barnes, attended a conference call to discuss the Initial Zomongo Email. BFF Ventures indicated that TCA

would not advance additional funding to Zomongo TV unless the Factoring/Hedge Fund converted the Zomongo TV Balance into equity in Zomongo TV and requested the Receiver to consent to same. The Receiver advised BFF Ventures that it could not reasonably consider a conversion of the Zomongo TV Balance to equity until it was provided with additional information, including but not limited to: (i) historical financial statements; (ii) details of the Hotel Rollout; (iii) a term sheet from Zomongo TV; (iv) financial projections; and (v) a call with TCA to discuss its request for the Zomongo TV Balance to be converted. A link to a data room containing some of the requested information was sent to the Receiver.

- 130 On October 6, 2017, BFF Ventures delivered to the Receiver a non-binding letter of intent (the “**Initial LOI**”) which included, but was limited to: (i) a conversion of the Zomongo TV Balance to shares in Zomongo TV; and (ii) a subsequent exclusive right for Zomongo TV to repurchase the shares over a 12 month period. The Initial LOI was not executed by the Receiver.
- 131 On October 11, 2017, the Receiver, A&B, Frontline, BFF Ventures, and Zomongo TV attended a conference call to discuss, among other things, the Initial LOI and to permit the Receiver and A&B to ask questions to Zomongo TV directly, including as to why the Initial LOI proposal was being made when it could not be agreed upon without TCA approval. On this call, the Receiver stated that a conversion of the Zomongo TV Balance to equity in Zomongo TV would be unacceptable. The Receiver also reiterated its request for a call with TCA.
- 132 On October 12, 2017, BFF Ventures delivered to the Receiver a revised non-binding letter of intent (the “**October 12 2017 LOI**”) which replaced the Initial LOI. The October 12 2017 LOI removed the proposed equity conversion into Zomongo TV Shares, and instead proposed payment terms to restructure the indebtedness owing by Zomongo TV to the Factoring and Hedge Funds, along with a proposed payment schedule. The Receiver neither accepted nor rejected the terms contained in the October 12 2017 LOI, as any such arrangement would be subject of TCA approval. The Receiver and A&B reiterated their request that a call with TCA representatives, be convened. Attached to this Second Report as **Confidential Appendix “1”** is a copy of the October 12 2017 LOI.

- 133 On October 26, 2017, on a without prejudice basis, the Receiver and A&B attended a call with representatives from TCA, Frontline, and BFF Ventures to discuss, among other things, the October 12 2017 LOI and the potential to come to an agreement to allow for TCA to advance the additional funding under the TCA Loan Agreement to Zomongo TV for the Hotel Rollout, while allowing Zomongo TV to make repayments to the Factoring and Hedge Funds under a restructured arrangement. In summary, the following items were discussed:
- a) TCA was in the middle of its internal due diligence process to determine the additional funding, if any, to be provided to Zomongo TV;
 - b) TCA would only commit to funding if the Zomongo TV Balance was resolved through an agreement between Zomongo TV and the Receiver;
 - c) Due to poor record keeping on behalf of Zomongo TV, Frontline, and the Company, the participants on the call were unable to agree as to the quantum of interest and factoring fees owing to the Factoring and Hedge Funds beyond the Zomongo TV Principal Balance;
 - d) TCA, Frontline, Zomongo TV, and BFF were comfortable with the accuracy of the Zomongo TV Principal Balance; and
 - e) TCA was in the process of reviewing the October 12 2017 LOI and was not committing to the terms contained therein. However, on a without prejudice basis, it was supportive of eventually coming to some form of an agreement.
- 134 On November 17, 2017, BFF Ventures advised the Receiver that TCA has now agreed to provide \$5 million in additional funding to Zomongo TV and its affiliates under the TCA Loan Agreement. On November 19, 2017, the Receiver requested that BFF Ventures, on behalf of Zomongo TV, deliver to the Receiver Zomongo TV's proposed form of agreement(s), in order for the Receiver to continue to evaluate the possibility of an arrangement to be agreed upon by TCA, Zomongo TV, and the Receiver, which would result in: (i) TCA providing additional funding to Zomongo TV; and (ii) the repayment of a portion of the Zomongo TV Balance being made to the Factoring and Hedge Funds by Zomongo TV under a restructured arrangement, likely on a monthly installment basis.

- 135 As at the date of this Second Report, the Receiver has not yet received Zomongo TV's proposed form of agreement(s) to effect a restructuring of the indebtedness owing to the Factoring and Hedge Funds by Zomongo TV.

Zomongo Inc./Zomongo TV's Involvement with 647 BC Representatives

- 136 As noted above, Zomongo Inc. is a former Merchant of the Factoring Fund pursuant to a Factoring Agreement entered into by the Factoring Fund and Zomongo Inc. dated November 20, 2014. Jocelyne Hughes-Ostrowski is the sole director of Zomongo Inc. The sole directors of Zomongo TV are Jocelyne Hughes-Ostrowski and Jeremy Ostrowski. Zomongo Inc. holds 83.63% of the shares in Zomongo TV, according to records provided to the Receiver by Zomongo TV.
- 137 Frontline's records indicate that no indebtedness is owing by Zomongo Inc. to the Factoring Fund. Nevertheless, on July 7 and 14, 2017, Frontline advised the Receiver that, as security for Zomongo Inc.'s indebtedness to the Factoring Fund, personal guarantees (the "**DenHollander Personal Guarantees**") had been provided by each of the DenHollanders to the Factoring Fund, which obligations were to be secured by a collateral mortgage (the "**DenHollander Mortgage**") over the DenHollanders' personal residence located in British Columbia (the "**DenHollander Property**"). Attached hereto as **Appendix "35"** are copies of the DenHollander Personal Guarantees and the mortgage documentation executed by the DenHollanders provided by Frontline to the Receiver, and a title search obtained by the Receiver for the DenHollander Property.
- 138 As mentioned, the DenHollanders are the owners of the Merchant, 647 BC, and are also related to another Merchant, Dome Mountain. It is unclear to the Receiver how the DenHollanders are also involved with Zomongo Inc. and Zomongo TV, or why they provided the DenHollander Personal Guarantees and the DenHollander Mortgage to secure the obligations owing by Zomongo Inc. to the Factoring Fund.
- 139 The Receiver has instructed Frontline that the DenHollander Mortgage – which was improperly registered by Frontline in Frontline's name as mortgagee - must remain registered on title to the DenHollander Property and must not be discharged.

Advanced Metal

- 140 The Factoring Fund entered into a Factoring Agreement with Advanced Metal dated September 21, 2015 for the purchase of a list of approved receivables from Advanced Metal up to a maximum of \$600,000 (the “**Advanced Metal Factoring Agreement**”).
- 141 The Factoring Fund also entered into a security agreement with Advance Metal dated September 15, 2015 which granted the Factoring Fund a general continuing security interest over all present and after acquired undertaking, property and assets of Advanced Metal, including all present and future right, title, and interest and benefit of Advanced Metal in all property; on a first secured basis.
- 142 On December 16, 2016, the Factoring Fund entered into a postponement and subordination of security interest agreement (the “**Advanced Metal Subordination Agreement**”). The Advanced Metal Subordination Agreement resulted in the Factoring Fund becoming a subordinated creditor to that of the Bank of Montreal (i.e. giving up its first position security to the Bank of Montreal). Similar to Zomongo TV, the Factoring Fund and Hedge Fund subordinated their position as the Bank of Montreal would not provide additional funding unless it was the first secured creditor.
- 143 In addition to Bank of Montreal, other registrations are made under the PPSA by creditors of Advanced Metal, including Roynat Inc. and National Leasing Group Inc. A writ of seizure and sale (Federal Writ) was filed on February 15, 2017 in favour of Her Majesty the Queen in Right of Canada in the amount of \$641,351.40.

Current Status

- 144 As at October 26, 2017, Advanced Metal had outstanding principal balances owing to the Factoring Fund of \$1,256,311 (the “**Advanced Metal Principal Balance**”) and interest owing of \$248,029 (together with the Advanced Metal Principal Balance, the “**Advanced Metal Balance**”) from the Debtors outlined in the following table (collectively the “**Advanced Metal Debtors**”), all of which have only one (1) invoice outstanding (the “**Advanced Metal Invoices**”).

Debtor	Invoice Amount	Days Outstanding as at April 26th	Balances as at October 26th		
			Principal	Interest	Total
Lotus Environmental Ltd.	\$ 879,824	631 Days	\$ 458,080	\$ 17,450	\$ 475,530
PROFAB Industrial Construction	89,378	474 Days	71,502	22,165	93,667
AIC International Group	252,000	498 Days	201,600	62,496	264,096
Lotus Energy Services Inc.	1,466,365	477 Days	200,441	62,136	262,578
Mi2 Energy Ltd.	213,868	426 Days	171,095	50,988	222,082
Downton's Transport Ltd.	191,991	267 Days	153,593	32,794	186,386
	\$ 3,093,426	462 Days	\$ 1,256,311	\$ 248,029	\$ 1,504,340

- 145 The Advanced Metal Balance includes the payments of \$25,000 and \$113,045 that Frontline received from Advanced Metal on August 11, 2017 and September 11, 2017, respectively, towards the Purchased Invoice issued to Lotus Environmental Ltd (i.e. the balance reflects the payments being made)
- 146 As demonstrated in the table above, prior to the Appointment Order, the Advanced Metal Invoice Invoices were, on average, outstanding for 462 days; putting into question the collectability of the Advanced Metal Balance, and thus the underlying Recorded Value of the Advanced Metal Balance.
- 147 Not until the June 29 2017 Non-Performing Report did Frontline acknowledge that the advances made to Advanced Metal on the Advanced Metal Invoices were "*old non-performing invoices*". In the June 29 2017 Non-Performing Report, Frontline acknowledged that it was requesting new performing invoices to replace the Advanced Metal Invoices and that it had requested financial statements from Advanced Metal. In each subsequent Non-Performing Report, Frontline advised that it was able to establish a line of communication with Advanced Metal.
- 148 On July 28, 2017, Frontline advised that it had a meeting scheduled with the CEO of Advanced Metal to discuss payment alternatives and remedies.

- 149 On August 30, 2017, Frontline advised that after meetings and discussions, it was working with Advanced Metal to develop an alternative payment plan to retire the Advanced Metal Balance, including:
- a) replacing Advanced Metal Invoices with performing new invoices as they become available;
 - b) engaging a leasing company to enter into sale-leaseback transactions to obtain funding; and
 - c) selling the company.
- 150 On October 27, 2017, Frontline advised the Receiver that Advanced Metal is expecting to receive an offer for the company. However, such an offer has not yet been received. Advanced Metal communicated that another payment will be made on the Advanced Metal Balance in mid-November.

Receiver's Recourse and Strategy

- 151 As the Factoring Fund is in a subordinated second secured position, the Receiver is continuing to investigate options by which the Advanced Metal Balance, or a portion thereof, may be economically recovered.

Restoration Energy

Restoration Energy Factoring Arrangements

- 152 The Factoring Fund entered into a Factoring Agreement with Restoration Energy dated March 18, 2015 for the purchase of a list of approved receivables from Restoration Energy up to a maximum of \$2,000,000 (the "**Restoration Energy Factoring Fund Factoring Agreement**").
- 153 The Factoring Fund also entered into a security agreement with Restoration Energy dated March 18, 2015 which granted the Factoring Fund a general continuing security interest over all present and after acquired undertaking, property and assets of Restoration Energy, including all present and future right, title, and interest and benefit of Restoration Energy in all property; on a first secured basis.

- 154 On March 16, 2016, the Hedge Fund entered into a Factoring Agreement with Restoration Energy for the purchase of a list of approved receivables from Restoration Energy (together with the Restoration Energy Factoring Fund Factoring Agreement, the "**Restoration Energy Factoring Agreements**").

The 1312163 Alberta Ltd. Guarantee and Collateral Mortgage

- 155 On March 20, 2015, the Factoring Fund and the Company entered into a Corporate Guarantee and Indemnity Agreement with 1312163 Alberta Ltd. ("**131 Alberta**"), an apparent arm's length third party that is not evidently related to Restoration Energy or its principals, whereby 131 Alberta guaranteed any and all amounts advanced to Restoration Energy via the purchase of Restoration Energy's accounts receivable, limited to a maximum principal amount of \$2,000,000 (the "**131 Alberta Guarantee**"). The 131 Alberta Guarantee provided for a collateral mortgage in favour of the Company (the "**Collateral Mortgage**") against the legal title to approximately 90.88 acres of land owned by 131 Alberta located in Pine Lake, Alberta, comprising three parcels (the northernmost parcel, the "**North Parcel**"; the two southernmost parcels, the "**South Parcels**"; collectively, the "**131 Alberta Property**"). The Company subsequently registered the Collateral Mortgage against the 131 Alberta Property in the original principal amount of \$850,000, which was later amended by an amending agreement dated September 24, 2015 (registered on title on August 10, 2015), increasing the principal amount of the Collateral Mortgage to \$2,000,000.
- 156 The Collateral Mortgage is registered on title to the North Parcel behind two mortgages with an aggregate original principal amount totaling \$1,094,000. The Collateral Mortgage is registered on title to the South Parcels behind three mortgages (one of which is also registered against title to the North Parcel) with an aggregate original principal amount of \$1,210,000. Taken together, the Collateral Mortgage appears to be behind at least \$1,804,000 in principal of prior mortgages, plus an amount of accrued interest that is unknown but is likely to be considerable, for reasons detailed below.
- 157 Based on an appraisal dated September 25, 2011 (the "**Appraisal**"), the 131 Alberta Property was valued at an estimated \$3,180,800 (approximately \$35,000 per acre). In addition to its age, the Appraisal has weaknesses, including that it relies on certain assumptions which may not continue to be valid (i.e. given that the 131 Alberta Property

is zoned agricultural, and has not been approved for development despite a decade of efforts in this regard, and given the receipt of indications from the relevant municipality that only the North Parcel may potentially receive such an approval, and only then at a lower density than initially proposed). The Appraisal was also conducted in a very different market climate for Alberta real estate than that which exists at present.

- 158 Even if the Appraisal can be assumed to be accurate, which is likely not a safe assumption, the amount of equity available to satisfy the Collateral Mortgage appears to be extremely limited.
- 159 A&B and Darren Smits ("**Smits**") attended a call on November 2nd, 2017 which provided background into the origins of this guarantee and the current valuation issues. Smits played several roles in the Restoration Energy and 131 Alberta arrangements. He is an investor into developments on the 131 Alberta Property (having, amongst other things, provided personal guarantees to support the obligations of 131 Alberta under its senior mortgages in respect of the Pine Lake Lands). Together with Frontline, he participated in the origination of the 131 Alberta guarantee arrangements with Restoration Energy. Finally, Smits, a lawyer at the firm of Miller Thomson LLP, is also counsel to Frontline and, at the relevant time, served as counsel to Crystal Wealth in respect of the Restoration Energy Factoring Agreements.
- 160 On the November 2nd call, Smits expressed skepticism about the assumptions in the Appraisal, particularly in light of the difficulties in obtaining zoning approval for the property. Smits that he had "no idea what the land is worth." Smits suggested that the aggregate amount of accrued interest on two of the senior mortgages exceeded \$500,000, with further accrued interest on another, the quantum of which is unknown. Furthermore, Smits suggested that of the three parcels comprising the 131 Alberta Property, only the North Parcel would be of material value on a go-forward basis, as it is the only parcel which has experienced some traction in applying for municipal development approval (an area structure plan has been approved), and such value would only become apparent once such development begins. Materials subsequently provided by Smits show that, although preliminary engineering and cost studies have taken place, development of these lands has not begun.

The Debt Exchange Agreement

161 On June 28, 2017, Frontline provided the Receiver with an unsigned debt security exchange agreement between 131 Alberta, the Company (including the Factoring Fund, and Hedge Fund), Restoration Energy, and Aspen Shore Estates Ltd. ("**Aspen Shore**") that was dated March 2017 (the "**Debt Exchange Agreement**"). Frontline advised that Housego and Smith had verbally agreed to the terms of the Debt Exchange Agreement one week prior to the Appointment Order.

162 The Debt Exchange Agreement appears to confirm that the Restoration Energy Invoices are uncollectible. Per the Debt Exchange Agreement:

"Restoration Energy executed a number of factoring agreements with Crystal Wealth, the total accumulated amount outstanding as of September 22, 2016 is \$2,283,663.52 (the "Factoring Debt"), the funds of which were used by Restoration Energy to complete orders for customers, but due to technical issues with the technology the orders were not able to be completed.

Restoration Energy has retained the University of Calgary and has also brought a number of additional solid oxide fuel experts into the company in order to redesign the solid oxide fuel cell technology and products that are to be sold to third party consumers. Restoration Energy will be raising additional funds to complete these objectives."

163 The Debt Exchange Agreement proposed that the Company (including the Factoring Fund and the Hedge Fund) would exchange its Factoring Debt (\$2,283,664) for convertible debt in Restoration Energy on the terms summarized below:

- a) Principal – \$2,200,000;
- b) Interest Rate – 8% per annum;
- c) Term – 5 years;
- d) Conversion Option - At the option of the Company, convertible into common voting shares of Restoration Energy. Every \$1,000 of debenture shall be convertible to 650 common shares.

(the “**Convertible Restoration Debenture**”).

- 164 The Receiver advised Frontline that it could not accept and/or enter into the Debt Exchange Agreement until sufficient due diligence was performed on same. Frontline was unable to provide any relevant documentation to the Receiver to assist in such due diligence.
- 165 Accordingly, on August 8, 2017, A&B contacted Smits via e-mail to request a call to obtain certain due diligence materials required by the Receiver to evaluate the Debt Exchange Agreement, including with respect to the statements made in the Debt Exchange Agreement that the lenders that had first place mortgages against the 131 Alberta Property had commenced foreclosure actions in the Court of Queen’s Bench of Alberta in to order to realize on their mortgages. Smits advised A&B during a conference call on August 8, 2017 that the foreclosure actions were not advancing at that time due to the refinancing of the senior mortgages.
- 166 When A&B did not receive any of the requested documentation from Smits subsequent to the August 8, 2017 conference call, A&B engaged in a further conference call with Smits on November 2, 2017, as detailed above. During that discussion, Smits advised A&B that the foreclosure actions remained dormant as 131 Alberta had agreed to sell the 131 Alberta Property to a newly-formed company, Aspen Shore, a company controlled by Perali Properties Inc. (“**Perali**”), for an assumption of the first mortgages and non-voting shares of Aspen Shore. Smits confirmed that the proposed sale of the 131 Alberta Property is also on hold, pending efforts to take out the Company’s Collateral Mortgage from title.
- 167 Subsequent to the November 2, 2017 conference call with Smits, A&B reiterated its request via email to Smits for the provision of certain documentation that would help evaluate: (i) the 131 Alberta Property and the status of the two foreclosure actions commenced against 131 Alberta, and guarantors, including Smits; and (ii) the proposed Debt Exchange Agreement and the Convertible Restoration Debenture.
- 168 Smits provided certain of this requested material to A&B by electronic file transfer on November 17, 2017. From the Receiver’s preliminary review of this material, it appears to confirm that each of the foreclosure actions has been assigned to Perali in connection with its refinancing and assumption of senior mortgage debt in respect of the Pine Lake Lands.

The Receiver continues to investigate potential recovery on the 131 Alberta Guarantee, and the extent to which the Convertible Restoration Debenture would be a viable alternative to enforcement proceedings on the Collateral Mortgage, to the extent that the latter is economically practical given the Company's subordinated position and the uncertain valuation of the 131 Alberta Property.

The Receiver's Discovery of Additional Guarantees

- 169 By electronic transmission on November 13, 2017, Smits provided additional transactional documents with respect to the Restoration Energy Factoring Fund Factoring Agreement. This package of documentation included materials which were not previously contained in the Company's books and records. Most notably, it revealed three additional guarantees of Restoration's obligations under the Restoration Energy Factoring Fund Factoring Agreement: i) a corporate guarantee granted by DDI Distribution Corp on March 18, 2015; ii) a corporate guarantee granted by Dionne Design Inc. on March 18, 2015; and iii) a personal guarantee granted by the principal of Restoration, Yvonne Martin-Morrison, on March 18, 2015 (collectively, the "**Additional Restoration Guarantees**"). Each of the Additional Restoration Guarantees is limited to the principal amount of \$2,000,000.
- 170 A&B conducted further diligence regarding these corporate guarantors. Dionne Design Inc. and DDI Distribution Corp. are each Alberta corporations, each of which is inactive and has been struck from the Alberta corporate records (for failure to file corporate returns). Further, a PPSA search against Dionne Design Inc. disclosed two reports of property seizures and a writ of execution, each of which would have been visible at the time the Company and/or Frontline, as applicable, would have considered whether this company was an appropriate candidate to issue a corporate guarantee of the Restoration Energy obligations to the Factoring Fund.
- 171 The above-noted concerns with these corporate guarantors calls into question whether appropriate due diligence was conducted in respect of these lending arrangements at the time they were entered into; additionally, the fact that the Additional Restoration Guarantees were not maintained on file with the Company, and needed to be procured from Smits, is representative of the general lack of oversight on these investments. This exemplifies the general failings that the Receiver has noted in respect of the management of these investments by Frontline and/or Housego, as applicable, as described in further

detail in the section that follows entitled "Receiver's Concerns with the Administration of the Factoring Contracts".

Current Status

- 172 As at October 26, 2017, Restoration Energy had outstanding principal balances owing to the Factoring Fund and Hedge Fund of \$1,402,193 and \$501,000, respectively, totaling \$1,903,193 (the "**Restoration Energy Principal Balance**"), and interest owing of \$169,098 (the "the **Restoration Energy Interest Owing**", collectively with the Restoration Energy Principal Balance, the "**Restoration Energy Balance**") from Purchased Invoices issued to and owing from the Debtors outlined in the following table (collectively the "**Restoration Energy Debtors**") (the "**Restoration Energy Invoices**"):

Debtor	No.	Amount of Invoices	Days Outstanding as at April 26th	Principal & Interest as at Oct. 26th		
				Factoring Fund	Hedge Fund	Total
CPPS Mission Projects	2	\$ 1,300,000	463 Days	\$ 559,269	\$ 569,222	\$ 1,128,491
University of Calgary	1	500,000	586 Days	429,000	-	429,000
TLP Outreach Association Inc.	1	600,000	512 Days	514,800	-	514,800
	4	\$ 2,400,000	520 Days	\$ 1,503,069	\$ 569,222	\$ 2,072,291

- 173 As demonstrated in the table above, prior to the Appointment Order, the Restoration Energy Invoice Invoices were, on average, outstanding for 520 days. This fact, combined with the concerns raised in the Debt Exchange Agreement concerning the collectability of these invoices, puts potential recovery into question, and, as a result, raises concerns with respect to the Company's represented Recorded Value of the Restoration Energy Balance.
- 174 To the extent that the Restoration Energy Balance is not collectible from Restoration Energy, the collectability of such balance pursuant to the 131 Alberta Guarantee is also questionable, given: (i) the extent to which the Company's position is subordinated to multiple senior lenders (an estimated \$2.3 million in known principal and accrued interest, plus an unknown amount of additional accrued interest, as compared to the estimated \$3,180,000.00 value of the Appraisal, which, as stated, may be unrealistic given the present undeveloped state of the 131 Alberta Property, the lack of zoning approval, and

the lack of any progress on zoning approval on two of the three parcels); and (ii) the weak market for Alberta real estate.

Demand Letters to Restoration Energy and the Guarantors

- 175 Based on the information obtained from Frontline, no formal demands for payment were ever made against the Debtors or Merchants of the Factoring and Hedge Funds prior to the Receiver's appointment.
- 176 On behalf of the Receiver, A&B issued a demand letter to Restoration Energy on November 7, 2017, and a subsequent demand letter to 131 Alberta on November 13, 2017, each of which enclosed a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (a "**BIA Notice**"). A&B also issued demand letters (the "**Additional Restoration Guarantor Demands**") to each of the guarantors pursuant to the Additional Restoration Guarantees on November 14, 2017. Copies of the foregoing demand letters, and their enclosures, are attached as **Appendix "36"** to this Second Report.
- 177 Notably, the Additional Restoration Guarantor Demands sent to DDI Distribution Corp. and Dionne Design Inc. were sent by e-mail and registered mail in accordance with the underlying guarantees, but were electronically returned as undeliverable. As at the date of this Second Report, the registered mail copy has not been signed for by the respective recipients.
- 178 The Additional Restoration Guarantor Demand sent to Yvonne Martin-Morrison appears to have been successfully delivered via e-mail, but has not been responded to by Ms. Martin-Morrison as at the date of this Second Report.
- 179 As at the date of this Second Report, the Receiver has not received a response to any of the above-noted demands.

Single Source

- 180 The Factoring Fund entered into a Factoring Agreement with Single Source dated August 9, 2016 (the "**Single Source Factoring Agreement**"). The Factoring Fund also entered into a security agreement with Single Source dated August 9, 2016 granting the Factoring Fund a general continuing security interest over all present and future property and assets

of Single Source. In addition, Tanya McCrary-Singh ("**McCrary-Singh**"), the Chief Financial Officer of Single Source, provided a personal guarantee (the "**McCrary-Singh Guarantee**") in favour of the Factoring Fund dated August 9, 2016, guaranteeing the obligations of Single Source to the Factoring Fund.

- 181 As at October 26, 2017, principal is outstanding under a single invoice factored by the Factoring Fund from Single Source in the sum of \$93,985, with accrued interest owing to the Factoring Fund of \$20,206.
- 182 By letter dated November 22, 2017, the Receiver demanded immediate payment from Single Source pursuant to the Single Source Factoring Agreement. A copy of the November 22, 2017 letter sent by the Receiver to Single Source is attached to this Second Report as **Appendix "37"**.
- 183 If payment is not remitted by Single Source to the Receiver shortly, the Receiver anticipates that it will take steps to enforce pursuant to the Single Source Factoring Agreement and McCrary-Singh Guarantee, with the goal of collecting on this receivable in a cost-effective manner given the amount owing.

RECEIVER'S CONCERNS REGARDING THE ADMINISTRATION OF THE FACTORING CONTRACTS

- 184 During its review, the Receiver has noted that the procurement and administration of the Factoring Contracts by Frontline and Housego, the latter of whom was the Lead Portfolio Strategist of the Hedge Fund and Factoring Fund until being terminated by the Receiver, was highly unsophisticated and lacked the necessary controls to ensure that advances made to Merchants would ultimately be repaid. The deficiencies noted by the Receiver, as discussed in this section, have ultimately led to the impaired status of the investments held by the Factoring and Hedge Funds as detailed above.

High Level of Concentration Risk

- 185 As outlined above, the Factoring Contracts have an exceptionally high level of concentration risk given that as at October 26, 2017, two (2) Merchants, Dome Mountain⁵ and Zomongo TV, directly and indirectly account for 87.97% (57.97% and 30.00%,

⁵ Including the 156 Alberta Balance and the 647 BC Balance.

respectively) of the Factoring Balance; while three (3) Merchants account for the remaining 12.30%.

- 186 This concentration risk is further compounded in that the Dome Mountain Balance is a bridge loan (i.e. not a factoring arrangement) and the Zomongo TV Balance is purportedly owing from five (5) Debtors with only 16 outstanding invoices.

Due Diligence on Merchants and Debtors

- 187 Under the FPAA, Frontline was required to perform a certain level of due diligence prior to putting forth a proposed Factoring Contract to the Factoring Fund and/or Hedge Fund. The FPAA's stated that:

- a) *"Each such proposed factoring arrangement must comply with all of the requirements of this Agreement and the Approved Investment Criteria."*
- b) *"Prior to its presentation to the [Factoring/Hedge Fund], Frontline shall have evaluated each potential factoring arrangement in accordance with the Due Diligence Guidelines and shall include, but will not be limited to, a review of the operations and credit worthiness of any Merchant, the Debtors involved, the accounts receivable aging and any other applicable Contract Documents..."*
- c) *"With respect to each specific proposed arrangement, Frontline shall also provide a written report as to whether the specific proposed arrangement complies with the Due Diligence Guidelines."*

(collectively referred to as the **"Required Due Diligence"**).

- 188 The FPAA make reference to Exhibit "A" and Exhibit "C" which outline the Due Diligence Guidelines and the Approved Investment Criteria, respectively.
- 189 On September 11, 2017, the Receiver requested that Frontline provide documentation to confirm that the Required Due Diligence was performed. In response to the Receiver's request, on September 28, 2017, Frontline provided the Receiver with documents which were titled "invoice summaries" (**"Invoice Summaries"**) in connection with each of the Merchant's outstanding invoices to Debtors, pursuant to which indebtedness is owing to the Factoring and Hedge Funds. The Invoice Summaries provided by Frontline are attached hereto as **Appendix "38"**.

- 190 On September 21, 2017, the Receiver requested that Frontline provide a copy of Exhibit “A” and Exhibit “C” referenced in the FPAA. Frontline indicated that a formal Exhibit “A” or Exhibit “C” were never executed. In an emailed response dated September 29, 2017, with respect to Exhibit “C”, Froese indicated that:

“Exhibit “C” was never completed in the Factoring Procurement and Administration Agreement. There were many discussions with Clayton Smith although I don’t believe we ever came to an agreement. We started with conversations on each deal as well as [the Invoice Summaries] and if Crystal Wealth requested any addition information we would give it to them. Because of that, there were no written reports as there was nothing to reference.”

A copy of Froese’s email referencing the above is attached hereto as **Appendix “39”**.

- 191 On October 31, 2017, after locating a document titled “Exhibit A – Due Diligence Guidelines” in the Company’s books and records (a copy of which is attached hereto as **Appendix “40”**), the Receiver sent an email to Froese that requested certain documentation and written reports to support performance of the Due Diligence Guidelines by Frontline. In response, Froese indicated that:

“...there was no formal Schedule “A” and the schedule you have may have been a draft copy for discussion purposes, although was never part of the agreement. As per information, I believe we have sent you everything that we have.”

A copy of the Receiver’s email and Froese’s response is attached hereto as **Appendix “41”**.

- 192 The Invoice Summaries do not satisfy the Required Due Diligence as they fail to include, among other things:

- a) any relevant information on the underlying Debtor of the invoice;
- b) any detailed analysis of the business and risks of the Merchant’s business;
- c) a statement that the specific proposed arrangement complies with the Due Diligence Guidelines; and

d) an evaluation as to whether the proposed factoring arrangements comply with the Approved Investment Criteria.

- 193 Based on the Company's books and records, there appears to be little to no evidence of any additional information provided to the Company that would confirm that Frontline performed the Required Due Diligence.
- 194 Notwithstanding the absence of Frontline performing the Required Due Diligence, Housego and/or Smith nevertheless caused the Factoring and Hedge Funds to enter into each of the Factoring Contracts based on little to no due diligence. The Company's books and records contain no evidence that Housego and/or Smith performed any additional due diligence themselves to supplement or compensate for the minimal due diligence performed by Frontline.

Allocation of Payments Received by Frontline Contrary to the FPAA

- 195 As noted above, payments of \$25,000.00 and \$113,044.41 were received by Frontline from Advanced Metal on August 11, 2017 and September 11, 2017, respectively (collectively the "**Advanced Metal Payments**"), towards the Purchased Receivable (invoice 35507) issued to Lotus Environmental Ltd. (the "**Lotus Invoice**"). When none of these funds were remitted by Frontline to the Receiver, the Receiver requested a conference call with Frontline to inquire as to why the entirety of the Advanced Metal Payments had not been remitted to the Receiver in accordance with the FPAA.
- 196 On October 3, 2017, the Receiver, A&B, and Frontline convened the conference call, as requested by the Receiver. Froese advised that Frontline had a verbal arrangement with Smith, whereby Frontline was permitted to retain certain sums of the payments received from Merchants or Debtors on account of interest in priority to repayment being first made to the Factoring Fund and/or Hedge Fund. Based upon this purported verbal arrangement, Froese indicated that the Factoring Fund would only receive \$53,094.02 of the Advanced Metal Payments (totaling \$138,044.41), and that Frontline would be permitted to retain the remaining \$84,950.39. According to Frontline, the allocation of the Advanced Metal Payments received was accordingly to be as follows based upon the verbal arrangement between Frontline and Smith:
- a) \$25,000 payment on August 11, 2017 – \$9,615.38 to the Factoring Fund and \$15,384.62 to Frontline; and

- b) \$113,044.51 payment on September 11, 2017 – \$43,478.64 to the Factoring Fund and \$69,565.87 to Frontline.

A copy of the "Payment Summaries" provided to the Receiver by Frontline in this regard are attached hereto as **Appendix "42"**.

- 197 The arrangement described by Froese is contrary to s. 4.6 of FPAA, which provides that the Factoring and Hedge Funds are to be repaid in priority to Frontline receiving any compensation:

"...all monies received from a Merchant or its Debtors, either in the normal course of business or in the event of a collection action or resolution shall be paid, firstly to the Fund until the amount advanced by the Fund has been repaid in full and, secondly, on a pro rata basis to Frontline and the Fund for the amounts of the fees due to each of them..." [emphasis added]

- 198 Frontline has been unable to provide any documentation to the Receiver to support its alleged verbal arrangement with Smith, which would supersede the priority payment scheme set out in s. 4.6 of the FPAA.
- 199 Frontline's allocation of the Advanced Metal Payments is in contravention of s. 4.6 of the FPAA as the Factoring Fund and Hedge Fund are entitled to all monies received until the amount advanced by the Funds is recovered; the amount advanced on the Lotus Invoice that remains outstanding totals \$458,080. The Factoring Fund is therefore entitled to the entire amount of the Advanced Metal Payments and any future amounts received by Frontline in trust for the Factoring Fund until the \$458,080 advance on the Lotus Invoice is paid off in full.
- 200 On October 10, 2017, pursuant to section 4.6 of the FPAA, the Receiver directed Frontline to remit the entire amount of the Advance Metal Payments to the Receiver. In response, Froese advised that:

"Frontline has been caught off guard with the request to send all the funds from the invoices to the receiver. As precedent had been set and agreed to by Crystal Wealth with the way we were handling all payments and per instructions from receiver to continue operations as we always have, would it be possible to start

with the new calculations (per original agreement) going forward. We will send the original amount from the invoice summaries right away."

- 201 The Receiver has not – and does not – approve of an alternative priority arrangement for payment which is different than as prescribed by the FPAA. Accordingly, on October 13, 2017, the Receiver reiterated to Frontline that the Factoring Fund was entitled to the entire amount of the Advanced Metal Payments and demanded that payment of same be remitted by Frontline to the Factoring Fund immediately.
- 202 On October 16, 2017, Froese advised the Receiver that Frontline did not have sufficient funds to send the Advanced Metal Payments to the Receiver.
- 203 In response, the Receiver sent an email to Frontline again reiterating that the entirety of the Advanced Metal Payments, and all future payments received by Frontline, must be immediately remitted to the Receiver in trust for the Factoring and Hedge Funds, as applicable.
- 204 The email correspondence with respect to the Advanced Metal Payments between the Receiver and Froese, as summarized above, is attached hereto as **Appendix "43"**.
- 205 Notwithstanding numerous follow-up correspondence sent by the Receiver to Frontline, as at the date of this Second Report, the Receiver has not received any of the Advanced Metal Payments owing to the Factoring Fund.
- 206 As mentioned above, Frontline stated that it had a verbal arrangement with Smith to receive a portion of payments from Merchants/Debtors prior to the initial advance made by the Factoring/Hedge Fund being paid in full. As a result, on previous payments, Frontline has applied an allocation where it has been receiving a portion of the payments previously made by Merchants and/or Debtors before the initial advance made by the Factoring/Hedge Fund is repaid. The following table outlines: (i) the payments made by the Merchants and/or Debtors on the outstanding Purchased Invoices (Payments); (ii) the portion of the payment allocated to the Factoring/Hedge Fund's initial advance (Initial Advance); (iii) the portion of the payment allocated to the Factoring/Hedge Fund for interest outstanding, and (iv) the portion kept by Frontline for its fees and interest. A copy of Frontline's most recent Weekly Report to the Receiver concerning the status of the Factoring Contracts as at November 17, 2017 is attached hereto as **Appendix "44"**.

Merchant	Payments	Allocation of Payment		
		Initial Advance	Fund Interest	Frontline Interest & Fees
Zomongo TV	\$ 1,282,392	\$ 251,222	\$ 928,315	\$ 102,854
Advanced Metal ¹	544,390	68,236	165,463	310,691
156 Alberta	289,828	224,361	56,658	8,809
Restoration Energy	204,860	-	90,439	114,421
	\$ 2,321,470	\$ 543,820	\$ 1,240,876	\$ 536,775

Note 1 - Advanced Metal figures include the allocation of the Advanced Metal Payments between Frontline and the Factoring Fund.

207 As shown in the table above, based on its alleged agreement with Smith and in contravention to the FPAA, Frontline has withheld \$536,775 of the payments received from Merchants and/or Debtors for the outstanding Purchased Invoices that should have been allocated to the initial advances made by the Factoring/Hedge Fund. The Receiver disagrees with Frontline's position and requests an Order that Frontline pay the \$536,775 outstanding to the Receiver in trust for the Factoring and Hedge Funds, as applicable.

208 Froese indicated to the Receiver during the October 3, 2017 conference call that the Frontline employee who developed the system for the Frontline Weekly Report summaries to the Factoring and Hedge Funds, Steven Bandola, left Frontline in April 2017, at the approximate time of the Receiver's appointment.

Other Notable Items

209 During the Receiver's due diligence, the Receiver noted that Froese currently holds 300,000 share purchase warrants in Zomongo TV. Froese had never made this disclosure to the Receiver. Such an investment presents a conflict of interest for Frontline as the Factoring and Hedge Fund are creditors and Froese is personally an equity holder of this Merchant of the Factoring/Hedge Funds.

MEDIA LOANS

BACKGROUND

210 The Media Fund's primary investment was that of term loans purchased from Media

House Capital (Canada) Corp. ("**MHC**") reflecting loans ("**Media Loans**") made to various production companies for the production of films. The Media Loans consist of two general types: (i) Gap Loans; and (ii) Tax Credit Loans, both of which are described and defined below.

Gap Loans

211 The Media Fund loaned funds to single purpose production companies (i.e. entities incorporated for the sole purposes of producing a particular film). Each film would have its own separate legal entity in order for films to be financed and produced whereby the security of the loan is the unsold rights to the production (the "**Gap Loans**").

212 In most scenarios, a producer would build a financing plan for the production budget, putting together the components of financing, including, but not limited to, one or more of tax credits, government subsidies, pre-sales, and private equity. If additional funding was required to produce the film over and above the available sources, a Gap Loan would be obtained. The Gap Loan is the riskiest type of financing for a lender as the Gap Loan is issued based solely on estimated sales which, often times, is far less than can be generated by the production.

Tax Credit Loans

213 Many jurisdictions offer tax credits as an incentive to producers to make their films in that jurisdiction. The tax credits are usually 25% - 30% of the overall production budget depending on where the film is shot and the nationalities of those involved. The Media Fund advanced loans to certain production companies secured by the rights to tax credits (the "**Tax Credit Loans**"), which security was occasionally subordinated to a senior secured lender.

Recorded Value of the Media Loans by the Company

214 According to the April 20th Package, the Company had attributed a Recorded Value in excess of \$53 million, inclusive of principal and interest. Based on the Receiver's early conversations and correspondence with MHC, it was apparent that a significant number of the films underlying the Media Loans appear to be experiencing significant issues and/or delays.

215 As discussed in the First Report, and the Supplement to the First Report, the Receiver

engaged Quiver as an expert advisor to assist the Receiver in its investigation and management of the Media Fund.

216 On June 27, 2017, the Receiver and Quiver entered into a Memorandum of Understanding (“**MOU**”) which outlined the roles and responsibilities of Quiver and its compensation in so acting. In summary, Quiver’s mandate under the MOU was to, among other things:

- a) engage with all third party sales agents and domestic distributors to review the status of each film, including but not limited to interest and results from international distributors, timing of such interest, exposure and interest at film markets and festivals, and identification of unpaid, current and long-term accounts receivable;
- b) identify the unsold rights by film, by media (e.g. video on demand, television, etc.), and determine the best course of action to extract value from said rights and provide recommendations on the best course of action moving forward; and
- c) utilize relationships with the distributors and customers (e.g. Netflix, Amazon, Walmart, etc.) to generate collections.

217 Since the First Report, the Receiver and Quiver have executed two amendments to the MOU (the “**MOU Amendments**”), in order to extend Quiver’s engagement first through to October 31, 2017, and subsequently, through to November 30, 2017. Copies of the MOU Amendments are attached hereto as **Confidential Appendix “2”**.

ESTIMATED VALUE OF THE MEDIA LOANS

218 On November 22, 2017, Quiver provided to the Receiver a report (the “**Quiver Report**”) that, among other things: (i) outlined the nature of the Media Loans issued to the various production companies; (ii) set out collections obtained by the Receiver for Media Loans as at the date of the Quiver Report; and (iii) provided an estimated value of the Gap Loans and Tax Credit Loans. A copy of the Quiver Report which, among other things, details the underlying methodology in determining the projected amounts which are reasonably likely to be recovered by the Media Fund with respect to the Media Loans (the “**Projected Media Loan Values**”), is attached hereto as **Confidential Appendix “3”**. The Quiver Report, including its appendices, is in excess of 1,200 pages (it contains periodic financial accounting for the Media Loans). Due to this length, only the Quiver Report and its

Appendix D – Library Analysis have been included in this Confidential Appendix to the Second Report in hard-copy form; the full Quiver Report containing all appendices has been provided on a USB key within the Confidential Appendix.

- 219 Since its appointment, the Receiver, has collected a total of \$6,859,188 and US \$153,591 with respect to the Media Loans.

INTER-FUND INVESTMENT IMPACT

- 220 As discussed in the First Report, the Media Fund was the largest recipient of Inter-fund Investments from a number of Crystal Wealth Funds totaling a Recorded Value of \$11,349,768 per the April 20th Package. The following table outlines the unit holdings and Recorded Values (per the April 20th Package) that certain of the Crystal Wealth Funds held in the Media Fund.

	A		B		B / A
Fund	Fund April 20th NAV	Units in Media Fund	Recorded Value of Units	Percentage of NAV	
ACM Income Fund	\$ 10,815,417	655,974	\$ 6,641,115	61.40%	
Mortgage Fund	27,082,935	204,475	2,072,643	7.65%	
Medical Fund	9,270,090	151,855	1,537,291	16.58%	
ACM Growth Fund	11,609,064	56,974	576,764	4.97%	
High Yield Mortgage Fund	5,442,165	51,409	521,098	9.58%	
Factoring Fund	38,124,168	85	857	0.00%	
	\$ 102,343,839	1,120,772	\$ 11,349,768		

- 221 Based on the Projected Media Loan Values, the above noted Inter-fund Investments were grossly overstated resulting in the value of each of the above noted Crystal Wealth Funds being overstated. The above noted Crystal Wealth Funds will accordingly receive far less from the Media Fund than their Inter-fund Investments in the Media Fund. In other words, significant monies deployed by the ACM Income Fund, ACM Growth Fund, Mortgage Fund, Medical Fund, and High Yield Mortgage Fund to invest in the Media Fund, will result in significant monetary losses to each of these Funds.
- 222 As the Media Fund was earning little to no income on the Media Loans, the Receiver has concerns as to how redemptions and distributions to Media Fund investors were satisfied prior to the Receiver's appointment (i.e. whether Inter-fund Investments in the Media Fund

by other Funds, or funds from investor purchases of units in the Media Fund, were used to fund Media Fund redemptions and distributions).

GOLD LOANS

BACKGROUND

223 The Factoring Fund and Hedge Fund entered into four (4) Gold Certificate Subscription Agreements with Onstar Exploration Ltd. ("**Onstar**") as follows:

- a) three (3) Gold Certificate Subscription Agreements between the Factoring Fund and Onstar dated August 12, 2016, November 27, 2016, and September 25, 2016 for a total of 3,800 ounces of Gold; and
- b) one (1) Gold Certificate Subscription Agreement between the Hedge Fund and Onstar dated September 25, 2016 for a total of 200 ounces of Gold.

(collectively, the "**Onstar Subscription Agreements**").

224 Under the Onstar Subscription Agreements, the Factoring Fund and the Hedge Fund purchased gold certificates for certain multiples of 1,000 ounces of Gold per certificate (the "**Gold Certificates**") which cumulatively totaled 4,000 ounces of Gold.

225 In addition to the Onstar Subscription Agreements, the Factoring Fund, the Hedge Fund and the Bullion Fund collectively entered into seven (7) Gold Sale / Purchase Agreements (some of which have or will be expiring shortly) with the following entities:

- a) 611802 B.C. Ltd. ("**611 BC**") – four (4) Gold Sale / Purchase Agreements with a combined Recorded Value of approximately \$1,255,819 (the "**611 BC Loan**");
- b) Inca One Gold Corp. ("**Inca**") – two (2) Gold Sale / Purchase Agreements with a combined Recorded Value of approximately \$958,797 (the "**Inca Loans**"); and
- c) Solid Holdings Ltd. ("**Solid Holdings**") – one (1) Gold Sale / Purchase Agreement with a Recorded Value of \$333,332 (the "**Solid Holdings Loan**").

The 611 BC Loan, Inca Loans, and Solid Loans (collectively, the "**Settlement Loans**") are similar in nature in that upon expiry, the agreement is completed either through: (i) the

delivery of the Gold; or (ii) a cash settlement. A description of the commercial arrangement under the Settlement Loans is outlined in paragraph 63 of the First Report.

RECEIVER'S KEY FINDINGS AND ACTIONS

- 226 The Onstar Subscription Agreements and the Settlement Loans are, in substance, term loans to Onstar, 611 BC, Inca, and Solid Holdings (collectively, the “**Gold Sellers**”) and are therefore referred to as the “**Gold Loans**”. The Gold Loans are to be repaid upon maturity in either Gold or cash. For greater clarity, the Factoring/Hedge/Bullion Funds did not purchase Gold in its physical form under any of the Gold Loans.
- 227 The table below provides a summary of the Gold Loans held in the Bullion Fund, Hedge Fund, and Factoring Fund:

Fund	Ounces	Outstanding Gold Loans	CAD Amount Advanced	USD Amount Advanced	Market Value (CAD) Oct 31/17
Factoring Fund	4,341	5	\$911,441	US \$3,260,000	\$7,094,001
Bullion Fund	481	2	\$803,100	US \$0	\$760,556
Hedge Fund	761	4	\$845,704	US \$190,000	\$1,219,702
Total	5,583	11	\$2,560,245	US \$3,450,000	\$9,074,259

- 228 Although the market value of the ounces of Gold to be delivered upon maturity of the Gold Loans is approximately \$9,074,259 as at October 31, 2017,⁶ each of the Gold Sellers are in, or appear to be in poor financial health and as a result, do not have the ability to repay the Gold Loans, whether in cash or in Gold.
- 229 Under the Gold Loans, the Crystal Wealth Funds are unsecured creditors, with no security over any of the Gold Sellers’ assets. The Receiver has concerns over the ultimate collectability of the Gold Loans. As at the date of this Second Report, the Crystal Wealth Funds have not received any repayment (in Gold or cash) for any of the Gold Loans.
- 230 The Company’s books and records contain little to no information on the Gold Sellers. In addition, the Receiver has been unable to locate documentation or evidence

⁶ The price of Gold as at October 31, 2017 was \$1,637 per ounce (US \$1,270 per ounce converted at an exchange rate of 1.2894)

demonstrating that any due diligence had been performed on the Gold Sellers by the Company, the Funds, or by Housego - the former Lead Portfolio Strategist of the subject Funds - or that the Gold Loans fit the investment criteria outlined in each of the Factoring, Hedge, and Bullion Fund's OMs.

- 231 The Gold Loans do not appear to fit into the investment strategy of the Factoring Fund or the Bullion Fund based on the wording contained in their respective OMs. It is unclear if the Gold Loans would be considered appropriate investments in the Hedge Fund given the broad wording contained in the Hedge Fund's OM.

RECEIVER'S DETAILED REVIEW OF GOLD CONTRACTS

Onstar Subscription Agreements

- 232 As outlined in the First Report, the Receiver was able to locate unsigned Gold Certificates in the Company's books and records which stated the following:

*Gold deliveries to the Owner [the Hedge/Factoring Fund] shall commence **on April 30, 2017 F.O.B. Juneau, Alaska** and shall occur monthly, until the entire 1,000 ounces of gold due under this Certificate has been delivered to the Owner. It is expected that all gold payments will be completed no later than April 30, 2019.*

The Receiver has obtained executed copies of the Onstar Subscription Agreements which are executed by Alan Braun ("Mr. Braun") on behalf of Onstar. The Receiver has confirmed with Onstar that no Gold has been delivered to either the Factoring Fund or the Hedge Fund as at the date of this Second Report.

Housego's Involvement

- 233 Through the Receiver's review, the Company's books and records contain minimal information with respect to Onstar's operations and contain no evidence of due diligence being performed by Housego or any other Company representative. The Receiver expected that such due diligence would include, but would not be limited to, an evaluation of the potential risks and benefits of the Factoring Fund and Hedge Fund advancing US \$3,000,000 and \$748,900 to Onstar and whether the Onstar Subscription Agreements would be considered applicable investments under the Factoring Fund and Hedge Fund OMs. The absence of any due diligence being performed prior to the advancement of funds is alarming.

- 234 In a letter dated April 24, 2017, signed by Smith, to the British Columbia Securities Commission (the “**BCSC**”) (in response to an assumed inquiry made by the BCSC as referenced in the letter) (the “**April 24 2017 BCSC Letter**”), Smith, among other things, states that:

“Mr. Housego was introduced to Alan Braun through Taz Faryad. Mr. Faryad was trying to connect gold sellers and gold buyers. The [Company] manages a number of mutual fund trusts for which Mr. Housego acts as lead portfolio manager and in which Mr. Housego was looking to invest in gold. Presumably, Alan Braun was involved in a company or companies that produces gold so Mr. Faryad connected us to see if there was a fit. Mr. Housego first met Alan Braun at a meeting in Vancouver in early August 2016. Taz Faryad, Jerry Braun and Rene Gladu were also present.” [Emphasis added]

In an email dated August 11, 2016 from Housego to Mr. Braun, Jerry Braun, Rene Gladu, and Taz Faryad, Housego confirmed that the first meeting mentioned in the April 24 2017 BCSC Letter occurred on August 8, 2016 and that this meeting was the first meeting of the parties. A copy of the April 24 2017 BCSC Letter is attached hereto as **Appendix “45”**.

- 235 Based on the above, Housego first met Mr. Braun on August 8, 2016; and four days later (on August 12, 2016), the Factoring Fund made the first advance to Onstar of US \$2,000,000. The April 24 2017 BCSC Letter provides further evidence that little to no due diligence was performed by Housego or the Company prior to entering into the Onstar Subscription Agreements and advancing the previously mentioned funds.
- 236 As noted in the First Report, Onstar claimed that Housego had verbally agreed to provide a total of US \$10 million of funding to Onstar for the development of a mine in Juneau, Alaska. However, to date, only the funding noted above has been provided. As a result, Onstar has had to seek external financing to complete the development of the Juneau, Alaska mine. The Receiver does not know at this time if Onstar was successful in seeking such funding.

Gold Certificates

- 237 The Onstar Subscription Agreements all reference executed Gold Certificates contained in Schedule A to same. The Onstar Subscription Agreements provided by Smith and

contained in the Company's books and records did not include copies of the executed Gold Certificates nor did the Onstar Subscription Agreements provided by Mr. Braun. Onstar, upon the Receiver's request, advised that it was unable to locate the executed Gold Certificates. However, Onstar did provide unsigned copies of the Gold Certificates to the Receiver which stated the same terms as outlined in paragraph 232 above.

- 238 The Onstar Subscription Agreements, under the "Registration and Delivery Instructions" section, state that the Gold Certificates were to be delivered to NBCN at the following address:

*NBCN
250 Yonge Street, 19th Floor
Toronto, Ontario
M5B 2L7
Attention: Cheryl Rochemont*

The Receiver has made numerous requests of NBCN to locate the Gold Certificates. As at the date of this Second Report, NBCN has been unable to locate the executed Gold Certificates, which suggests that the executed Gold Certificates were never delivered by Onstar to NBCN.

- 239 Upon review of email correspondence between Onstar and Housego, it appears the Gold Certificates were delivered to Housego. On October 30, 2017, the Receiver requested that Housego provide the copies of the Gold Certificates to the Receiver. Housego stated that he did not know where the Gold Certificates were as outlined in his response below:

"I don't recall ever getting the certificates. I have looked but I do not have them. All certificates would have gone to HO and would have been part of the security needed to issue funds. I have no idea where they are or could be."

- 240 On October 31, 2017, the Receiver requested that Smith provide copies of the executed Gold Certificates to the Receiver. Smith advised that he had never received the Gold Certificates and that NBCN would likely be in possession of same. Smith's response to the Receiver's request was as follows:

"I don't have any documents from Crystal Wealth in my possession. Joanne Bentley handled most of the admin stuff, and I think the certificates may have been filed with NBCN."

- 241 As the April 24 2017 BCSC Letter stated that Gold Certificates were attached, the Receiver sent a letter to the BCSC on November 22, 2017 requesting that a copy of the Gold Certificates be provided. As at the date of this Second Report, the Receiver has not received a response.

Receiver's Demand

- 242 As delivery of Gold per the Gold Certificates had not yet occurred, A&B, on behalf of the Receiver, issued a default letter to Onstar dated October 26, 2017 (the "**Onstar Default Letter**") which, among other things, demanded immediate delivery of Gold in accordance with the terms of the Gold Certificates. A copy of the Onstar Default Letter is attached hereto as **Appendix "46"**.
- 243 On November 2, 2017, in response to the Onstar Default Letter, Onstar advised the Receiver that it would honour the Onstar Subscription Agreements and Gold Certificates. Onstar advised that it was completing separate funding to fulfill the requirements of the Gold Certificates and that such funding would be in place in the month of November to early December 2017. Once funding is received, Onstar advised that a large scale operation would begin. Onstar stated that it currently has a small amount of Gold from the site available.
- 244 On November 7, 2017, the Receiver inquired of Mr. Braun as to whether cash payments could be made by Onstar instead of physical delivery of Gold at the same intervals in which deliveries of Gold would otherwise occur. The payments requested by the Receiver would be made by Onstar at the stated spot price of the expected Gold delivery (i.e. the spot price multiplied by the ounces to be delivered). As at the time of this Second Report, Onstar has not advised the Receiver as to whether such payments, in lieu of Gold deliveries, will be possible.
- 245 If necessary, the Receiver will arrange a location for the delivery of the Gold to be provided by Onstar, which arrangements are currently being put into place by the Receiver.

611 BC Loans

- 246 611 BC entered into the following Settlement Loans with the following Crystal Wealth Funds:

- a) One (1) Settlement Loan with the Bullion Fund – expiring November 28, 2017 whereby \$124,657 was advanced to 611 (the “**611/Bullion Loan**”);
- b) Two (2) Settlement Loans with the Hedge Fund – one (1) expiring November 28, 2017 and one (1) expiring January 16, 2018 with \$409,995 advanced to 611 (collectively the “**611/Hedge Loans**”); and
- c) One (1) Settlement Loan with the Factoring Fund – expiring February 2, 2018 whereby \$500,405 was advanced to 611 (the “**611/Factoring Loan**”).

Each of the 611 BC Loans were entered into by Pinnell on behalf of 611 BC.

- 247 As outlined in the First Report, the Receiver inquired as to 611 BC’s ability to execute an early exit from the 611 BC Loans; 611 BC stated that due to current cash constraints it will not be able to do so.
- 248 In subsequent discussions with the Receiver, 611 BC indicated that it did not engage in any mining activity directly nor did it hold any assets other than investments and receivables owing from other companies (as described below). 611 BC provided the Receiver with internally generated statements for the 12 months ending December 31, 2017 which indicated that 611 BC has no mining assets (i.e. land or equipment). The Receiver has requested more recent financial information.
- 249 Pinnell advised that the proceeds obtained from the 611 BC Loans was advanced to third party entities for certain projects as follows:
 - a) proceeds obtained from the 611/Bullion Loan and one of the 611/Hedge Loans totaling approximately \$325,325 were advanced to a third party, Blacksand Gold Inc. (“**Blacksand**”), who entered into agreements with two other parties, Place One Mines Inc. (“**Placer One**”) and New North Construction Ltd (“**New North**”), for the development of a Gold mine in British Columbia (the “**BC Mine**”);
 - b) proceeds obtained from the second 611/Hedge Loan totaling approximately \$209,327 were advanced to a third party, Petra Capital Corporation (“**Petra**”), for the delivery of Gold from a Gold mine in Columbia (the “**Columbia Mine**”); and

- c) proceeds obtained from the 611/Factoring Loan of \$500,405 were also advanced to Petra for a portion of Petra's revenue interest in certain oil wells located in Louisiana, USA (the "**Oil Wells**").

As outlined in paragraph 251 below, the Receiver has requested a number of documents to support the claims made by Pinnell and the projects described above. Such information remains outstanding as at the date of this Second Report.

- 250 On October 24, 2017, one month prior to the expiry of the 611/Bullion Loan and one of the two 611/Hedge Loans, the Receiver requested that 611 BC provide an update as to the status of the BC Mine and the expected payment date of the 611/Bullion Loan and 611/Hedge Loan expiring on November 28, 2017. 611 BC advised the Receiver that production at the BC Mine was halted as it requires additional funding to continue operating and that Placer One, Blacksand, and New North have commenced legal action against each other as a result. 611 BC advised the Receiver that it has not yet received any Gold from Placer One nor Blacksand.
- 251 On November 11, 2014, after numerous follow-up correspondence from the Receiver, Pinnell indicated that the requested information outlined below would be provided within the coming weeks. The Receiver will continue to follow up with Pinnell. As at the date of this Second Report, the following items requested by the Receiver remain outstanding:
 - a) the most recent financial statements for 611 BC;
 - b) details of the legal proceedings between Placer One, Blacksand, and New North;
 - c) any status reporting provided on the mine(s), including, but not limited to, SGS Reports; and
 - d) copies of any due diligence performed by 611 BC prior to the advancement of funds to Blacksand, BC Mine, Placer One or any other entity;
 - e) the full name and address of the BC Mine;
 - f) the full name and address of the Columbia Mine;
 - g) the full name and address of the Oil Wells;

- h) the agreement(s) between Blacksand Gold Inc. and 611 BC;
- i) the agreement(s) between Blacksand Gold Inc. and Placer One;
- j) the agreement(s) between Placer One and New North; and
- k) the agreement(s) between Petra Capital and 611 BC.

611 BC's Apparent Connection to Onstar

- 252 Through its examination of various email correspondence, the Receiver notes that Pinnell was actively involved in sourcing and closing the Onstar Subscription Agreements and the funding secured by Onstar under same. Pinnell is included on almost all correspondence between Onstar and Housego that the Receiver has obtained. In addition, the Receiver obtained email correspondence between Mr. Braun and Housego that makes reference to Blacksand's involvement in Onstar's operations.
- 253 In his numerous discussions with the Receiver, Pinnell has made no reference to Onstar nor any of the parties noted above. The relationship between Mr. Braun and Pinnell supports the Receiver's plan to perform an examination under oath of each of them in Toronto.

Inca Loans

- 254 Inca entered into the following Settlement Loans with the following Crystal Wealth Funds:
- a) one (1) Settlement Loan dated December 28, 2015 with the Bullion Fund consisting of three tranches of funding – expiring January 1, 2017, April 1, 2017, and June 1, 2017 (the “**Inca 1 Loan**”); and
 - b) one (1) Settlement Loan with the Hedge Fund dated December 5, 2016 – expiring on December 1, 2017 (the “**Inca 2 Loan**”, and together, the “**Inca Loans**”).
- 255 Inca is a Canadian-based mineral resource company and mineral processing company with a Gold milling facility in Peru. The Company is publically traded on the TSX Venture Exchange, the Frankfurt Stock Exchange, and the Santiago Stock Exchange Venture.
- 256 On June 7, 2017, Inca provided a proposal to the Receiver which proposed that Inca settle the Inca Loans for a cumulative value of \$1,000,000 over the course of 52 weeks

beginning June 26, 2017. The proposal also included an alternative for Inca to repay the original face value (i.e. the acquisition cost) of the Inca Loans plus a 2.5% annual interest rate, for total proceeds of approximately \$725,000 within 60 days. Due to the commencement of the Sales Process, the Receiver declined this proposal.

Financial Position of Inca

- 257 Throughout the Receivership Proceedings, the Receiver has continued to monitor the financial results of Inca. Upon review of Inca's most recent audited financial results for the 12 months ending April 30, 2017, Inca incurred a net loss of \$2,997,722 and had **negative** cash flows from operations of \$3,474,200. As a result, the audited financial statements contained the following disclosure stating that Inca's financial performance:

"...indicate[s] a material uncertainty that may cast significant doubt on [Inca's] ability to continue as a going concern. Management intends to finance operating costs over the year with the proceeds from debt financing, equity financing, its current working capital, proceeds from option and warrant exercises, and net profits from processing operations at the Company's gold milling facility in Peru. On August 26, 2016, the Company restructured and settled approximately \$13.5 million of the Company's long and short term debt and related unpaid interest.

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and... its ability to raise equity capital or borrowings sufficient to meet current and future obligations."

(the "Going Concern Note"):

- 258 The Receiver notes that after Inca had to restructure \$13.5 million of its debt, Housego, on behalf of the Hedge Fund, entered into the Inca 2 Loan whereby the Hedge Fund advanced approximately \$320,000 to Inca; putting more money into an already distressed company.
- 259 Inca's most recent interim consolidated financial results, approved by the board of directors on September 28, 2017, demonstrate that for the three months ending July 31, 2017, Inca incurred a net loss of \$575,883 and had **negative** cash flow from operations of \$154,315. As at July 31, 2017, Inca had total liabilities of approximately \$7,081,088 (\$2.74 million of which are secured debentures), and a reported cash balance of \$719,974.

Although the financial results were somewhat improved, the interim financial statements still contained the Going Concern Note; putting into question Inca's ability to continue operations.

- 260 Based on the above, it is clear that Inca's distressed financial position and its ability to continue as a going concern puts into question Inca's ability to repay the Inca Loans and thus the Bullion/Hedge Fund's ultimate value and recoverability of same.

Potential Recovery

- 261 After determining that no management takeover offers would be accepted through the Sales Process, the Receiver inquired as to Inca's financial position and ability to repay the Inca Loans. Inca advised that it did not have the financial resources to repay the Inca Loans in full, however, stated that it would put forth a payment proposal in short order.
- 262 On November 9, 2017, the Receiver sent follow-up email correspondence to Inca advising that a proposal had not been received. The Receiver will continue to follow up until a proposal is received from Inca.
- 263 Under the Inca Loans, the Hedge Fund and Bullion Fund are both unsecured creditors. Accordingly, if Inca does not deliver payment in accordance with the Inca Loans, or if a satisfactory alternative arrangement cannot be agreed upon, the Receiver's enforcement options as against Inca are limited.

Solid Holdings Loan

- 264 Solid Holdings entered into one (1) Settlement Loan with the Factoring Fund dated February 13, 2017 – expiring February 13, 2018. Under the Solid Holdings Loan, the Factoring Fund advanced \$300,306 to Solid Holdings.
- 265 In the Receiver's initial discussions with Solid Holdings, the Receiver was advised that Solid Holdings was undergoing significant financial and operational challenges.
- 266 On October 25, 2017, the Receiver requested that Solid Holdings provide an update as to the status of its operations. Solid Holdings advised the Receiver that production at its operations had experienced issues during the summer months as a result of the wildfires in British Columbia, however, mining had recently commenced. Furthermore, Solid Holdings advised that its senior secured lender had recently called its loans resulting in

Solid Holdings' pursuit of replacement financing. Solid Holdings advised that it was owed monies from a number of third parties who have failed to remit payment and that the payment of these balances were critical to Solid Holdings being able to settle the Solid Holdings Loan.

267 On October 30, 2017, the Receiver requested that Solid Holdings provide the following information to evaluate the claims made by Solid Holdings:

- a) the most recent financial statements for Solid Holdings;
- b) the name(s) and location(s) of the mine(s) which is/are currently being developed by Solid Holdings and the entities and/or parties involved in the development of said mine(s);
- c) status reporting on said mine(s), including but not limited to SGS Reports;
- d) information relating to the proceedings commenced by the secured lender and details regarding sources of potential new funding to replace same; and
- e) the listing of accounts receivable owed to Solid Holdings.

268 After numerous follow up correspondence to Solid Holdings, on November 2, 2017 Solid Holdings stated the following:

"As I am presently in a stressful week working with the [senior secured lender] lawyer in Toronto, and considering all my options, I will respond in some fashion to receiver next week."

269 The Receiver sent follow-up email correspondence on November 14, 2017, however, as at the date of this Second Report, the information requested by the Receiver has not yet been provided.

CONCLUSION

270 Each of the Gold Loans appear to be greatly impaired given that the Factoring Fund, Hedge Fund, and Bullion Fund are unsecured creditors under the respective agreements, and given that the Gold Sellers are, or appear to be experiencing financial challenges, putting into question their ability to repay the Gold Loans, whether in cash or in Gold.

- 271 Given the lack of due diligence performed by Housego and/or the Company prior to entering into the Gold Loan agreements, it is not surprising that the Factoring, Hedge and Bullion Funds are now in high risk position with respect to receiving any realizations from the Gold Loans. Had proper due diligence been conducted by Housego and/or the Company, it would have highlighted the above noted issues with the Gold Sellers, such that funds ought not to have ever been advanced by the Factoring, Hedge, and Bullion Funds on account of the Gold Loans.
- 272 With Housego being the main point of contact to the Gold Sellers, and the individual who entered into all of the Gold Loans, the Receiver is requesting that Housego be examined under oath in Toronto. The significant impairments with the Factoring Contracts held by the Factoring and Hedge Funds, for which Housego was also directly involved as the Lead Portfolio Strategist, further support the Receiver's request to examine Housego under oath in Toronto.
- 273 The Gold Loans do not appear to fit into the Factoring and Bullion Funds' investment objectives and/or strategy based on the wording contained in the Funds' respective OM's. It is unclear if the Gold Loans would be considered appropriate investments in the Hedge Fund given the broad wording contained in the Hedge Fund's OM.

COMMERCIAL LOANS

BACKGROUND

- 274 As outlined in the First Report, the Company entered into Commercial Loans which included:
- a) a loan agreement with Pond dated December 15, 2015 (as amended, the "**Pond Loan Agreement**") with a principal value of \$4,500,000, at an interest rate of 12% payable quarterly in arrears, maturing on February 2, 2018 (the "**Pond Loan**");
 - b) loan agreements with the following entities (all of which are under the control of a common individual, Clydesdale, and are collectively referred to as the "**OOM Energy Group**"):
 - i) Magnitude CS Energy Inc. (formerly, 2445958 Ontario Inc.) ("**Magnitude**");

ii) 2441472 Ontario Inc. ("**1472 Ontario**"), as guaranteed by 2404783 Ontario Corp. ("**4783 Ontario**");

iii) MCSnoxrecovery Inc. ("**MCSnox**"); and

iv) MCSAB10 Inc. ("**MCSAB**"), as guaranteed by 4873 Ontario;

Based on the Company's books and records and the information obtained by the Receiver thus far, it appears that the Commercial Loans between the Company and the OOM Energy Group have a cumulative principal balance of approximately \$12,535,270 plus outstanding interest as at October 31, 2017 of approximately \$1,285,687 totaling \$13,820,956 (the "**OOM Energy Balance**");

c) a promissory note between 1092545 B.C. Ltd. ("**109 BC**"), as borrower, and the Company, as lender, dated November 4, 2016 for a principal balance of US \$125,000, which has matured (the "**109 BC Promissory Note**");

d) a promissory note issued by Cinnos Mission Critical Incorporated ("**Cinnos**") dated September 30, 2016 and purchased by the Infrastructure Fund for a principal balance of \$300,000 that matures on September 28, 2018 (the "**Cinnos Promissory Note**"); and

e) a participation interest in a mortgage issued to Kanwal Investments Inc. ("**Kanwal**") by Liberty Mortgage Services Inc. (the "**Kanwal Mortgage**").

275 For each of the above Commercial Loans, with the exception of the Cinnos Promissory Note and the Kanwal Mortgage, assignment agreements were entered into between the Company and certain of the Crystal Wealth Funds whereby the Commercial Loans were assigned from the Company to the applicable Crystal Wealth Fund.

276 The table below outlines the combined principal and interest owed to the various Crystal Wealth Funds as at October 31, 2017 under the Commercial Loans:

Entity	Outstanding Principal and Interest					Total
	Mortgage Fund	Factoring Fund	High Yield Mortgage Fund	Infra-structure Fund	Sustainable Property Fund	
Pond	\$ 3,588,000	\$ -	\$ 571,511	\$ -	\$ -	\$ 4,159,511
Magnitude	1,251,973	-	-	5,692,102	-	6,944,075
1472 Ontario	1,872,658	-	-	-	-	1,872,658
MCSnox	2,772,004	-	-	-	-	2,772,004
MCSAB	-	-	-	-	2,232,219	2,232,219
109 BC	-	169,685	-	-	-	169,685
Cinnos	-	-	-	342,340	-	342,340
Kanwal	226,667	-	-	-	-	226,667
Total	\$ 9,711,302	\$ 169,685	\$ 571,511	\$ 6,034,442	\$ 2,232,219	\$18,719,159

RECEIVER'S KEY FINDINGS AND ACTIONS

- 277 Although the OMs for the Infrastructure Fund and Sustainable Property Fund appear to contemplate investments like the applicable Commercial Loans, the "Investment Objective" and/or "Investment Strategy" sections of the OMs for the Mortgage Fund, Factoring Fund, and the High Yield Mortgage Fund, do not suggest that this type of investment would ever be made by the applicable Fund. Accordingly, the OMs are highly misleading to investors. The Receiver's communications with investors support this. Numerous investors have communicated to the Receiver that they were unaware of the large investments in Commercial Loans, and expected their invested capital to be deployed with a different strategy and purpose.
- 278 This section (paragraphs 279 to 286 below) summarizes the actions taken and the significant issues identified by the Receiver with respect to the Pond Loan and the Commercial Loans made to the OOM Energy Group. The remainder of this section of the Second Report (paragraphs 287 to 344) provides a more detailed account of the events that have transpired since the First Report regarding the Commercial Loans.

Pond – Pond Loan Amendment

- 279 Shortly after the Appointment Order, Pond advised the Receiver that it was unable to repay the interest and/or principal owing under the Pond Loan, as it had limited liquidity, and Pond was seeking external financing. Due to Pond's limited assets, immediate enforcement of the Pond Loan by the Receiver would have likely resulted in a shortfall in recovery for the Mortgage and High Yield Mortgage Funds and investors thereof.
- 280 The Receiver and Pond entered into the Pond Amendment which, among other things, extended the maturity of the Pond Loan and restructured the timing of the required principal and interest payments. In addition, the Receiver exercised an option granted under the Pond Loan Agreement to require Pond to enter into the Pond Intellectual Property Security Agreement (the "**Pond IPSA**"). The Company's first position security over the assets of Pond otherwise remains unchanged.

The OOM Energy Group – Default and Demands

- 281 On October 26, 2017, for the Commercial Loans issued to the OOM Energy Group, A&B, on behalf of the Receiver, issued default notices (the "**OOM Default Notices**") to the OOM Energy Group, Clydesdale, and Clydesdale's counsel:
- a) advising certain OOM Energy Group entities that their failure to make the required interest payments when due under the terms of the applicable loan agreement(s) triggered an Event of Default under the applicable loan agreement(s);
 - b) advising all OOM Energy Group entities that their failure to provide the information requested by the Receiver on May 18, 2017 and June 6, 2017 in connection with the various loan agreements is an Event of Default under same;
 - c) requesting the most recent review engagement report for each of Magnitude, 1472 Ontario, MCSnox, and MCSAB, as provided for in their respective loan agreements;
 - d) making formal demand for payment of interest or principal owing under certain of the loans issued to OOM Energy Group, to the extent that such amounts were payable on demand without a default notice.

- 282 The cure period provided under the applicable loan agreements in respect of the payment defaults identified in the OOM Default Notices expired without a response from the OOM Energy Group, Clydesdale, or counsel thereto, Bill McKenzie ("**McKenzie**").
- 283 On November 11, 2017, McKenzie sent an e-mail to the Receiver and A&B, which email did not respond to the substantive issues mentioned in the OOM Default Notices, and instead asked for copies of the documents referred to therein (the "**McKenzie Email**"). In the McKenzie Email, McKenzie also provided that his client "wants to meet with the Receiver and arrange a final resolution." A copy of the McKenzie Email is attached hereto as **Appendix "47"**.
- 284 In addition, the Receiver is requesting that this Court issue an Order compelling Clydesdale to produce the documents that have been requested by the Receiver on numerous occasions to better evaluate the Commercial Loans to the OOM Energy Group and the financial health of the underlying OOM Energy Group entities.
- 285 On November 13, 2017, A&B, on behalf of the Receiver, issued demand letters and BIA Notices to the OOM Energy Group (as further described and detailed below), together with Clydesdale (in his personal capacity, as a guarantor of certain arrangements with Magnitude) (the "**OOM Demand Letters**"). On the same date, courtesy copies of the OOM Demand Letters were sent to each of Clydesdale and McKenzie by e-mail, attaching copies of the indicative loan agreements and transactional documents that were referred to in the OOM Demand Letters.

Compliance with OMs

- 286 As outlined above, the Commercial Loans are held primarily by the Mortgage Fund, Infrastructure Fund, and Sustainable Property Fund. The Receiver has the following comments on whether Commercial Loans are consistent with the investment objectives of these Funds:
- a) **Infrastructure Fund** – The Commercial Loans assigned to the Infrastructure Fund appear to be of a nature that in compliance with the investment objectives of the Infrastructure Fund, although there is a high level of concentration risk, as 94.3% of the Commercial Loans assigned to this Fund are made with Magnitude;

- b) **Sustainable Property Fund** – the MCSAB Loan is structured according to Islamic finance concepts, and thus appears to be in compliance with the OM of the Sustainable Property Fund and its investment objective;
- c) **Mortgage Fund** – the investment objective of the Mortgage Fund is to “...generate a consistently high level of interest income...by investing primarily in residential mortgages in Canada”; Accordingly, the Commercial Loans held by the Mortgage Fund are not in compliance with this investment objective.

RECEIVER’S DETAILED REVIEW OF THE COMMERCIAL LOANS

Pond Technologies Inc.

- 287 Pond was incorporated on May 27, 2008 under the laws of Canada, with the purpose of pursuing microalgal biomass production using raw stack gas emissions from industrial emitters. Pond remains in the development stage of its business, has not yet reached profitability, and has relied on non-conventional sources of financing to fund operations.
- 288 Subsequent to the execution of the Pond Loan Agreement, the Company executed various participation agreements assigning the rights to a stated portion of the Pond Loan to the Mortgage Fund, High Yield Mortgage Fund, and an individual, Suzanne West, resulting in the following participation amounts of the Pond Loan:

Fund	Principal Balance	Principal Balance Allocation		
		Mortgage Fund	High Yield Mortgage Fund	Suzanne West
Pond Loan	\$ 4,500,000	\$ 2,950,000	\$ 550,000	\$ 1,000,000

- 289 Pursuant to a subordination and postponement agreement between St. Mary’s Cement Inc., the Company, and Pond dated February 19, 2016, the Company is the first secured creditor of all of the assets of Pond. In addition, pursuant to the Pond IPSA, the Receiver is the first secured creditor of Pond’s patents, copyrights and trademarks.
- 290 Pursuant to amending letter agreements dated October 5, 2016, October 20, 2016, October 26, 2016, and February 8, 2017, the Company agreed to defer, but not waive, the payment of interest by Pond pursuant to the Pond Loan Agreement. As at the date of the Receiver’s appointment, Pond owed the Company approximately \$270,283 in overdue interest.

The Receiver's Discussions with Pond

- 291 In initial discussions with the Receiver, Pond advised the Receiver that it was unable to repay the interest and/or principal owing under the Pond Loan as it had limited liquidity. Moreover, Pond stated that prior to the appointment of Receiver, Smith had verbally assured Pond that the Company would commit to converting the entire Pond Loan into equity in Pond (half of the Pond Loan converted into shares of Pond at a price of \$2.00 per share while the other half would be converted at a price of \$2.40 per share).
- 292 Pond advised that it had been planning to go public via a reverse take-over ("**RTO**") bid by Ironhorse Oil & Gas Ltd., a public company listed on the TSX Venture Exchange (TSX.V: IOG) ("**Ironhorse**") (i.e. Ironhorse would acquire the common shares of Pond) (the "**RTO Transaction**"). Pond further advised that the aforementioned assurances regarding the debt to equity conversion were provided by Smith, on behalf of the Company, in subsequent discussions with Ironhorse as well as with the brokers engaged by Pond to raise additional equity and complete the RTO Transaction
- 293 .On June 12, 2017, Pond provided the Receiver with a confidential draft-unsigned letter of intent from Ironhorse outlining proposed terms of the RTO Transaction. Pond advised that the RTO Transaction would not be achievable unless some alternative arrangements were made to the current structure of the Pond Loan Agreement.

The Pond Loan Amendment

- 294 A number of subsequent discussions and meetings took place between the Receiver and Pond eventually leading to the Receiver and Pond entering into the Pond Loan Amendment dated August 11, 2017 (the "**Pond Loan Amendment**"), attached hereto as **Appendix "48"**. The Pond Loan Amendment included, among other things, the following changes to the Pond Loan Agreement:
- a) Maturity – extended to June 30, 2019 (a 1.5 year extension);
 - b) Principal Payments – Pond shall repay the loan principal as follows:
 - i) \$1,000,000 by December 31, 2017;

- ii) 20% of the proceeds received by Pond from one or more financing transactions once the aggregate amount of such financing transactions is equal to or greater than \$10,000,000; and
 - iii) in full (including all principal, interest and other fees owing and outstanding) upon the Date of Termination (defined in the Pond Loan Amendment as the earlier of: (i) June 30, 2019; or (ii) the date upon which an Event of Default occurs);
 - c) Interest Payments – Pond shall repay the loan interest as follows:
 - i) \$581,399 on November 30, 2017 (representing the accrued interest from October 1, 2016 to November 30, 2017);
 - ii) quarterly interest payments commencing on December 31, 2017 and thereafter on the last day of March, June, September, and December of each year at a rate of 8% per annum; and
 - iii) a delayed interest payment accruing on a daily basis of 4% (i.e. the differential from the 12% interest rate) due upon the Date of Termination (estimated to be \$293,934 if principal is paid upon maturity).
- 295 On August 15, 2017, Pond issued a notice to its shareholders that, among other things, advised of:
- a) a successful equity financing raise of \$1.6 million through a brokered private placement;
 - b) the Pond Loan Amendment; and
 - c) the execution of a letter of intent with Ironhorse to continue pursuing the RTO Transaction.
- A copy of the notice to shareholders issued by Pond is attached to this Second Report as **Appendix “49”**.
- 296 The receiver entered into a further amending agreement in respect of the Pond Loan on November 16, 2017 (the “**Second Pond Loan Amendment**” and, together with the Pond

Loan Amendment, the “**Pond Loan Amendments**”). The Second Pond Loan Amendment changed the date of the first interest payment noted above from November 30, 2017 to December 21, 2017, in consideration of an extension fee of \$10,000 to be paid by Pond to the Receiver. A copy of the Second Pond Loan Amendment attached to this Second Report as **Appendix “50”**.

Conclusion

- 297 The Pond Loan Amendments restructured Pond’s indebtedness to increase the likelihood of recovery for the Mortgage and High Yield Mortgage Funds. Moreover, the two Funds maintained a first secured position in the assets of Pond. A conversion of the Pond Loan to equity, as Smith purportedly agreed to in principle prior to the Appointment Order, would have resulted in the investors having no security over the assets of Pond.

OOM Energy Group

- 298 The table below outlines the portion of the OOM Energy Balance owing to the Mortgage Fund, Infrastructure Fund, and the Sustainable Property Fund:

Entity	Outstanding Principal and Interest				Total
	Mortgage Fund	Infrastructure Fund	Sustainable Property Fund		
Magnitude	\$ 1,251,973	\$ 5,692,102	\$ -		\$ 6,944,075
1472 Ontario	1,872,658	-	-		1,872,658
MCSnox	2,772,004	-	-		2,772,004
MCSAB	-	-	2,232,219		2,232,219
Total	\$ 5,896,635	\$ 5,692,102	\$ 2,232,219		\$ 13,820,956

Magnitude CS Energy Inc.

- 299 The Company entered into a loan agreement dated July 6, 2016 with Magnitude (as borrower) and Clydesdale (in his individual capacity, as guarantor) (the “**Magnitude Working Capital Loan Agreement**”) which, among other things, included the following terms:
- a) Purpose – for general operating expenses and working capital;

- b) Principal – \$3,000,000 due upon maturity;
- c) Interest – 13% due quarterly; and
- d) Maturity – July 6, 2021

(the “**Magnitude Working Capital Loan**”).

- 300 The Magnitude Working Capital Loan is primarily accounted for in the Infrastructure Fund, pursuant to assignment agreements in respect of certain promissory notes representing advances thereunder. Some additional indebtedness that appears to arise pursuant to the Magnitude Working Capital Loan is assigned to the Mortgage Fund.
- 301 The most recent interest payment received by either the Infrastructure Fund or the Mortgage Fund on account of the Magnitude Working Capital Loan was received by the former on January 3, 2017. Interest is required to be paid quarterly (i.e. the next payment was due on March 31, 2017). This March 31 quarterly payment, and subsequent quarterly payments, have not been made. This non-payment is an Event of Default (as defined in the Magnitude Working Capital Loan Agreement).
- 302 In addition to the arrangements under the Magnitude Working Capital Loan Agreement as referred to above, the Company also entered into a series of promissory notes made between the Company and Magnitude (collectively, the “**Magnitude Factoring Promissory Notes**”), the proceeds of which were apparently used to pay accrued interest and partial payment of principal for a factoring agreement made between the Factoring Fund and Magnitude on July 11, 2015 (the “**Magnitude Factoring Agreement**”), and which promissory notes were subsequently assigned to the Infrastructure Fund.
- 303 As at October 31, 2017, the Company’s books and records indicate that a total of approximately \$3,312,484 is owing under the Magnitude Factoring Promissory Notes (principal and interest of \$3,008,071 and \$304,413 respectively). Each of the Magnitude Factoring Promissory Notes provides that interest and principal are due on demand.
- 304 On October 26, 2017, A&B, on behalf of the Receiver, issued a default and demand letter (the “**Magnitude Default & Demand Letter**”) to Magnitude, with a courtesy copy to Clydesdale, that, among other things, advised Magnitude of:

- a) its failure to make the required interest payments when due under the terms of the Magnitude Working Capital Loan Agreement, constituting an Event of Default under the loan agreement;
- b) its failure to provide the information requested by the Receiver on May 18, 2017 and June 6, 2017 in connection with the Magnitude Working Capital Loan Agreement, constituting an Event of Default under the loan agreement;
- c) the Receiver's request for Magnitude's most recent review engagement report pursuant to Article 2 under the "Covenants" heading of the Magnitude Working Capital Loan Agreement;
- d) the Receiver's formal demand for payment of the indebtedness owing under the Magnitude Promissory Notes as at September 30, 2017 (\$3,176,017.85 plus professional fees and accruing interest); and
- e) an enclosed BIA Notice.

A copy of the Magnitude Default & Demand Letter is attached to this Second Report as **Appendix "51"**. As at the date of this Second Report, the specified defaults have not been cured.

- 305 On November 13, 2017, A&B, on behalf of the Receiver, issued a further demand letter to Magnitude (the "**Magnitude Demand Letter**"), making formal demand on the entire indebtedness outstanding under the Magnitude Working Capital Loan Agreement, and reiterating the Receiver's demand on the Magnitude Promissory Notes, and enclosing a BIA Notice. A demand letter was also issued to Craig Clydesdale, in his personal capacity as guarantor of the indebtedness under the Magnitude Working Capital Loan Agreement (the "**Clydesdale Demand Letter**"). Copies of the Magnitude Demand Letter and Clydesdale Demand Letter are attached to this Second Report as **Appendix "52"**.

2441472 Ontario Inc. (Mortgage Fund)

- 306 The Mortgage Fund entered into a loan agreement with 1472 Ontario (as borrower) and 4873 (as guarantor) dated November 7, 2014 (the "**1472 Ontario Loan Agreement**") which includes the following terms:

- a) Purpose – To finance up to 100% of the installed cost of a MCS COGEN MARK 6 CoEnergyPoD, to be deployed at the premises of St. Mary's Cement Inc. (Canada) located at 55 Industrial St., Toronto, Ontario;
 - b) Principal – \$1,800,000 due upon maturity (a prepayment option is available to the Company on December 8, 2017);
 - c) Interest – 13% due monthly; and
 - d) Maturity – November 7, 2029
- (the "**1472 Ontario Loan**").
- 307 The 1472 Ontario Loan was assigned to the Mortgage Fund, pursuant to a participation agreement dated November 2, 2016.
- 308 According to the books and records of the Company, the most recent interest payment received by the Mortgage Fund with respect to the 1472 Ontario Loan was received in March 2017. As interest is required to be paid monthly, the non-payment of interest since March 2017 is an Event of Default under the 1472 Ontario Loan Agreement.
- 309 On October 26, 2017, A&B, on behalf of the Receiver, issued a default notice (the "**1472 Ontario Default Notice**") to 1472 Ontario and Clydesdale that, among other things, advised of:
- a) 1472 Ontario's failure to make the required interest payments when due under the terms of the 1472 Ontario Loan Agreement – an Event of Default under the 1472 Ontario Loan Agreement;
 - b) 1472 Ontario's failure to provide the information requested by the Receiver on May 18, 2017 and June 7, 2017 in connection with the 1472 Ontario Loan Agreement – an Event of Default under the 1472 Ontario Loan Agreement; and
 - c) the Receiver's request that 1472 provide its most recent review engagement report to the Receiver, as required under the 1472 Ontario Loan Agreement.
- A copy of the 1472 Ontario Default Notice is attached hereto as **Appendix "53"**. As at the date of this Second Report, the specified defaults had not been cured.

- 310 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**1472 Ontario Demand Letter**"), making formal demand on 1472 Ontario for repayment of the entire indebtedness outstanding under the 1472 Ontario Loan Agreement, and enclosing a BIA Notice. A copy of the 1472 Ontario Demand Letter is attached hereto as **Appendix "54"**.

MCSnoxrecovery Inc.

- 311 The Company entered into a loan agreement with MCSnox dated March 8, 2015 (the "**MCSnox 2015 Loan Agreement**") which includes the following terms:
- a) Purpose – to complete the first Pond algae bioreactor installation at St. Mary's Cement, Leaside, ON and for working capital purposes;
 - b) Principal – \$550,000 due upon maturity, or if borrower completes an equity financing greater than the principal amount, or on an event of default;
 - c) Interest – \$300,000 due on June 6, 2015 then 11% commencing January 1, 2016 thereafter, due on demand;
 - d) Maturity – March 8, 2026;
- (the "**MCSnox 2015 Loan**").
- 312 According to the books and records of the Company, the most recent interest payment received by the Mortgage Fund with respect to the MCSnox 2015 Loan was received in December 2016.
- 313 In addition to the MCSnox 2015 Loan Agreement, the Company entered into a separate agreement with MCSnox dated November 2, 2016 (the "**MCSnox 2016 Loan Agreement**", and together with the MCSnox 2015 Loan Agreement, the "**MCSnox Loan Agreements**") which includes the following terms:
- a) Purpose – to complete the first Pond algae bioreactor installation at St. Mary's Cement, Leaside, ON and for working capital purposes;
 - b) Principal – \$2,000,000 due upon maturity, or if borrower completes an equity financing greater than the principal amount, or on an event of default;

c) Interest – 11% due on demand;

d) Maturity – November 7, 2029;

(the “**MCSnox 2016 Loan**”, together with the MCSnox 2015 Loan, the “**MCSnox Loans**”).

314 The MCSnox Loans were assigned to the Mortgage Fund, pursuant to an assignment agreement dated November 2, 2016.

315 According to the books and records of the Company, the most recent interest payment received by the Mortgage Fund with respect to the MCSnox 2016 Loan was received in December 2016.

316 On October 26, 2017, A&B, on behalf of the Receiver, issued a default and demand letter (the “**MCSnox Default & Demand Letter**”) to MCSnox which, among other things, advised of:

a) the Receiver’s formal demand for payment of the interest owing under the MCSnox Loans, which as at September 30, 2017 totaled \$198,181;

b) MCSnox’s failure to provide the information requested by the Receiver on May 18, 2017 and June 7, 2017 in connection with the MCSnox Loan Agreements, constituting an Event of Default under each of the MCSnox Loan Agreements; and

c) the Receiver’s request that MCSnox provide its most recent review engagement report, as required under the MCSnox Loan Agreements.

A copy of the MCSnox Default & Demand Letter is attached hereto as **Appendix “55”**.

317 On November 3, 2017, A&B, on behalf of the Receiver, issued a subsequent default notice (the “**MCSnox Second Default Notice**”) to MCSnox and Clydesdale which advised MCSnox that it had failed to remit payment of the accrued interest under the MCSnox Loans as demanded in the MCSnox Default & Demand Letter and that such failure was an Event of Default under each of the MCSnox Loan Agreements. As at the date of this Second Report, the defaults specified in each of the above-noted letters have not been cured. A copy of the MCSnox Second Default Notice is attached hereto as **Appendix “56”**.

- 318 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the **"MCSnox Demand Letter"**), making formal demand on MCSnox for repayment of the entire indebtedness outstanding under the MCSnox Loan Agreements, and enclosing a BIA Notice. A copy of the MCSnox Demand Letter is attached hereto as **Appendix "57"**.

MCSAB10 Inc.

- 319 The Company entered into a loan agreement among MCSAB (as borrower) and 4873 Ontario Corp (as guarantor), dated November 28, 2016 (the **"MCSAB Loan Agreement"**), which includes the following terms:
- a) Purpose – To finance up to 90% of the installed cost of a MCS COGEN MARK 6 CoEnergyPoD, to be deployed at the premises of Imaginea Energy Corp. located in Jenner, Alberta;
 - b) Principal – \$2,600,000 due upon maturity (\$2,000,000 had been advanced);
 - c) User Fees – 13% due monthly;
 - d) Maturity – December 9, 2019;
- (the **"MCSAB Loan"**).
- 320 The MCSAB Loan was assigned to the Sustainable Property Fund, pursuant to an assignment agreement with the Company dated December 9, 2016.
- 321 According to the books and records of the Company, no payments have been received by the Company or the Sustainable Property Fund with respect to the MCSAB Loan. As payments are required to be made paid monthly, non-payment is an Event of Default under the MCSAB Loan Agreement.
- 322 On October 26, 2017, A&B, on behalf of the Receiver, issued a default notice (the **"MCSAB Default Notice"**) to MCSAB, with a courtesy copy to 4873 Ontario, which, among other things, advised of:
- a) MCSAB's failure to make the required payments when due under the terms of the MCSAB Loan Agreement, constituting an Event of Default thereunder;

- b) MCSAB's failure to provide the information requested by the Receiver on May 18, 2017 in connection with the MCSAB Loan Agreement, constituting an Event of Default;
- c) false representations and warranties made by MCSAB and 4873 Ontario with respect to the existence of certain competing security interests, constituting an Event of Default; and
- d) the Receiver's request that MCSAB provide its most recent review engagement report to the Receiver pursuant to Article 2 of the MCSAB Loan Agreement.

A copy of the MCSAB Default Notice is attached to this Second Report as **Appendix "58"**.

- 323 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**MCSAB Demand Letter**"), making formal demand on MCSAB for repayment of the entire indebtedness outstanding under the MCSAB Loan Agreements, and enclosing a BIA Notice. A copy of the MCSAB Demand Letter is attached hereto as **Appendix "59"**.

4873 Ontario

- 324 As noted above, 4873 Ontario is a guarantor of the applicable debtor's obligations under each of the 1472 Loan Agreement and the MCSAB Loan Agreement.
- 325 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**4873 Demand Letter**") making formal demand on 4873 Ontario for repayment of the entire indebtedness outstanding under each of the 1472 Loan Agreement and the MCSAB Loan Agreement. A copy of the 4873 Demand Letter is attached hereto as **Appendix "60"**.

Status of Demands

- 326 As at the date of this Second Report, none of the OOM Energy Group entities have responded to the OOM Demand Letters issued by the Receiver.

Examination of Clydesdale

- 327 As detailed in the First Report, on May 18, 2017, the Receiver conducted a call with Bill McKenzie ("**McKenzie**"), Clydesdale's counsel. During the call, McKenzie had little knowledge of the specifics surrounding the OOM Energy Group and the loans issued to same. Upon request for Clydesdale to provide documents related to the OOM Energy Loans, McKenzie advised that such documents would be provided after a written request

was issued, outlining the specific documents required by the Receiver. The Receiver issued a document request list concerning loans issued to the OOM Energy Group on June 7, 2017. As at the date of this Second Report, neither McKenzie nor Clydesdale have provided the documents requested.

- 328 As particularized above, Clydesdale has yet to respond to any of the Receiver's default notices, demands, or requests for information in respect of any of the OOM Energy Group entities, either personally or via his counsel, with the exception of the November 11, 2017 McKenzie Email which, as noted above, did not provide a substantive response or promise any corrective action. As the Receiver anticipates Clydesdale and his counsel will continue to be uncooperative, and as further background information is necessary to properly evaluate the Company's dealings with the OOM Energy Group and the scope of any possible recovery from same, the Receiver will be issuing a notice for Clydesdale to attend at an examination under oath in Toronto in due course.
- 329 In addition, the Receiver is requesting that this Court issue an Order compelling Clydesdale to produce the documents that have been requested by the Receiver on numerous occasions to better evaluate the Commercial Loans to the OOM Energy Group and the financial health of the underlying OOM Energy Group entities.
- 330 None of the foregoing is intended to waive or limit any remedies which may be exercised by the Receiver in connection with the enforcement of any of the Commercial Loans to the OOM Energy Group, or any rights of examination or production in connection therewith as already authorized by the Appointment Order.

1092545 B.C. Ltd. (Factoring Fund)

- 331 The 109 BC Promissory Note was assigned to the Factoring Fund pursuant to an assignment agreement with the Company dated November 9, 2016.
- 332 The 109 BC Promissory Note matured on the earlier of 90 days following the date it was made or the date that Century Energy Ltd. receives TSX.V approval to advance funds to 109 BC, at which point all principal and accrued interest became payable. The Company's books and records indicated that neither the principal nor interest had been paid.
- 333 The 109 BC Promissory Note provides that it is secured by a trust account deposit held by Morton Law LLC ("**Morton Law**"). The 109 BC Promissory Note states that: "*The*

current balance of the Morton Law trust account held for the Borrower is \$250,000 USD. Under the 109 BC Promissory Note, the Company is also entitled to 20% of US \$125,000 in shares of Century Energy Ltd. if and when that company acquires 109 BC (the “**Share Bonus**”).

- 334 On October 26, 2017, A&B, on behalf of the Receiver, issued a demand letter (the “**109 BC Demand Letter**”) to 109 BC, with a courtesy copy to Morton Law LLC, making formal demand for payment of US \$125,000 together with accrued interest and the Share Bonus, if applicable. A copy of the 109 BC Demand Letter is attached hereto as **Appendix “61”**.
- 335 Certain aspects of the background of the principal of 109 BC, Marcel Rada (“**Mr. Rada**”), provides some reason to be suspicious about the 109 BC Promissory Note. Particularly, Mr. Rada appears to have a history of engaging in similarly structured transactions in which investors are not repaid in full, as set out in the agreed facts of *Re Rada*, [2011] IIROC No. 27, a decision of the Investment Industry Regulatory Organization of Canada (“**IIROC**”) discussed immediately below.
- 336 Mr. Rada was formerly a registered investment dealer. In response to enforcement efforts of IIROC, Mr. Rada entered into a settlement agreement, where he, amongst other things, admitted to engaging in off-book transactions, without the knowledge or consent of his employer, at least some of which (like the transaction between the Company and 109 BC) were structured as bridge financing, evidenced by promissory notes containing a share bonus. The indebtedness created by these transactions was never repaid in full, and Mr. Rada obtained a personal benefit from same. A copy of *Re Rada*, [2011] IIROC No. 27, is attached hereto as **Appendix “62”**.
- 337 On October 30, 2017, in a call with A&B, Mr. Rada acknowledged that the 109 BC Promissory Note was in fact overdue. Mr. Rada also stated that he is in the process of negotiating with the Guyanese government regarding certain mining permits, and that the success of these permits will affect how 109 BC repays the 109 BC Promissory Note.
- 338 A&B, on behalf of the Receiver, sent an email to Mr. Rada confirming that the call occurred and the facts noted in the previous paragraph. A&B requested that Mr. Rada provide documentary confirmation regarding the status of the required mining permits by November 3, 2017 and that a repayment proposal be delivered to the Receiver by November 15, 2017. On November 16, 2017, Mr. Rada telephoned A&B, advising that no

documentary evidence of any sort regarding mining permits was available, and that a repayment proposal would be delivered by November 21, 2017.

339 On November 22, 2017, Mr. Rada sent an email advising that 109 BC was insolvent, that it had a large amount of debt, and that there was no guarantee that the mining permits would be granted in a timely manner. Mr. Rada proposed to settle the 109 BC Promissory Note by way of one of the following payment options:

- a) US \$12,500 on or before January 30, 2018;
- b) US \$25,000 on or before April 30, 2018; or
- c) US \$37,500 on or before July 31, 2018.

In addition, Mr. Rada stated that:

"If one of [the above three options] options is not acceptable 1092545 BC Ltd will be forced into dissolution. It has no cash or assets. Only debt."

A copy of A&B's email correspondence with Mr. Rada is attached hereto as **Appendix "63"**.

340 Given Mr. Rada's confirmation that the balance of the 109 BC Promissory Note is likely not recoverable, A&B investigated the status of the trust deposit purportedly held by Morton Law as security. The response from Morton Law on November 22, 2017 was that *"we are not, and have not previously been, counsel to 1092545 BC. We do not hold any funds in trust for that entity."* A copy of A&B's letter to Morton Law of November 22, 2017, together with the response thereto, is attached as **Appendix "64"**.

Cinnos Mission Critical Corporation (Infrastructure Fund)

341 The Cinnos Promissory Note principal and interest is repayable on maturity, or convertible into preferred shares of Cinnos in the event of a qualified financing. The Receiver will continue to monitor the performance of this investment until its stated maturity date, being September 28, 2018.

Kanwal Developments Inc. (Mortgage Fund)

- 342 The Mortgage Fund entered into a Mortgage Participation & Service Agreement with Liberty Mortgage Services Ltd. ("**Liberty Mortgage**") dated June 17, 2008 (the "**Participation Agreement**"). Under the Participation Agreement, the Mortgage Fund participates in the sum of \$500,000 (the "**Kanwal Participation**") of a \$10,800,000 first mortgage to Kanwal (the "**Kanwal Mortgage**").
- 343 On October 27, 2017, the Receiver contacted Liberty Mortgage to obtain additional documentation to assess the underlying value of the principal and the potential impairment, if any, to the Kanwal Participation. The Receiver sent follow-up correspondence to Liberty Mortgage in this regard on October 31, 2017 and November 3, 2017.
- 344 As at the date of this Second Report, the Receiver has not received any documentation from Liberty Mortgage. The Receiver requests that this Court issue an Order compelling Liberty Mortgage to provide the documents requested by the Receiver on October 27, 2017.

US REAL ESTATE LP

- 345 As outlined in the First Report, the Hedge Fund and Factoring Fund cumulatively own 99.99% of 107 LP, an entity that has an indirect ownership interest in a number of rental properties located in the United States together with corporate and individual partners (collectively the structure is referred to as the "**US Real Estate LP**"). The Hedge Fund and Factoring Fund act as limited partners (the "**Limited Partners**") in the US Real Estate LP.
- 346 The remaining 0.01% ownership of 107 LP is held by 1076874 B.C. Ltd., an entity listed as the general partner which is owned by the following individuals:
- a) Alberto Storelli (Canadian) ("**Storelli**") – 51.0%;
 - b) Brian Peoples (USA) ("**Peoples**") – 24.5%; and
 - c) Joe Harker (USA) ("**Harker**") – 24.5%.

All or one of Storelli, Peoples, and Harker (collectively the “**General Partners**”) are listed as directors or officers in a majority of the entities included in the US Real Estate LP. The Receiver understands that Storelli is the directing mind of the US Real Estate LP and is a personal friend of Housego.

347 From June 6, 2016 to March 14, 2017, the Hedge Fund and Factoring Fund (as Limited Partners) invested US \$7,500,000 in the US Real Estate LP by way of unit purchases in 107 LP through subscription agreements (the “**Subscription Agreements**”).

348 The purpose of the US Real Estate LP is to acquire and develop real estate properties in the United States to subsequently earn rental income and proceeds from the possible and/or eventual sale of such properties. Through their investment in 107 LP, the Receiver understands that the Factoring Fund and Hedge Fund have an indirect minority ownership interest in the following properties held by the US Real Estate LP:

- a) 3961 Covington Highway, Decatur, Dekalb County, Georgia (“**The Parke on Covington**”);
- b) 3859 Austin Circle, Decatur, Dekalb County, Georgia (“**Wynhollow**”);
- c) 325 - 3rd Avenue SW, Birmingham, Alabama (“**Montevallo**”);
- d) 201 - 3rd Avenue SW, Birmingham, Alabama (“**King’s Manor**”);
- e) 922 Lawndale Drive, Tupelo, Mississippi (“**Tupelo**”); and
- f) 619 E. Groveland Parkway, Chicago, Illinois (“**Chicago #1**”).

(collectively referred to as the “**US Properties**”).

349 As outlined in its First Report, the Receiver had not been able to make direct contact with Storelli; however, it has had limited discussions with Storelli’s counsel, as detailed below.

INFORMATION REQUESTS AND UPDATES ON THE US PROPERTIES

350 On June 29, 2017, the Receiver conducted a call with Storelli’s counsel, to discuss, among other things: the status of the US Real Estate LP; the progress and status of the development of the US Properties; and additional documentation required by the

Receiver, including but not limited to the financial statements of the various entities in the US Real Estate LP.

- 351 On July 30, 2017, the Receiver obtained an update on the US Properties as at March 31, 2017:
- a) Chicago #1 – *“property was purchased on Nov 17, 2016; renovations only just started in Dec 2016.”*
 - b) The Parke on Covington – *“property was purchased on Nov 10, 2016; renovations are 42% done (approx. \$433,000).”*
 - c) Wynhollow – *“property was purchased on June 7, 2016; renovations are 62% done (approx. \$1,214,000).”*
 - d) Montevallo – *“property was purchased on Aug 19, 2016 and subsequently refinanced on February 13, 2017 based on same value as the purchase price; renovations are 45% done (approx. \$1,714,500).”*
 - e) Tupelo – *“property was purchased on March 17, 2017; renovation work just beginning.”*
 - f) King’s Manor – *“property next door to Montevallo and was purchased on March 21, 2017; currently preparing for renovations.”*
- 352 In addition, the Receiver obtained the consolidated notice to reader financial statements for 107 LP for the year ended December 31, 2016; the information is outdated and irrelevant given the events that occurred after December 31, 2016.
- 353 As at the date of this Second Report, the Receiver has not received financial information for DaVinci Capital Property, Inc. (“DVCP”), a Nevada corporation which has an indirect ownership interest in each of the US Properties, nor any of the special purpose entities (“SPEs”) that purchased the US Properties. Storelli’s counsel has represented that such information will be provided to the Receiver after the SPE’s year end of December 31, 2017.
- 354 On August 31, 2017, the Receiver obtained additional information on the US Properties, excluding Chicago #1, from an anonymous investor in the Crystal Wealth Funds. A copy of the additional information provided is attached hereto as **Appendix “65”**.

355 On September 18, 2017, after the Receiver's request, Storelli's counsel provided an update on the US Properties⁷:

- a) Chicago #1 – *"1 out of the 6 units are currently occupied. There has not been a press to fill the units due to the pending renovations of the building. We had architects/plans in progress but they were put on hold due to a change of direction by Rothbury from a condo conversion to long term rentals."*
- b) The Parke on Covington – *"Renovations are approximately 90% complete. The property is currently 78% leased."*
- c) Wynhollow – *"Renovations are approximately 65% complete. 47% leased, 94% leased when excluding down units."*
- d) Montevallo – *"We are currently punching out the first two buildings (20 total units) and will have them ready for occupancy in the next two weeks pending final city approvals. Another 36 units will be delivered in blocks of six over the next 30 days for a total of 56 units, which will complete Phase I of III of the rehab. Phase II is currently underway and is approximately 50% complete. Phase III has not yet commenced."*
- e) Tupelo – *"Project on hold. In negotiations with City of Tupelo to purchase. Due to their desire to own the property, they are putting up road blocks on our renovations. We have engaged local counsel to help out here."*
- f) King's Manor – *"The property was 100% leased when we bought it to tenants paying just \$225 per month in rent. We immediately began de-leasing the property in order to commence renovations and bring the rents up to current market levels. We are down to eight tenants and have commenced renovations and expect to be fully complete within the next 90-days. Exterior renovations are underway while we vacate the property."*

ISSUES OBTAINING INFORMATION CONCERNING US REAL ESTATE LP DURING THE SALES PROCESS

356 As discussed in detail below, during the Sales Process, the Receiver coordinated calls with the potential managers and the various third party service providers involved in the

⁷ The update on the Chicago #1 property was provided to the Receiver on November 10, 2017 after numerous follow-up emails and correspondence.

administration of the Crystal Wealth Funds including but not limited to Xynergy, Spectrum, IFDS, and Frontline. The purpose of these calls was for the potential managers to perform the required due diligence on particular investments and to determine if they would continue operating under the various third party contracts entered into by the Crystal Wealth Group.

357 On September 18, 2017, the Receiver requested that Storelli and/or his counsel provide times that would be suitable to arrange a call with the potential managers, the Receiver, and any of the General Partners.

358 On September 22, 2017, Storelli's counsel advised that prior to a call being conducted, the potential managers would have to execute a non-disclosure agreement ("**NDA**") that Storelli's counsel prepared, despite the fact that the potential managers had already executed a confidentiality agreement with the Receiver as part of the Sales Process.

359 On September 26, 2017, A&B, on behalf of the Receiver, advised Storelli's counsel that the potential managers had already executed the confidentiality agreement provided for in the Sale Process, and were therefore already subject to an obligation to keep all information they receive confidential. A&B also advised Storelli's counsel that the Receiver cannot entertain the imposition of further levels of confidentiality on the process, as doing so is both unnecessary and would result in additional unnecessary costs and delay.

360 On September 26, 2017, Storelli's counsel responded stating that the Limited Partners:

"...are merely limited partners in [107 LP] that owns a minority interest stake in [US Real Estate LP] and are entitled to information pursuant to the partnership agreement and it is up to those funds as to what they do with that information. As to any third parties, the partnership is under no obligations to disclose and although my client wishes to cooperate, in the interests of safeguarding information as to the majority interest holders requires an NDA of third parties who wish to obtain information. We await the signed NDA."

361 A conference call between the potential managers and the General Partners accordingly did not proceed.

CONCLUSION

- 362 As noted in Storelli's counsel's email on September 26, 2017, the Limited Partners own a minority interest in the US Real Estate LP. In addition, as preferred shareholders, it appears that the Limited Partners have no security over the assets of 107 LP and/or the various US Real Estate LP entities. As a preferred shareholder, the Receiver, on behalf of the Limited Partners, has no recourse other than to continue to monitor the development of the US Properties and the US Real Estate LP's compliance with the Subscription Agreements and other relevant agreements governing the US Real Estate LP.
- 363 On September 22, 2017, Storelli's counsel indicated that the other owners of the US Properties are potentially interested in acquiring 107 LP's interests in same for cash and/or units of a different limited partnership which intends to become listed on the TSX Venture Exchange by June 30, 2018. The Receiver has not declined nor indicated an interest in pursuing this option as this time. The Receiver plans to update the Court and investors accordingly in subsequent reporting.
- 364 As outlined previously, given the broad nature of the Hedge Fund investment objective it is unclear if the investment in the US Real Estate LP would comply with the Hedge Fund's OM. It is the Receiver's view that the Factoring Fund's investment in the US Real Estate LP is outside of the scope of the Factoring Fund's investment objective as outlined in its OM. The non-disclosure of such an investment is a misrepresentation to investors investing into a fund by which the OM stated that they are to be invested primarily in factoring receivable agreements whereby traditional receivables are being purchased from Merchants.

MEDICAL FACTORING CONTRACTS

- 365 As outlined in the First Report, the Medical Fund invests in Medical Factoring Contracts which are administered by Xynergy Medical Capital LLC ("**Xynergy**"). Similar to the Factoring Contracts, Xynergy enters into contracts to purchase healthcare receivables (after purchase, invoices are referred to as "**Purchased Medical Receivables**") from operating businesses in the United States ("**Clients**") for a discount and service fees. The Purchased Medical Receivables are assigned to Xynergy who ultimately collects the invoice value. Unlike the Factoring Contracts, the Medical Factoring Contracts are not

entered into between the Clients and the Medical Fund but rather a participation in the agreements between Xynergy and the Client is purchased by the Medical Fund.

- 366 Xynergy and the Medical Fund entered into a Master Medical Receivables Purchase and Administration Agreement on March 31, 2016 (the “**MMRPAA**”) which essentially gives the Medical Fund the opportunity to purchase participations in Xynergy’s Medical Factoring Contracts with various Clients (defined therein). Under the MMRPAA, Xynergy administers the Medical Factoring Contracts.

SALE OF THE GEODATA BALANCE

- 367 As noted in the First Report, on June 20, 2017, Xynergy put forth a revised offer to acquire the Medical Fund’s participation in the balance of invoices related to a client, GeodataPR International, Inc. (“**Geodata**”) (the “**Geodata Participation**”), for US \$684,313 (100% of the balance of the Geodata accounts receivable).
- 368 On July 10, 2017, the Receiver and Xynergy executed a bill of sale where Xynergy re-acquired the Geodata Participation for US \$684,313. The Receiver received the funds on July 12, 2017.

CURRENT MEDICAL FACTORING CONTRACTS

- 369 After the sale of the Geodata Participation, the Medical Fund currently has balances owing under the following two (2) executed participation agreements:
- a) a participation agreement dated August 22, 2014 between the Medical Fund and Xynergy for a participation in Unlimited Prosthetics, Inc.’s (“**UPI**”) accounts receivable and 33.94% of the factoring fees (the “**UPI Participation**”); and
 - b) a participation agreement dated March 31, 2016 between the Medical Fund and Xynergy for a participation in Servicios de Salud Integrada, CSP’s (“**SSI**”) accounts receivable and 70% of the factoring fees (the “**SSI Participation**”).

Unlimited Prosthetics, Inc.

- 370 Xynergy has advised that UPI went into default in June 2015 and ceased paying the balance owed under the factoring agreement between Xynergy and UPI dated April 3, 2013. In email correspondence from Xynergy to Smith which has been obtained by the

Receiver, Xynergy had indicated that after June 2015, the account balance was US \$257,194, of which US \$197,271 were funds advanced to UPI by the Medical Fund (i.e. the principal balance) and US \$59,923 were accrued fees. Per the UPI Participation, accrued fees are split 66.06% (US \$39,585) and 33.94% (US \$20,338) to Xynergy and the Medical Fund, respectively.

- 371 On January 12, 2016, after litigation efforts against UPI were pursued, Xynergy entered into a settlement agreement with UPI and Erika Sanchez (as guarantor) for a settlement of the account balance for US \$215,000 (the "**UPI Settlement**") (the "**UPI Settlement Agreement**"). Under the UPI Settlement Agreement, UPI was to repay the UPI Settlement as follows: (i) US \$500 immediately; (ii) US \$6,500 before January 27, 2016; and (iii) payments of US \$7,000 on the 27th of each month thereafter until the UPI Settlement is paid in full. Of the UPI Settlement, approximately \$181,909 is owing to the Medical Fund and \$33,091 is owing to Xynergy.
- 372 As at the date of this Second Report, there have been a total of 21 payments totaling US \$147,000. As a result, the account balance for UPI is US \$68,000, consisting of nine (9) payments to be received. Xynergy has concerns if the remaining payments will be received.

Servicios de Salud Integrada, CSP

- 373 SSI is located in Puerto Rico and is engaged in the business of supplying radiology technicians to hospitals and clinics in the San Juan Municipality. All invoices are issued to and paid by the San Juan Municipality (i.e. the underlying debtor).
- 374 On March 27, 2013, Xynergy entered into a medical receivables factoring agreement with SSI under which a US \$600,000 medical factoring facility was provided ("**SSI Factoring Agreement**").
- 375 As noted in the First Report, Xynergy is obligated to purchase eligible Medical Receivables under the SSI Factoring Agreement. The Receiver has continued to allow Xynergy to purchase Medical Receivables from SSI using the designated SSI cash balance held in trust by Xynergy on behalf of the Medical Fund. Since the commencement of the Receivership to October 31, 2017, the average balance owing from SSI has been approximately US \$285,000, including fees owed to the Medical Fund.

- 376 The current state of Puerto Rico, as a result of Hurricane Irma and Hurricane Maria, has caused a significant delay in the payment of outstanding invoices by the San Juan Municipality. Xynergy has advised the Receiver that, after speaking with SSI and the San Juan Municipality, the situation in Puerto Rico will result in lengthy delays in receiving payments of outstanding invoices from San Juan Municipality, however, such payments are ultimately expected.
- 377 As at October 31, 2017 the balance outstanding from SSI is approximately US \$293,324 including factoring fees consisting of \$277,513 and \$15,811 owed to the Medical Fund and Xynergy, respectively. Xynergy continues to correspond with the Receiver and provide updates on the SSI balance as requested.

NFL PARTICIPATION AGREEMENTS

- 378 On August 29, 2013, the National Football League (the “**NFL**”) agreed to pay \$765 million to settle a lawsuit brought by more than 4,500 players and their families to provide medical help to more than 18,000 former players suffering from severe neurological conditions or who could potentially suffer from such conditions in the future. After subsequent hearings and appeals, the Settlement became effective on January 7, 2017 (the “**NFL Settlement Agreement**”).
- 379 KrunchCash LLC (an entity associated with Xynergy) (“**KrunchCash**”) entered into various funding agreements (the “**NFL Funding Agreements**”) with NFL players (the “**NFL Players**”) who had made claims (the “**NFL Player Claims**”) under the NFL Settlement Agreement. Under the NFL Funding Agreements, KrunchCash would advance funds to certain NFL Players for a portion of the value of the NFL Player Claims and would charge a stated factoring fee on such an advance.
- 380 In March 2016, under the MMRPAA, the Medical Fund began entering into participation agreements to purchase a stated percentage in the NFL Funding Agreements between certain NFL Players and KrunchCash (the “**NFL Participation Agreements**”), which participations were effected through the execution of assignment agreements. Under the NFL Participation Agreements, the Medical Fund would advance funds toward the participation and would earn a stated factoring fee. The factoring fee and initial advance under each NFL Participation Agreement is to be repaid to the Medical Fund as each NFL Player Claim is paid by the NFL.

- 381 As at the date of the Receiver's appointment, the Medical Fund entered into a total of 26 NFL Participation Agreements totaling US \$4,318,359 consisting of principal advances of US \$3,824,240 and accrued fees owed to the Medical Fund of US \$247,060.
- 382 In July 2017, four (4) of the NFL Participation Agreements totaling US \$662,500 in principal and US \$104,374 in accrued fees, half of which fees were owing to Xynergy, were paid out through refinancing obtained by the respective NFL Players. The total amount remitted to the Medical Fund was US \$714,687 (i.e. US \$662,500 in principal plus US \$52,187 in accrued fees)
- 383 As at October 31, 2017, there are currently 22 NFL Participation Agreements outstanding with a total value of US \$3,908,286 consisting of principal advances of US \$3,161,740 and accrued fees owed to the Medical Fund of US \$373,273. A summary of the NFL Participation Agreements outstanding as at October 31, 2017 is attached hereto as **Appendix "66"**.
- 384 On November 10, 2017, Xynergy advised that it was served with a subpoena from a New York court regarding complaints made by NFL Players for bad practices of financial institutions with respect to the purchase of all or a portion of NFL Player Claims (i.e. charging egregious fees to NFL Players). Xynergy advised that this is currently being handled by its legal counsel who has advised Xynergy that nothing significant should come of the subpoena as Xynergy's fees are fair. The Receiver has requested additional information regarding the issued subpoena.
- 385 With respect to the timing of payment, Xynergy advised that the timing of payments of the NFL Player Claims is expected to be in the first quarter of 2018, however, due to a recent court action and the backlog of NFL Player Claims required to be reviewed and audited by the claims manager, such payments could be delayed. The Receiver understands that the deadline by which NFL Player Claims were to be submitted to the NFL pursuant to the NFL Settlement Agreement was August 7, 2017.

DISCLOSURE OF THE NFL PARTICIPATION AGREEMENTS BY THE COMPANY

- 386 No reference is made in the Medical Fund OM, the Medical Fund Strategy Overview document contained on the Company's website, or in any other marketing material distributed to investors of the Medical Fund, concerning the Medical Fund's position and/or

investment process for investing in the NFL Funding Agreements through the NFL Participation Agreements. Copies of the Medical Fund OM and Medical Fund Overview document are attached hereto as **Appendix “67”** and **Appendix “68”**, respectively.

387 As outlined in the First Report, the Medical Fund’s investment objective is to

“...generate a high level of interest income with minimal volatility...by investing in U.S. medical receivables factoring facilities contracts (MRFFCs).”

388 Furthermore the Investment Strategy section of the Medical Fund’s OM states that:

“MRFFCs are financing structures designed to assist health care clinics, hospitals, doctors and other health-care practitioners (Medical Providers) in the United States and/or its territories to meet their immediate cash flow needs while awaiting collection of receivables for medical services that they have performed.”

389 The Medical Fund OM goes on to further discuss the process of the underwriting and purchasing of receivables from Medical Providers (defined in paragraph 365 above as Purchased Medical Receivables), but makes no mention of its investment in NFL Funding Agreements, which in the Receiver’s view would not be included in a reasonable investor’s definition of Purchased Medical Receivables.

390 The Receiver is of the view that the failure to disclose the NFL Participation Agreements, an investment that encompasses approximately 74.96% of the Medical Fund’s NAV (as at April 20th, 2017), is a gross misrepresentation to investors.

RESIDENTIAL MORTGAGES

BACKGROUND

391 As at the date of the Appointment Order, the Mortgage Fund, High Yield Mortgage Fund, and Sustainable Property Fund (collectively, the “**Mortgage Related Funds**”) held a total of 191 investments in first, second, or third ranking non-conventional residential mortgages administered by third parties (“**Residential Mortgages**”). 189 of the Residential Mortgages (\$18,813,884) are administered by a third-party, Spectrum Canada Mortgage Services Inc. (“**Spectrum**”) (the “**Spectrum Mortgages**”), while the remaining two (2) Residential Mortgages (\$196,000) were administered by Squire Management Inc.

("Squire") (the "Squire Mortgages").

- 392 On June 23, 2017, the Receiver accepted Squire's offer to acquire the Squire Mortgages for proceeds of \$197,526. The proceeds included the entire principal value of the Squire Mortgages in the sum of \$196,000, plus accrued interest of \$1,526 to June 23, 2017.

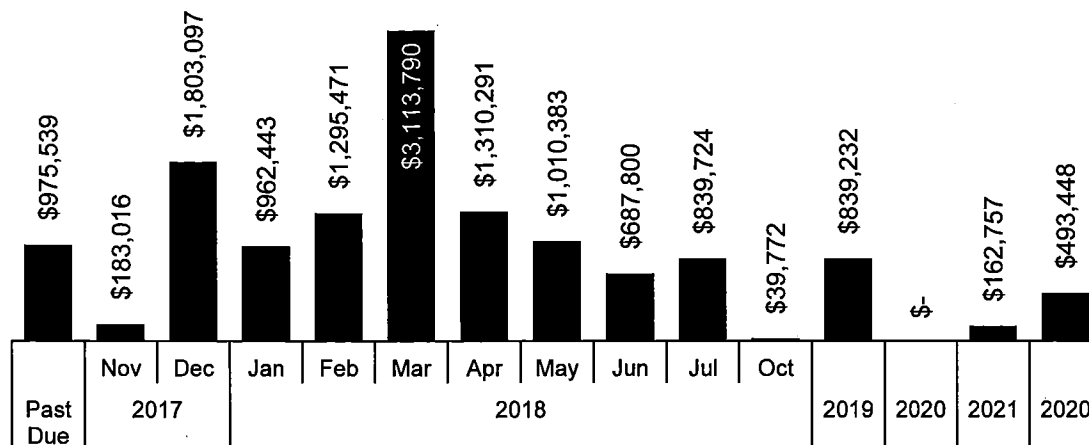
THE RECEIVER'S FINDINGS

- 393 Most of the Residential Mortgages are performing as the underlying mortgagors continue to remit their required payments. As at October 31, 2017, a total of three (3) Residential Mortgages totaling approximately \$654,483 in balances owing were in a default position and are currently undergoing foreclosure proceedings. Based on the information currently available, Spectrum has advised that a portion of these balances is expected to not be collected.
- 394 As at October 31, 2017, the number of Spectrum Mortgages has reduced to 146 with a cumulative balance owing of \$13,577,540 held in the following Mortgage Related Funds:

Fund	Residential Mortgages	Balance Owing	Average Loan to Value
Mortgage Fund	109	\$ 10,692,960	60.59%
High Yield Mortgage Fund	33	1,490,165	77.98%
Sustainable Property Fund	4	1,394,415	69.55%
Total	146	\$ 13,577,540	64.58%

- 395 The Receiver has instructed Spectrum to encourage the pay-out of Spectrum Mortgages upon renewal to avoid the continued renewal of same. If pay-out is not possible, the Residential Mortgages are being renewed on a six month basis at a modestly higher interest rate with the goal of a payout being made at the end of such renewal(s). The following chart demonstrates the balances owing of Residential Mortgages as at October 31, 2017 based on their respective maturity dates:

Residential Mortgages: Maturity Distribution



- 396 The Receiver anticipates the wind-down of the Mortgage Related Funds will occur in an orderly manner based on the renewal/payout strategy discussed above.
- 397 As outlined in the chart above, there are Residential Mortgages totaling \$975,539 which are considered “past due”; this balance is made up of five (5) Residential Mortgages (the “**Non-Performing Mortgages**”). For each of the Non-Performing Mortgages, Spectrum has continued to keep the Receiver apprised of the actions taken by Spectrum or its agents in each case. The Non-Performing Mortgages consist of four (4) Residential Mortgages which are at various stages of foreclosure proceedings or litigation.

CONCLUSION AND RECEIVER’S NEXT STEPS CONCERNING THE RESIDENTIAL MORTGAGES

- 398 As at the date of this Second Report, the Receiver is confident that a continued orderly wind-down of the Residential Mortgage portfolio with the assistance of Spectrum will yield successful recovery for a majority of the Residential Mortgage investments. As the Residential Mortgages continue to expire, the Receiver expects that most mortgagors will be able to obtain refinancing to payout their balances owing to the Mortgage Related Funds; similar to what has been occurring since the Appointment Order. Notwithstanding the above, the Receiver expects that there will be a small number of mortgagors who cannot obtain refinancing and therefore may possibly require a short-term renewal from the Mortgage Related Funds until such refinancing can be obtained.

PRIVATE EQUITIES AND PRIVATE WARRANTS

- 399 As outlined in the First Report, certain of the Crystal Wealth Funds contained: (i) equity investments in companies whereby the securities were obtained through private placements or direct purchases and are not traded on active market exchanges and therefore are not readily saleable ("**Private Equities**"); and (ii) warrant options for the purchase of shares in such companies at a stated price ("**Private Warrants**").
- 400 Private Equities held in the Crystal Wealth Funds are obtained primarily through private placements or through direct purchases from persons who independently held the Private Equities. These investments are not actively traded in external markets and are not easily valued or realizable. The Receiver continues to review documentation and correspond and/or meet with the issuers with respect to these investments to develop a monetization strategy.
- 401 The Private Equities and Private Warrants are held by the Conscious Capital Fund and consist of:
- a) Private Equity – 336,571 common shares in Pond with a Recorded Cost of \$1.33 per share; and
 - b) Private Warrants – 212,040 "Units" issued by Pond whereby each Unit is convertible into:
 - i) one (1) Common Share in the capital of Pond (i.e. 212,040 shares in Pond); and
 - ii) one (1) warrant to purchase one common share of Pond at a strike price of \$2.50 per share exercisable at any time on or before November 1, 2018.
- 402 As such Private Equities and Private Warrants are the sole investments held by the Conscious Capital Fund, no monies are accordingly available for an interim distribution to investors of this Fund.

CREDITOR CLAIMS PROCEDURE

- 403 The Creditor Claims Procedure Order issued June 30, 2017 approved, among other things, the procedure (the “**Creditor Claims Procedure**”) for determining and resolving claims filed by creditors against the Crystal Wealth Group, with the exception of investor claims arising from or relating to their investments in the Crystal Wealth Group (including the Crystal Wealth Funds). Complete details of the Creditor Claims Procedure are set out in the Creditor Claims Procedure Order.
- 404 On June 30, 2017, a copy of the Creditor Claims Procedure Order (together with all schedules) was posted on the Case Website.
- 405 On July 5, 2017, the Receiver sent a Claims Package and an instruction letter to each of the 34 Known Creditors via regular mail (as such terms are defined in the Creditor Claims Procedure Order). In addition, the Receiver provided a Claims Package to parties that requested same prior to the Claims Bar Date of August 3, 2017.
- 406 On July 10, 2017, a notice of the Creditor Claims Procedure was published in the national edition of *The Globe and Mail*.

RESULTS OF THE CREDITOR CLAIMS PROCEDURE

- 407 As at the Claims Bar Date, 26 persons or entities filed claims totaling \$16,227,134 against the following Crystal Wealth Group entities:
- a) the Company and/or the Crystal Wealth Funds – \$2,251,071;
 - b) Media Fund – one (1) claim for \$21,913;
 - c) Mortgage Fund – one (1) claim for \$298,191;
 - d) CLJ Everest – three (3) claims totaling \$1,105,324; and
 - e) Smith – six (6) claims totaling \$12,550,635.
- (collectively, the “**Filed Claims**”).
- 408 The Filed Claims consisted of claims filed by, among others: (i) third party fund

administrators and service providers; (ii) trade vendors; (iii) former employees of the Company; and (iv) former investment advisors independently contracted by the Company. The Receiver is currently conducting a detailed review of the Filed Claims and has yet to make a determination of accepting or disallowing all or part of each claim, except with respect to the Amended BDO Claim (as defined and discussed in the section immediately below).

- 409 A listing of the Filed Claims is attached hereto as **Appendix “69”**. A further report to the Court to be issued by the Receiver on a subsequent motion will address the Receiver’s evaluation of the Filed Claims. As indicated above, the Receiver has set aside the appropriate reserve on account of the Filed Claims, in the event they were to be approved in full.

THE AMENDED BDO CLAIM

- 410 Included in the Filed Claims was an unsecured claim of \$511,101 (the **“Audit Fees”**) against the Company and each of the Crystal Wealth Funds which was filed on July 26, 2017 by BDO, the auditor of the Company and the Crystal Wealth Funds prior to the Receiver’s appointment (the **“Initial BDO Claim”**). The Initial BDO Claim was for work performed by BDO in preparing the audited financial statements for the year ended December 31, 2016 and for the preparation of certain tax filings.
- 411 On August 23, 2017, the Receiver received a letter (the **“August 23, 2017 Letter”**) from BDO’s legal counsel, Blake, Cassels & Graydon LLP (**“Blakes”**), which enclosed an amended proof of claim and which revised the claim of BDO to \$180,796,338 (the **“Amended BDO Claim”**). A copy of the Amended BDO Claim is attached hereto as **Appendix “70”**.
- 412 In addition to the Initial BDO Claim for Audit Fees, the Amended BDO Claim included additional claims for the following:
- a) invoices rendered by BDO’s counsel, Blake, Cassels & Graydon LLP (**“Blakes”**), for its representation in connection with certain regulatory proceedings commenced by the OSC in respect of the Crystal Wealth Group, and certain anticipated legal fees to complete BDO’s representation in the proceedings commenced by the OSC – \$285,237 (the **“Blakes’ Fees Indemnity Claim”**);

- b) the amount claimed against BDO in a Statement of Claim issued on July 20, 2017 (the **"Proposed Class Action"**) by a Plaintiff, Anthony Whitehouse (**"Whitehouse"**), who is an investor in certain of the Crystal Wealth Funds. The Statement of Claim (bearing Court File No. CV-17-579357) is issued pursuant to the *Class Proceedings Act, 1992*, and is a proposed class action lawsuit against BDO by investors of certain Crystal Wealth Funds, seeking damages for negligence in the sum of \$150,000,000, and an additional \$25,000,000 in punitive damages. Whitehouse is accordingly the proposed representative plaintiff. To the Receiver's knowledge, the Statement of Claim has yet to be served on BDO, and a certification motion has yet to take place – \$175,000,000 (the **"Class Action Indemnity Claim"**); and
- c) estimated legal fees for BDO's defence of the Proposed Class Action– \$5,000,000 (the **"Estimated Defence Fees Indemnity Claim"**).

413 In support of the claims advanced by BDO in the Amended BDO Claim, BDO relies upon the appointment letter agreement between BDO and the Company dated December 21, 2016 (the **"Appointment Letter"**).⁸ The Appointment Letter stipulates that the Company agreed to:

- a) At s. 8.3: *"reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order, or other legal process"; and*
- b) At s. 12.1 *"...indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of a misrepresentation by a member of your management or board of directors...[and] the services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO..."*

414 BDO claims that pursuant to s. 8.3 and 12.1 of the Appointment Letters, BDO has a valid

⁸ In addition to the Appointment Letter, similar standard-form appointment letter agreements (collectively, the **"Appointment Letters"**) were entered into with each of the Crystal Wealth Funds. BDO provided the individual appointment letter agreements to the Receiver upon request, which BDO is also relying upon in support of the BDO Amended Claim.

claim for Blakes' Fees Indemnity Claim, the Class Action Indemnity Claim, and the Estimated Defence Fees Indemnity Claim.

- 415 Rather than embark on a costly and time consuming adversarial process vis-à-vis BDO with respect to Amended BDO Claim, which would have hindered the Receiver's efforts in seeking timely interim distributions to investors on this motion, the Receiver has secured BDO's agreement to abandon its Class Action Indemnity Claim in its entirety, in exchange for the Receiver's agreement to admit the BDO Invoice Claim and the Blakes' Fees Indemnity Claim. In eliminating the BDO Class Action Indemnity Claim, the Receiver has eliminated the risk that distributions to investors of the Crystal Wealth Funds which are the subject of the Proposed Class Action may not have been permitted to be made as a result of the Class Action Indemnity Claim and the significant potential liability arising therefrom to the subject Funds. The Receiver has further secured BDO's agreement that BDO shall not make any further claims, or amendments to claims, of any nature or kind, and in any proceeding or forum, as against any Crystal Wealth Group entity, including, without limitation, as against any of the Crystal Wealth Funds or against Crystal Wealth Management System Limited. The sole exception to the foregoing is that, in the event the Receiver were to commence an Ontario Superior Court of Justice action as against BDO, BDO shall be permitted to defend the action, and assert contributory negligence as against the Crystal Wealth Group entities, or any of them, should BDO elect to do so. Attached hereto as **Appendix "71"** is the email exchange between A&B and Blakes (the "**BDO Agreement**") setting out the terms of the agreement reached by the Receiver and BDO to resolve the BDO Amended Claim and any and all future claims of BDO as against the Crystal Wealth Group.
- 416 The Receiver's agreement to admit the BDO Invoice Claim and the Blakes' Fee Indemnity Claim arises from the terms of BDO's Appointment Letters (described in paragraph 413 above) which were executed by the Crystal Wealth Funds and the Company prior to the Receiver's appointment, and the Receiver's determination, following its review of the BDO invoices and the accounts of its counsel that are the subject of the BDO Invoice Claim and of the Blakes' Fees Indemnity Claim, that such fees are reasonable. The anticipated legal fees included in Blakes' Fees Indemnity Claim are less than the actual fees incurred, as noted by the Receiver during its review. No additional allowance above and beyond the quantum set out in the Blakes' Fees Indemnity Claim is being admitted by the Receiver for this claim.

- 417 Primarily, the Receiver's agreement to admit the BDO Invoice Claim and the Blakes' Indemnity Claim at this juncture was concluded in order to enable the Receiver to make timely interim distributions to investors, while eliminating the Class Action Indemnity Claim which, if allowed, could have otherwise been in excess of all assets and monies held by the Crystal Wealth Group and could therefore have had a devastating impact on investor recovery. The BDO Agreement further prevents any further or future claims being made by BDO as against the Crystal Wealth Group entities, except as specifically provided for in paragraph 415 above, and as outlined in the paragraph immediately below.
- 418 The Receiver has expressly reserved its position to BDO that, in allowing the BDO Invoice Claim, the Receiver is not acknowledging the quality of services provided by BDO to the Crystal Wealth Funds and the Company. The Receiver has agreed to reserve \$1,000,000 on account of BDO's Estimated Defence Fees Indemnity Claim, while reserving the Receiver's rights to deny and contest that indemnity claim at a later date.

THE PROPOSED CLASS ACTION

- 419 The Statement of Claim, enclosed with the Amended BDO Claim, outlines that Whitehouse is claiming for, among other relief:
- a) an order certifying the Class Action Proceeding (as defined in the Statement of Claim) and appointing Whitehouse as representative Plaintiff on his own behalf and on behalf of the Class (as defined in the Statement of Claim);
 - b) a declaration that BDO had a duty of care to the Class which it breached by negligently performing its professional services causing damages (as described in the Statement of Claim);
 - c) damages for negligence in the sum of \$150,000,000; and
 - d) punitive damages of \$25,000,000.
- 420 The Statement of Claim asserts that damages to the Class were a result of BDO's negligence in performing the audits to which the Class relied on when purchasing units in the following Crystal Wealth Funds:
- a) Mortgage Fund;

- b) Media Fund;
- c) Resource Fund;
- d) High Yield Mortgage Fund;
- e) Factoring Fund;
- f) ACM Income Fund;
- g) Medical Fund;
- h) ACM Growth Fund;
- i) Bullion Fund; and
- j) Retirement Fund;

(collectively, the “**Class Action Funds**”)

- 421 Based on the April 20th Package and the table included in **Appendix “12”**, the Class Action Funds had a total Recorded Value of approximately \$159,928,046 consisting of:
- a) Cash in the amount of \$2,355,368;
 - b) On-Book Assets with a Recorded Value of \$44,403,183;
 - c) Off-Book Assets with a Recorded Value of \$115,156,579; and
 - d) Accruals with a Recorded Value of **negative** \$1,987,083.
- 422 As has been detailed throughout this report, the Recorded Value of the NAV of these Funds was materially overstated by the Company, such that the Amended BDO Claim vastly exceeds the assets of the Company and of the Crystal Wealth Funds.

SALES PROCESS

423 In the First Report, the Receiver recommended to the Court that the Receiver conduct a sales process (the "**Sales Process**") for certain Crystal Wealth Funds in a manner in which:

- a) potential bidders may make an offer to purchase the investments from one or more of the Crystal Wealth Funds (the "**Potential Bidders**") (an offer submitted by a Potential Bidder is referred to herein as a "**Purchase Offer**"); and/or
- b) potential managers may present an offer to assume the management of one or more of the Crystal Wealth Funds' investment activities and assume the Company's position and duties to investors (the "**Potential Managers**") (an offer submitted by a Potential Manager is referred to herein as a "**Management Offer**").

Additional details with respect to the Sales Process are outlined in the First Report.

424 Prior to the commencement of the Sales Process, the Receiver had compiled a list of 15 entities who had indicated that they had an interest in either submitting a Purchaser Offer and/or Management Offer (collectively, the "**Initial Interested Parties**").

425 On July 12, 2017, the Receiver distributed a solicitation letter (the "**Solicitation Letter**") to the Initial Interested Parties to: (i) confirm their interest, (ii) provide background on the Crystal Wealth Funds which were the subject of the Sales Process (the "**Listed Funds**")⁹; and (iii) outline the conditions and terms of the Sales Process. A copy of the Solicitation Letter is attached hereto as **Appendix "72"**.

426 In addition to the Solicitation Letter, a confidentiality agreement (the "**Confidentiality Agreement**") was provided to the Initial Interested Parties. The Confidentiality Agreement was required to be executed and returned to the Receiver in order for Initial Interested Parties to receive a confidential information memorandum prepared by the Receiver (the "**Confidential Information Memorandum**") and to access the electronic data room

⁹ The Retirement Fund, Resource Fund, ACM Income Fund, ACM Growth Fund, and Sustainable Dividend Fund were not subject to the Sales Process, given that the assets of these Funds were comprised of only cash, marketable securities, and/or Inter-fund Investments.

established by the Receiver (the “**Data Room**”). A copy of the Confidential Information Memorandum, without appendices, is attached hereto as **Confidential Appendix “4”**.

- 427 On July 12, 2017, the Receiver created the Data Room and uploaded numerous documents with respect to the Listed Funds and the investments contained within them. The primary source for documents being contained in the Data Room was the Company’s Dropbox document storage system (which the Receiver understands housed all of the books and records of the Company, except for hard copy files pertaining to individual investors) supplemented by documents provided by Smith. As the Receiver continued to correspond with various service providers to the Company and the Crystal Wealth Funds, including but not limited to Xynergy, Frontline, Spectrum, and IFDS, the Receiver would, if deemed relevant, upload such documents obtained from these service providers to the Data Room. Each time a document was uploaded to the Data Room, all parties with access to the Data Room would receive a notification of same.
- 428 On July 14, 2017, the Receiver placed the Solicitation Letter on the Case Website.
- 429 Beginning on July 31, 2017, the Receiver placed two (2) targeted advertisements of the Sales Process in the Chartered Financial Analyst (CFA) Institute “Financial Newsbrief” which is delivered to CFA members on a daily basis. Since notification of the Receivership Proceedings had already been widely disseminated by the Receiver in the national editions of *The Globe and Mail* and *National Post* on May 4, 2017, and by virtue of the Creditor Claims Procedure being published by the Receiver in the national edition of *The Globe and Mail* on July 10, 2017, the CFA “Financial Newsbrief” forum was specifically chosen as the Receiver wished to target this sales opportunity to sophisticated investment professionals, being the global CFA network whose membership is in excess of 142,000 members in 159 countries.
- 430 The Receiver, with the assistance of its transactions team (Grant Thornton Corporate Finance Inc.), carefully identified an additional nine (9) asset management companies who managed similar *alternative* investment portfolios (“**Related Asset Managers**”) and who it believed may have an interest in the Sales Process (the Related Asset Managers and the Initial Interested Parties are collectively referred to as the “**Interested Parties**”). The Receiver emphasizes the word “alternative” as the general composition of the Crystal

Wealth Funds contains non-traditional investments. A copy of the Solicitation Letter and the Confidentiality Agreement was sent to the Related Asset Managers on July 25, 2017.

- 431 The Receiver received executed Confidentiality Agreements from 12 of the Interested Parties, who were then provided with a copy of the Confidential Information Memorandum and access to the Data Room. The Interested Parties who submitted executed Confidentiality Agreements are referred to as “**Prospective Purchasers**” and/or “**Prospective Managers**”.
- 432 Between July 12, 2017 and the deadline by which Prospective Purchasers and Prospective Managers were required to submit their offers to the Receiver by 5 p.m. EST on August 10, 2017 (the “**Offer Deadline**”), the Receiver responded to numerous inquiries from Prospective Purchasers/Prospective Managers, provided answers to specific questions concerning the Listed Funds and their investments, and uploaded additional documents to the Data Room. Such activity also included numerous correspondence, discussions, and meetings with Prospective Purchasers or Prospective Managers and arranging for Prospective Purchasers or Prospective Managers to conduct individual discussions with the Service Providers.

RESULTS OF THE SALE PROCESS

- 433 By the Offer Deadline, the Receiver obtained the following offers from seven (7) different Prospective Purchasers and Prospective Managers:
- a) two (2) Management Offers for the assumption of the management of all of the Listed Funds’ investment activities and the Company’s duties to investors of such Funds (the “**Complete Management Offers**”) (the Prospective Managers who submitted the Complete Management Offers are referred to as the “**Complete Managers**”);
 - b) one (1) Management Offer for two of the Listed Funds (the “**Limited Management Offer**”) received from a “**Limited Manager**”;
 - c) three (3) cash Purchase Offers for certain assets in the Listed Funds (the “**Cash Purchase Offers**”) (collectively, the “**Cash Purchasers**”); and

- d) one (1) Purchase Offer for certain assets in the Listed Funds in exchange for preferred shares to investors (the "**Preferred Share Offer**") received from a "**Preferred Share Purchaser**";

(collectively the "**Initial Offers**").

- 434 All of the Initial Offers contained an irrevocable date of August 17, 2017, as stipulated in the Confidential Information Memorandum.
- 435 Shortly after the Offer Deadline, the Receiver commenced a review of the Initial Offers. A summary of the Initial Offers is attached hereto as **Confidential Appendix "5"**.
- 436 On August 16, 2017, after review of the Complete Management Offers, the Receiver sent a list of additional questions to the Complete Managers (the "**August 16, 2017 Questions**") in order to more fully understand their offers, particularly from an investor perspective. In addition, the Receiver requested that the Complete Managers extend the irrevocable date of the Complete Management Offers to September 1, 2017 to which both Complete Managers consented. The questions put forth by the Receiver in the August 16, 2017 Questions related to each of the Complete Managers' plan with regards to:
 - a) the anticipated timeline for investors to redeem their units in the Listed Funds and the quantum of liquidity, if any (e.g. cash injection, short term loan, investment, etc.), that would be provided by the Complete Managers to assist in satisfying redemption requests;
 - b) their intentions in allowing for new investors to invest in the Listed Funds or if the Funds would be closed to new investors;
 - c) the anticipated process to determine the underlying NAV of the Listed Funds;
 - d) the current and/or proposed internal processes and controls to be put in place to provide on-going reporting on the NAV of the Listed Funds to investors;
 - e) the proposed fees to be charged by the Complete Managers;
 - f) their intention to assume current agreements with Service Providers in which the Company and/or any of the Listed Funds were counterparties;

- g) their intended process to obtain required regulatory approvals and/or registrations with the OSC and/or other securities regulator(s), if any; and
- h) their specific plans with respect to the management of some of the more alternative investments (e.g. Factoring Contracts, Media Loans, US Real Estate LP, Commercial Loans).

A copy of the August 16, 2017 Questions and summary of answers from the Complete Managers is attached hereto as **Confidential Appendix "6"**.

- 437 In addition to the Complete Managers, the Receiver requested and obtained the consent from the Limited Manager, Cash Purchasers, and Preferred Share Purchaser to extend the irrevocable date of their respective Initial Offers to September 1, 2017 in order to allow the Receiver to conduct additional due diligence and to engage in further discussions with the Prospective Purchasers and Prospective Managers.

SHORTLISTED PARTIES

- 438 On September 1, 2017, the Receiver issued letters to the Limited Manager and two (2) of the Cash Purchasers advising that their offers would not be accepted.
- 439 The Limited Management Offer was declined due to the negligible purchase price offered for the management of two (2) Listed Funds, and due to the Receiver's view that the Limited Manager lacked the expertise to manage the named Listed Funds.
- 440 The two (2) Cash Purchase Offers were rejected due to the extremely low value assigned to the assets contained within the Listed Funds outlined for purchase.
- 441 The Complete Management Offers, the Preferred Share Offer, and the remaining Cash Purchase Offer are collectively referred to as the "**Shortlisted Offers**" and the parties who submitted same are referred to as the "**Shortlisted Parties**".
- 442 On September 1, 2017, the Receiver provided the Shortlisted Parties the opportunity to conduct additional due diligence up to 5 p.m. EST on September 28, 2017 (the "**Additional Due Diligence Period**"), subject to the Shortlisted Offers' irrevocable dates being extended to October 6, 2017. The Receiver also requested that each Shortlisted Party prepare a proposed form of purchase/assumption agreement, along with a specific

timeline containing key pre and post-closing items, to be submitted to the Receiver for its consideration by September 28, 2017.

- 443 During the Additional Due Diligence Period, the Receiver conducted the following key activities:
- a) attended numerous conference calls with Shortlisted Parties;
 - b) coordinated and scheduled discussions and meetings with various Service Providers, including but not limited to, Spectrum, Xynergy, Frontline, NBCN and IFDS;
 - c) obtained and uploaded additional information to the Data Room when received;
 - d) responded to various inquiries from the Shortlisted Parties;
 - e) attended calls with the OSC to gain an understanding of the regulatory requirements required to be satisfied, if any, by each of the Shortlisted Parties; and
 - f) performed background and due diligence checks on each of Shortlisted Parties.
- 444 Throughout the Receivership Proceedings, and more particularly during the Sales Process, the Receiver also received a broad range of feedback from investors concerning their preferences with respect to the outcome of the Sales Process.
- 445 By September 28, 2017, the Receiver obtained a proposed purchase/assumption agreement from each of the Shortlisted Parties and reviewed each proposed agreement in order to carefully evaluate all of the terms and conditions being proposed. Where required, the Receiver contacted a Shortlisted Party in order to clarify specific terms and conditions of the proposed agreement.
- 446 After the Receiver carefully considered all of the information and submissions provided by the Shortlisted Parties and the general opinions expressed by the investor population, the Receiver determined that it would not be pursuing any of the Shortlisted Offers received from Complete Managers and the Preferred Share Purchaser. In arriving at this decision, the Receiver considered the proposed structure, terms, and timelines involved to give effect to the transactions proposed, as well as the broader implications on the stakeholders and investors of the Crystal Wealth Group if the transactions underlying the offers were to be effected.

447 More specifically, the following points influenced the Receiver's decision:

- a) both Complete Management Offers and the proposed management agreements submitted by the Complete Managers were highly conditional and would have required a significant amount of time, cost, and effort to effect a transaction with no guarantees that a transaction would ultimately be completed;
- b) the Complete Management Offers were conditional upon certain relief being granted by the OSC, which is beyond the Receiver's control. For example, one of the Complete Management Offers required that exemptive relief be granted by the OSC in respect of the Listed Funds, to relieve the Complete Manager from past outstanding audit requirements;
- c) as outlined previously in this Second Report, a large majority of the assets contained within the Listed Funds, including but not limited to the Factoring Contracts, Media Loans, and Gold Contracts, are grossly impaired. The Complete Management Offers failed to adequately address or propose a definitive solution as to how the Complete Managers would, as a minimum, recover the principal of the investments, let alone with profit, or otherwise take steps to effect recovery which are preferable to the steps being taken by the Receiver and its counsel. The Receiver is of the view that the Complete Management Offers failed to offer definitive alternatives to the steps already being taken by the Receiver which would better enable investors to recover their original investments in Listed Funds which hold the impaired investments;
- d) both Complete Management Offers did not satisfy the Receiver that investors would be allowed to redeem their investment in the Crystal Wealth Funds in a timely fashion, and contained no guarantees or assurances as to the minimum value at which such redemptions would occur, once available;
- e) both Complete Management Offers accordingly did not provide any assurance that the eventually established NAV by such Complete Managers would any better, then or in the future, than exists at present. In fact, one of the Complete Management Offers was conditional upon the Complete Manager establishing the NAV of the Listed Funds prior to the transaction being effected, and being satisfied with the NAV. Given what the Receiver has learned about the impaired nature of the investments held in many of the Listed Funds, as is detailed throughout this Second Report, a reasonable

possibility existed that this Complete Manager, upon its ultimate establishment of the NAV, may have not wished to proceed with the underlying transaction, which would have only served to result in further delay and expense during which time the Receiver's efforts are better directed at undertaking enforcement and recovery steps in order to maximize investor returns;

- f) the Amended BDO Claim which arose in the midst of the Sales Process, after the Initial Offers had been received by the Receiver, created an additional complication, namely, that the Amended BDO Claim (and in particular, the Class Action Indemnity Claim) would either need to be definitively disallowed prior to any such Complete Management Offer transaction being effected, or would likely have been incorporated into the underlying transaction as an assumed contingent obligation which would have restricted a Complete Manager in the future use of the investments in the Class Action Funds, including the issuance of redemptions to investors.

The fact that the Receiver has now resolved and eliminated BDO's Class Action Indemnity Claim does not alter the Receiver's view that it is not in the best interest of investors to further pursue either of the Complete Management Offers.

- g) during the period in which a Complete Management Offer would be negotiated and finalized, the Receiver's ability to enforce and realize on impaired assets would be delayed which may result in further losses to certain Listed Funds;
- h) both Complete Management Offers contained only a nominal purchase price for the assumption of management of the Listed Funds, which when considered in the context of the additional concerns pertaining to the Complete Management Offers as set out above, did not favour proceeding with the acceptance of either Complete Management Offer; and
- i) with respect to the Preferred Share Offer, the offer did not provide immediate liquidity for investors to redeem their units and also would have resulted in the investors being in a subordinate position in regards to the specific investments in the Listed Fund which was the subject of the Preferred Share Offer; in other words, the transaction would have placed the investors in a worse position vis-à-vis the security being held as collateral for their investments.

- 448 A comparison of the two Complete Management Offers is attached to this Second Report as **Confidential Appendix “7”**.
- 449 In view of the foregoing, on October 4, 2017, the Receiver notified the Complete Managers and the Preferred Share Purchaser that it would not be pursuing any of the Complete Management Offers or Preferred Share Offer received throughout the Sales Process. However, no notification was given to the one (1) Cash Purchase Offer, as will be addressed below.

THE CASH PURCHASE OFFER

- 450 The Receiver is in the process of advancing negotiations with respect to the remaining Cash Purchase Offer. It is anticipated that a supplement to this Second Report will be issued by the Receiver in advance of the motion seeking approval of this Second Report, which supplement will report to the Court with respect to whether an agreement concerning the remaining Cash Purchase Offer has been reached, for which approval will be sought from the Court on this motion.

RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP

- 451 Attached hereto as **Appendix “11”** is the Receiver’s Interim Statement of Receipts and Disbursements for the period April 26, 2017 to October 31, 2017 which outlines the cash balances of the Company and the Crystal Wealth Funds. From April 26, 2017 to October 31, 2017, cash receipts totaled \$30,836,285 and US \$2,242,157 while disbursements were \$1,132,420 and US \$509. The ending cash balances as at October 31, 2017 were \$37,705,633.
- 452 Cash receipts to the Crystal Wealth Funds were generated from the following significant receipts, among others:
- a) the monetization of Equities – \$7,779,181 and US \$4,207,609 respectively, net of commissions;
 - b) collection of Media Loan principal and interest payments – \$6,859,188 and US \$153,591;
 - c) the collection of Residential Mortgage principal and interest payments – \$5,652,373;
 - d) the monetization of External Mutual Funds – \$5,051,937;
 - e) the collection of payments from NFL Participation Agreements – US \$714,867; and
 - f) the sale of the Geodata Balance – US \$684,313.
- 453 Disbursements from the Crystal Wealth Funds primarily relate to Court approved Receiver and legal fees, insurance, the purchase of Equities upon exercising Warrants, outside consulting fees paid to contractors including Quiver, bank charges and commissions, and HST related to taxable expenses.

OTHER NOTABLE ITEMS

INVESTMENT ADVISOR COMPENSATION

- 454 As has been described in detail throughout this Second Report, it is apparent that the historical reported values of certain Crystal Wealth Funds have been overstated by the Company and that provisions in such Funds should have been made to reflect the permanent impairment of certain investments.
- 455 The independent Investment Advisors were compensated, in part, based on the NAV of the Crystal Wealth Funds in which their investors were invested. Accordingly, as the monthly NAV of certain Crystal Wealth Funds were overstated, compensation to the Investment Advisors, based on such inflated NAVs, were overcompensated.
- 456 Although the Receiver is reviewing all of the Independent Advisor compensation agreements, a review of the accounting records of the Company indicates that over the 12 months preceding the Receiver's appointment, some of the Investment Advisors received significant payments. Below is a listing of certain of the Investment Advisors and the payments received by them for the 12 months ending April 26, 2017 totaling \$1,699,944:
- a) Housego – \$713,785;
 - b) Jeff Mushaluk – \$256,647;
 - c) Dale Wells – \$253,221;
 - d) Clayton Smith – \$200,642;
 - e) Scott Whale – \$175,582; and
 - f) Tim Johnston – \$100,067.
- 457 The Receiver will report the results of its review of the agreements between the above noted individuals in its next report to the Court.

INTERFERENCE IN THE RECEIVER'S ADMINISTRATION OF THE CRYSTAL WEALTH GROUP

458 Since the release of the Receiver's Notice to Investors dated October 6, 2017 advising of the Receiver's decision to not accept any of the Complete Management Offers (the "**October 6 2017 Notice**"), it has become evident to the Receiver that third parties, which may include former representatives (i.e. Investment Advisors) of the Company, have continued to communicate with investors, and are purporting to provide investors with information concerning the Receiver's administration of the Crystal Wealth Group, and with respect to the Crystal Wealth Funds. Such information being communicated to investors has been false and misleading. Such statements recently made by numerous investors to the Receiver, which reflect that third parties are providing the investors with false and misleading information, include that:

- a) all of the assets and investments contained within the Crystal Wealth Funds were healthy and performing prior to the appointment of the Receiver;
- b) the Receiver will be performing an expedited liquidation of all of the assets at minimal prices;
- c) the Amended BDO Claim is a consequence of mismanagement and misleading guidance by the Receiver;
- d) the Receiver denied investors the right to have representative counsel appointed;
- e) if representative counsel was appointed then the Proposed Class Action would not have been commenced by Whitehouse (despite Whitehouse having had his own counsel present at the June 30, 2017 motion before the Honourable Justice Mr. Hainey, in order to oppose CMB's appointment as representative counsel);
- f) the OSC placed the Crystal Wealth Group into receivership, even though the Crystal Wealth Group had in excess of \$100 Million in assets and no significant financial issues; and
- g) the Complete Managers would be able to manage the Crystal Wealth Funds back to profitability and recover all investments at full value. Furthermore, many investors who have recently written to the Receiver were aware that there were two (2) Complete

Managers, the number of which had not been publicized by the Receiver prior to the issuance of this Second Report.

- 459 Almost all of such communications from investors advising of inaccurate information provided by other sources has been from investors who are located in British Columbia and are primarily invested in the Factoring Fund, Bullion Fund, and Hedge Fund, in which Housego was the Lead Portfolio Strategist. Coincidentally: (i) these recent investor communications expressing investors' strong disagreement to the Receiver's decisions appear to be in the format of a "form letter" addressed to the same email addresses (some with the same incorrect spelling of certain email addresses); and (ii) the Factoring Fund, Bullion Fund, and Hedge Funds have the most significant issues regarding the quality of investments and non-compliance to the corresponding OMs. In subsequent discussions with a number of investors, the Receiver was advised that Housego was the author of this form letter being submitted by investors. Absent Housego's examination under oath, the Receiver can only surmise that Housego – who received payments of \$713,785 in the 12 months ending April 26, 2017 - is one of the primary sources of such misinformation in order to redirect blame regarding the poor quality of the investments held by the Factoring Fund, Bullion Fund, and Hedge Fund, and the use of investor monies by these Funds.
- 460 Since the commencement of the Receivership Proceedings, and more notably after the Receiver's communication to investors of its decision to not pursue any Management Offers, the Receiver has and continues to spend a considerable amount of time addressing such false information being distributed to investors in order to correct the record and to clarify the resulting confusion which has resulted within the investor base.

UNAUTHORIZED COMMUNICATION TO INVESTORS BY A COMPLETE MANAGER

- 461 Since the October 6 2017 Notice, certain investors have confirmed that they have been contacted by one of the Complete Managers, Brian Bosse ("**Bosse**") of BlueSpring Investments Inc.; such correspondence is a breach of the confidentiality agreement executed by Bosse as a condition of his participation in the Sales Process.
- 462 In a meeting held on October 11, 2017 between the Receiver and Bosse at the Receiver's office, Bosse indicated that he had spoken to an investor who had been concerned as to why his Complete Management Offer was not pursued by the Receiver.

463 On a call convened with the Receiver on October 31, 2017, Bosse indicated his displeasure with the Notice issued by the Receiver to investors dated October 30, 2017 (the “**October 30 2017 Notice**”) which, among other things, communicated to investors the reasons why the Receiver did not accept any of the Complete Management Offers. Bosse demanded that the Receiver take down the October 30 2017 Notice to which the Receiver declined. During the call, Bosse had also communicated to the Receiver that he had been in discussions with “numerous investors in the past few weeks” and that the October 30 2017 Notice damaged the credibility he had with the investors with whom he had been in contact. The Receiver advised Bosse that communication with investors regarding the Crystal Wealth Funds and the Sales Process was in contravention of the Confidentiality Agreement and that all future communications must cease. During the call, the Receiver asked Bosse to disclose the number of investors he had discussions with and the number of occurrences of such discussions however Bosse refused to disclose this information to the Receiver.

THE INVESTMENT ADMINISTRATION SOLUTION INC.’S FAILURE TO PROVIDE DOCUMENTS

- 464 Although the Company performed its financial accounting and record keeping internally, as it relates to the Crystal Wealth Funds, the financial accounting and recording keeping was outsourced to a third-party, Investment Administration Solution Inc. (“**IAS**”).
- 465 The Receiver has made numerous requests to IAS to obtain the monthly reporting for each of the Crystal Wealth Funds and the underlying transaction detail for same from January 1, 2016 to May 31, 2017. As at the date of this Second Report, IAS has ignored the Receiver’s requests and has failed to provide such documentation.
- 466 The Receiver requests that this Court issue an Order directing IAS to provide the Receiver and its counsel with certain requested but still outstanding information and documentation required for a proper account reconciliation and assessment the Crystal Wealth Funds.

OTHER ACTIVITIES OF THE RECEIVER SINCE THE APPOINTMENT ORDER

467 Upon its appointment, the Receiver took immediate steps to secure and preserve the Property of the Crystal Wealth Group, communicate with stakeholders, and deal with other operational and administrative tasks. The Receiver has conducted the following key activities in relation to its appointment:

- a) responded to numerous calls and emails from Crystal Wealth Group investors and other stakeholders;
- b) distributed **ten** (10) notices from the Receiver to all investors, which were also posted to the Receiver's Case Website, from May 1, 2017 to October 30, 2017 updating them on the receivership as events unfolded;
- c) created and maintained a listing of investors with holdings, accounts, and contact information including email addresses;
- d) held meetings and corresponded with NBCN on a number of investor matters, including the on-going management of the securities, records and monetization of assets within the Crystal Wealth Funds;
- e) corresponded with various third-parties involved in administering certain Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
- f) collected monthly payments and funds held by third-parties administering certain Crystal Wealth Funds and/or their assets;
- g) corresponded with borrowers of the Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
- h) executed the MOU Amendments dated September 28, 2017 and October 30, 2017 with Quiver;
- i) conducted meetings with certain third-parties and borrowers, as appropriate;
- j) corresponded and held numerous discussions with various stakeholders, providers and/or their legal counsels;

- k) corresponded and held various discussions with BDO and its counsel;
- l) corresponded and held various discussions and meetings with parties expressing interest in either purchasing or managing certain Crystal Wealth Funds; and
- m) maintained a public website for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol.

MOUNT NEMO PROPERTY

- 468 As outlined in the First Report, on June 8, 2017, the Receiver entered into an MLS listing agreement with RE/MAX Aboutowne Realty Corp., Brokerage (the "**Broker**") effective until October 31, 2017 (the "**Listing Agreement**").
- 469 Prior to listing the Mount Nemo Property, the Receiver performed the following activities to prepare the Mount Nemo Property for sale:
- a) arranged for and retained a third-party to open and maintain the pool and waterfall located on the Mount Nemo Property;
 - b) engaged a third party landscaping company to provide grass cutting and general maintenance and landscaping services for the Mount Nemo Property; and
 - c) ensured adequate security was in place.
- 470 On July 12, 2017, the Mount Nemo Property was listed for \$3,399,000 on the Oakville/Milton, Hamilton/Burlington, and Toronto District Real Estate Board in addition to various other online real estate websites. The Receiver elected to begin listing the Mount Nemo Property at this price as it represented the approximate amount of the Purchaser's offer as contained in the Mount Nemo Sale Agreement.
- 471 Beginning the week ending July 17, 2017, the Broker provided the Receiver with periodic updates outlining, among other things: (i) the number of showings; (ii) the internet traffic on various websites; (iii) general updates on the condition of the Mount Nemo Property; and (iv) the status of any past or future showings.
- 472 Due to the minimal interest in the Mount Nemo Property and the fact that minimal showings were arranged and no offers had been received, the Receiver executed an amendment to the Listing Agreement dated August 30, 2017 which reduced the listing price of the Mount Nemo Property to \$3,199,000 (a reduction of \$200,000) (the "**First Amendment**").
- 473 On October 31, 2017, the Listing Agreement with the Broker expired. On November 2 and November 3, 2017, the Receiver notified the Broker that it would not be renewing the Listing Agreement. The Receiver's decision resulted from the fact that no offers were

received despite the Property having been listed for six months, and given that only a minimal amount of showings were conducted.

- 474 The Receiver contacted another broker, Sotheby's International Realty Canada ("**Sotheby's**"), who had submitted a proposal as part of the Receiver's Request for Proposals process discussed in the First Report, to inquire if Sotheby's remained interested in listing the Mount Nemo Property.
- 475 In the RFP process, the Receiver had ranked Sotheby's proposal behind that of the Broker, however, the Sotheby's proposal highlighted: (i) its extensive experience selling similar real estate in the Burlington and surrounding area; (ii) a competitive commission structure; (iii) detailed and real time reporting tools and functionality; and (iv) a detailed marketing plan to prepare and execute the sale of the Mount Nemo Property.
- 476 On November 6, 2017, the Receiver entered into an MLS listing agreement with Sotheby's (the "**Sotheby's Listing Agreement**") which is attached to this Second Report as **Confidential Appendix "8"**.

THE RECEIVER'S CONTINUED DEALINGS WITH SMITH

- 477 As a result of the Appointment Order, all of Smith's known assets, including bank accounts, continue to be frozen, and all of the Property (as defined in the Appointment Order) was vested in the Receiver.
- 478 As discussed in the First Report, on May 18, 2017, the Receiver delivered a form of statutory declaration (the "**Statutory Declaration**") to Smith requesting that he provide information concerning, among other things, his assets, liabilities, income, and expenses.
- 479 On May 24, 2017, June 6, 2017, and July 4, 2017, A&B, on behalf of the Receiver, sent follow-up correspondence to Smith reiterating the Receiver's request that Smith complete the Statutory Declaration.
- 480 On July 20, 2017, Smith delivered to the Receiver an unsworn version of the form of statutory declaration, to which Smith had made significant changes (the "**Unsworn and Altered Statutory Declaration**").
- 481 On July 24, 2017, the Receiver provided notice to Smith that the Unsworn and Altered Statutory Declaration contained significant changes to the Statutory Declaration provided by the Receiver on May 18, 2017 and that same was not sworn. On July 28, 2017, Smith advised the Receiver he would provide a sworn Statutory Declaration.
- 482 Subsequent to the Receiver following-up on August 11, 2017, August 28, 2017, and September 1, 2017, Smith provided a sworn Statutory Declaration to the Receiver which was received on September 7, 2017. The delivered Statutory Declaration included handwritten changes by Smith to the form of Statutory Declaration which the Receiver had required be completed by Smith.
- 483 The Receiver continues to reserve its rights to cross-examine Smith on his sworn Statutory Declaration, and to examine Smith as permitted by the Appointment Order.

RECEIVER'S FEES AND DISBURSEMENTS

- 484 Pursuant to paragraph 23 of the Appointment Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 24 of the Appointment Order, the Receiver and its counsel shall pass their accounts.
- 485 The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court up to and including September 30, 2017, and seeks approval of the allocation methodology described in paragraphs 57 to 61 above. The Receiver and its counsel have maintained detailed records of their professional time and costs.
- 486 The total fees for the Receiver for the period June 1, 2017 to September 30, 2017, were \$385,280.07, plus disbursements of \$4,089.28, plus HST of \$50,618.02, for a total of \$439,987.37. The time spent by the Receiver is more particularly described in the Affidavit of Jonathan Krieger sworn November 17, 2017 (the "**Krieger Affidavit**"), which is attached hereto as **Appendix "73"** and contains copies of invoices that set out the services provided during this time period.
- 487 The total fees of A&B, as counsel to the Receiver, for the period of June 1, 2017 to September 29, 2017, were \$315,692.50, plus disbursements of \$7,125.88, plus HST of \$41,696.38, for a total of \$364,514.76. The time spent by A&B is more particularly described in the Affidavit of Mark van Zandvoort sworn November 22, 2017 (the "**van Zandvoort Affidavit**"), which is attached as **Appendix "74"** and contains, among other things, copies of invoices that set out the services provided during this period of time.
- 488 It is the Receiver's opinion that the fees and disbursements of the Receiver and A&B accurately reflect the work done by the Receiver and on behalf of the Receiver by A&B in connection with the receivership and the administration of the Property of the Crystal Wealth Group from June 1, 2017 to September 30, 2017.
- 489 It is the Receiver's opinion that the fees and disbursements of A&B are fair and reasonable and justified in the circumstances. The Receiver recommends approval of A&B's accounts by this Honourable Court.

TELE-TOWN HALL FOR INVESTORS

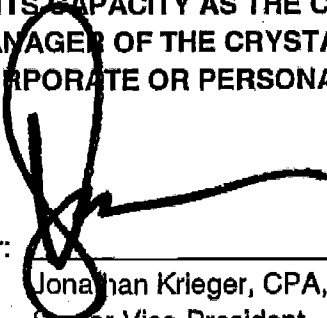
490 Due to the volume and complexity of the information contained within this Second Report, the Receiver will be conducting a "Town Hall" meeting with investors via tele-conference (the "Tele-Town Hall") whereby investors will be given the opportunity to ask the Receiver questions with respect to the receivership of the Crystal Wealth Group and its administration of same. The Tele-Town Hall will be conducted by the Receiver on December 7, 2017 from 11:00 am EST to 1:00 pm EST. The Receiver will provide more detailed information and instructions with respect to the Tele-Town Hall to investors in due course, which information will be available on the Receiver's Case Website.

CONCLUSION

491 For the reasons set out in this Second Report, the Receiver respectfully requests the relief and approval requested in the Receiver's Notice of Motion dated November 24th, 2017.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 24th day of November, 2017.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

30976692.9

TAB 10

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**



THE HONOURABLE
JUSTICE MYERS

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MONDAY, THE 11th DAY
OF DECEMBER, 2017

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

ORDER

THIS MOTION, made by Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed receiver and manager (in such capacity, the "**Receiver**"), without security, of all of the assets, undertakings and properties of each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"), for an Order, *inter alia*, approving the Second Report of the Receiver dated November 24, 2017 (the "**Second Report**") and the activities of the Receiver set out in the Second Report, and for other relief requested by

the Receiver in its Notice of Motion dated November 24, 2017, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report, including the affidavit of Jonathan Krieger sworn November 17, 2017 (the "**Krieger Affidavit**"), and the affidavit of Mark van Zandvoort sworn November 22, 2017 (the "**van Zandvoort Affidavit**"), and on hearing the submissions of counsel for the Receiver and such other counsel who were present, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Colette Dillard sworn November 24, 2017, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the Receiver's motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Second Report and the activities of the Receiver described therein be and are hereby approved.
3. **THIS COURT ORDERS** that the Confidential Appendices be and are hereby sealed until further Order of the Court.
4. **THIS COURT ORDERS** that the Receiver's resolution of the amended proof of claim filed by BDO Canada LLP ("**BDO**"), and the BDO Agreement (as defined in the Second Report), be and are hereby approved;
5. **THIS COURT ORDERS** that the Receiver's methodology and proposal to make interim distributions to investors of certain Crystal Wealth Funds (as defined in the Second Report) (the "**Investors**"), as set out in the Second Report, be and is hereby approved, and that the Receiver is hereby authorized to make such interim distributions to Investors.
6. **Deleted.**

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7. **THIS COURT ORDERS** that each of the following entities and/or individuals be and is hereby specifically directed to provide the Receiver and its counsel, Aird & Berlis LLP ("**A&B**"), with all information previously sought from each of them in writing by or on behalf of the Receiver that remains still outstanding:

- (i) Jerry Froese ("**Froese**") – President & CEO of Frontline Factoring Inc. ("**Frontline**");
- (ii) Alberto Storelli, Brian Peoples; and Joe Harker as it relates to their involvement in the US Real Estate LP (defined and described in the Second Report);
- (iii) Craig Clydesdale ("**Clydesdale**") – principal of the OOM Energy Group (defined in the Second Report);
- (iv) Kari Gillespie ("**Gillespie**") – Operations Manager of Liberty Mortgage Services Ltd.;
- (v) Stephen Miller ("**Miller**") – a representative of MGE Corporation Limited;
- (vi) Chuck Pinnell – Principal of 611802 B.C. Ltd.; and
- (vii) Stan Spletzer – Principal of Solid Holdings Inc.

8. **Deleted.**

9. **THIS COURT ORDERS** that the Receiver be and is hereby authorized to examine the following individuals under oath pursuant to a summons, interprovincial summons, or letter of request 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) Al Housego, the former Lead Portfolio Strategist for certain of the Crystal Wealth Funds ("**Housego**");
- (ii) Clayton Smith ("**Smith**");
- (iii) Joanne Bentley;
- (iv) Clydesdale;

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- (v) Gillespie;
- (vi) Miller;
- (vii) Steven Bandola, a former employee of Frontline;
- (viii) Pinnell; and
- (ix) Alan Braun – Principal of Onstar Exploration Ltd.

10. **THIS COURT ORDERS** that the Receiver be and is authorized to examine the following individuals under oath in accordance with paragraph 6(s) of the Order (Appointing Receiver) of the Ontario Superior Court of Justice dated April 26, 2017 (the "**Appointment Order**"):

- (i) Froese;
- (ii) David DenHollander, the President of 647497 B.C. Ltd.;
- (iii) Jeffrey Maljaars, Principal of 1566496 Alberta Ltd.
- (iv) Darcy Pahl, President of Dome Mountain Resources of Canada Inc.; and
- (v) Robert Maljaars, previous signing authority of Dome Mountain Resources of Canada Inc.

11. **THIS COURT ORDERS** that Frontline pay to the Receiver the sum of \$53,094.02 representing payments received by Frontline from Zomongo TV, Advanced Metal, 156 Alberta and Restoration Energy (as such entities are defined in the Second Report), which payments have yet to be remitted to the Receiver in trust for the Factoring Fund and Hedge Fund contrary to the FPAA (as defined in the Second Report).

12. **THIS COURT ORDERS** that the Quiver MOU Amendments executed by the Receiver and Quiver (as those terms are defined in the Second Report) be and are hereby approved.

13. **THIS COURT ORDERS** that the Receiver's Interim Statement of Receipts and Disbursements through to October 31, 2017, as appended to the Second Report, be and is hereby approved.

- 5 -

14. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period June 1, 2017 to September 30, 2017, as described in the Second Report and as set out in the Krieger Affidavit, be and are hereby approved, and that the allocation of the Receiver's fees and disbursements from April 24, 2017 to September 30, 2017, as described and detailed in the Second Report, be and is hereby approved.

15. **THIS COURT ORDERS** that the fees and disbursements of Aird & Berlis LLP, counsel to the Receiver, for the period June 1, 2017 to September 30, 2017, as described in the Second Report and as set out in the van Zandvoort Affidavit, be and are hereby approved, and that the allocation of A&B's fees and disbursements from April 24, 2017 to September 30, 2017, as described and detailed in the Second Report, be and is hereby approved.

16. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

17. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

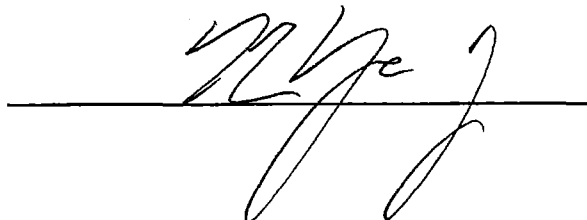
18. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

19. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

DEC 13 2017

PER / PAR:



ONTARIO SECURITIES COMMISSION

-and-

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED et al.

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
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Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited

FILE/DIRECTION/ORDER

BEFORE JUDGE

MYERS

ACTION #

CV-17-11779-CLOSL

Plaintiff(s)

-v-

CRYSTAL WEALTH INC.

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

[Signature]
 JUDGE'S SIGNATURE

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement 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 WND SPEAK TO THE INVESTORS' NECESSARILY SHARE THAT SELFLESS GOAL. THE RECEIVER IS TO BE COMMENDED FOR ITS OPENNESS, THOROUGHNESS, AND STRONG

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

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

THE RELEVER PROPOSES INTEGRITY
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 RELEVER FROM
LAWS THAT APPLY TO IT. MOREOVER IF
TAXATION STATUTES APPLY TO THE
RELEVER, 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

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement 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 50.12(6).

PARA 9 IS AMENDED TO REMOVE THE
WORDS "AT THE OFFICE 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 Endorsement Continued

INTERPROVINCIAL SUMMONS, OR LETTER OF REQUEST ~~AND~~ 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 UTANDATORY 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 "A \$536,755" WITH "A \$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

Court File Number: _____

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. FROST. HOWEVER, THAT IS NOT A REASON TO REFUSE TO ANSWER QUESTIONS. THAT IS, PROVIDED THAT THE RELEVER'S QUESTIONS ARE PROXIMATE OF IDENTIFYING, QUANTIFYING AND REALIZING IN ~~SALES~~ OF CHOICES 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. FROST IS NOT A BASIS TO REFUSE TO ANSWER. ✓

THE RELEVER WILL NOT FISH FOR EXTRANEOUS FUEL 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.

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

THE RECEIVER'S REQUEST FOR PAYMENT OF THE REST OF THE \$536,755 THAT IT WAS IDENTIFIED IS ADJOURNED 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 MAY} ~~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

Page

7

of

8

Judges Initials

JUN

Court File Number: _____

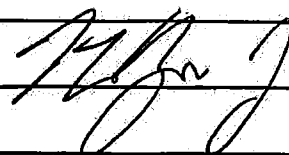
Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement 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.



ONTARIO SECURITIES COMMISSION

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, *ET AL.*

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at TORONTO**

MOTION RECORD

Volume 1 of 3

AIRD & BERLIS LLP

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Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited

TAB 1



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE *SECURITIES ACT*,
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

**IN THE MATTER OF
CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED**

**TEMPORARY ORDER
(Subsections 127(1) and 127(5))**

WHEREAS:

1. it appears to the Ontario Securities Commission (the "Commission") that:
 - a. Crystal Wealth Management System Limited ("Crystal Wealth") is a Burlington-based Ontario corporation, registered in the categories of Exempt Market Dealer ("EMD"), Investment Fund Manager ("IFM"), Portfolio Manager ("PM") and Commodity Trading Manager;
 - b. Crystal Wealth is the trustee, IFM, PM and promoter, and for some funds is also the commodity trading manager, for the following 15 investment funds, which are structured as open-ended mutual fund trusts:

Crystal Wealth Media Strategy

Crystal Wealth Mortgage Strategy

Crystal Enlightened Resource & Precious Metal Fund

Crystal Wealth Medical Strategy

Crystal Wealth Enlightened Factoring Strategy

ACM Growth Fund

ACM Income Fund

Crystal Wealth High Yield Mortgage Strategy

Crystal Enlightened Bullion Fund

- 2 -

Absolute Sustainable Dividend Fund
 Absolute Sustainable Property Fund
 Crystal Wealth Enlightened Hedge Fund
 Crystal Wealth Infrastructure Strategy
 Crystal Wealth Conscious Capital Strategy
 Crystal Wealth Retirement One Fund

(collectively with any other investment funds managed or advised by Crystal Wealth, the “Crystal Wealth Funds”);

- c. Clayton Smith (“Smith”) is an Ontario resident and is the sole officer and director of Crystal Wealth. Smith is registered in Ontario as a dealing representative, an advising representative in the category of PM, an advising representative in the category of Commodity Trading Manager, and as Crystal Wealth’s Chief Compliance Officer (“CCO”) and Ultimate Designated Person (“UDP”);
- d. CLJ Everest Ltd, (“CLJ Everest”) is an Ontario company, with a registered office in Burlington. Smith is the sole officer and director of CLJ Everest. CLJ Everest holds 28.26% of Crystal Wealth’s shares and 100% of the shares of 1150752 Ontario Limited (“115 Limited”);
- e. 115 Limited holds 63.5% of Crystal Wealth’s outstanding shares;
- f. Smith and Crystal Wealth (collectively, the “Respondents”) may have participated in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud contrary to subsection 126.1(1)(b) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”); failed to act fairly, honestly and in good faith with clients, contrary to section 2.1 of Rule 31-505 – *Conditions of Registration*; and failed to comply with the standard of care expected of an IFM under section 116 of the Act;
- g. Crystal Wealth may have failed to comply with the Funds’ obligations to deliver the Funds’ audited financial statements for the calendar year ending December 31,

- 3 -

2016, according to sections 2.1, 2.2 and 2.11 of National Instrument 81-106 – *Investment Fund Continuous Disclosure*;

- h. Crystal Wealth may have failed to comply with its obligations to file its audited financial statements in compliance with subsection 21.10(3) of the Act and sections 12.10(2), 12.12, 12.13 and 12.14 of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registration Obligations*;
 - i. Crystal Wealth and Smith may have acted contrary to the public interest.
 - j. Smith may have authorized, permitted or acquiesced in Crystal Wealth's contraventions of the Act and if so, may be deemed to have failed to comply with Ontario securities law pursuant to section 129.2 of the Act;
 - k. Staff are conducting an investigation into the conduct described above;
- 2. the Commission is of the opinion that the time required to conclude a hearing could be prejudicial to the public interest as set out in subsection 127(5) of the Act;
 - 3. the Commission is of the opinion that it is in the public interest to make this Order;
 - 4. by Authorization Order made March 24, 2017, pursuant to subsection 3.5(3) of the Act, each of Maureen Jensen, Monica Kowal, D. Grant Vingoe, Philip Anisman, Robert P. Hutchison, Janet Leiper, Timothy Moseley, and Mark J. Sandler, acting alone, is authorized to make orders under section 127 of the Act.

IT IS ORDERED pursuant to section 127 of the Act that:

- 1. pursuant to paragraphs 2 and 2.1 of subsection 127(1), all trading, including redemptions and distributions, or acquisitions of the securities of Crystal Wealth Funds shall cease;
- 2. pursuant to paragraphs 2 and 2.1 of subsection 127(1) all trading in securities held by the Crystal Wealth Funds, or the acquisition of securities by Crystal Wealth on behalf of the Crystal Wealth Funds shall cease;

- 4 -

3. pursuant to paragraphs 2 and 2.1 of subsection 127(1), the trading in or the acquisition of any securities or derivatives by Smith, CLJ Everest and 115 Limited shall cease;
4. pursuant to subsection 127(2), as an exception to the prohibition on trading securities and derivatives in paragraphs 2 and 3 above, Crystal Wealth in its capacity as portfolio manager for the Funds may, and Clayton Smith in his capacity as advising representative may, if in compliance with Ontario securities law, place orders to sell securities and derivatives already held as of the date of this temporary order by the Crystal Wealth Funds, provided that the sales occur through the facilities of a recognized exchange and all proceeds of such sales remain in the account of the respective Crystal Wealth Fund for which the order was placed until further order of the Commission;
5. pursuant to subsection 127(2), as an exception to the prohibition on trading securities and derivatives in paragraphs 2 and 3 above, Smith in his capacity as advising representative may, if in compliance with Ontario securities law, place orders to sell securities and derivatives already held by clients in discretionary accounts for which Crystal Wealth is the portfolio manager (the "Managed Accounts"), provided that the sales occur through the facilities of a recognized exchange;
6. pursuant to subsection 127(2), the following terms and conditions apply to the registration of Crystal Wealth as an exempt market dealer:
 - a. Crystal Wealth and any dealing representatives shall not accept any new money for investment from any existing clients, and shall not accept any new clients or open any new client accounts of any kind;
7. pursuant to subsection 127(2), the following terms and conditions apply to the registration of Crystal Wealth as a portfolio manager and investment fund manager:
 - a. Crystal Wealth's activities as a portfolio manager and investment fund manager shall be applied exclusively to the Managed Accounts and to the Crystal Wealth Funds, subject to the restrictions on trading set out in paragraph 2 and the exception in paragraph 4;

- 5 -

- b. Crystal Wealth and any advising representatives shall not accept any new money for investment from any existing clients, shall not accept any new clients or open any new client accounts of any kind;
8. pursuant to subsection 127(6) of the Act, this Order shall take effect immediately and shall expire on the 15th day after its making unless extended by the Commission.

DATED at Toronto, this 7th day of April, 2017.

“Maureen Jensen”



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF
CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED,
CLAYTON SMITH, CLJ EVEREST LTD, 1150752 ONTARIO LIMITED, CRYSTAL
WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE & PRECIOUS METAL FUND, CRYSTAL WEALTH
MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY,
ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD
MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE
SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND,
CRYSTAL WEALTH ENLIGHTENED HEDGE FUND,
CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS
CAPITAL STRATEGY and
CRYSTAL WEALTH RETIREMENT ONE FUND

Janet Leiper, Commissioner

October 2, 2017

ORDER

(Subsection 127(8) of the *Securities Act*, RSO 1990, c S.5)

WHEREAS on October 2, 2017, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission located at 20 Queen Street West, 17th Floor, Toronto, Ontario, with respect to an application by Staff of the Commission (**Staff**) to extend the temporary cease trade order initially issued on April 6, 2017, amended on April 7, 2017, and extended on April 13, 2017 and April 28, 2017 (the **Temporary Order**);

ON READING the materials filed by Staff, the consent email dated September 21, 2017 from counsel for the Receiver, Grant Thornton Limited which was appointed by order of the Ontario Superior Court of Justice (Commercial List) pursuant to section 129 of the *Securities Act*, RSO 1990, c S.5 (the **Act**) on April 26, 2017 (the **Receiver**), and the email of Clayton Smith (**Smith**), dated September 23, 2017 stating that Smith does not consent to the extension of the Temporary Order, and on considering the oral submissions of Staff, appearing in person, and no one appearing for the Receiver and no one appearing for Smith although properly served;

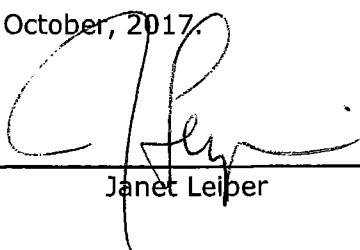
IT IS ORDERED that:

1. pursuant to subsection 127(8) of the Act, the Temporary Order is extended until April 10, 2018, or until further order of the Commission, without prejudice to the right of any of the parties to seek to vary the Temporary Order on application to the Commission, with the following modifications:

- 2 -

- a. the portions of paragraphs 4 and 5 of the order dated April 7, 2017, referring to Smith in his capacity as advising representative are struck, given that Smith is no longer acting in the capacity of an advising representative at Crystal Wealth Management System Limited, as his registration was automatically suspended when he was terminated by the Receiver; and
2. the hearing of this matter is adjourned until April 9, 2018 at 10:00 a.m. or such other date and time as provided by the Office of the Secretary and agreed to by the parties.

DATED at Toronto, this 2nd October, 2017.



Janet Leiber



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF
CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED,
CLAYTON SMITH, CLJ EVEREST LTD, 1150752 ONTARIO LIMITED, CRYSTAL
WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY,
CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METAL FUND, CRYSTAL
WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND,
ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE
PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL
WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS
CAPITAL STRATEGY and
CRYSTAL WEALTH RETIREMENT ONE FUND**

Janet Leiper, Commissioner and Chair of the Panel

April 9, 2018

ORDER
(Subsection 127(8) of the *Securities Act*, RSO 1990, c S.5)

WHEREAS on April 9, 2018, the Ontario Securities Commission (the “Commission”) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, with respect to a motion by Staff (“Staff”) of the Commission to extend the temporary order issued on April 6, 2017, amended on April 7, 2017, and extended on April 13, 2017, April 28, 2017 and October 2, 2017 (the “Temporary Order”);

ON READING the materials filed by Staff, including the consent email dated March 28, 2018 from counsel for the receiver, Grant Thornton Limited, which was appointed by order of the Ontario Superior Court of Justice (Commercial List) pursuant to section 129 of the *Securities Act*, RSO 1990, c S.5 (the “Act”) on April 26, 2017 (the “Receiver”), and the consent email dated March 27, 2018 from Clayton Smith (“Smith”), and on considering the oral submissions of Staff, appearing in person, and no one appearing for the Receiver or Smith;

IT IS ORDERED THAT:

1. pursuant to subsection 127(8) of the Act, the Temporary Order is extended until July 5, 2018, or until further order of the Commission, without prejudice to the right of any of the parties to seek to vary the Temporary Order on application to the Commission; and
2. the hearing of this matter is adjourned until July 4, 2018 at 10:00 a.m. or such other date and time as provided by the Office of the Secretary and agreed to by the parties.

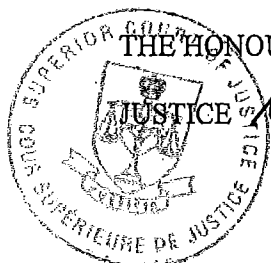


Janet Leiper

TAB 2

Court File No. CV-17-11779-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST



THE HONOURABLE

JUSTICE

NEWBOU

WEDNESDAY, THE 26th DAY

OF APRIL, 2017

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ
EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA
STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH
MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION
FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE
PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL
WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS
CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and
CHRYSLIS YOGA INC.

Respondents

Application under Section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended

ORDER
(Appointing Receiver)

THIS APPLICATION made by the Ontario Securities Commission (the “Commission”) for an Order pursuant to section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “*Securities Act*”) appointing Grant Thornton Limited (“GTL”) as: (i) receiver and manager (in such capacities, the “Receiver”) without security, of all of the assets, undertakings and properties of each of the Respondents except the Respondent, Chrysalis Yoga Inc. (“Chrysalis Yoga”) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the “Crystal Wealth Group”); and (ii) Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “Chrysalis Account”), and of all contents, including funds, contained in the Chrysalis Account, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the application record of the Commission, including the affidavit of Marcel Tillie sworn April 17, 2017 and the exhibits thereto, the affidavit of Michael Ho sworn April 17, 2017 and the exhibits thereto, the supplementary affidavit of Michael Ho sworn April 24, 2017 and the exhibits thereto, the affidavit of David Adler sworn April 24, 2017 and the exhibits thereto, the consent of GTL to act as the Receiver, and the factum and brief of authorities of the Commission, and on hearing the submissions of counsel for the Commission, counsel for the Crystal Wealth Group, and counsel for Chrysalis Yoga,

CONSOLIDATION

1. **THIS COURT ORDERS** that the application to extend Freeze Directions commenced by the Commission by way of a notice of application issued through this Honourable Court on April 18, 2017 (Court File No. CV-17-11769-00CL) is hereby consolidated with the within application and that they proceed as one application identified by Court File No. CV-17-11779-00CL.

SERVICE

2. **THIS COURT ORDERS** that the time for service and filing of the Commission’s notice of application, application record, and factum is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

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APPOINTMENT

3. **THIS COURT ORDERS** that pursuant to section 129 of the *Securities Act*, GTL is hereby appointed Receiver, without security, of:

- (a) all of the present and future assets, undertakings and properties of the Crystal Wealth Group of every nature and kind whatsoever, whether in the possession or under the control of the Crystal Wealth Group or any other Person (as defined herein) and wherever situate including all proceeds thereof (the "Property"), including, without limitation, cash, deposit instruments, securities or other property held by the Crystal Wealth Group on behalf of or in trust for any other person or entity and the funds, securities, or other property frozen by Freeze Directions issued by the Commission on April 6 and 7, 2017 which are attached hereto as Schedule "A"; and
- (b) as the Receiver of the Chrysalis Account, and of all contents, including funds, contained in the Chrysalis Account (hereinafter included in all references to the Property).

4. **THIS COURT ORDERS** that all institutions holding funds on deposit to the credit of the Crystal Wealth Group, or any of them, including the institutions which are the subject of the Freeze Directions attached hereto as Schedule "A", are directed to pay all such funds to the Receiver or as the Receiver may otherwise direct in writing.

5. **THIS COURT ORDERS** that the the Freeze Directions issued by the Commission on April 6, 2017 with respect to Chrysalis Yoga, copies of which are attached hereto as Schedule "B", shall continue until further order of this Court, with the exception:

- (a) that the funds contained in the Chrysalis Account shall be paid by Bank of Nova Scotia to the Receiver or as the Receiver may otherwise direct in writing, and that the Receiver shall have unrestricted access to the Chrysalis Account and records in connection therewith; and

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(b) Chrysalis Yoga shall be permitted to use a bank account opened by Chrysalis Yoga at the Canadian Imperial Bank of Commerce, account no. 05162 010 59 37914 (the "**Chrysalis Yoga CIBC Account**"), for the sole purpose of operating Chrysalis Yoga's yoga studio business, provided that:

- (i) ~~the sole sources of the funds deposited into the Chrysalis Yoga CIBC Account shall be: (i) the parents of Shanine Lee Dennill; or (ii) clients of the yoga studio operated by Chrysalis Yoga, and not, directly or indirectly, from the Respondent Clayton Smith ("Smith") and entities connected with or related to Smith as further particularized in sub-paragraph 5(b)(ii) below;~~
- (ii) the Chrysalis Yoga CIBC Account shall not be used in any manner by, and the funds contained therein shall not be received from or distributed to, directly or indirectly, Smith or persons or entities connected with or related to Smith, including, without limitation: (i) the Crystal Wealth Group; (ii) any investment funds managed by Crystal Wealth Management System Limited; or (iii) any other company associated with Smith; and
- (iii) copies of monthly bank statements for the Chrysalis Yoga CIBC Account shall forthwith be provided on a monthly basis by Chrysalis Yoga to Staff of the Ontario Securities Commission ("**Staff**"), until such time as Staff revokes or varies this requirement in writing, or the Ontario Securities Commission or Ontario Superior Court of Justice (Commercial List) orders otherwise.

RECEIVER'S POWERS

6. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality

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of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Crystal Wealth Group, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Crystal Wealth Group;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, legal counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Crystal Wealth Group or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Crystal Wealth Group and to exercise all remedies of the Crystal Wealth Group in collecting such monies, including, without limitation, to enforce any security held by the Crystal Wealth Group;

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- (g) to settle, extend or compromise any indebtedness owing to the Crystal Wealth Group;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Crystal Wealth Group, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Crystal Wealth Group, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business as follows:
 - (i) without the approval of this Court, liquidating any exchange traded securities and derivatives held by the Respondents, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal

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Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund (collectively, the **"Crystal Wealth Funds"**), Crystal Wealth Management System Limited (**"Crystal Wealth"**), CLJ Everest Ltd. (**"CLJ Everest"**), and 1150752 Ontario Limited (**"115"**), within 60 days of the Receiver's appointment, or within such longer period of time as the Receiver deems advisable;

- (ii) without the approval of this Court, selling, conveying, transferring, leasing, or assigning any other Property of the Crystal Wealth Funds, including without limitation illiquid assets such as film loans, mortgages, medical receivables, factoring receivables, or any other illiquid assets, regardless of the purchase price or aggregate purchase price of such transactions;
- (iii) without the approval of this Court, selling, conveying, transferring, leasing, or assigning any other Property of Crystal Wealth, CLJ Everest, and 115 in which the consideration for the transaction does not exceed \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000;
- (iv) with the approval of this Court, selling, conveying, transferring, leasing, or assigning any other Property of Crystal Wealth, CLJ Everest, and 115 in which the consideration for the transaction or the aggregate consideration for all such transactions exceeds \$250,000 or \$1,000,000, respectively; and
- (v) with the approval of this Court, selling, conveying, transferring, leasing, or assigning any Property of the Respondent, Clayton Smith;

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and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required;

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with any person or entity deemed necessary or advisable by the Receiver on all matters as the Receiver deems appropriate relating to the Property, the affairs of the Crystal Wealth Group, and the receivership, and to share information with such persons and entities, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental or regulatory authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Crystal Wealth Group;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Crystal Wealth Group, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Crystal Wealth Group;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Crystal Wealth Group may have;
- (r) without limiting the generality of clause 6(m) above, to share information, meet with and discuss with any regulatory bodies and their advisors, including without limitation the Commission and any other regulatory

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authorities as the Receiver deems appropriate on all matters relating to the Property, the affairs of the Crystal Wealth Group, and the receivership of the Crystal Wealth Group, subject to such terms as to confidentiality as the Receiver deems advisable, including, without limitation, the Communications Protocol attached as Schedule "C" hereto;

- (s) to examine under oath any person the Receiver reasonably considers to have knowledge of the affairs of the Crystal Wealth Group, including, without limitation, any present or former director, officer, employee or person registered or previously registered with the Commission or subject to or formerly subject to the jurisdiction of the Commission or any other regulatory body respecting the Property and affairs of the Crystal Wealth Group;
- (t) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations; and
- (u) and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Crystal Wealth Group, and without interference from any other Person.

7. **THIS COURT ORDERS** that the Receiver may engage as its legal counsel Aird & Berlis LLP, notwithstanding that Aird & Berlis LLP has had an advisory role with respect to the Commission.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

8. **THIS COURT ORDERS** that (i) the Respondents, (ii) all of their current and former directors, officers, employees, persons registered or previously registered or subject or formerly subject to the jurisdiction of the Commission or any other regulatory body, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a

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"Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

9. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not required, to take possession and control of any monies, funds, deposit instruments or securities held by or in the name of the Crystal Wealth Group, or any of them, or by a third party for the benefit of the Crystal Wealth Group, or any of them, including without limitation the monies, funds, deposit instruments, or securities held in the accounts listed on the attached Schedule "D".

10. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Respondents, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 10 or in paragraph 11 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure, and that, without limiting the generality of subparagraph 6(r) or this paragraph 10 of this Order, the process for the Commission's review of information that may include documents over which privilege may be claimed, which process is attached as Schedule "E" hereto, is hereby approved.

11. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the

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information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

12. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

13. **THIS COURT ORDERS** that no proceeding or enforcement process in any court, tribunal, regulatory or administrative body (each, a "**Proceeding**") shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE CRYSTAL WEALTH GROUP OR THE PROPERTY

14. **THIS COURT ORDERS** that no Proceeding against or in respect of the Crystal Wealth Group or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Crystal Wealth Group or the Property are hereby stayed and suspended pending further Order of this Court, provided that nothing herein shall prevent the commencement or continuation of any investigation or proceedings against the Respondents or any of them by or

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before any regulatory body including, without limitation, the Commission or the Enforcement Staff of the Ontario Securities Commission.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that all rights and remedies against the Crystal Wealth Group, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA"), and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Crystal Wealth Group to carry on any business which the Crystal Wealth Group is not lawfully entitled to carry on; (ii) exempt the Receiver or the Crystal Wealth Group from compliance with statutory or regulatory provisions relating to health, safety or the environment; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

16. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Crystal Wealth Group, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Crystal Wealth Group or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Crystal Wealth Group are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Crystal Wealth Group's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in

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accordance with normal payment practices of the Crystal Wealth Group or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

18. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

19. **THIS COURT ORDERS** that all employees of the Crystal Wealth Group shall remain the employees of the Crystal Wealth Group until such time as the Receiver, on the Crystal Wealth Group's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay.

PIPEDA

20. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and any other applicable privacy legislation, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such

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information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Crystal Wealth Group, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

21. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act*, and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

22. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Receiver by any applicable legislation.

RECEIVER'S ACCOUNTS

23. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless

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otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person.

24. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

25. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

26. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

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27. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

28. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "F" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

29. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

30. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in these proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure (the "Rules"). Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL; www.grantthornton.ca/crystalwealth.

31. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, and any notices or other correspondence, by forwarding a notice with a link to the Case Website to the Crystal Wealth Group's creditors or other interested parties by email, facsimile transmission, or ordinary mail to their respective addresses as last shown on the records of the Crystal Wealth Group, or as otherwise ordered by the Court, and that any such service or distribution by email, facsimile transmission, or ordinary

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mail shall be deemed to be received on the next business day following the date of sending thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

32. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

33. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Crystal Wealth Group.

34. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

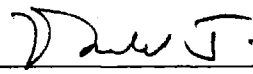
35. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

36. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than thirty (30) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 26 2017

PER / PAR:



SCHEDULE "A"
FREEZE DIRECTIONS - CRYSTAL WEALTH GROUP

See attached.



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

Phone: 416-283-7653
Fax: 416-593-2319

Web site: www.osc.gov.on.ca

**IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

**FREEZE DIRECTION
(Subsection 126(1))**

TO: CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED
192 Plains Road East
Burlington, Ontario
L7T 2C3

C/O: CLAYTON SMITH
192 Plains Road East
Burlington, Ontario
L7T 2C3

RE: Accounts at NBCN Inc., Royal Bank of Canada, The Toronto Dominion Bank and
Interactive Brokers Canada Inc.

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts listed in Schedule "A" to this Freeze Direction until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

TAKE NOTICE THAT pursuant to subsection 126(1) of the Act you are directed to maintain funds, securities or property, and you are directed to refrain from disposing of, transferring,

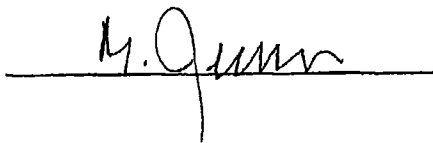
dissipating or otherwise dealing with or diminishing the value of those funds, securities or property until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise, except that Crystal Wealth may dispose of securities and derivatives already held in Brokerage Accounts identified on Schedule "A" as at the date of the Directions on behalf of one or more of the following funds:

- Crystal Wealth Media Strategy (the "Media Fund")
- Crystal Wealth Mortgage Strategy (the "Mortgage Fund")
- Crystal Enlightened Resource & Precious Metal Fund (the "Enlightened Resource Fund")
- Crystal Wealth Medical Strategy (the "Medical Fund")
- Crystal Wealth Enlightened Factoring Strategy (the "Factoring Fund")
- ACM Growth Fund
- ACM Income Fund
- Crystal Wealth High Yield Mortgage Strategy (the "High Yield Mortgage Fund")
- Crystal Enlightened Bullion Fund (the "Enlightened Bullion Fund")
- Absolute Sustainable Dividend Fund (the "Sustainable Dividend Fund")
- Absolute Sustainable Property Fund (the "Sustainable Property Fund")
- Crystal Wealth Enlightened Hedge Fund (the "Enlightened Hedge Fund")
- Crystal Wealth Infrastructure Strategy (the "Infrastructure Fund")
- Crystal Wealth Conscious Capital Strategy (the "Conscious Capital Fund")
- Crystal Wealth Retirement One Fund (the "Retirement Fund")

(collectively the "Funds"),

provided that any disposition of securities on behalf of the Funds occurs through the facilities of a recognized exchange and all proceeds of such sales are maintained in the account of the Fund on whose behalf the trade is executed.

DATED at Toronto this 6th day of April, 2017.



SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
NBCN Inc.	Crystal Wealth Management System Limited	27Q000A
NBCN Inc.	Crystal Wealth Management System Limited	27QCNA
NBCN Inc.	Crystal Wealth Management System Limited	27QTAAA
NBCN Inc.	Crystal Wealth Management System Limited	27QAABC
NBCN Inc.	Crystal Wealth Management System Limited	27QCNA
Royal Bank of Canada	Crystal Wealth Management System Limited	00002 1304211
Royal Bank of Canada	Crystal Wealth Management System Limited	00002 1304260
The Toronto Dominion Bank	Crystal Wealth Management System Limited	5004279-0122
Interactive Brokers Canada Inc.	Crystal Wealth Management System Limited	F4795511
The Toronto Dominion Bank	Crystal Wealth Mortgage Strategy	5266530-0125
Interactive Brokers Canada Inc.	ACM Growth Fund	U1446894
Interactive Brokers Canada Inc.	Crystal Wealth Strategic Yield Media Fund	U4657920
Interactive Brokers Canada Inc.	Crystal Wealth Medical Income Fund	U4895282
Interactive Brokers Canada Inc.	Crystal Enlightened Resource and Precious Metals Fund	U4804316

Institution	Account Name	Account Number
NBCN Inc.	Crystal Wealth Media Strategy	27Q003E
NBCN Inc.	Crystal Wealth Media Strategy	27Q003F
NBCN Inc.	Crystal Wealth Mortgage Strategy	27Q050E
NBCN Inc.	Crystal Wealth Mortgage Strategy	27Q050F
NBCN Inc.	Crystal Enlightened Resource & Precious Metal Fund	27Q070E
NBCN Inc.	Crystal Enlightened Resource & Precious Metal Fund	27Q070F
NBCN Inc.	Crystal Wealth Medical Strategy	27Q080E
NBCN Inc.	Crystal Wealth Medical Strategy	27Q080F
NBCN Inc.	Crystal Wealth Enlightened Factoring Strategy	27Q090E
NBCN Inc.	Crystal Wealth Enlightened Factoring Strategy	27Q090F
NBCN Inc.	ACM Growth Fund	27QA23E
NBCN Inc.	ACM Growth Fund	27QA23F
NBCN Inc.	ACM Income Fund	27QA24E
NBCN Inc.	ACM Income Fund	27QA24F
NBCN Inc.	Crystal Wealth High Yield Mortgage Strategy	27QB26E
NBCN Inc.	Crystal Wealth High Yield Mortgage Strategy	27QB26F

Institution	Account Name	Account Number
NBCN Inc.	Crystal Enlightened Bullion Fund	27QC25E
NBCN Inc.	Crystal Enlightened Bullion Fund	27QC25F
NBCN Inc.	Absolute Sustainable Dividend Fund	27QD93A
NBCN Inc.	Absolute Sustainable Dividend Fund	27QD93B
NBCN Inc.	Absolute Sustainable Property Fund	27QD94A
NBCN Inc.	Absolute Sustainable Property Fund	27QD94B
NBCN Inc.	Crystal Wealth Enlightened Hedge Fund	27QF14E
NBCN Inc.	Crystal Wealth Enlightened Hedge Fund	27QF14F
NBCN Inc.	Crystal Wealth Infrastructure Strategy	27QG01E
NBCN Inc.	Crystal Wealth Infrastructure Strategy	27QG01F
NBCN Inc.	Crystal Wealth Conscious Capital Strategy	27QH93E
NBCN Inc.	Crystal Wealth Conscious Capital Strategy	27QH93F
NBCN Inc.	Crystal Wealth Retirement Retirement One Fund	27QB27E
NBCN Inc.	Crystal Wealth Retirement Retirement One Fund	27QB27F



Ontario
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22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: CLAYTON SMITH
5043 Mount Nemo Crescent
Burlington, Ontario
L7M 0T7

RE: Accounts at The Toronto Dominion Bank

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts listed in Schedule "A" to this Freeze Direction until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

TAKE NOTICE THAT pursuant to subsection 126(1) of the Act you are directed to maintain funds, securities or property, and you are directed to refrain from disposing of, transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

DATED at Toronto this 6th day of April, 2017.

SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
The Toronto Dominion Bank	Clayton Edward Smith	6045439-2228
The Toronto Dominion Bank	Clayton Edward Smith and Lee Ann Smith	0523771-0122



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Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: CLJ EVEREST LTD.
5043 Mount Nemo Crescent
Burlington, Ontario
L7M 0T7

C/O: CLAYTON SMITH
5043 Mount Nemo Crescent
Burlington, Ontario
L7M 0T7

RE: Accounts at The Toronto Dominion Bank

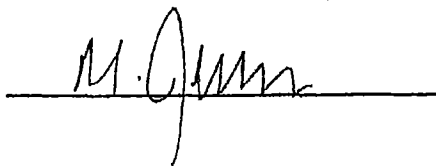
TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts listed in Schedule "A" to this Freeze Direction until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

TAKE NOTICE THAT pursuant to subsection 126(1) of the Act you are directed to maintain funds, securities or property, and you are directed to refrain from disposing of, transferring, dissipating or otherwise dealing with or diminishing the value of those funds,

7

securities or property until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature, appearing to be "M. Quinn", is written over a horizontal line.

8

SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
The Toronto Dominion Bank	CLJ Everest Ltd	5002640-0122



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22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
Royal Bank of Canada
200 Bay Street
Main Floor
Toronto, Ontario
M5J 2J5

RE: Crystal Wealth Management System Limited

All Accounts and Sub Accounts under Nos. (1) 00002 1304211 and (2) 00002 1304260

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of **Crystal Wealth Management System Limited** including any funds, securities or property on deposit in accounts with the following numbers:

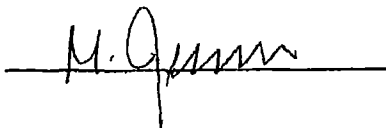
**00002 1304211, and
00002 1304260**

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise,

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of Royal Bank of Canada.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature, appearing to be "M. Quinn", is written over a horizontal line.



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22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

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20, rue Queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
Interactive Brokers Canada Inc.
1800 McGill College Avenue
Suite 2106
Montreal, Quebec
H3A 3J6

- RE: 1. ACM Growth Fund,
2. Crystal Wealth Management System Limited,
3. Crystal Wealth Strategic Yield Media Fund,
4. Crystal Wealth Medical Income Fund, and
5. Crystal Enlightened Resource and Precious Metals Fund

All Accounts and Sub Accounts under Nos. (1) U1446894, (2) F4795511, (3) U4657920,
(4) U4895282 and (5) U4804316

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of ACM Growth Fund, Crystal Wealth Management System Limited, Crystal Wealth Strategic Yield Media Fund, Crystal Wealth Medical Income Fund and Crystal Enlightened Resource and Precious Metals Fund (the "Funds") including any funds, securities or property on deposit in accounts with the following numbers:

2

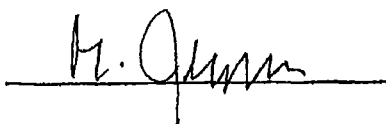
U1446894,
F4795511,
U4657920,
U4895282, and
U4804316

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise, with the exception that securities other than units of Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metal Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund (collectively the "Crystal Wealth Funds"), held in the name of, or otherwise under the control of, or on behalf of any of the Funds in the accounts at the brokerage may be sold provided that the disposition occurs through the facilities of a recognized exchange and all proceeds of such sales are maintained in the account where such securities were held.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of Interactive Brokers Canada Inc.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature in dark ink, appearing to read "M. Quinn", is written over a horizontal line.



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20 Queen Street West
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Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
NBCN Inc.
The Exchange Tower
130 King Street West
Suite 3000
PO Box 21
Toronto, Ontario
M5X 1J9

RE: 1. Crystal Wealth Media Strategy,
2. Crystal Wealth Mortgage Strategy,
3. Crystal Enlightened Resource & Precious Metal Fund,
4. Crystal Wealth Medical Strategy,
5. Crystal Wealth Enlightened Factoring Strategy,
6. ACM Growth Fund,
7. ACM Income Fund,
8. Crystal Wealth High Yield Mortgage Strategy,
9. Crystal Enlightened Bullion Fund,
10. Absolute Sustainable Dividend Fund,
11. Absolute Sustainable Property Fund,
12. Crystal Wealth Enlightened Hedge Fund,
13. Crystal Wealth Infrastructure Strategy,
14. Crystal Wealth Conscious Capital Strategy,
15. Crystal Wealth Management System Limited, and
16. Crystal Wealth Retirement One Fund

All Accounts and Sub Accounts under Nos. (1) 27Q003E and 27Q003F, (2) 27Q050E and 27Q050F, (3) 27Q070E and 27Q070F, (4) 27Q080E and 27Q080F, (5) 27Q090E and 27Q090F, (6) 27QA23E and 27QA23F, (7) 27QA24E and 27QA24F, (8) 27QB26E and 27QB26F, (9) 27QC25E and 27QC25F, (10) 27QD93A and 27QD93B, (11) 27QD94A and 27QD94B, (12) 27QF14E and 27QF14F, (13) 27QG01E and 27QG01F, (14) 27QH93E and 27QH93F, (15) 27Q000A, 27QCNA, 27QTAAA, 27QAABC and 27QCNCA, and (16) 27QB27E and 27QB27F

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metal Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund (collectively the "Funds") and Crystal Wealth Management System Limited including any funds, securities or property on deposit in accounts with the following numbers:

27Q003E and 27Q003F,
 27Q050E and 27Q050F,
 27Q070E and 27Q070F,
 27Q080E and 27Q080F,
 27Q090E and 27Q090F,
 27QA23E and 27QA23F,
 27QA24E and 27QA24F,
 27QB26E and 27QB26F,
 27QC25E and 27QC25F,
 27QD93A and 27QD93B,
 27QD94A and 27QD94B,
 27QF14E and 27QF14F,
 27QG01E and 27QG01F,
 27QH93E and 27QH93F,
 27Q000A, 27QCNA, 27QTAAA, 27QAABC and 27QCNCA, and
 27QB27E and 27QB27F

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise, with the exception:

- (1) securities other than units of the Funds held in the name of or otherwise under the control of or on behalf of any of the Funds in the accounts at the brokerage may be sold provided that the sale or disposition occurs through the facilities of a recognized

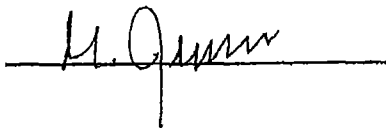
exchange and all proceeds of such sales or distributions are maintained in the account where such securities were held; and

- (2) of managed accounts, except managed accounts in the name or for the benefit of Clayton Edward Smith, Crystal Wealth Management System Limited, CLJ Everest Ltd., Chrysalis Yoga Inc., 1150752 Ontario Limited and Lee Ann Smith.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of NBCN Inc.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature, appearing to read "M. Quinn", is written over a horizontal line.



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22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

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20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
TD Bank Group
2931 Walkers Line
Burlington, Ontario
L7M 4M6

RE: Clayton Edward Smith
All Accounts and Sub Accounts under No. 6045439-2228

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of Clayton Edward Smith including any funds, securities or property on deposit in accounts with the following number:

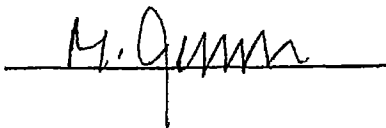
6045439-2228

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of TD Bank Group.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature, appearing to be "M. Quinn", is written over a horizontal line. The signature is in cursive and includes a vertical stroke extending downwards from the end of the horizontal line.



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20 Queen Street West
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20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: Branch Manager
TD Bank Group
20 Main Street East
Grimsby, Ontario
L3M 1M9

RE: 1. CLJ Everest Ltd
2. Crystal Wealth Management System Limited
3. Clayton Edward Smith and Lee Ann Smith

All Accounts and Sub Accounts under Nos. (1) 5002640-0122, (2) 5004279-0122 and (3) 0523771-0122

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of CLJ Everest Ltd, Crystal Wealth Management System Limited and Clayton Edward Smith and Lee Ann Smith including any funds, securities or property on deposit in accounts with the following numbers:

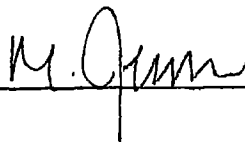
5002640-0122,
5004279-0122, and
0523771-0122

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of TD Bank Group.

DATED at Toronto this 6th day of April, 2017.



A handwritten signature, appearing to read "M. Quinn", is written over a horizontal line.



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Toronto ON M5H 3S8

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Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

**FREEZE DIRECTION
(Subsection 126(1))**

TO: Branch Manager
TD Bank Group
55 King Street West
Toronto, Ontario
M5K 1A2

RE: Crystal Wealth Mortgage Strategy
All Accounts and Sub Accounts under No. 5266530-0125

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of **Crystal Wealth Mortgage Strategy** including any funds, securities or property on deposit in accounts with the following number:

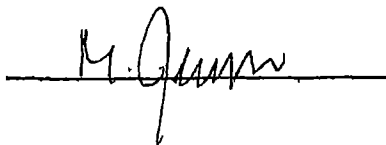
5266530-0125

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of TD Bank Group.

DATED at Toronto this 6th day of April, 2017.

A handwritten signature, appearing to be "M. Quinn", is written over a horizontal line.

SCHEDULE "B"
FREEZE DIRECTIONS OVER CHRYSALIS YOGA

See attached.



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Commission des
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22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

Phone: 416-263-7863
Fax: 416-593-2319

Web site: www.osc.gov.on.ca

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: CHRYSALIS YOGA INC.
4040 Palladium Way
Burlington, Ontario
L7M 0C2

C/O: Shanine Lee Dennill
4040 Palladium Way
Burlington, Ontario
L7M 0C2

RE: Accounts at The Bank of Nova Scotia

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts listed in Schedule "A" to this Freeze Direction until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

SCHEDULE "B"
FREEZE DIRECTIONS OVER CHRYSALIS YOGA

See attached.



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22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

Phone: 416-283-7663
Fax: 416-583-2318

Web site: www.osc.gov.on.ca

IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION
(Subsection 126(1))

TO: CHRYSALIS YOGA INC.
4040 Palladium Way
Burlington, Ontario
L7M 0C2

C/O: Shanine Lee Dearnll
4040 Palladium Way
Burlington, Ontario
L7M 0C2

RE: Accounts at The Bank of Nova Scotia

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts listed in Schedule "A" to this Freeze Direction until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

TAKE NOTICE THAT pursuant to subsection 126(1) of the Act you are directed to maintain funds, securities or property, and you are directed to refrain from disposing of, transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

DATED at Toronto this ¹⁷6 day of April, 2017.

M. Q. M.

SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
The Bank of Nova Scotia	Chrysalis Yoga Inc.	87296 00518 10



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

**FREEZE DIRECTION
(Subsection 126(1))**

TO: Branch Manager
Bank of Nova Scotia
4519 Dundas Street
Burlington, Ontario
L7M 5B4

RE: Chrysalis Yoga Inc.
All Accounts and Sub Accounts under No. 87296 00518 10

TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act") you are hereby directed to retain all funds, securities or property that you may have on deposit or under your control or for safekeeping in the name of or otherwise under the control of Chrysalis Yoga Inc. including any funds, securities or property on deposit in accounts with the following number:

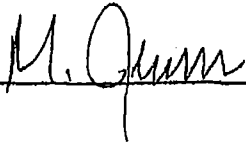
87296 00518 10

or any other account, and hold them until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario Superior Court of Justice orders otherwise.

AND TAKE FURTHER NOTICE THAT this Freeze Direction applies to any and all funds, securities or property in a recognized clearing agency and to any and all securities in the process of transfer by a transfer agent.

AND TAKE FURTHER NOTICE THAT this Freeze Direction may be served by fax or courier to the last known address of the parties named in this Freeze Direction in the records of Bank of Nova Scotia.

DATED at Toronto this 6th day of April, 2017.



A handwritten signature, appearing to read "M. Quinn", is written over a horizontal line.

SCHEDULE "C"
COMMUNICATIONS PROTOCOL

WHEREAS:

1. Pursuant to Orders of the Honourable Justice _____ of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 26, 2017 (the "**Appointment Order**"), Grant Thornton Limited has been appointed as Receiver of a bank account No. 87296 00518 10 at Bank of Nova Scotia in the name of Chrysalis Yoga Inc., and of all of the assets, undertakings and properties (collectively, the "**Property**") of:
 - (i) Clayton Smith;
 - (ii) Crystal Wealth Management System Limited;
 - (iii) CLJ Everest Ltd.;
 - (iv) 1150752 Ontario Limited;
 - (v) Crystal Wealth Media Strategy;
 - (vi) Crystal Wealth Mortgage Strategy;
 - (vii) Crystal Enlightened Resource & Precious Metals Fund;
 - (viii) Crystal Wealth Medical Strategy;
 - (ix) Crystal Wealth Enlightened Factoring Strategy;
 - (x) ACM Growth Fund;
 - (xi) ACM Income Fund;
 - (xii) Crystal Wealth High Yield Mortgage Strategy;
 - (xiii) Crystal Enlightened Bullion Fund;
 - (xiv) Absolute Sustainable Dividend Fund;
 - (xv) Absolute Sustainable Property Fund;
 - (xvi) Crystal Wealth Enlightened Hedge Fund;
 - (xvii) Crystal Wealth Infrastructure Strategy;
 - (xviii) Crystal Wealth Conscious Capital Strategy,
 - (xix) Crystal Wealth Retirement One Fund,

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(collectively, the "**Crystal Wealth Group**");

2. The Receiver was initially appointed pursuant to an Application of the Ontario Securities Commission (the "**OSC**") under section 129 of the *Securities Act* (Ontario);
3. The OSC has commenced an investigation into the activities of Crystal Wealth Management Systems Limited ("**Crystal Wealth**") and its principal, Clayton Smith ("**Smith**"), as well as the activities of companies connected to Smith, which investigation is ongoing.
4. In the course of the Receiver's appointment it receives, reviews and is otherwise advised of confidential information (including personal information), documents and/or materials (collectively, the "**Confidential Information**"), including without limitation Confidential Information relating to (i) the business, operations, financial condition and/or affairs of the Crystal Wealth Group; and (ii) former and current officers, directors, employees, clients, investors, shareholders and/or creditors of the Crystal Wealth Group;
5. Pursuant to paragraph 6(r) of the Appointment Order, the Receiver is authorized to share information, meet with and discuss with any regulatory bodies ("**Regulators**") and their advisors, including without limitation the OSC and any other regulatory authorities as the Receiver deems appropriate, on all matters relating to the Property, the affairs of the Crystal Wealth Group and the receivership of the Crystal Wealth Group, subject to such terms as to confidentiality as the Receiver deems advisable;
6. The Receiver is of the view that if so requested by the OSC or any other Regulator, the Receiver should have the authority to provide the requesting Regulator with information and documentation regarding the Crystal Wealth Group (the "**Information**", which term includes, without limitation, Confidential Information), on and subject to the terms of this protocol; and
7. Staff of the OSC seeks approval of this protocol by the Court.

NOW THEREFORE:

1. The Receiver may provide Information to the OSC or a Regulator upon request by the OSC or the Regulator; provided that the Receiver determines in its sole discretion that provision of such Information (i) is in the best interests of the estate herein, (ii) would not breach or be prohibited by any agreement to which the Receiver is a party or by the laws of any jurisdiction to which the Receiver (which term includes any of its officers, partners, employees and agents) may be subject; and (iii) would not result in the breach of any duty or obligation of confidentiality to which the Receiver (which term includes any of its officers, partners, employees and agents) may be subject or which the Receiver may owe pursuant to the laws of Canada or of any other jurisdiction.
2. The Regulator will deal with any Information provided by the Receiver in a manner consistent with any law to which the OSC or Regulator is subject, including, without limitation, the *Securities Act* (Ontario) and subject to any specific confidentiality

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requirements imposed by the Receiver in respect of any such Information provided to the Regulator.

3. The Receiver is in no way responsible or liable for any incorrect and/or incomplete Information.
4. The Receiver shall have no liability arising from (i) the disclosure of Information to the Regulator; (ii) the content of the Information; (iii) the use of the Information by the Regulator; or (iv) any disclosure of the Information by the OSC or Regulator.

SCHEDULE "D"
DEPOSIT ACCOUNTS

As provided at paragraph 9 of the Order to which this Schedule is attached, the Receiver is hereby empowered and authorized, but not required, to take possession and control of any monies, funds, deposit instruments, or securities held by or in the name of the Crystal Wealth Group, or any of them, or by a third party for the benefit of the Crystal Wealth Group, or any of them, including without limitation the monies, funds, deposit instruments, or securities held in the following accounts:

Institution	Account Name	Account Number
Bank of Nova Scotia	Chrysalis Yoga Inc.	87296 00518 10
Royal Bank of Canada	Crystal Wealth Management System Limited	00002 1304211
Royal Bank of Canada	Crystal Wealth Management System Limited	00002 1304260
TD Bank Group	Clayton Edward Smith	6045439-2228
TD Bank Group	CLJ Everest Ltd.	5002640-0122
TD Bank Group	Crystal Wealth Management System Limited	5004279-0122
TD Bank Group	Crystal Wealth Mortgage Strategy	5266530-0125
TD Bank Group	Clayton Edward Smith and Lee Ann Smith	0523771-0122
TD Bank Group	1150752 Ontario Limited	5001601-0122
Interactive Brokers Canada Inc.	ACM Growth Fund	U1446894
Interactive Brokers Canada Inc.	Crystal Wealth Management System Limited	F4795511

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Institution	Account Name	Account Number
Interactive Brokers Canada Inc.	Crystal Wealth Strategic Yield Media Fund	U4657920
Interactive Brokers Canada Inc.	Crystal Wealth Medical Income Fund	U4895282
Interactive Brokers Canada Inc.	Crystal Enlightened Resource and Precious Metals Fund	U4804316
NBCN Inc.	Crystal Wealth Media Strategy	27Q003E
NBCN Inc.	Crystal Wealth Media Strategy	27Q003F
NBCN Inc.	Crystal Wealth Mortgage Strategy	27Q050E
NBCN Inc.	Crystal Wealth Mortgage Strategy	27Q050F
NBCN Inc.	Crystal Enlightened Resource & Precious Metals Fund	27Q070E
NBCN Inc.	Crystal Enlightened Resource & Precious Metals Fund	27Q070F
NBCN Inc.	Crystal Wealth Medical Strategy	27Q080E
NBCN Inc.	Crystal Wealth Medical Strategy	27Q080F
NBCN Inc.	Crystal Wealth Enlightened Factoring Strategy	27Q090E
NBCN Inc.	Crystal Wealth Enlightened Factoring Strategy	27Q090F
NBCN Inc.	ACM Growth Fund	27QA23E
NBCN Inc.	ACM Growth Fund	27QA23F

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Institution	Account Name	Account Number
NBCN Inc.	ACM Income Fund	27QA24E
NBCN Inc.	ACM Income Fund	27QA24F
NBCN Inc.	Crystal Wealth High Yield Mortgage	27QB26E
NBCN Inc.	Crystal Wealth High Yield Mortgage	27QB26F
NBCN Inc.	Crystal Enlightened Bullion Fund	27QC25E
NBCN Inc.	Crystal Enlightened Bullion Fund	27QC25F
NBCN Inc.	Absolute Sustainable Dividend Fund	27QD93A
NBCN Inc.	Absolute Sustainable Dividend Fund	27QD93B
NBCN Inc.	Absolute Sustainable Property Fund	27QD94A
NBCN Inc.	Absolute Sustainable Property Fund	27QD94B
NBCN Inc.	Crystal Wealth Enlightened Hedge Fund	27QF14E
NBCN Inc.	Crystal Wealth Enlightened Hedge Fund	27QF14F
NBCN Inc.	Crystal Wealth Infrastructure Strategy	27QG01E
NBCN Inc.	Crystal Wealth Infrastructure Strategy	27QG01F
NBCN Inc.	Crystal Wealth Conscious Capital Strategy	27QH93E
NBCN Inc.	Crystal Wealth Conscious Capital Strategy	27QH93F

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Institution	Account Name	Account Number
NBCN Inc.	Crystal Wealth Management System Limited	27Q000A
NBCN Inc.	Crystal Wealth Management System Limited	27QCNA
NBCN Inc.	Crystal Wealth Management System Limited	27QTAA
NBCN Inc.	Crystal Wealth Management System Limited	27QAABC
NBCN Inc.	Crystal Wealth Management System Limited	27QCNCA
NBCN Inc.	Crystal Wealth Retirement One Fund	27QB27E
NBCN Inc.	Crystal Wealth Retirement One Fund	27QB27F

SCHEDULE "E"

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, *ET AL.*

PRIVILEGE PROTOCOL FOR RECEIVER PRODUCTIONS

This Protocol identifies how Staff of the Ontario Securities Commission ("**Staff**") intend to address any potentially solicitor-client privileged documents that may be obtained from the Receiver in Staff's investigation of Crystal Wealth Management Systems Limited ("**Crystal Wealth**") and its principal, Clayton Smith ("**Smith**"), as well as the activities of companies connected to Smith. Generally, Staff will make best efforts to identify, in accordance with this Protocol, any documents over which privilege may be claimed prior to reviewing them and exclude those documents from Staff's review. Staff will advise the Receiver of any privilege issues that may arise as a result of the review and will consult with the Receiver on those issues that are not otherwise addressed in this Protocol.

A. **HARD COPY DOCUMENTS**

1. The investigating team (the "**Team**") will endeavor not to request any hard copy documents from the Receiver that could be privileged.
2. Prior to requesting any documents, the Team will review any index provided by the Receiver. The Team will also not review any documents or folders obtained that on their face may contain privileged advice. For example, folders labelled "**Privileged and Confidential**" will not be reviewed and will be immediately returned to the Receiver.
3. Hard copy documents obtained from the Receiver will be scanned by the Technology & Evidence Control Unit ("**TEC**") and added to the main database of documents (the "**Main Database**").

B. **E-MAILS**

4. Upon request by the Team, the Receiver will provide electronic documents, which include the emails of certain custodians. These electronic documents will not have been reviewed for privilege prior to production.
5. TEC will upload the electronic documents into a database (the "**Receiver Database**") that is segregated from the Main Database. The Team will never have access to the Receiver Database.
6. TEC may "**de-dupe**" the electronic documents in the Receiver Database.
7. TEC will run searches through the Receiver Database to attempt to identify potentially privileged electronic documents (the "**Blind Search**"). The search terms for the Blind Search will be provided by the Team, based on its knowledge of the file (see Appendix

"A"). This list will be supplemented with a list of Ontario law firms provided by TEC.¹ Electronic documents that do not include "hits" from the Blind Search will be added to the Main Database and can be reviewed by the Team.

8. TEC will generate a summary report of the emails in the Receiver Database that contain "hits" from the Blind Search. The Report will set out the address fields (i.e., "To"; "From"; "CC" and "BCC"). A Team member will review the report to determine which emails have also been addressed to third parties and will code those emails as "Third Party". Those emails may also be added to the Main Database and can be reviewed by the Team.
9. With regard to the remaining electronic documents in the Receiver Database, that is those which generated a "hit" in the Blind Search, the Team will discuss next steps with the Receiver before taking any steps with respect to these documents. Options to consider may include, but are not limited to, delaying the assessment of privilege issues in the Receiver Database to a later time when a privilege holder is able to review or initiating a privilege review with the use of a "Filter Lawyer".

IDENTIFICATION AND SEGREGATION OF POTENTIALLY PRIVILEGED DOCUMENTS DURING REVIEW

1. In the event a Team member comes across a potentially privileged document in the Main Database, the Team member will stop reviewing the document immediately, record the document ID and advise litigation counsel, who will advise the Receiver.
2. If the potentially privileged document identified was originally a hard copy document, TEC will remove the electronic version from the Main Database and will identify the original document from the boxes provided by the Receiver. TEC will secure the document in an envelope, which will be returned to the Receiver with a completed chain of custody form.
3. If the potentially privileged document identified was originally an electronic document, TEC will remove the document from the Main Database and put it back into the Receiver Database, to which the Team has no access.
4. If possible, TEC may extract information such as name of lawyer, name of law firm, email address and, upon direction by litigation counsel, use the information to run further Blind Searches in the Main Database to segregate any similar, additional documents identified. These electronic documents will be dealt with as described in item 8, above.

Staff reserve the right to challenge at a later date any claim of solicitor client privilege that may be made over any documents identified as potentially privileged in accordance with this

¹ List downloaded from Korbitec Inc. (ACL or Automated Civil Litigation software) on July 27, 2016. The list for the Blind Search shall not include Kelly Margaritas, Margaritis Law, Stephanie McManus, or Compliance Support Services.

Protocol. Staff also acknowledge that production of a document by the Receiver does not constitute a waiver of solicitor client privilege with respect to it.

APPENDIX "A"

PRIVILEGE SEARCH TERMS
LAWYERS AND LAW FIRMS

From following list, search:

- (a) last name of known lawyer
- (b) portions of law firm email address
- (c) email address of known lawyer (to the extent not covered by (b))

	Name of Lawyer	Law Firm	Email Address
1.	Laura Paglia	Borden Ladner Gervais LLP	lpaglia@blg.com
2.	Suzanne Kittell	Borden Ladner Gervais LLP	SKittell@blg.com
3.	Kathryn M. Fuller	Borden Ladner Gervais LLP	kfuller@blg.com
4.	Martin J. Doane	Martin J. Doane, Barrister & Solicitor	mjd@martinjoane.com
5.	Jeremy Devereux	Norton Rose Fulbright Canada LLP	Jeremy.devereux@nortonrosefulbright.com
6.	Bruce O'Toole	Crawley MacKewn Brush LLP	botoole@cmblaw.ca
7.	Ellen Bessner	Babin Bessner Spry	ebessner@babinbessnerspry.com
8.	Nigel Campbell	Blake, Cassels & Graydon LLP	nigel.comapbell@blakes.com
9.	Doug McLeod	Blake, Cassels & Graydon LLP	Doug.mcleod@blakes.com

SCHEDULE "F"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Grant Thornton Limited is the receiver and manager (in such capacities, the "Receiver") of the assets, undertakings and properties of all of the Respondents, except the Respondent Chrysalis Yoga Inc., including all proceeds thereof (collectively, the "Property", which term shall include the funds contained in the account of Chrysalis Yoga Inc. bearing No. 87296 00518 10 at Bank of Nova Scotia), appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of _____, 2017 (the "Order") made in an application having Court file number 17-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly] not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

GRANT THORNTON LIMITED, solely in its
capacity as Receiver of the Property, and not in
its personal capacity

Per: _____

Name:

Title:

ONTARIO SECURITIES COMMISSION

Applicant

and CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, ET AL.

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at TORONTO**

APPOINTMENT ORDER

ONTARIO SECURITIES COMMISSION
20 Queen Street West, 22nd Floor
Toronto ON M5H 3S8

Catherine Weiler (LSUC # 52424M)
Tel: (416) 204-8985
Fax: (416) 593-8321
Email: cweiler@osc.gov.on.ca

Yvonne B. Chisholm (LSUC No. #37040F)
Tel: (416) 593-2363
Fax: (416) 593-8321
Email: ychisholm@osc.gov.on.ca

*Lawyers for the Applicant,
Ontario Securities Commission*

April 26, 2017

ONTARIO SECURITIES COMMISSION

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, ET AL.

Applicant

Respondents

Court File No. CV-17-11779-0006

April 26, 2017

Counsel for Crystal Wealth Group and for
Chrysalis Yogi Inc have attended & advised
they do not oppose the order sought. I
am satisfied that the relief is fully
justified and that the requirements of
section 129 of the Securities Act have
been met. Order to go.

D. J.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

APPLICATION RECORD
VOLUME 8 OF 8

ONTARIO SECURITIES COMMISSION
20 Queen Street West, 22nd Floor
Toronto ON M5H 3S8

Catherine Weiler (LSUC # 52424M)
Tel: (416) 204-8985
Fax: (416) 593-8321
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Yvonne B. Chisholm (LSUC No. #37040F)
Tel: (416) 593-2363
Fax: (416) 593-8321
Email: ychisholm@osc.gov.on.ca

Lawyers for the Applicant:
Ontario Securities Commission

Service of a true copy hereof admitted
this 25 day of April 2017

Chrysalis Yogi Inc.
SOLICITOR FOR

Service of a true copy hereof admitted
this 25 day of April 2017

Crystal Wealth
SOLICITOR FOR

TAB 3



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF CLAYTON SMITH

SETTLEMENT AGREEMENT

PART I - REGULATORY MESSAGE AND INTRODUCTION

1. For there to be fairness and confidence in Ontario's capital markets, it is critical that investment fund managers ("IFMs") and the individuals who control them faithfully and diligently fulfill their fiduciary duty to act in the best interests of their funds and the investors in those funds. Investors must be in a position to believe that their investments will be treated with the utmost care by those in whose trust they are placed. This matter concerns the conduct of Clayton Smith ("Smith" or the "Respondent") who engaged in fraud, and breached his duty to act fairly, honestly and in good faith with clients, while directing the affairs, and being the registered Ultimate Designated Person ("UDP") and Chief Compliance Officer ("CCO"), of a registered firm, Crystal Wealth Management System Limited ("Crystal Wealth").

2. The Ontario Securities Commission (the "Commission") will issue a Notice of Hearing (the "Notice of Hearing") to announce that it will hold a hearing to consider whether, pursuant to subsections 127(1) and 127.1(1) of the *Securities Act*, RSO 1990, c S.5 (the "Act"), it is in the public interest for the Commission to make certain orders in respect of the conduct described herein.

PART II - JOINT SETTLEMENT RECOMMENDATION

3. Staff of the Commission ("Staff") recommend settlement of the proceeding (the "Proceeding") against the Respondent commenced by the Notice of Hearing, in accordance with the terms and conditions set out in Part VI of this Agreement. The Respondent consents to the

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making of an order (the “Order”) in the form attached as Schedule A to this Agreement based on the facts set out herein.

4. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts set out in Part III of this Agreement and the conclusions in Part IV of this Agreement.

PART III - AGREED FACTS

A. OVERVIEW

5. The conduct at issue in this case occurred during the period April 2012 to April 2017 (the “Material Time”).

6. Smith was an experienced market participant and registered with the Commission during the Material Time. Crystal Wealth was the IFM, portfolio manager (“PM”) and trustee for a suite of 15 proprietary investment funds (“Crystal Wealth Funds”). Smith was the directing mind of Crystal Wealth, its sole officer and director as well as the firm’s UDP and CCO.

7. Smith, Crystal Wealth and Smith’s holding companies engaged in fraud involving two Crystal Wealth Funds – Crystal Wealth Mortgage Strategy (formerly, Crystal Enhanced Mortgage Fund, the “Mortgage Fund”) and Crystal Wealth Media Strategy (formerly, Crystal Wealth Strategic Yield Media Fund, the “Media Fund”). Smith caused monies to be advanced from the Mortgage and Media Funds, purportedly in connection with the purchase of investments for the funds. In fact, at Smith’s direction, certain of the monies were transferred directly to Smith’s holding company, as described in paragraph 22. With respect to other monies, Smith instructed the third-party recipients to transfer the funds to Smith, his holding company or a related company.

8. Smith also arranged to personally receive payments from an entity that sold investments to the Media Fund, creating a material conflict of interest that Crystal Wealth neither responded to nor disclosed.

9. By engaging in fraud and failing to respond to or disclose a material conflict, Crystal Wealth breached its obligation to discharge its duties honestly, in good faith and in the best

interests of the Mortgage and Media Funds. Smith and Crystal Wealth continued to cause Crystal Wealth clients to be invested in the Mortgage and Media Funds and in so doing, they failed to deal fairly, honestly and in good faith with clients.

10. As Crystal Wealth's CCO and UDP, Smith failed to discharge his obligations to ensure, promote and monitor compliance with securities legislation by Crystal Wealth and individuals acting on its behalf. He also misled Staff during his examination under oath about his relationship to one of the corporate entities involved in the fraud.

B. DETAILED FACTS

(1) Crystal Wealth, Clayton Smith and Smith's Holding Companies

11. Crystal Wealth is a Burlington-based Ontario corporation that was registered with the Commission in several categories, including as an IFM and PM.

12. Crystal Wealth created and managed the Crystal Wealth Funds, which were structured as open-ended mutual fund trusts and distributed on a prospectus-exempt basis, pursuant to offering memoranda ("OMs").

13. Crystal Wealth performed the roles of trustee, IFM, PM and promoter for the Crystal Wealth Funds. As the IFM, Crystal Wealth managed the day-to-day business of the Crystal Wealth Funds and oversaw the PM function. As PM, Crystal Wealth was required to make suitable investment decisions for the Crystal Wealth Funds' portfolios consistent with the respective fund's investment objectives.

14. As at April 20, 2017, Crystal Wealth recorded a value for the assets under management ("AUM") of all of the Crystal Wealth Funds of approximately \$193,198,912.

15. There were approximately 1,250 Crystal Wealth clients that had discretionary managed accounts for which Crystal Wealth was the PM. Many of these clients were invested in various of the Crystal Wealth Funds. Smith was the advising representative for a number of clients with managed accounts.

16. Smith, an Ontario resident, founded Crystal Wealth in 1998 and was the firm's directing mind. From 1998 onward, Smith was Crystal Wealth's President, Chief Executive Officer and

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Chief Financial Officer. During the Material Time, Smith beneficially owned a controlling interest in Crystal Wealth and was its sole officer and director.

17. Smith was registered with the Commission in a number of capacities, including as an advising representative in the category of PM, and as Crystal Wealth's CCO and UDP. As CCO and UDP, Smith bore responsibility for supervising, promoting and monitoring Crystal Wealth's compliance with Ontario securities law.

18. Smith was also the directing mind of CLJ Everest Ltd. ("CLJ Everest") and 1150752 Ontario Limited ("115 Limited"), Ontario holding companies for which Smith was the sole officer and director. Smith owned 100% of CLJ Everest which, in turn, owned 100% of 115 Limited's voting shares. 115 Limited owned the majority of Crystal Wealth's outstanding shares. 115 Limited's registered business name was MBS Partners.

19. Crystal Wealth Marketing Inc. ("CWMI") is an Ontario company that was owned by Smith and Scott Whale ("Whale"), a shareholder and advising representative of Crystal Wealth. Smith acted as a director and officer of CWMI between August 2014 and February 2015, when the conduct described in Part III.B(5) occurred.

20. Chrysalis Yoga Inc. ("Chrysalis") is a yoga studio owned by Smith's former common law wife, at which Smith taught yoga and meditation part-time. Smith was initially a 50% owner and a director and officer of Chrysalis. During much of the Material Time, Smith dealt with Chrysalis' finances and bookkeeping and had signing authority over its bank account.

(2) Misappropriation of Investor Monies from the Mortgage Fund involving 115 Limited

21. The April 12, 2007 and August 31, 2012 Offering Memoranda for the Mortgage Fund (the "Mortgage Fund OMs") stated that the Mortgage Fund's investment objective was to "generate a consistently high level of interest income while focusing on preservation of capital by investing primarily in residential mortgages in Canada." The Mortgage Fund OMs also stated that Crystal Wealth would enter into agreements with independent companies to procure and service mortgage loans and that Crystal Wealth would rely on the expertise of licensed mortgage brokers to service and monitor the mortgages in which the Mortgage Fund invested.

22. Despite these representations, during the period of April 2012 to September 2013, Smith caused the Mortgage Fund to make six payments, totaling approximately \$894,932, to his holding company, 115 Limited. 115 Limited was neither independent nor a registered mortgage broker and the six payments were not used to acquire mortgages from 115 Limited. Instead, shortly after each payment from the Mortgage Fund, Smith caused 115 Limited to pay all, or a significant portion, of the funds to Chrysalis, CLJ Everest (Smith's holding company), or himself. In total, Smith caused 115 Limited to pay \$511,000 to Chrysalis, \$389,000 to CLJ Everest and \$10,000 to himself, substantially with funds received from the Mortgage Fund.

23. Subsequently, in respect of these transactions, Smith advised the Mortgage Fund's auditors, BDO Canada LLP ("BDO") that the Mortgage Fund held interests in mortgages obtained through an entity known as MBS Partners (the "Purported Mortgage Investments"). The amounts of the advances from the Mortgage Fund to 115 Limited correspond approximately to the principal amounts for six Purported Mortgage Investments reflected in the correspondence provided to BDO.

(3) Misappropriation of Investor Monies from the Media and Mortgage Funds

24. The Media Fund was the largest of the Crystal Wealth Funds, with a recorded AUM of approximately \$54,466,843 as at April 20, 2017. The April 30, 2013 and August 30, 2014 Offering Memoranda for the Media Fund (the "Media Fund OMs") stated that the Media Fund's investment objective was "to generate a high level of interest income with minimum volatility and low correlation to most traditional asset classes by investing in asset-backed debt obligations of motion pictures and series television productions."

25. According to the Media Fund OMs, Media House Capital (Canada) Corp. ("Media House") was to source, advise in connection with the procurement of and service investments in film loans for the Media Fund. On behalf of the Media Fund, Smith dealt principally with Aaron Gilbert ("Gilbert"), Media House's majority shareholder and sole director, and Steven Thibault ("Thibault"), Media House's Vice President, Finance. After the purchase of a film loan by the Media Fund, Media House was to monitor and report on the performance of the investment, including the actual sales performance of the related production compared with target projections on an ongoing basis.

26. The Media Fund OMs described the film loans it intended to purchase as short to medium term loans of 12 to 30 months that have been made “to independent producers used to fund a portion of the production costs to complete motion pictures and series television productions.” Once a potential debt investment was sourced for the Media Fund by Media House, which was to have evaluated it and reported on whether it complied with due diligence guidelines, Crystal Wealth was to perform its due diligence and examine how the new debt fit into the overall investment portfolio from a diversification point of view.

27. Among the film loans recorded in the Media Fund’s financial statements were six film loans acquired from Media House during the period October 2013 to July 2015 (the “Bron Film Loans”) that were for film productions produced by Gilbert’s company, Bron Studios Inc. (“Bron Studios”). Gilbert and Thibault had a role with the borrower film production companies on the Bron Film Loans, and signed loan documents on behalf of both Media House as lender, and the production companies as borrower. The Media Fund acquired four of the Bron Film Loans from Media House. Two of the Bron Film Loans were initially purchased by the Mortgage Fund and subsequently sold to the Media Fund. The monies for the Bron Film Loans flowed largely from the Media Fund or the Mortgage Fund to Media House, Bron Animation Inc. (“Bron Animation”) or BSI Developments Inc. (“BSI Developments”), other companies related to Gilbert.

28. With respect to three of the Bron Film Loans (*Henchmen*, *Mercy* and *Kingdom*), Smith caused the Media Fund to advance investor monies to Media House or Bron Animation in tranches, and then directed Gilbert and/or Thibault to:

- (a) transfer a portion of the funds advanced from the Media Fund to Smith, CLJ Everest and Chrysalis, which resulted in transfers totaling approximately \$465,000 to Smith, \$2.3 million to CLJ Everest and \$125,000 to Chrysalis; and
- (b) transfer approximately \$4.1 million of the funds advanced from the Media Fund to Spectrum-Canada Mortgage Services Inc. (“Spectrum”), a service provider for the Mortgage Fund, to buy from the Mortgage Fund:
 - (i) certain mortgages in arrears involving third parties; and

- 7 -

(ii) the Purported Mortgage Investments;

on behalf of Media House or BSI Developments, removing these mortgages and the Purported Mortgage Investments from the Mortgage Fund's books.

29. With respect to the purchase of another Bron Film Loan (*A Good Day's Work*) by the Mortgage Fund, Smith directed Spectrum to advance \$1.25 million from funds held in trust for the Mortgage Fund to BSI Developments. Smith then directed Gilbert and Thibault to, on receiving the funds advanced, transfer approximately \$1 million of the funds to a law firm representing Smith, which funds were then used for the purchase of a residential property for Smith in Burlington, Ontario, and approximately \$200,000 to CLJ Everest. Smith later caused the Mortgage Fund to advance additional monies to BSI Developments as additional loan advances for *A Good Day's Work*. These monies were substantially used by Gilbert and/or Thibault to transfer \$375,000 to CLJ Everest.

30. Smith used the monies that had been transferred to him and to CLJ Everest, as described in subparagraph 28(a) and paragraph 29, substantially for personal purposes, including the purchase of another residential property at which Smith resided in Burlington, Ontario. Some of the funds were transferred to Crystal Wealth.

(4) Misappropriation of Investor Monies from the Mortgage Fund involving CLJ Everest

31. Smith caused Crystal Wealth to enter into an agreement (the "Master Financing Agreement") dated July 6, 2016 with Magnitude CS Energy Inc. ("MCS"), which was described as being in the business of installing power and heat co-generating equipment for large energy users ("MCS Energy Projects"). Craig Clydesdale ("Clydesdale"), an Ontario resident, is a director and officer of MCS. The Master Financing Agreement contemplated that the Crystal Wealth Funds could provide financing for MCS Energy Projects, and that separate project specific financing agreements would be entered into. In addition, CLJ Everest entered into an agreement dated July 6, 2016 with MCS, pursuant to which CLJ Everest would be paid a monthly consulting fee of "15% of the Net Free Cash Flow from all Energy Projects" for its assistance with any aspect of MCS's business operations.

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32. Smith also caused Crystal Wealth and CLJ Everest to enter into a share purchase agreement (the “Share Purchase Agreement”) dated October 21, 2016 with Whale. The Share Purchase Agreement provided that CLJ Everest would acquire all of Whale’s shares in Crystal Wealth for a purchase price of \$1,586,277, with a closing date of November 7, 2016.

33. On November 2, 2016, Smith caused the Mortgage Fund to advance \$2 million to MCSNoxrecovery (“MCSNox”), another Clydesdale company, which was recorded as a loan in the Mortgage Fund’s financial statements. On November 7, 2016, MCSNox advanced \$1.75 million to CLJ Everest, substantially funded with the monies received from the Mortgage Fund. The day after MCSNox advanced the \$1.75 million to CLJ Everest, Smith caused CLJ Everest to use \$1,586,277 of it to buy the Crystal Wealth shares held by Whale.

34. The course of conduct Smith and Crystal Wealth engaged in with respect to the Mortgage and Media Funds as described in sections (2) and (3) above and this section (4), was deceptive and placed the pecuniary interests of Mortgage and Media Funds’ investors at risk. By engaging in this conduct, Smith, Crystal Wealth, CLJ Everest and 115 Limited engaged or participated in acts, practices or courses of conduct relating to the Mortgage and Media Funds that Smith, Crystal Wealth, CLJ Everest and 115 Limited, knew or reasonably ought to have known perpetrated a fraud on investors, in breach of subsection 126.1(1)(b) of the Act.

(5) Failure to Respond to or Disclose Material Conflict of Interest

35. Between August 2014 and February 2015, Smith received a substantial financial benefit from the purchase of certain film loans by the Media Fund from Media House. At the time, Smith was the directing mind of Crystal Wealth, and on behalf of Crystal Wealth, served as the lead PM for the Media Fund. The benefit obtained by Smith created a material conflict of interest that Crystal Wealth neither responded to nor disclosed to investors.

36. According to the Media Fund OMs, Media House was to receive compensation for sourcing and administering the film loans in the form of a loan facilitation fee of up to 10% of the face value of any loans the Media Fund purchased from Media House (the “Loan Facilitation Fee”). Crystal Wealth was to receive a management fee at an annual rate of 2% of the AUM of the Media Fund.

37. The Media Fund OMs did not disclose that for several of the film loans, a portion of the Loan Facilitation Fee was paid to CWMI, a company for which Smith was a 50% shareholder, and an officer and director. From August 2014 to February 2015, Media House and Bron Management Ltd., another company associated with Gilbert, paid CWMI approximately 30% of the Loan Facilitation Fee on film loans acquired by the Media Fund during that period. The Loan Facilitation Fee payments to CWMI totaled approximately \$622,780. CWMI used substantially all of the monies to make payments to its two shareholders, Whale and Smith. Smith received \$323,000, funded substantially from those Loan Facilitation Fee payments.

38. Causing the Media Fund to purchase film loans for which Smith received a substantial personal payment created a material conflict of interest that Crystal Wealth had an obligation to respond to and that reasonable investors would be expected to be informed about. Crystal Wealth failed to respond to or disclose the conflict to investors, contrary to subsections 13.4(2) and (3) of National Instrument 31-103 – *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”).

(6) Failure to Deal Fairly, Honestly, and in Good Faith with Clients

39. As registered advisers, Crystal Wealth and Smith had an obligation to deal honestly, fairly and in good faith with their clients. While Smith and Crystal Wealth engaged in the conduct described in sections (2) to (5) above, Smith and Crystal Wealth caused clients to be invested in the Mortgage and Media Funds. In so doing, Smith and Crystal Wealth breached their obligation to deal fairly, honestly and in good faith with clients, contrary to section 2.1 of OSC Rule 31-505 – *Conditions of Registration* (“OSC Rule 31-505”).

(7) Failure to Discharge Duties as an IFM Honestly, in Good Faith, and in the Best Interests of the Investment Fund

40. Crystal Wealth was the IFM for the Mortgage and Media Funds, and as such, had the obligation to discharge its duties honestly, in good faith, and in the best interests of the Mortgage and Media Funds. Crystal Wealth, as trustee for the Crystal Wealth Funds, had an express fiduciary obligation under the master declaration of trust for the funds, to act in good faith and in the best interests of the unitholders or investors, who were the beneficiaries of the trusts and whose monies were entrusted to Crystal Wealth.

41. By engaging in the conduct described in sections (2) to (5) above, Crystal Wealth breached its fiduciary duty and failed to discharge its duties honestly, in good faith and in the best interests of the Mortgage and Media Funds, contrary to subsection 116(a) of the Act.

(8) Failure to Discharge Duties of CCO and UDP

42. As Crystal Wealth's CCO, Smith had an obligation pursuant to section 5.2 of NI 31-103 to establish policies and procedures directed towards assessing compliance by Crystal Wealth with securities legislation and to monitor and assess compliance with securities legislation by Crystal Wealth and individuals acting on its behalf.

43. As Crystal Wealth's UDP, Smith had an obligation pursuant to section 5.1 of NI 31-103 to supervise the activities of Crystal Wealth that were directed towards ensuring compliance with securities legislation and to promote compliance with securities legislation by Crystal Wealth and the individuals acting on its behalf.

44. In light of the conduct that Smith and Crystal Wealth engaged in described in sections (2) to (7) above, Smith failed to fulfil his obligation as CCO and UDP of Crystal Wealth to ensure, promote and monitor compliance with securities legislation by Crystal Wealth and individuals acting on its behalf, contrary to sections 5.1 and 5.2 of NI 31-103.

(9) Misleading Staff

45. Smith was examined under oath by Staff on September 26 and 27, 2017 pursuant to subsection 13(1) of the Act. During this examination, Staff asked questions about various entities Smith dealt with on behalf of the Mortgage Fund, including MBS Partners, the entity through which Smith and Crystal Wealth perpetrated a fraud as described in section (2), above. During the examination, Smith misled Staff by:

- (a) falsely stating that neither he nor Crystal Wealth had an interest in MBS Partners, when in fact Smith beneficially owned 100% of the voting shares of MBS Partners, which was the business name that was registered for Smith's company, 115 Limited, and Smith was the director, officer and directing mind of 115 Limited; and

- 11 -

- (b) falsely stating that MBS Partners had no interest in Crystal Wealth, when in fact 115 Limited owned the majority of Crystal Wealth's outstanding shares throughout the Material Time.

46. Smith thereby breached subsection 122(1)(a) of the Act because he made statements that, in a material respect, and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state a fact that was required to be stated or that was necessary to make the statements not misleading.

PART IV - NON-COMPLIANCE WITH ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST

47. The Respondent acknowledges and admits that, during the Material Time:

- (a) the Respondent engaged in or participated in acts, practices and courses of conduct relating to securities that the Respondent knew or reasonably ought to have known perpetrated a fraud on the Mortgage and Media Funds and their investors, contrary to subsection 126.1(1)(b) of the Act;
- (b) the Respondent did not deal fairly, honestly and in good faith with the Respondent's clients, contrary to subsection 2.1(2) of OSC Rule 31-505;
- (c) the Respondent did not comply with the Respondent's obligations as the UDP and CCO of Crystal Wealth, contrary to sections 5.1 and 5.2 of NI 31-103;
- (d) the Respondent made statements in evidence submitted to Staff that, in a material respect and at the time and in the light of the circumstances under which they were made, were misleading or untrue or did not state facts that were required to be stated or that were necessary to make the statements not misleading, contrary to subsection 122(1)(a) of the Act;
- (e) the Respondent, a director and officer of Crystal Wealth, CLJ Everest and 115 Limited, authorized, permitted or acquiesced in each company's non-compliance with Ontario securities law, and is deemed not to have complied with Ontario securities law under section 129.2 of the Act; and

- (f) as set out in subparagraphs (a) through (e) above, the Respondent engaged in conduct contrary to the public interest.

PART V – STAFF’S POSITION

48. On April 26, 2017, on application by the Commission under subsection 129(1) of the Act, the Ontario Superior Court of Justice made an order appointing Grant Thornton Limited (the “Receiver”) receiver and manager of the assets of Smith, personally, and the assets of Crystal Wealth, the Crystal Wealth Funds, CLJ Everest, 115 Limited and receiver of a bank account owned by Chrysalis. Through the receivership proceeding (the “Receivership”), the Receiver has begun and continues to liquidate and distribute assets.

49. As of May 1, 2018, approximately \$30,817,199 has been returned to investors through the Receivership.

50. But for the appointment of the Receiver over Smith’s assets for the benefit of investors and other creditors, Staff would seek monetary sanctions against Smith significantly greater than the \$250,000 administrative penalty and \$50,000 in costs set forth in subparagraphs 52(j) and 52(k) below.

PART VI – TERMS OF SETTLEMENT

51. The Respondent agrees to the terms of settlement set forth below.

52. The Respondent consents to the Order, pursuant to which it is ordered that:

- (a) this Agreement be approved;
- (b) the registrations granted to the Respondent under Ontario securities law be terminated, pursuant to paragraph 1 of subsection 127(1) of the Act;
- (c) trading in any securities or derivatives by the Respondent cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;
- (d) the acquisition of any securities by the Respondent be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;

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- (e) any exemptions contained in Ontario securities law not apply to the Respondent permanently, pursuant to paragraph 3 of subsection 127(1) of the Act;
- (f) the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- (g) the Respondent immediately resign any position that the Respondent holds as a director or officer of an issuer, a registrant or an investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;
- (h) the Respondent be permanently prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;
- (i) the Respondent be permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
- (j) the Respondent pay an administrative penalty in the amount of \$250,000 pursuant to paragraph 9 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
- (k) the Respondent pay costs in the amount of \$50,000, pursuant to subsection 127.1(1) of the Act.

53. The Respondent acknowledges that, in addition to any proceedings referred to in paragraph 56, failure to pay in full any monetary sanctions and/or costs ordered will result in the Respondent's name being added to the list of "Respondents Delinquent in Payment of Commission Orders" published on the Commission's website.

54. The Respondent consents to a regulatory order made by any provincial or territorial securities regulatory authority in Canada containing any or all of the sanctions set out in paragraph 52, other than subparagraphs 52(a), 52(j) and 52(k). These sanctions may be modified to reflect the provisions of the relevant provincial or territorial securities law.

55. The Respondent acknowledges that this Agreement and the Order may form the basis for orders of parallel effect in other jurisdictions in Canada. The securities laws of certain Canadian jurisdictions allow orders made in this matter to take effect in them automatically, without further notice to the Respondent. The Respondent should contact the securities regulator of any other jurisdiction in which the Respondent intends to engage in any securities-related activities, prior to undertaking such activities.

PART VII - FURTHER PROCEEDINGS

56. If the Commission approves this Agreement, Staff will not commence or continue any proceeding against the Respondent under Ontario securities law based on the misconduct described in Part III of this Agreement, unless the Respondent fails to comply with any term in this Agreement, other than subparagraphs 52(j) and 52(k) (a “Breach”). If a Breach occurs, Staff may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of this Agreement, as well as the Breach.

57. The Respondent waives any defences to a proceeding referenced in paragraph 56 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last failure to comply with this Agreement.

PART VIII - PROCEDURE FOR APPROVAL OF SETTLEMENT

58. The parties will seek approval of this Agreement at a public hearing (the “Settlement Hearing”) before the Commission, which will be held on a date determined by the Secretary to the Commission in accordance with this Agreement and the Commission’s *Rules of Procedure* (2017), 40 OSCB 8988.

59. The Respondent will attend the Settlement Hearing in person.

60. The parties confirm that this Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

61. If the Commission approves this Agreement:

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- (a) the Respondent irrevocably waives all rights to a full hearing, judicial review or appeal of this matter under the Act; and
- (b) neither party will make any public statement that is inconsistent with this Agreement or with any additional agreed facts submitted at the Settlement Hearing.

62. Whether or not the Commission approves this Agreement, the Respondent will not use, in any proceeding, this Agreement or the negotiation or process of approval of this Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may be available.

PART IX - DISCLOSURE OF AGREEMENT

63. If the Commission does not make the Order:

- (a) this Agreement and all discussions and negotiations between Staff and the Respondent before the Settlement Hearing will be without prejudice to Staff and the Respondent; and
- (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Statement of Allegations in respect of the Proceeding. Any such proceedings, remedies and challenges will not be affected by this Agreement, or by any discussions or negotiations relating to this Agreement.

64. The parties will keep the terms of this Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

PART X - EXECUTION OF AGREEMENT

65. This Agreement may be signed in one or more counterparts which together constitute a binding agreement.

66. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

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[The remainder of this page is intentionally left blank.]

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DATED at Burlington, Ontario as of the 28th day of May, 2018.

"Jillian Van Osch"

Witness: Jillian Van Osch

"Clayton Smith"

CLAYTON SMITH

DATED at Toronto, Ontario, as of the 28th day of May, 2018.

ONTARIO SECURITIES COMMISSION

By: ***"Jeff Kehoe"***

Jeff Kehoe
Director, Enforcement Branch

**SCHEDULE A
FORM OF ORDER**



Ontario
Securities

de l'Ontario

Commission des
22e étage
valeurs mobilières
20, rue queen ouest

Toronto ON M5H 3S8

22nd Floor

20 Queen Street West

Toronto ON M5H 3S8

File No. [#]

**IN THE MATTER OF
CLAYTON SMITH**

[Name of Chair of Panel], Commissioner and Chair of the Panel
[Name of Commissioner], Commissioner
[Name of Commissioner], Commissioner

[Day and date Order made]

ORDER
(Subsections 127(1) and 127.1(1) of the
***Securities Act*, RSO 1990, c S.5)**

WHEREAS on [date], the Ontario Securities Commission (the “Commission”) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider an application made jointly by Clayton Smith (the “Respondent”) and Staff (“Staff”) of the Commission for approval of a settlement agreement dated as of [date] (the “Agreement”);

ON READING the Statement of Allegations dated [date] and the Joint Application Record for a Settlement Hearing dated [date], including the Agreement;

AND ON HEARING the submissions of the Respondent and Staff;

IT IS ORDERED THAT:

1. the Agreement be approved;
2. the registrations granted to the Respondent under Ontario securities law be terminated, pursuant to paragraph 1 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the “Act”);
3. trading in any securities or derivatives by the Respondent cease permanently, pursuant to paragraph 2 of subsection 127(1) of the Act;
4. the acquisition of any securities by the Respondent be prohibited permanently, pursuant to paragraph 2.1 of subsection 127(1) of the Act;
5. any exemptions contained in Ontario securities law not apply to the Respondent permanently, pursuant to paragraph 3 of subsection 127(1) of the Act;
6. the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
7. the Respondent immediately resign any position that the Respondent holds as a director or officer of an issuer, a registrant or an investment fund manager, pursuant to paragraphs 7, 8.1 and 8.3 of subsection 127(1) of the Act;
8. the Respondent be permanently prohibited from becoming or acting as a director or officer of any issuer, registrant or investment fund manager, pursuant to paragraphs 8, 8.2 and 8.4 of subsection 127(1) of the Act;
9. the Respondent be permanently prohibited from becoming or acting as a registrant, investment fund manager or promoter, pursuant to paragraph 8.5 of subsection 127(1) of the Act;
10. the Respondent pay an administrative penalty in the amount of \$250,000 pursuant to paragraph 9 of subsection 127(1) of the Act, which amount shall be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
11. the Respondent pay costs in the amount of \$50,000, pursuant to subsection 127.1(1) of the Act.

•

[Name of Chair of Panel]

•

[Name of Commissioner]

•

[Name of Commissioner]

TAB 4



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue queen ouest
Toronto ON M5H 3S8

FILE NO.: 2018-35

**IN THE MATTER OF
CLAYTON SMITH**

Janet Leiper, Commissioner and Chair of the Panel
Philip Anisman, Commissioner
Frances Kordyback, Commissioner

June 14, 2018

ORDER

(Subsections 127(1) and 127.1(1) of the
Securities Act, RSO 1990, c S.5)

WHEREAS on June 13, 2018, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider an application made jointly by Clayton Smith (the **Respondent**) and staff of the Commission (**Staff**) for approval of a settlement agreement dated as of May 28, 2018 (the **Settlement Agreement**);

ON READING the Joint Application for a Settlement Hearing dated June 8, 2018, including the Statement of Allegations, the Settlement Agreement and the Consent of the parties, and on hearing the submissions of the Respondent, appearing in person, and of the representative for Staff;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;
2. the registrations granted to the Respondent under Ontario securities law are terminated;
3. trading in any securities or derivatives by the Respondent cease permanently;
4. the acquisition of any securities by the Respondent is prohibited permanently;
5. any exemptions contained in Ontario securities law not apply to the Respondent permanently;
6. the Respondent is reprimanded;
7. the Respondent immediately resign any position that he holds as a director or officer of an issuer or a registrant, including an investment fund manager;
8. the Respondent is permanently prohibited from becoming or acting as a director or officer of any issuer or registrant, including an investment fund manager;

9. the Respondent is permanently prohibited from becoming or acting as a registrant, including an investment fund manager, or a promoter;
10. the Respondent pay an administrative penalty in the amount of \$250,000, which amount is designated for allocation or use by the Commission in accordance with paragraph 3.4(2)(b) of the *Securities Act*, RSO 1990, c S.5; and
11. the Respondent pay costs in the amount of \$50,000.

"Janet Leiper"

Janet Leiper

"Philip Anisman"

Philip Anisman

"Frances Kordyback"

Frances Kordyback



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e étage
20, rue Queen Ouest
Toronto ON M5H 3S8

Citation: Clayton Smith (Re), 2018 ONSEC 33

Date: 2018-06-14

File No. 2018-35

IN THE MATTER OF CLAYTON SMITH

ORAL REASONS FOR APPROVAL OF SETTLEMENT (Subsections 127(1) and 127.1(1) of the *Securities Act*, RSO 1990, c S.5)

Hearing: June 13, 2018

Decision: June 14, 2018

Panel:	Janet Leiper Philip Anisman Frances Kordyback	Commissioner and Chair of the Panel Commissioner Commissioner
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Appearances:	Anna Huculak Clayton Smith	For Staff of the Commission Appearing on his own behalf
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ORAL REASONS FOR APPROVAL OF SETTLEMENT

The following reasons have been prepared for publication in the Ontario Securities Commission Bulletin, based on the reasons delivered orally at the hearing, and as edited, with footnotes, and approved by the Panel, to provide a public record.

- [1] The Settlement Agreement dated May 28, 2018 (**Settlement Agreement**) between enforcement staff (**Staff**) of the Ontario Securities Commission (the **Commission**) and Clayton Smith (**Smith**), submitted for approval in this settlement hearing, provides an illustration of the potential for abuse when unchecked authority is conferred on a single individual.
- I. SMITH'S CONDUCT**
- [2] The conduct admitted by Smith in the Settlement Agreement demonstrates a conscious disregard by Smith and Crystal Wealth Management System Limited (**Crystal Wealth**), under Smith's direction, of their fiduciary responsibilities to, and their obligations to act honestly, in good faith and in the best interests of, mutual funds they managed and clients who invested in those funds.
- [3] Smith was the founder of Crystal Wealth and as its president, CEO, CFO, CCO, UDP, sole officer and director and indirect controlling shareholder, was its directing mind.¹ He controlled Crystal Wealth through a series of holding companies of which he was the only officer and director; he was the sole shareholder of CLJ Everest Ltd. (**CLJ Everest**), which owned all the voting shares of 1150752 Ontario Limited (**115 Limited**), which in turn owned a majority of Crystal Wealth's outstanding shares.²
- [4] Crystal Wealth was the creator, promoter and trustee and the registered investment fund manager (**IFM**) and portfolio manager of fifteen mutual funds (the **Crystal Wealth Funds**) that distributed their securities on a prospectus-exempt basis.³ Smith was registered as a portfolio manager and advising representative, was the lead portfolio manager for at least one of the Crystal Wealth Funds, Crystal Wealth Media Strategy (the **Media Fund**), and advised a number of Crystal Wealth's 1,250 clients who had discretionary managed accounts, many of whom were invested in various Crystal Wealth Funds.⁴
- [5] Over a period of approximately five years, from April, 2012 to April, 2017 (the **Material Time**), Smith misappropriated significant amounts of money from two of the Crystal Wealth Funds, Crystal Wealth Mortgage Strategy (the **Mortgage Fund**) and the Media Fund, by causing payments to be made, directly and indirectly, to himself, his wholly-owned corporations and two other corporations that he owned equally with another shareholder and advising representative of Crystal Wealth in one case (**CWMI**) and with his former common law wife in the

¹ Settlement Agreement at paras 6 and 16. These reasons adopt the definitions used in the Settlement Agreement.

² Settlement Agreement at para 18.

³ Settlement Agreement at paras 6 and 11-13.

⁴ Settlement Agreement at paras 15, 17 and 35.

other (**Chrysalis**).⁵ A brief description demonstrates the nature of this fraudulent conduct.

a. Mortgage Fund

- [6] Smith caused the Mortgage Fund to make six payments totalling approximately \$894,932 to 115 Limited. He subsequently told the Mortgage Fund's auditors that the Mortgage Fund held interests in mortgages corresponding to the amounts of these payments (the **Purported Mortgage Investments**) that were obtained through "MBS Partners", the registered name under which 115 Limited carried on business.⁶ These Purported Mortgage Investments were contrary to the Mortgage Fund's offering memorandum, which represented that it would invest in mortgages with independent companies.⁷ Moreover, when asked by Staff about MBS Partners on an examination under oath, he said he had no interest in MBS Partners and MBS Partners had no interest in Crystal Wealth; as MBS Partners was 115 Limited, Crystal Wealth's direct controlling shareholder, both statements were lies.⁸
- [7] Smith subsequently misappropriated funds from the Media Fund by having it overpay for three film loans and directing the recipients, Media House and its related parties, to transfer the funds to a service provider to purchase the Purported Mortgage Investments from the Mortgage Fund.⁹ He thus repaid the Mortgage Fund some or all of the amount he previously misappropriated from it with funds misappropriated from the Media Fund.
- [8] Although the Mortgage Fund's offering memorandum stated that it would invest primarily in residential mortgages, Smith caused it to purchase two film loans, which were subsequently sold to the Media Fund. The money paid for one of these loans was substantially returned to Smith amounting to a further misappropriation of approximately \$1,575,000.¹⁰
- [9] Smith also caused Crystal Wealth to enter into a financing agreement with MCS to provide financing for energy projects. The same day, he had CLJ Everest enter into an arrangement with MCS under which a monthly consulting fee of 15 per cent of the net free cash flow from all such energy projects would be paid to CLJ Everest for unspecified assistance with "any aspect of MCS's business operations". Smith subsequently had the Mortgage Fund pay \$2,000,000 to an MCS affiliate, which was recorded as a loan in the Mortgage Fund's financial statements, \$1,750,000 of which was advanced by the MCS affiliate to CLJ Everest and used by it to purchase shares of Crystal Wealth from the other shareholder of CWMI.¹¹ Smith thus used funds obtained from the Mortgage Fund to increase his indirect share ownership of Crystal Wealth. Smith admits this and the other Mortgage Fund transactions were fraudulent.¹²

⁵ Settlement Agreement at paras 19, 20, 28 and 37.

⁶ Settlement Agreement at paras 18 and 22-23.

⁷ Settlement Agreement at para 21.

⁸ Settlement Agreement at paras 18, 23 and 45.

⁹ Settlement Agreement at para 28(b)(ii).

¹⁰ Settlement Agreement at paras 27 and 29.

¹¹ Settlement Agreement at paras 31-33.

¹² Settlement Agreement at para 34.

b. Media Fund

- [10] Although the Media Fund's offering memorandum said that funds would be invested in film loans to independent producers, six such loans were provided to Media House for films produced by corporations controlled by Media House's majority shareholder and sole director.¹³ At Smith's direction, approximately \$6,990,000 of these loans were transferred to Smith and his corporations¹⁴ and to the Mortgage Fund's service provider to purchase from the Mortgage Fund the Purported Mortgage Investments¹⁵ and other mortgages that were in arrears.¹⁶ This course of conduct, too, was fraudulent.
- [11] Smith also arranged for payments that were, in effect, a kickback in connection with the purchase by the Media Fund of certain other film loans from Media House. The contract with Media House provided that Media House was to receive a loan facilitation fee of up to 10 per cent of the face value of these loans. For several of the loans, Media House paid 30 per cent of its loan facilitation fee to CWMI, amounting to approximately \$622,780, substantially all of which was paid to Smith and CWMI's other shareholder.¹⁷
- [12] The Settlement Agreement treats this payment separately as a conflict of interest, which Crystal Wealth failed to disclose to investors in the Media Fund contrary to Ontario securities law.¹⁸ In fact, although the Settlement Agreement does not say this, all of the misappropriations described in the Settlement Agreement raised conflicts of interest, disclosure of which would have prevented their accomplishment.¹⁹

c. Duty to Clients

- [13] Finally, during the Material Time, Smith caused clients of Crystal Wealth, whose discretionary accounts he managed, "to be invested in the Mortgage and Media Funds". He admits that in doing so he failed to deal fairly, honestly and in good faith with them, contrary to Ontario securities law.²⁰

II. APPROPRIATE SANCTIONS

a. Market Prohibitions

- [14] Smith's egregious, admittedly fraudulent conduct in directing and managing the investment funds of clients invested in the Mortgage and Media Funds warrants serious sanctions. The sanctions agreed to in the Settlement Agreement would permanently exclude him from participation in the securities market by prohibiting him from trading in securities or derivatives, from becoming or acting

¹³ Settlement Agreement at paras 24-27.

¹⁴ Settlement Agreement at para 28(a).

¹⁵ See paragraph 7, above.

¹⁶ Settlement Agreement at para 28(b).

¹⁷ Settlement Agreement at paras 35-37.

¹⁸ Settlement Agreement at para 38; National Instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registrant Obligations*, ss 13.4(2) and (3) (**NI 31-103**). The Settlement Agreement does not state that this was fraudulent.

¹⁹ See LD Brandeis, *Other People's Money and How the Bankers Use It* (1914, Harper Torchbook Edition, 1967) at 62 ("Sunlight is said to be the best of disinfectants; electric light the most efficient policeman").

²⁰ Settlement Agreement at paras 15, 39 and 47(b); OSC Rule 31-505 - *Conditions of Registration*, s 2.1.

as a registrant or promoter and from acting in any managerial position with an issuer or registrant (including an investment fund manager).²¹ These sanctions are clearly appropriate.

b. Disgorgement

- [15] In most circumstances, other sanctions would be as well. The Settlement Agreement describes misappropriations from the Mortgage Fund and Media Fund over an extended period totalling approximately \$11,832,712.²² All of these funds were misappropriated through Smith's portfolio management activities on behalf of Crystal Wealth and, as admitted in the Settlement Agreement, were contrary to section 126.1 of the Act or the conflict of interest provisions of NI 31-103.²³ As a result, an order requiring Smith to disgorge all of the funds obtained as a result of these contraventions of Ontario securities law would usually be appropriate. The Settlement Agreement does not provide for one.
- [16] The Settlement Agreement states, however, that a receiver and manager has been appointed under section 129 of the Act over the assets of Crystal Wealth, the Crystal Wealth Funds, CLJ Everest, 115 Limited, Chrysalis' bank account and Smith's personal assets for the benefit of investors in the Crystal Wealth Funds and other creditors of Crystal Wealth.²⁴
- [17] The implication is that Smith has no remaining assets. The effect of the receiver's appointment is thus equivalent to a disgorgement order applicable to all of Smith's assets with a more direct benefit to Crystal Wealth's investors, whether or not these assets are equal to the misappropriated amounts that would be subject to a disgorgement order (which is not disclosed in the Settlement Agreement). In these circumstances, a disgorgement order, if enforced as a claim by Staff in the receivership, would reduce proportionately the amount that investors may receive. As a result, the fact that the Settlement Agreement does not require disgorgement of the funds obtained by Smith does not take it beyond a reasonable range of appropriate sanctions.²⁵

c. Monetary Administrative Penalty

- [18] The agreed sanctions also include a monetary administrative penalty in the amount of \$250,000. In the context of Smith's conduct, this amount is arguably insignificant. When the receiver and manager was appointed, the AUM of the Crystal Wealth Funds were \$193,198,912, and the Media Fund alone had AUM of

²¹ Investment fund managers are registrants; see *Dhanani (Re)* (2017), 40 OSCB 4457, 2017 ONSEC 15 at para 14.

²² Paragraphs 6 and 8-11, above.

²³ NI 31-103, s 13.4. Smith is also responsible for these contraventions as the authorizing director and officer of Crystal Wealth, as he admitted; see Act, s 129.2; Settlement Agreement at paras 34, 38 and 47(a) and (e).

²⁴ Settlement Agreement at paras 48-50. As of May 1, 2018, approximately \$30,817,199 had been returned to investors by the receiver. This is significantly less than Crystal Wealth's \$193,198,912 assets under management (AUM) and the \$54,466,843 AUM of the Media Fund as of April 20, 2017, one week before the receiver was appointed; Settlement Agreement at paras 14, 24 and 48.

²⁵ This is so, even though a settlement that required disgorgement of funds obtained from investors where a receiver had been appointed has been approved by the Commission; see *Pogachar (Re)* (2011), 34 OSCB 1048 (order) and 1055 (settlement agreement). The settlement in this case was with the corporate respondents, was agreed to by their receiver acting for them and required allocation of the disgorged funds to specified classes of investors and the distribution of these funds by the receiver.

approximately \$54,466,843. The amounts misappropriated by Smith totalled almost \$12,000,000. In light of these amounts and Smith's multiple contraventions, an administrative penalty of \$250,000 is inadequate and would not be an appropriate sanction.

- [19] Moreover, the Settlement Agreement suggests that the administrative penalty may not be collectible. Like similar settlement agreements, the Settlement Agreement provides that a failure by Smith to comply with the agreed order will entitle Staff to bring proceedings against him based on both the misconduct described in the Settlement Agreement and the breach of the order. Under the Settlement Agreement, however, this provision does not apply to the administrative penalty and costs.²⁶ As a result, if Smith does not pay the administrative penalty and costs to which he has agreed, the settlement will continue to be binding on Staff, so long as he complies with the market prohibitions in the order. The effect of this exclusion is emphasized by Smith's acknowledgement that a failure to pay will result in his name being added to the list of delinquent respondents that is published by the Commission.²⁷
- [20] The potential for a proceeding based on the facts admitted in a settlement agreement for a breach of the agreed order encourages compliance with the order, including monetary sanctions, and enhances the deterrent effect of the settlement.²⁸ The carveout in the Settlement Agreement thus reduces any incentive to comply with the monetary and costs orders and the specific deterrence that it may otherwise accomplish.
- [21] The relatively small administrative penalty, when combined with Staff's inability to take proceedings if it is not paid and Smith's acknowledgement, may also diminish the general deterrence of the agreed sanctions and could bring into question the reasonableness of these sanctions.²⁹ If payment is not expected, it may be preferable not to include an administrative penalty and costs in a settlement agreement.³⁰ A monetary sanction that is merely symbolic may have a perverse effect and diminish confidence in the Commission's enforcement process. In this case, however, for the following reasons, the sanctions remain within a reasonable range of appropriateness.

d. Public Interest

- [22] The fact that a receiver has been appointed over Smith's personal assets does not mean he will never have assets. Smith is capable and enterprising, as is demonstrated by the fact that under his direction, in less than 20 years, Crystal Wealth acquired AUM of almost \$200 million and by the complexity of the fraudulent misappropriations described in the Settlement Agreement. It is possible that Smith will acquire funds following the receivership, the conclusion

²⁶ Settlement Agreement at para 56. A carveout like this one is contained in only one prior settlement agreement; see *Kotton (Re)* (2017), 40 OSCB 4855, 2017 LNONOSC 291 at para 100.

²⁷ Settlement Agreement at para 53. Although this provision is common in settlement agreements, its deterrent effect is questionable, and in a case like this one, likely negligible.

²⁸ See, e.g., *Wing (Re)* (2018), 41 OSCB 4365, 2018 ONSEC 25 at para 17 (*Wing*).

²⁹ The fact that one prior settlement agreement contains similar provisions does not, in our view, support the reasonableness of this one.

³⁰ See, e.g., *Sbaraglia (Re)* (2013), 36 OSCB 2572 (order) and 2609 (settlement agreement) at paras 29-30 (settlement of proceeding based on similar conduct; no monetary sanction or costs because receiver appointed over respondent's assets); see also *Marlow (Re)* (2006), 29 OSCB 5217 at paras 5-7.

of which will not release him from liability for his debts. Staff will be entitled to register the agreed order in the Superior Court of Justice, after which it will be enforceable as an order of the Court.³¹ As such, its enforcement will not be subject to a limitation period.³² Thus, despite the carveout in the Settlement Agreement, the monetary penalty and costs may be collectible in the long term, if Staff seeks to enforce the order.

- [23] In addition, the complexity of the transactions described in the Settlement Agreement indicates that a lengthy hearing will be necessary if the Settlement Agreement is rejected. A hearing would require full proof of the facts agreed to in the Settlement Agreement and, possibly, evidence relating to other transactions not included in it. The Settlement Agreement will thus remove the need to conduct a lengthy hearing and by saving substantial Staff time, will enable Staff to address other enforcement needs.
- [24] More significantly, it is not clear that any result obtained after a hearing on the merits would fulfill the Commission's mandate to a substantially greater degree than the agreed order. The market prohibitions will accomplish the direct protective purposes of sanctions under the Act by precluding any activities by Smith relating to the securities market and investors. A failure to comply with them will entitle Staff to bring a proceeding based on all of Smith's admitted conduct. In view of the receivership, it is far from clear that any disgorgement order and administrative penalty that might be imposed after a lengthy hearing would accomplish enough to make this Settlement Agreement unreasonable. As a result, the Settlement Agreement embodies adequate specific and general deterrence to bring the agreed sanctions within a reasonable range of appropriateness.³³ For these reasons, approval of the Settlement Agreement is in the public interest and we shall make an order substantially in the form agreed to by Staff and Smith in this hearing.
- [25] Approval in this case should not, however, be treated as acceptance of the reasonableness of the carveout in paragraph 56 of the Settlement Agreement³⁴ or as a precedent for consideration of the parameters of reasonableness in future settlement hearings. Rather, this decision should be limited to its facts, recognizing that a carveout of this nature is inconsistent with the specific and general deterrence that is essential to the prevention sought in Commission sanction orders.³⁵

III. ADDITIONAL COMMENTS

a. Reprimand

- [26] The Settlement Agreement invites two further comments. First, the agreed order includes a reprimand. Authority to reprimand was granted in 1994 to enable the Commission to sanction registrants and other market participants where another

³¹ Act, s 151.

³² *Limitations Act, 2002*, SO 2002, c 24, Schedule B, s 16(1)(b); see, e.g., *Independence Plaza 1 Associates, LLC v Figliolini*, 2017 ONCA 44 at para 32.

³³ See, e.g., *Electrovaya (Re)* (2017), 40 OSCB 5795, 2017 ONSC 25 at paras 5-8; *Wing* at paras 4, 5 and 11.

³⁴ See paragraph 19, above.

³⁵ See *Wing* at para 1.

sanction would be too severe.³⁶ An agreement to be reprimanded may also recognize a respondent's acceptance of responsibility and commitment to future compliance with Ontario securities law.³⁷ In a case like this one, it may also serve as an attempt to emphasize and bring home to a respondent direct responsibility for his or her abusive conduct.

- [27] A reprimand, like other sanctions, must be based on the facts of each case, which determine its utility.³⁸ In view of the conscious nature and repetition of the wrongdoing described in the Settlement Agreement, a reprimand would appear to add little, if anything, to the prohibitions in the agreed order. If it is perceived as a token sanction, merely a slap on the wrist, it may undermine the effect of reprimands generally. While including it here does not make the settlement unreasonable, it is important to consider in future cases based on similar egregious conduct whether a reprimand serves a useful purpose with respect to an individual respondent.

b. Regulatory Framework

- [28] Finally, the conduct described in the Settlement Agreement is indicative of the potential for conflicts of interest in the management of mutual funds. Transactions involving conflicts of interest by mutual funds that are reporting issuers are subject to review by an independent review committee (**IRC**).³⁹ Although not mentioned by the parties, Smith's management of Crystal Wealth and the Crystal Wealth Funds demonstrates a need for such protection with respect to mutual funds that distribute securities in the exempt market and are not reporting issuers. Had the transactions in this case been subject to IRC review, they might not have occurred.⁴⁰ An IRC would at a minimum have made it more difficult for Smith to manage Crystal Wealth and the Crystal Wealth Funds in the manner he did. In view of the amounts of assets under management by mutual funds that are not reporting issuers, the limitation of NI 81-107 to reporting issuers should be reconsidered.

IV. REPRIMAND

- [29] Mr. Smith, we acknowledge and recognize your cooperation in settling these matters. As part of the settlement agreement, a reprimand is imposed on you. The Panel notes that this settlement arose from your failure toward your community – a breach of trust that appears to be the product of your willingness to be deceitful and to prefer your own interests over those of others, unlawfully, over a lengthy period of time. You have accepted formal responsibility. There are questions to take away with you, to which only you know the answers. Why did you allow this to happen? Will you serve your community with integrity in the future? Will you resolve to do better? That is yet to be known.

³⁶ See *Credit Unions and Caisses Populaires Act*, 1994, SO 1994, c 11, s 375; *Proposals to Amend the Enforcement Provisions of the Securities Act* (1991), 14 OSCB 1907 at 1908 (where other sanctions "too great an intrusion"); Borden Ladner Gervais, *Securities Law and Practice* (2013), vol 3, p 22-71, s 22.7.3(b.6).

³⁷ See, e.g., *Sentry (Re)* (2017), 40 OSCB 3435, 2017 ONSC 7 at paras 14-18; *Wing* at para 18.

³⁸ See *Global RESP Corporation (Re)* (2018), 41 OSCB 4369, 2018 ONSC 26 at paras 13-15.

³⁹ See National Instrument 81-107 – *Independent Review Committee for Investment Funds* (**NI 81-107**).

⁴⁰ See note 19, above and accompanying text.

Dated at Toronto this 14th day of June, 2018.

"Janet Leiper"
Janet Leiper

"Philip Anisman"
Philip Anisman

"Frances Kordyback"
Frances Kordyback

TAB 5



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22^e étage
20, rue queen ouest
Toronto ON M5H 3S8

IN THE MATTER OF
CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED,
CLAYTON SMITH, CLJ EVEREST LTD, 1150752 ONTARIO LIMITED, CRYSTAL
WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY,
CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METAL FUND, CRYSTAL
WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND,
ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE
PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL
WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS
CAPITAL STRATEGY and
CRYSTAL WEALTH RETIREMENT ONE FUND

Janet Leiper, Commissioner and Chair of the Panel

June 14, 2018

ORDER

ON READING a request from Staff of the Commission that the hearing date scheduled for July 4, 2018 be vacated;

IT IS ORDERED THAT:

1. the hearing date of July 4, 2018 is vacated.

"Janet Leiper"

Janet Leiper

TAB 6

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**FIRST REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

JUNE 22, 2017



Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4

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- Appendix 2** Extension Order dated April 28, 2017
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- Appendix 6** Receiver's Interim R&D dated June 16, 2017
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- Appendix 34** Krieger Affidavit dated June 21, 2017
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CONFIDENTIAL APPENDICES

- Appendix 1** Securityholder Services Agreement dated February 17, 2004, unsigned Securityholder Services Agreement dated May, 2009, and unsigned Amending Agreement dated November 30, 2016
- Appendix 2** Summary of Mount Nemo Property Proposals Received
- Appendix 3** Mount Nemo Property Listing Agreement dated June 8, 2017

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**FIRST REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER OF THE RESPONDENTS**

JUNE 22, 2017

INTRODUCTION AND PURPOSE OF THE FIRST REPORT

- 1 On April 7, 2017, the Ontario Securities Commission (the "**OSC**") issued a temporary order (the "**Temporary Order**") providing that the trading of units of all of the Crystal Wealth Funds (defined herein) cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith ("**Smith**") and Crystal Wealth Management System Limited (the "**Company**"), with limited exceptions that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant fund. A copy of the Temporary Order is attached as **Appendix "1"** to this First Report of the Receiver (the "**First Report**"). On April 28, 2017, the OSC extended the Temporary Order to October 3, 2017 (the "**Extension Order**"). The Extension Order is attached as **Appendix "2"** to this First Report.

- 2 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List), the Honourable Mr. Justice Newbould issued an Order (the "**Appointment Order**") appointing Grant Thornton Limited: (i) as receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties (collectively, the "**Property**") of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"); and (ii) as Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the "**Application**") under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"). The said receivership proceedings, shall be referred to herein as the "**Receivership Proceedings**". A copy of the Appointment Order and the endorsement of the Honourable Mr. Justice Newbould are attached as **Appendix "3"** to this First Report of the Receiver (the "**First Report**").

- 3 On April 26, 2017, the Honourable Mr. Justice Newbould issued an Order (the "**Vesting Order**") that, among other things, authorized the Receiver to complete, on behalf of the Respondent, CLJ Everest Ltd. ("**CLJ Everest**"), the sale transaction of the property located at 5043 Mount Nemo Crescent in Burlington, Ontario (the "**Mount Nemo Property**") to Martin McCready (the "**Purchaser**") pursuant to and in accordance with an

agreement of purchase and sale dated April 12, 2017 (the “**Mount Nemo Sale Agreement**”). A copy of the Vesting Order is attached to this First Report as **Appendix “4”**.

- 4 As outlined in the OSC’s Application, the appointment of the Receiver was based on concerns the OSC had regarding, among other things, the Respondent, Crystal Wealth Media Strategy (the “**Media Fund**”). The OSC presented evidence that:

- a) *...Smith advanced approximately \$9.6M from the Media Fund (which are investors’ monies) to a third-party, Media House Capital (Canada) Corp., and another entity related to it, purportedly to purchase film loans for the Media Fund (“**Film Loans**”, also referred to herein as “**Media Loans**”), when in fact at least \$329,930 was transferred to Smith’s personal account, and \$2,307,347.50 was transferred to his personal holding company, CLJ Everest. It was stated that Smith used these monies to, among other things, make credit card payments, purchase the Mount Nemo Property, and fund his then common-law spouse’s yoga studio.¹*
- b) *...raised concerns about the existence and validity of the Film Loans owned by the Media Fund, and whether the value of the Film Loans as reflected in the net asset value (“**NAV**”) of the Media Fund has been materially overstated. Smith appears to have acknowledged that the Film Loans should be written down in value, but nevertheless he has not caused that to happen and the NAV of the Media Fund remained substantially unchanged.²*

- 5 The OSC stated that it believed that Smith and the Company may have:

- a) participated in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud, contrary to s. 126.1(1)(b) of the Act;
- b) failed to act fairly, honestly and in good faith with clients, contrary to s. 2.1 of Rule 31-505 - *Conditions of Registration*; and

¹ Affidavit of Marcel Tillie, sworn April 17, 2017, para. 26; Affidavit of Michael Ho, sworn April 17, 2017, paras. 17-63

² Affidavit of Marcel Tillie, sworn April 17, 2017, paras. 32 and 41-57.

- c) failed to comply with the standard of care expected of investment fund managers under s. 116 of the Act.
- 6 The potential breaches of the Act identified with respect to the Media Fund have an impact on several of the other Crystal Wealth Funds due to the significant number of inter-fund investments between the Crystal Wealth Funds which inter-fund transactions, as discussed in detail later in this First Report, are particularly prevalent with respect to the Media Fund.
- 7 More detailed information pertaining to the Crystal Wealth Group, including the circumstances leading to the appointment of the Receiver, are contained in the affidavits of:
 - a) Marcel Tillie sworn April 17, 2017;
 - b) Michael Ho sworn April 17, 2017;
 - c) David Adler sworn April 24, 2017; and
 - d) the supplementary affidavit of Michael Ho sworn April 24, 2017;

(collectively, the “**Commission Affidavits**”), all filed in support of the Application. Copies of the Commission Affidavits, without exhibits, are attached hereto as **Appendix “5”**.
- 8 The purpose of this First Report is to inform the Court of the Receiver’s activities since the date of the Appointment Order, to inform the Court of the Receiver’s recommendations for the sale of certain investments of the Crystal Wealth Group, and to support the Receiver’s request for an order, among other things, approving:
 - a) this First Report, including the actions and activities of the Receiver as described in this First Report;
 - b) a claims process to be conducted by the Receiver in respect of creditor claims against the Crystal Wealth Group, other than those of investors (the “**Creditor Claims Procedure Order**”);
 - c) the Receiver’s reliance on the Unit Holder Listing (as defined herein) to make interim distributions to investors, where possible, without further approval of the

Court, of the proceeds obtained from the divestiture of certain assets of the Crystal Wealth Funds;

- d) the Receiver's request for an Order approving the proposed sale process ("**Sale Process**") with respect to certain Crystal Wealth Funds and authorizing the Receiver to carry out its functions in accordance with the Sale Process;
- e) the Receiver's Interim Statement of Receipts and Disbursements for the period from April 26, 2017 to May 31, 2017 appended as **Appendix "6"** to the First Report;
- f) the fees and disbursements of the Receiver and Aird & Berlis LLP, legal counsel to the Receiver ("**A&B**"), as described herein; and
- g) sealing **Confidential Appendices "1", "2", and "3"** of this First Report until further Order of the Court.

- 9 The Receiver's activities since its appointment are detailed throughout this First Report, with specific details of particular activities being described at paragraph 178 below.

RESTRICTIONS AND TERMS OF REFERENCE

- 10 In preparing this First Report, the Receiver has relied upon unaudited financial information, the Crystal Wealth Group's books and records, certain financial information, discussions with the Crystal Wealth Group's former management and employees, and discussions with various interested parties (collectively, the "**Information**"). Except as described in this First Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
- 11 This First Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought. This First Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

- 12 Capitalized terms not defined in this First Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.
- 13 Copies of materials filed in these Receivership Proceedings are available on the Receiver's Case Website at: www.grantthornton.ca/crystalwealth.

BACKGROUND

- 14 The Company is a corporation registered with the OSC in the categories of: "Exempt Market Dealer", "Investment Fund Manager", "Portfolio Manager", and "Commodity Trading Manager". Prior to the commencement of the Receivership Proceedings, it operated out of an office located at 192 Plains Road E., Burlington, Ontario (the "**Premises**").
- 15 Smith is the controlling mind of the Company, is listed as the sole director and officer, and holds a controlling interest of 91.76% in the Company. Smith's ownership is held indirectly through CLJ Everest, a holding company incorporated in Ontario of which Smith is the sole shareholder, officer, and director. CLJ Everest holds 28.26% of the Company's outstanding shares and 100% of the shares of the Respondent, 1150752 Ontario Limited ("**115 Ontario**"). 115 Ontario in turn holds 63.50% of the Company's outstanding shares. The remaining 8.24% of the Company's shares are held by an individual named Gary Allen who, as the Receiver understand, acts as a silent shareholder. A copy of the legal corporate structure provided by Smith to the Receiver is attached hereto as **Appendix "7"**.
- 16 At the time of the Appointment Order, Smith was registered in Ontario with the OSC as a dealing representative, an advising representative in the category of "Portfolio Manager", and an advising representative in the category of "Commodity Trading Manager". Smith was also registered as the Company's chief executive officer, chief compliance officer and ultimate designated person. In fulfilling his responsibilities in the latter two roles, Smith bears responsibility for the Company's compliance with Ontario securities laws, including, without limitation, the Act.
- 17 The Company created and managed the following 15 proprietary investment funds (collectively referred to as the "**Crystal Wealth Funds**"):
 - a) Crystal Wealth Mortgage Strategy (the "**Mortgage Fund**");

- b) Crystal Enlightened Resource and Precious Metals Fund (the “**Resource Fund**”);
- c) Crystal Wealth Enlightened Factoring Strategy (the “**Factoring Fund**”);
- d) Crystal Wealth Medical Strategy (the “**Medical Fund**”);
- e) Crystal Enlightened Bullion Fund (the “**Bullion Fund**”);
- f) Crystal Wealth Media Strategy (the Media Fund);
- g) Crystal Wealth High Yield Mortgage Strategy (the “**High Yield Mortgage Fund**”);
- h) Crystal Wealth Infrastructure Strategy (the “**Infrastructure Fund**”);
- i) Crystal Wealth Enlightened Hedge Fund (the “**Hedge Fund**”);
- j) Crystal Wealth Conscious Capital Strategy (the “**Conscious Capital Fund**”);
- k) ACM Income Fund;
- l) ACM Growth Fund;
- m) Absolute Sustainable Dividend Fund (the “**Sustainable Dividend Fund**”)
- n) Absolute Sustainable Property Fund (the “**Sustainable Property Fund**”); and
- o) Crystal Wealth Retirement One Fund (the “**Retirement Fund**”).

A detailed description of the Crystal Wealth Funds and the work performed by the Receiver with respect to each of them is included later in this First Report.

- 18 The Crystal Wealth Funds are structured as open-ended mutual fund trusts. Units in each of the funds were distributed to investors on an exempt basis, pursuant to offering memoranda (“**OMs**”). The Company managed the day-to-day business of the Crystal Wealth Funds and was required to make investment decisions consistent with each fund’s investment objectives. Based on internal information provided by Smith, the assets under management (“**AUM**”) of the Crystal Wealth Funds, as at April 20, 2017, was approximately \$193,198,912. The Receiver believes this amount is materially overstated.

OVERVIEW OF THE CRYSTAL WEALTH FUNDS

- 19 During the initial stages of its appointment, the Receiver obtained a general understanding of the Company and, in particular, the Crystal Wealth Funds. The following sections of this First Report provide a summary of the Crystal Wealth Funds and details regarding the steps and actions taken by the Receiver in this regard.
- 20 The Receiver conducted a series of discussions with Smith focusing on the process of administering the Crystal Wealth Funds, the individuals who made investment decisions, how buy/sell orders were executed by the Company, the entities involved in recording trades, and the identity of investors within the Crystal Wealth Funds at any given time, and the frequency and methodology for the pricing of the funds.
- 21 On May 4, 2017, the Receiver met with Smith and Joanne Bentley ("**Bentley**") (the Company's trading officer and an associate advising representative at the time of the Appointment Order), to review each of the Crystal Wealth Funds in detail, for the purpose of understanding the investment objective of each fund and the underlying investments contained within. During the meeting, Smith provided the Receiver with the most recent valuation package for each of the Crystal Wealth Funds prepared by the Company prior to the Appointment Order. The valuation package, dated April 20, 2017 (the "**April 20th Package**"), outlines the investments in, and respective values of, each investment for each of the funds. This information includes the acquisition cost and the supposed market value of each investment, which are referred to herein as the "**Recorded Cost**" and the "**Recorded Value**", respectively. A copy of the April 20th Package is attached to this First Report as **Appendix "8"**.
- 22 In general, each of the Crystal Wealth Funds contains one or more of the following types of investments:
 - a) cash and money market securities ("**Cash**") held with two third parties, NBCN Inc. (otherwise known as National Bank Correspondent Network) ("**NBCN**") and Interactive Brokers Canada Inc. ("**IBCI**");
 - b) investments where the underlying security is held and recorded by NBCN ("**On-Book Assets**"); and
 - c) investments not held or recorded by NBCN but rather administered by the

Company and/or a third-party ("**Off-Book Assets**")

(collectively referred to as the "**Investment Categories**").

- 23 At the conclusion of the meeting, the Receiver provided Smith with a more detailed request to provide supporting documentation verifying the existence, value, and ownership of the investments contained in each of the Crystal Wealth Funds, with specific emphasis on the Off-Book Assets.
- 24 Shortly thereafter, Smith compiled and delivered to the Receiver a set of documents in response to the Receiver's request (the "**Provided Documents**"). The Provided Documents, particularly as they relate to the Off-Book Assets, are largely incomplete. In order to supplement the Provided Documents, the Receiver has been concurrently contacting various third parties to obtain the information required to support and corroborate the assets recorded on the Company's records.
- 25 Through discussions with Smith and the Receiver's review of the Provided Documents, it became apparent to the Receiver that the governance and management of the Crystal Wealth Funds, again more relating to the Off-Book Assets, was insufficient for a Company managing AUM of purportedly approximately \$200M. Through a continued review of the additional documentation obtained from various sources, the Receiver noted that there are little to no internal tracking mechanisms in place at the Company with respect to the Off-Book Assets. In addition, there appears to be no protocol for organizing documentation with respect to the investments and no central location or repository for same. This has continued to further impact the Receiver's efforts to gain a comprehensive understanding of the Off-Book Assets.
- 26 Notwithstanding the foregoing, the following is a summary of the Crystal Wealth Funds and the Investment Categories outlined in the April 20th Package:

Fund ¹	Portfolio Manager	Cash	On-Book Assets	Off-Book Assets	Accruals	Total
Mortgage Fund	Smith	\$ 1,217,989	\$ 2,578,364	\$ 23,242,421	\$ 44,162	\$ 27,082,935
Resource Fund	A. Housego	185,489	1,908,151	966	(6,799)	2,087,807
Factoring Fund	A. Housego	411,706	11,026,656	27,771,688	(1,085,882)	38,124,168
Medical Fund	Smith	449,770	1,540,927	7,277,553	1,840	9,270,090
Bullion Fund	A. Housego	268,830	763,006	-	(2,280)	1,029,555
Media Fund	Smith	731,305	1,018,720	53,520,539	(803,721)	54,466,843
High Yield Mortgage Fund	Smith	760,006	1,378,897	3,344,820	(41,557)	5,442,165
Infrastructure Fund	Smith	2,087,302	315,000	5,362,300	-	7,764,601
Hedge Fund	A. Housego	531,692	1,561,271	11,862,643	(36,657)	13,918,950
Conscious Capital Fund	Smith	27,905	658,198	(274,000)	(2,897)	409,206
ACM Income Fund	Smith	371,053	10,458,518	-	(14,153)	10,815,417
ACM Growth Fund	Smith	(2,040,779)	13,674,671	-	(24,828)	11,609,064
Sustainable Dividend Fund	Smith	121,340	6,524,987	3,475	(19,627)	6,630,175
Sustainable Property Fund	Smith	245,796	-	4,314,619	(12,480)	4,547,935
		\$ 5,369,403	\$ 53,407,366	\$ 136,427,023	\$ (2,004,879)	\$ 193,198,912
1-USD to CAD Rate: 1.3481001						

- 27 The general types of investments contained within each of the Investment Categories, all of which are discussed in detail later in this First Report, are as follows:

a) On-Book Assets include:

- i. investments in units of Crystal Wealth Funds (“**Inter-fund Investments**”);
- ii. equity investments in companies whereby the securities of same are traded on active market exchanges and readily saleable (“**Equities**”) as well as warrant options for the purchase of similar shares at a stated price in respect of equities traded on active market exchanges (“**Warrants**”);
- iii. equity investments in companies whereby the securities were obtained through private placements or direct purchases and are not traded on active market exchanges and therefore are not readily saleable (“**Private Equities**”) and warrant options for the purchase of shares in same at a stated price (“**Private Warrants**”);
- iv. gold purchase agreements for the right to purchase a stated number of gold bullion ounces (“**Gold**”) at a discount (“**Gold Contracts**”);
- v. fixed income debentures with the option for the holder to convert the instrument into a set number of shares in the borrower (“**Convertible Debentures**”);

- vi. unit holdings in mutual funds not managed by the Company and thus external to the Crystal Wealth Group, which the Receiver understands should be reasonably redeemable or monetizable ("**External Mutual Funds**"); and
- vii. currency future contracts, entered into with the purpose of hedging against a decline of the U.S. Dollar in relation to the Canadian Dollar ("**USD Futures**").

b) Off-Book Assets include:

- i. investments in first or second non-conventional residential mortgages administered by third parties ("**Residential Mortgages**");
- ii. term loans issued to private corporations and entities for various purposes ("**Commercial Loans**");
- iii. term loans purchased from Media House Capital (Canada) Corp. ("**MHC**") reflecting loans made to various production companies for the production of films ("**Media Loans**");
- iv. contracts with commercial businesses under which specific Crystal Wealth Funds purchased accounts of such businesses at a discount ("**Factoring Contracts**");
- v. participation rights in contracts with healthcare providers to purchase medical accounts receivable at a discount ("**Medical Factoring Contracts**"); and
- vi. preferred and common partnership units in 1076874 Properties Limited Partnership ("**107 LP**"), an entity that owns an interest in various rental properties located in the United States.

A detailed summary of the Crystal Wealth Funds and the Recorded Values of the investments as at April 20, 2017, prepared by the Receiver, is attached as **Appendix "9"** to this First Report.

CRYSTAL WEALTH FUND DESCRIPTIONS

- 28 For the purposes of this section, noted Cash balances and investment values are based on the Recorded Values in the April 20th Package, unless otherwise stated. They should not be taken as any statement, representation or reflection of actual or realizable value.

Mortgage Fund

- 29 The Mortgage Fund is the oldest active fund of the Crystal Wealth Group initially launched on or about April 12, 2007 with the objective of generating "a consistently high level of interest income with no downside volatility by investing primarily in first and second Canadian residential mortgages"³.
- 30 As at April 20, 2017, the Mortgage Fund held Cash of \$1,217,989 along with the following investments:
- a) On-Book Assets:
 - i. a 90 day GIC with HSBC Canada with a Recorded Value of \$522,765; and
 - ii. Inter-fund Investment in the Media Fund with a Recorded Value of \$2,055,599.
 - b) Off-Book Assets:
 - i. one hundred thirty four (134) individual Residential Mortgages managed by Spectrum Canada Mortgage Services Inc. ("**Spectrum**") and Squire Management Inc. ("**Squire**"), with a Recorded Value of \$14,322,861;
 - ii. Commercial Loans with a Recorded Value of \$8,543,500 made to the following entities:
 - 1. MCSnoxrecovery Inc. ("**MCSnox**") – \$2,000,000;
 - 2. 2441472 Ontario Inc. ("**1472**") – \$1,800,000;

³ <http://crystalwealth.com/quartz-strategies/crystal-wealth-mortgage-strategy/>, Mortgage Fund OM, Nov. 21, 2016.

3. Magnitude CS Energy Inc. ("**Magnitude**") – \$1,133,500;
4. Pond Technologies Inc. (formerly known as Pond Biofuels Inc.) ("**Pond**") – \$3,110,000; and
5. Kanwal Development Inc. ("**Kanwal**") – \$500,000.

A detailed discussion of the Commercial Loans appears later in this First Report.

- iii. accrued and uncollected interest related to Residential Mortgages and Commercial Loans with a Recorded Value of \$376,060.

Resource Fund

- 31 The Resource Fund was launched on or about August 14, 2009, and its objective was to "...generate positive absolute annual returns by investing primarily in securities with economic exposure to the global resource and precious metals sector"⁴.
- 32 As at April 20, 2017, the Resource Fund held Cash of \$185,489. The Resource Fund also held the following investments:
 - a) On-Book Assets:
 - i. thirty nine (39) Equities in the resource and precious metals sector with a Recorded Value of \$1,563,820 along with 21 Warrants with a Recorded Value of \$36,878;
 - ii. one (1) 5% Convertible Debenture with a Recorded Value of \$50,000 plus accrued interest with a Recorded Value of \$966 (recorded as an Off-Book Asset);
 - iii. one (1) USD foreign exchange contract with a Recorded Value of negative \$4,718; and

⁴ crystalwealth.com/sapphire-funds/crystal-enlightened-resource-and-precious-metals-fund, Resource Fund OM, Nov. 21, 2016.

- iv. Inter-fund Investments in the Bullion Fund and Factoring Fund with Recorded Values of \$261,643 and \$528, respectively.

Factoring Fund

- 33 The Factoring Fund has an inception date of on or about January 22, 2010 and an objective to "...provide consistently positive total returns while seeking to protect against downside risk by investing primarily in commercial factoring contracts"⁵. In addition, the Factoring Fund is "...authorized to invest in other securities including equities, fixed income securities, investment funds and exchange-traded derivatives"⁶. The exclusive partner of this Crystal Wealth Fund in executing this strategy is Frontline Factoring Inc. ("Frontline"). Frontline is discussed later in this First Report.
- 34 As at April 20, 2017, the Factoring Fund held Cash of \$411,706 and held the following investments:
- a) On-Book Assets:
 - i. six (6) Equities and three (3) Warrants totaling a Recorded Value of \$988,026;
 - ii. one (1) 10% Convertible Debenture, from Garmatex Holdings Ltd. with a Recorded Value of \$30,000;
 - iii. five (5) Gold Contracts with a Recorded Value of \$6,996,654;
 - iv. one (1) External Mutual Fund with a Recorded Value of 67,406;
 - v. USD foreign exchange contracts with a Recorded Value of negative \$8,234; and
 - vi. Inter-fund Investments in the Hedge Fund and Media Fund with Recorded Values of \$2,951,950 and \$854, respectively.

⁵ crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-factoring-strategy, Factoring Fund OM, Nov. 21, 2016

⁶ crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-factoring-strategy, Factoring Fund OM, Nov. 21, 2016

b) Off-Book Assets:

- i. a promissory note with a principal amount owing of USD \$125,000 (Recorded Value of \$168,513) along with an additional conversion option for common shares in the borrower, 1092545 B.C. Ltd. ("**109 BC**"), along with accrued interest with a Recorded Value of \$41,136;
- ii. twelve (12) Factoring Contracts managed by Frontline with a Recorded Value of \$22,821,205, in addition to accrued interest and fees with a Recorded Value of \$1,641,268; and
- iii. a 31.545% ownership in 107 LP with Recorded Cost and a Recorded Value of \$2,898,415 (US \$2,650,000) in addition to accrued (but uncollected) interest with a Recorded Value of \$201,151.

Medical Fund

35 The Medical Fund was launched on or about January 22, 2010 with an objective to "...generate a high level of interest income with minimal volatility and low correlation to most traditional asset classes by investing in American health care receivables"⁷. The exclusive partner in executing this strategy is Xynergy Medical Capital LLC ("**Xynergy**"), who is discussed later in this First Report.

36 As at April 20, 2017, the Medical Fund held Cash of \$449,770 and the following investments:

a) On-Book Assets:

- i. one (1) External Mutual Fund with a Recorded Value of \$25,288;
- ii. one (1) USD Equity traded on the "Over-The-Counter Markets Exchange" in the United States with a Recorded Value of \$7,846;
- iii. one (1) USD foreign exchange contract with a Recorded Value of negative \$18,812; and

⁷ <http://crystalwealth.com/quartz-strategies/crystal-wealth-medical-strategy/>, Medical Fund OM, Nov. 21, 2016

- iv. Inter-fund Investment in the Media Fund with a Recorded Value of \$1,526,605.

b) Off-Book Assets:

- i. thirty (30) Medical Factoring Contracts managed by Xynergy and accrued fees related to same with Recorded Values of \$6,470,773 (US \$4,800,019) and \$806,780 (US \$598,469), respectively.

Bullion Fund

37 The Bullion Fund was launched on or about July 3, 2015. The Bullion Fund's objective was to "...provide investors with the opportunity to invest in gold and silver bullion in a convenient way while simultaneously earning a yield on their bullion holdings"⁸.

38 As at April 20, 2017, the Bullion Fund held Cash of \$268,830 and the following investments:

a) On-Book Assets:

- i. two (2) Gold Contracts with a Recorded Value of \$763,006.

Media Fund

39 The Media Fund was launched on or about September 2, 2011. This fund's objective was to "...generate a high level of interest income with minimal volatility and low correlation to most traditional asset classes by investing in debt obligations of motion pictures and series television productions"⁹. The exclusive partner in executing this strategy was MHC, who is discussed in detail later in this First Report.

40 As at April 20, 2017, the Media Fund held Cash of \$731,305 and the following investments:

a) On-Book Assets:

- i. one (1) External Mutual Fund with a recorded value of \$1,042,228; and

⁸ <http://crystalwealth.com/sapphire-funds/crystal-enlightened-bullion-fund/>, Bullion Fund OM, May 17, 2016

⁹ <http://crystalwealth.com/quartz-strategies/crystal-wealth-media-strategy/>, Media Fund OM, Nov. 21, 2016

- ii. one (1) USD foreign exchange contract with a negative Recorded Value of \$23,508.

b) Off-Book Assets all managed by MHC:

- i. twenty one (21) CAD Media Loans with principal and accrued interest Recorded Values of \$33,649,959 and \$11,873,156, respectively; and
- ii. four (4) USD Media Loans with principal and accrued interest Recorded Values of \$5,325,456 (US \$3,950,423) and \$2,671,968 (US \$1,982,065), respectively.

High Yield Mortgage Fund

41 The High Yield Mortgage Fund was launched on or about January 23, 2015. The High Yield Mortgage Fund's objective was to "...generate a consistently high level of interest income while focusing on preservation of capital by investing primarily in residential 2nd mortgages in Canada"¹⁰. The exclusive partner in executing this strategy was and continues to be Spectrum.

42 As at April 20, 2017, the High Yield Mortgage Fund held Cash of \$760,006 and the following investments:

a) On-Book Assets:

- i. Inter-fund Investments in the Media Fund and Mortgage Fund with Recorded Values of \$516,820 and \$862,077, respectively.

b) Off-Book Assets:

- i. fifty one (51) individual Residential Mortgages, administered by Spectrum, with a principal balance of \$2,467,145 (Recorded Value) plus monthly accrued interest with a Recorded Value of \$437;

¹⁰ crystalwealth.com/quartz-strategies/crystal-wealth-high-yield-mortgage-strategy/, High Yield Mortgage Fund OM, Nov. 21, 2016

- ii. an inter-fund loan receivable from the Conscious Capital Fund with a Recorded Value of \$274,000; and
- iii. participation in the Pond Loan (as defined below) with a principal balance of \$550,000 plus accrued interest with a Recorded Value of approximately \$53,238;

Infrastructure Fund

- 43 The Infrastructure Fund was launched on or about May 6, 2016. The Infrastructure Fund's objective was to "...generate a consistently high level of interest income along with long-term growth potential while focusing on preservation of capital by investing primarily in debt and equity instruments of infrastructure projects and companies"¹¹.
- 44 As at April 20, 2017, the Infrastructure Fund held Cash of \$2,087,302 and the following investments:
- a) On-Book Assets:
 - i. a Convertible Debenture to Cinnos Mission Critical Incorporated ("Cinnos") with a principal balance of \$315,000 (the note is convertible into common shares of Cinnos at a rate of 85% of the value of such share upon an initial equity raise); and
 - b) Off-Book Assets:
 - i. seven (7) separate loans to two (2) companies for a total principal value of \$5,154,571 called the OOM Energy Loans (defined and discussed herein) with a Recorded Value of accrued interest of \$193,782; and
 - ii. accrued interest related to the Convertible Debenture from Cinnos with a Recorded Value of \$13,947.

¹¹ <http://crystalwealth.com/quartz-strategies/crystal-wealth-infrastructure-strategy/>, Infrastructure Fund OM, Nov. 21, 2016

Hedge Fund

45 The Hedge Fund was launched on or about February 26, 2016. The Hedge Fund's objective was to "...generate consistently positive annual returns regardless of the directional movement in equity, interest rates or currency markets"¹².

46 As at April 20, 2017, the Hedge Fund held Cash of \$531,692 and the following investments:

a) On-Book Assets:

- i. one (1) USD, and three (3) CAD Equities, as well as two (2) Warrants, with a cumulative Recorded Value of \$272,508;
- ii. four (4) Gold Contracts with a cumulative Recorded Value of \$1,235,773; and
- iii. one (1) External Mutual Fund with a Recorded Value of \$52,990;

b) Off-Book Assets:

- i. three (3) Factoring Contracts with principal and related accrued interest with Recorded Values of \$2,992,362 and \$568,797, respectively;
- ii. a 68.45% ownership in 107 LP with a Recorded Cost and Recorded Value of \$7,751,575 (US \$5,750,000) and accrued interest with a Recorded Value of \$503,909 (US \$373,800); and
- iii. a non-interest bearing promissory note with a face value of \$46,000 issued from the 107 LP due December 31, 2017.

Conscious Capital Fund

47 The Conscious Capital Fund was launched on or about May 27, 2016. The Conscious Capital Fund's objective was "...long term capital growth through investment in companies

¹² <http://crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-hedge-fund/>, Hedge Fund OM, Nov. 21, 2016

that are making a positive change in the world¹³.

48 As at April 20, 2017, the Conscious Capital Fund held Cash of \$27,905 and the following investments:

a) On-Book Assets:

- i. 336,571 common shares in Pond (Private Equities) with a Recorded Value of \$632,753; and
- ii. 212,040 warrants (Private Warrants) in Pond with the right to purchase shares (one share per warrant) at a strike price of \$2.50/share, expiring November 21, 2018 with a Recorded Value of \$25,445.

b) Off-Book Assets (Liabilities):

- i. an inter-fund loan owing to the High Yield Mortgage Fund with a principal balance of \$274,000.

ACM Income Fund

49 The ACM Income Fund was launched on or about July 4, 2014. The ACM Income Fund's objective was to "...provide a consistent level of current income while protecting against loss of capital"¹⁴.

50 As at April 20, 2017, the ACM Income Fund held Cash of \$371,053 and the following investments:

a) On-Book Assets:

- ii. Manulife Yield Opportunities Fund (External Mutual Fund) with a Recorded Value of \$560,025; and
- iii. Inter-fund Investments with a total Recorded Value of \$9,898,493 in the following four Funds with the respective Recorded Values:

¹³ <http://crystalwealth.com/quartz-strategies/conscious-capital-strategy/>, Conscious Capital Fund OM, Nov. 28, 2016

¹⁴ <http://crystalwealth.com/sapphire-funds/acm-income-fund/>, ACM Income Fund and ACM Growth Fund OM, May 6, 2016

1. Media Fund – \$6,594,529;
2. Factoring Fund – \$2,426,339;
3. Medical Fund – \$560,297; and
4. Hedge Fund – \$317,328.

ACM Growth Fund

- 51 The ACM Growth Fund was launched on or about July 4, 2014. The ACM Growth Fund's objective was to "...provide long term capital appreciation while minimizing the risk of loss of capital"¹⁵.
- 52 As at April 20, 2017, the ACM Growth Fund had a margin balance (negative Cash) of \$2,040,779 and held the following investments:
- a) On-Book Assets:
 - i. fourteen (14) Equities in publicly traded entities with a Recorded Value of \$5,452,400;
 - ii. four (4) External Mutual Funds with a Recorded Value of \$3,482,518; and
 - iii. Inter-fund Investments with a total Recorded Value of \$4,739,753 in the following four Funds with the respective Recorded Values of:
 1. Factoring Fund – \$2,511,933;
 2. Mortgage Fund - \$1;
 3. Hedge Fund – \$1,655,059; and
 4. Media Fund – \$572,761.
 - b) Off-Book Assets:
 - i. accrued interest and dividends related to investments with a Recorded

¹⁵ Ibid.

Value of \$3,475.

Sustainable Dividend Fund

- 53 The Sustainable Dividend Fund was launched on or about February 5, 2016. The Sustainable Dividend Fund's objective was to "...generate long term capital appreciation while focusing on preservation of capital by combining sustainable, responsible and values-based investing principles"¹⁶.
- 54 As at April 20, 2017, the Sustainable Dividend Fund held Cash of \$121,340 and the following investments:
- a) On-Book Assets:
 - i. nine (9) CAD Equities with a Recorded Value of \$1,440,897;
 - ii. twenty Five (25) USD Equities with a Recorded Value of \$5,008,397 (US \$3,715,153); with accrued dividends with a Recorded Value of \$3,475 (classified as an Off-Book Asset); and
 - iii. Inter-fund Investment in the Sustainable Property Fund with a Recorded Value of \$75,693.

Sustainable Property Fund

- 55 The Sustainable Property Fund was launched on or about February 5, 2016. The Sustainable Property Fund's objective was to "...generate a consistently reasonable level of income while focusing on preservation of capital by investing primarily in a diversified portfolio of alternative financing vehicles on real properties, within the residential and commercial sectors while adhering to Responsible, Equitable and Values-Based principles"¹⁷. The exclusive partner in executing this strategy, was and continues to be Spectrum.

¹⁶ <http://crystalwealth.com/sapphire-funds/absolute-sustainable-dividend-fund/>, Sustainable Dividend Fund OM, Nov. 21, 2016

¹⁷ <http://crystalwealth.com/sapphire-funds/absolute-sustainable-property/>, Sustainable Property Fund OM, Nov. 21, 2016

56 As at April 20, 2017, the Sustainable Property Fund held Cash of \$245,796 and the following investments:

a) Off-Book Assets:

- i. six (6) individual Residential Mortgages with a principal balance of \$2,219,879 administered by Spectrum; and
- ii. a Commercial Loan to MCSAB10 Inc. ("**MCSAB**") with a principal balance of \$2,000,000 plus accrued user fees with a Recorded Value of \$94,740.

Retirement Fund

57 The Retirement Fund was originally launched on or about January 2015 and was discontinued in March 2017. The Unit Holder Listing (defined later in this First Report) provided by International Financial Data Services (Canada) Limited ("**IFDS**") (a third-party that maintained the listing of investors) indicated that there were zero investors in the Retirement Fund and it had a NAV of \$0.

ON-BOOK ASSETS – SPECIFIC DETAILS

Inter-Fund Investments

58 Upon review of the April 20th Package, the Receiver noted that there were significant Inter-fund Investments between the Crystal Wealth Funds. The Media Fund is the single largest recipient of Inter-fund Investments with a Recorded Cost of \$11,349,768. The Recorded Costs noted for the following Crystal Wealth Funds represent the Inter-fund Investment balance in the Media Fund as at April 20, 2017:

- a) ACM Income Fund – \$6,641,115;
- b) Mortgage Fund – \$2,072,643;
- c) Medical Fund – \$1,537,291;
- d) ACM Growth Fund – \$576,764;
- e) High Yield Mortgage Fund – \$521,098; and

f) Factoring Fund – \$857.

The Receiver has prepared a diagram outlining the Inter-fund Investments between the Crystal Wealth Funds, with the noted Recorded Costs, which is attached as **Appendix “10”**.

- 59 When questioned, Smith advised the Receiver that Inter-fund Investments are common in the mutual fund industry and were utilized to manage cash flow requirements between the Crystal Wealth Funds, specifically for requested redemptions from investors. Based on the transaction data obtained from NBCN for the 12 months ending April 26, 2017, it appears the inter-fund transfers are largely one sided, meaning that the Media Fund is the largest recipient of proceeds from other funds to create liquidity in the Media Fund for redemptions.
- 60 The Receiver intends to conduct a more thorough review of the inter-fund transfers and will report the results of such review in a future report to the Court.

Equities and Warrants

- 61 Certain Equities in the Funds are traded in the following active markets:
- a) Toronto Stock Exchange;
 - b) TSX – Venture Exchange;
 - c) New York Stock Exchange;
 - d) National Association of Securities Dealers Automated Quotations (“**NASDAQ**”);
 - e) Australian Stock Exchange; and
 - f) Over-The-Counter Markets Exchange in the United States.

As a result, Equities quoted on these exchanges ***should be*** relatively liquid.

- 62 Based on a preliminary review of supporting documentation, some of the Warrants contain restrictions on their assignability and ultimately their saleability. Therefore, these warrants may not be readily liquid. The Receiver will continue to review the supporting documentation regarding these warrants to determine if and when they may be turned into

cash.

Private Equities and Private Warrants

- 63 Private Equities held in the Crystal Wealth Funds are obtained primarily through private placements or through direct purchases from persons who independently hold same. These investments are not actively traded in external markets. Therefore, they are not easily valued or realizable. The Receiver continues to review documentation and correspond and/or meet with the issuers with respect to these investments to develop a monetization strategy.
- 64 Similar to the Warrants, the Receiver continues to review the documentation with respect to each of the Private Warrants.

Gold Contracts

- 65 The Bullion Fund, Factoring Fund, and Hedge Fund collectively have a total of eleven (11) Gold Contracts:
- a) Onstar Exploration Ltd. ("**Onstar**") – 4 Gold Contracts with a combined Recorded Value of approximately \$6,447,484 (the "**Onstar Contracts**");
 - b) 611802 B.C. Ltd. ("**611 BC**") – 4 Gold Contracts with a combined Recorded Value of approximately \$1,255,819 (the "**611 Contracts**");
 - c) Inca One Gold Corp. ("**Inca**") – 2 Gold Contracts with a combined Recorded Value of approximately \$958,797 (the "**Inca Contracts**"); and
 - d) Solid Holdings Ltd. ("**Solid Holdings**") – 1 Gold Contract with a Recorded Value of \$333,332 (the "**Solid Contract**").
- (Onstar, 611 BC, Inca, and Solid Holdings are referred to as the "**Gold Sellers**"). A summary of the Gold Contracts is attached hereto as **Appendix "11"**.

Onstar Contracts, 611 Contracts, Inca Contracts, and Solid Contract

- 66 The 611 Contracts, the Inca Contracts and the Solid Contract (collectively, the "**Settlement Contracts**") are similar in nature in that upon expiry, the contract is

completed either through: (i) the delivery of the Gold; or (ii) a cash settlement.

67 In general, the commercial arrangement for the Settlement Contracts is as follows:

- a) the Crystal Wealth Fund enters into a monthly Settlement Contract whereby it becomes entitled to purchase a certain amount of Gold at the current quoted spot price per ounce (the “**Spot Price**”), less a stated discount (between 1% to 5%) (the “**Purchase Price**”) for a stated period of time until the contract matures (the “**Maturity Date**”);
- b) on the anniversary date of each month (the commencement date of the Settlement Contract), there is a settlement in cash between the Gold Seller and the Crystal Wealth Fund whereby the Fund “sells” the Gold to the Seller at the Spot Price and then “re-purchases” the Gold at the Purchase Price (no actual transfer of physical Gold occurs);
- c) at the Maturity Date, a final settlement occurs either through the delivery of Gold to an agreed upon location or through a cash settlement whereby the Gold Seller remits payment to the Crystal Wealth Fund for the current market value of the Gold.

An example of a Settlement Contract under increasing and decreasing Gold prices along with an example of the appendices of such a contract (with financial terms redacted) is attached to this First Report as **Appendix “12”**.

68 Based on the contact information provided by the Company, the Receiver corresponded with the Gold Sellers advising them of the Appointment Order and requested a discussion to be scheduled with the Receiver. A summary of the various correspondence and discussions with each of the Gold Sellers is included below:

- a) 611 BC
 - i. 611 BC explained the nature of the Settlement Contract and 611 BC's role in same. The 611 Contracts begin to expire in November 2017.
 - ii. The Receiver inquired into the potential for an early exit from the 611 Contracts. 611 BC indicated that since it does not have to settle the 611 Contract until November 2017, the potential for an early exit would not be

possible as 611 BC does not have the funds required to buyout the contract at this time or to deliver the Gold. Mining of the Gold under this contract has not yet commenced.

b) Inca

- i. There are currently two Inca Contracts ("Inca 1" and "Inca 2"). The third and final tranche of Inca 1 expired on June 1, 2017 while Inca 2 expires December 1, 2017.
- ii. The Receiver conducted a call with Inca on May 24, 2017. Inca indicated that it did not have the funds available to settle the third and final tranche of Inca 1 and that it would prepare a re-payment proposal for the Receiver to review.
- iii. On June 7, 2017, Inca provided a proposal to the Receiver which proposed that Inca settle the Inca Contracts for a cumulative value of \$1,000,000 over the course of 52 weeks beginning June 26, 2017. The proposal also included an alternative for Inca to repay the original face value (i.e. the acquisition cost) of the Inca Contracts plus a 2.5% annual interest rate, for total proceeds of approximately \$725,000 within 60 days. The Receiver has acknowledged receipt of this proposal but has not provided a response to Inca.

c) Solid Holdings

- i. On May 20, 2017, the Receiver obtained a response from a representative from Solid Holdings stating that the president of the company (the contact for the Solid Contract) was very ill, and, therefore, was unable to respond to questions. The Receiver advised the representative to have the president of Solid Holdings contact the Receiver once available. The Solid Contract does not expire until February 2018.
- ii. On June 20, 2017, the Receiver had a discussion with the president of Solid Holdings who indicated the company was undergoing significant financial and operational challenges. The Receiver has requested certain information to better understand this situation.

d) Onstar

- i. The nature of the Onstar Contracts differs slightly from the Settlement Contracts. The Factoring Fund and Hedge Fund entered into Gold Certificate Subscription Agreements whereby the Hedge/Factoring Fund purchased gold certificates for 1,000 ounces of gold per certificate (the “**Gold Certificates**”). The Receiver was able to locate unsigned Gold Certificates in the Company’s books and records which included the following:

1. *Gold deliveries to the Owner [the Hedge/Factoring Fund] shall commence **on April 30, 2017 F.O.B. Juneau, Alaska** and shall occur monthly, until the entire 1,000 ounces of gold due under this Certificate has been delivered to the Owner. It is expected that all gold payments will be completed no later than April 30, 2019.*

The Receiver has confirmed with Onstar that no Gold has been delivered to either the Factoring Fund or the Hedge Fund.

- ii. The Receiver is unable to locate executed versions of the Gold Certificates in the Company’s books and records.
- iii. The Receiver conducted a call with Onstar on May 24, 2017. On this call, Onstar claimed that one of the Company’s former independent investment advisors, Al Housego (“**Housego**”), had verbally agreed to provide a total of US \$10M of funding to Onstar for the development of a mine in Juneau, Alaska. However, to date, the Hedge Fund and Factoring Fund had only provided USD \$4M. As a result, Onstar has had to seek external financing to complete the development of such mine.
- iv. The Receiver had requested that Onstar provide copies of the executed Onstar Contracts which, as at the date of this Report, have not been provided to the Receiver.

External Mutual Funds

69 External Mutual Funds include units in mutual funds managed by large asset management

firms, including: Hollis Canadian Bank, Sentry Investments, National Bank Mutual Funds, Manulife Asset Management Limited, and Sprott Asset Management LP. It is the Receiver's understanding that the units in these External Mutual Funds should be reasonably redeemable.

OFF-BOOK ASSETS – SPECIFIC DETAILS

Residential Mortgages

- 70 The Mortgage Fund, High Yield Mortgage Fund, and Sustainable Property Fund contain a total of 191 Residential Mortgages with a cumulative principal balance owing to the said Funds of \$19,009,884.
- 71 Of the 191 Residential Mortgages, 189 (\$18,813,884) are administered by a third-party, Spectrum, while the remaining two Residential Mortgages (\$196,000) are administered by Squire (the "**Squire Mortgages**"). Spectrum and Squire are both licensed financial intermediaries involved in originating, underwriting, and managing non-conventional first and second Residential Mortgages. Spectrum and Squire both have Mortgage Procurement and Administration Agreements ("**MPAAs**") with the Company, the Mortgage Fund, the High Yield Mortgage Fund, and the Sustainable Property Fund (collectively the "**Mortgage Related Funds**") outlining their respective roles in administering Residential Mortgages on behalf of the Mortgage Related Funds.
- 72 Spectrum and Squire evaluate and underwrite Residential Mortgages which are then presented to the Mortgage Related Funds for purchase. Once purchased, Spectrum and Squire administer the Residential Mortgages by performing duties, including, but not limited to:
 - a) collecting and remitting principal and interest payments by the mortgagors on a monthly basis;
 - b) negotiating and settlement of, and collecting payments in arrears;
 - c) the management of any legal actions require to enforce on a Residential Mortgage; and
 - d) administering a trust account(s) on behalf of the Company and Mortgage Related

Funds and remitting monies to same as requested by the Company.

- 73 Shortly after the commencement of the Receivership Proceedings, the Receiver instructed Spectrum to continue to perform its obligations under the MPAA with the Company and remit balances collected in the trust account administered by Spectrum on behalf of the Mortgage Related Funds on a weekly basis to NBCN. The Receiver remains in regular contact with Spectrum with respect to the administration of the Mortgage Related Funds.
- 74 On June 19, 2017, Squire offered to acquire the Squire Mortgages, with an effective date of June 23, 2017, for proceeds of \$197,526 (proceeds include the entire principal value of the Squire Mortgages (\$196,000) plus accrued interest of \$1,526 to June 23, 2017). The Receiver subsequently accepted the offer and intends to close the transaction on June 23, 2017 as permitted by the Appointment Order.

Term Loans & Promissory Notes

- 75 The Funds have a total of fourteen (14) individually issued Commercial Loans with a cumulative principal balance of \$16,416,584 issued to:
- a) Pond;
 - b) MCSnox, Magnitude, 1472, 2445958 Ontario Inc. ("**5958 Ontario**"), MCSAB (each of these entities are under the control of a common individual, Craig Clydesdale ("**Clydesdale**")), and are collectively referred to as the "**OOM Energy Group**");
 - c) Kanwal; and
 - d) 109 BC.

Pond Loan

- 76 A term-loan in the amount of \$4,500,000 was advanced to Pond by the Company on December 15, 2015 (the "**Pond Loan**"). Subsequent to its advance, the Company executed various participation agreements assigning the rights to a stated portion of the Pond Loan to the Mortgage Fund, High Yield Mortgage Fund, and an individual, Suzanne West, resulting in the following participation amounts of the Pond Loan:
- a) Mortgage Fund – \$2,950,000;

b) High Yield Mortgage Fund – \$550,000; and

c) Suzanne West - \$1,000,000.

- 77 Shortly after the Receiver's appointment, the Receiver contacted Pond to notify it of the Receivership Proceedings at which time Pond acknowledged the outstanding amount of \$4,500,000. Subject to the review of all documentation related to these loans, it appears that the Company is the first secured creditor over all of the assets of Pond.
- 78 Pond was incorporated on May 27, 2008 under the laws of Canada, with the purpose of pursuing microalgal biomass production using raw stack gas emissions from industrial emitters. Pond remains in the development stage, has not yet reached profitably, and has relied on non-conventional sources of financing to fund operations.
- 79 The Receiver has continued discussions with Pond and reviewed certain documentation, but is currently not in a position to advise the Court regarding monetization of these loans for the benefit of the investors. The Receiver will update the Court in a future report.

OOM Energy Group

- 80 The following term loans and promissory notes with a cumulative principal sum of \$12,090,607 were advanced to the entities under the OOM Energy Group as follows:
- a) MCSnox – a ten year term-loan with a principal value of \$2,000,000 issued on November 2, 2016 held by the Mortgage Fund (the "**MCSnox Loan**");
 - b) 5958 Ontario – advances reflected by four (4) promissory notes totaling \$967,107 issued between May 26, 2016 and August 4, 2016 all held by the Infrastructure Fund and all of which are repayable on demand (the "**5958 Ontario Notes**");
 - c) MCSAB – a three year term-loan with a principal value of \$2,000,000 advanced on December 9, 2016 held by the Infrastructure Fund (the "**MCSAB Loan**");
 - d) Magnitude – a five year term-loan with a principal value of \$3,000,000 advanced on July 6, 2016 held by the Infrastructure Fund (the "**Magnitude Loan**"), further advances reflected by two (2) promissory notes with a cumulative value of \$1,190,000 issued on July 8, 2016 and January 12, 2017 (the "**Magnitude Notes**"), and a \$1,133,500 loan advanced on April 28, 2016 administered by Spectrum (the

"Magnitude Spectrum Loan"); and

- e) 1472 – a fifteen year term-loan with a principal value of \$1,800,000 advanced on December 4, 2014 held by the Mortgage Fund (the **"1472 Ontario Loan"**)

(collectively the **"OOM Energy Loans"**).

- 81 On May 9, 2017, Smith provided the Receiver with the contact information for Clydesdale. Subsequent to obtaining the information, the Receiver immediately contacted Clydesdale advising him of the Appointment Order along with a request to discuss the OOM Energy Loans.
- 82 On May 11, 2017, the Receiver received a response from Bill McKenzie (**"McKenzie"**) from KWM Law Professional Corporation advising that he had been retained to represent the OOM Energy Group and Clydesdale with respect to these matters.
- 83 On May 18, 2017, the Receiver conducted a call with McKenzie; Clydesdale did not attend the call. During the call, McKenzie had little knowledge of the specifics surrounding the OOM Energy Group and the loans issued to same. Upon request for Clydesdale to provide documents related to the OOM Energy Loans, McKenzie advised that such documents would be provided after a written request was issued, outlining the specific documents required by the Receiver. The Receiver issued a document request list for the MCSnox Loan and the 1472 Ontario Loan on June 7, 2017 but, as at the date of this First Report, neither McKenzie nor Clydesdale have provided the documents requested.
- 84 The Receiver continues to work with A&B to determine the outstanding documents required to fully understand the status of the remaining OOM Energy Loans.

Media Loans

MHC and the Bron Companies

- 85 All of the Media Loans are administered by a third-party, MHC, and are held in the Media Fund. MHC was originally incorporated in the Province of Alberta on December 22, 2010 and continued out of Alberta on January 11, 2011 to be a federal corporation, with a registered office in Vancouver, British Columbia specializing in the structuring, sourcing and administration of loans for the independent film and television market. MHC's

President, CEO, Chairman, and sole director is Aaron Gilbert ("**Gilbert**"). In addition, Bron Studios Inc. and Bron Animation Inc. are both entities related to MHC of which Gilbert is listed as a director.

- 86 From December 22, 2010 to July 13, 2015, MHC operated under Media House Capital (Canada) Corp. Beginning July 13, 2015, MHC operated under Bron Capital Partners Corp. until April 7, 2016 when it reverted to and continued to operate under MHC.
- 87 Gilbert has some involvement in the films which are investments of the Media Fund. Gilbert is listed as a producer or executive producer on 19 of the 25 film productions for which Media Loans have been purchased by the Media Fund. For five of the productions, he is a director or officer of the production company (the underlying borrower)¹⁸. A detailed account of the Receiver's interactions with MHC are included below in this section.
- 88 Media Loans are made to production companies who require financing in excess of the funds raised through other sources (e.g. equity and financing tax credits) (this shortfall is referred to as the "**Gap Financing**" or "**Gap Loans**") required to develop films or television productions ("**Production**").
- 89 The Media Fund OM states that: "The [Media] Fund will not be in the business of making loans, but rather purchasing already existing securities such as notes and other debt obligations". However, a preliminary review of the documentation supporting the Media Loans indicates that in many cases, the loans were made directly by the Media Fund to the production companies (this is discussed in greater detail in the Commission Affidavits). A schedule of the Media Loans provided by Smith on May 9, 2017 ("**Media Loan Schedule**"), is attached hereto as **Appendix "13"**.
- 90 The purported process for acquiring Media Loans was as follows:
- a) MHC sourced potential Gap Loans and conducted initial underwriting and lending (i.e. MHC advanced the funds to the production company);
 - b) the Company conducted secondary underwriting and analyzed how/if the loans fit into the Media Fund's portfolio;

¹⁸ Paragraph 39 of the Tillie Affidavit attached to this First Report as Appendix "2".

- c) the Media Fund would buy the pre-existing loans from MHC and all loan rights would be transferred to the Media Fund;
- d) the Company would hire MHC to provide Management Services (defined below); and
- e) Smith, the sole individual responsible for valuing the Media Loans, would monitor and determine the weekly value of the Media Loans (i.e. ensuring Media Loans were performing and recording loss reserves as needed).

91 The process for Production and the collection of proceeds was as follows:

- a) as the Production was produced, interest on the Media Loan would accrue in accordance with the original loan documents between MHC and the Production;
- b) during production, a sales agent would be hired to promote the Production to different geographical distributors;
- c) MHC would set up an account with a collection account manager (a **"CAM"**) and execute a Collection Account Management Agreement (a **"CAMA"**) with the CAM and any other parties who had a financial interest in the Production (e.g. equity owners, lenders, the actors', directors', and producers' guilds (unions) etc.) (the **"Production Interests"**);
- d) the CAM would be a third-party responsible for collecting all revenues earned from the Production (i.e. revenue from distributors, broadcasters, merchandising, and other revenues); and
- e) the CAMA between all of the Production Interests outlines, among other things, the fees earned by the CAM, the ranking of Production Interests, and the "waterfall" payment structure for the film's receipts to the various Production Interests (the **"CAMA Waterfall"**).

92 Based on a preliminary review of the CAMAs obtained thus far from MHC, the principal and interest of a sample of Media Loans appear after payment to other interests in the CAMA Waterfall, such as: the CAM expenses and fees, the actors', directors', and producer's guilds and the entitlement to a portion of the sales agents fees/expense.

Documentation of Media Loans

- 93 In addition to the Media Loan Schedule, Smith provided documentation relating to the Media Loans and Media Fund's payment relationship with MHC but did not provide documentation to support the value, security, status of collections, and the position of the Media Fund in the respective CAMA Waterfalls.
- 94 Upon reviewing fully the Company's books and records, the Receiver was unable to obtain the information required to fully understand and support the value of the Media Loans. Aside from the Media Loan Schedule, it appears that there was no documentation used by Smith or the Company to understand the performance of the Media Loans. As a result, the Receiver and its counsel have spent significant time contacting and conducting discussions with various third parties with respect to the Media Loans to gather sufficient documentation to understand the entirety of the Media Fund and its holdings and their structure.

Dealings with MHC

- 95 MHC and the Media Fund entered into a Master Assignment Agreement (the "**Media Master Assignment Agreement**"), dated October 6, 2011 which, among other things, outlined the terms in which the Media Fund would purchase Media Loans from MHC.
- 96 On August 12, 2011, MHC and the Media Fund entered into a Production Loan Administration Agreement (the "**Media Production Loan Administration Agreement**") which, among other things, outlined MHC's role in sourcing and presenting potential Media Loans to the Media Fund for purchase and administration of same. Under the Media Production Loan Administration Agreement, MHC was to manage and service each Media Loan by performing duties, including, but not limited to:
- a) the collection and remittance of all prescribed payments of principal and interest and any profit or other participations (exclusive only of the 10% facility fee that is retained by MHC but deferred in part during the term) generated by the Production, as required under each Media Loan;
 - b) the collection of any penalties or miscellaneous fees, including any shared sales agent fee;

- c) the provision of information to the Production and any other parties for the maintenance or discharge of the loan;
- d) the negotiation and settlement, subject to the Company's approval, of any payments in arrears;
- e) the management of any legal actions required to enforce the Media Loans;
- f) the negotiation and management of any actions with the completion bond company, sales agent(s), distributor(s) or other third parties, if any;
- g) the negotiation and management of any actions required with the producers or production company; and
- h) the takeover, management, and oversight of all of or part of the film production, if necessary.

(collectively referred to as the "**Management Services**").

- 97 On May 9, 2017, Smith provided the Receiver with the contact information for MHC. Subsequent to obtaining the information, the Receiver contacted Gilbert advising him of the Appointment Order along with a request to discuss the Media Loans and MHC's involvement in same.
- 98 On May 10, 2017, the Receiver obtained a response from Gilbert who advised that MHC would be available for a discussion along with MHC's US counsel, Adam Davids from Davoli Davids, LLP ("**Davids**"), and MHC's Toronto counsel, Fasken Martineau DuMoulin LLP ("**Faskens**").
- 99 On May 16, 2017, the Receiver and A&B attended a conference call with MHC, Davids, and Faskens. During the call, the Receiver inquired into MHC's role in administering the Media Loans whereby MHC indicated that activities related to the tracking, monitoring, and valuation of same was performed by Smith. The Receiver also requested that MHC provide all of the necessary documentation and supporting schedules with respect to the Media Loans.
- 100 On May 23, 2017, MHC provided an email response (the "**May 23 MHC Email**") which, among other things:

- a) included the executed Media Master Assignment Agreement and Media Production Loan Administration Agreement;
- b) provided background information on the Management Services MHC performed;
- c) notified the Receiver that in the second quarter of 2016, the Media Fund retained an individual named Paco Alvarez ("**Paco**") to assist in administering and managing the Media Loans on behalf of the Media Fund;
- d) provided status updates on specific Media Loans and the Management Services provided by MHC with respect to same; and
- e) provided the Receiver with access to a Dropbox account containing documentation for two Media Loans.

- 101 Based on the status updates contained in the May 23 MHC Email, it is apparent that a significant number of the films underlying the Media Loans appear to be experiencing significant issues and/or delays. The status updates included in the May 23 MHC Email are included in the Media Loan Schedule.
- 102 On May 24, 2017, A&B, on the Receiver's behalf, requested that Davids direct MHC to provide all of the closing/security documents for all of the Media Loans. On May 30, 2017, MHC began providing same. As of the date of this First Report, the Receiver has been provided with certain documents requested for only 20 Media Loans. With respect to 6 of these loans, critical documentation, including distribution agreements, collection agreements, and sales agent agreements, remain outstanding.
- 103 On May 26, 2017, A&B, on the Receiver's behalf, requested that MHC provide current contact information for all individuals and entities who are currently involved or associated with the sale, distribution, collection, and remittance of payments (whether on account of principal, interest, profit, or otherwise) in connection with each of the Media Loans. On May 31, 2017, MHC provided a spreadsheet that identified the aforementioned contact information.

Paco Alvarez

- 104 Subsequent to advising Paco of the Receivership Proceedings on May 31, 2017, the

Receiver attended a call with Paco on June 1, 2017.

- 105 Paco advised the Receiver that he and his company, Forward Motion Entertainment Corp. ("**Forward Motion**"), were retained in December 2016 to administer the Media Loans on behalf of the Media Fund which included but was not limited to: assisting in collecting amounts from distributors and agents, obtaining reports from CAMs, conducting discussions with sales agents, and providing updates to Smith. Paco advised that he was retained by the Media Fund as MHC began to focus more on producing its own movies through Bron and wanted to reduce its involvement in administering the Media Loans.
- 106 Smith, in an earlier email, advised the Receiver that Forward Motion was paid a monthly fee for its services plus expenses to attend film sale festivals; Paco confirmed this arrangement. There is no written contract between the Company or Media Fund and Paco/Forward Motion.
- 107 The Receiver requested that Paco provide any documentation with respect to the Media Loans, including but not limited to, agreements, supporting schedules, notes from conversations with sales agents, contacts of individuals and companies involved in the Media Loans, and status updates on the Productions. Paco advised that he would not provide the Receiver with the requested information until he was paid his arrears (including expenses) up to and including May 2017.
- 108 The Receiver is currently assessing all of the issues regarding the Media Fund before any commitment is made to any party relating to on-going services to the Media Fund.

Receiver's Potential Engagement of an Advisor

- 109 Given the complex and unique nature of the Media Fund, the Receiver has sought out and discussed the potential of engaging an independent advisor to assist with the management of the Media Fund.
- 110 On June 13, 2017, after initial discussions, the Receiver and A&B attended a meeting with Quiver Capital Inc. ("**Quiver**") to discuss the potential engagement of Quiver as an independent expert to assist in recapturing as much value as possible from the Media Loans.
- 111 Quiver is involved in financing and distributing films and television productions throughout

the world. Quiver's management team consists of three individuals who have had lengthy careers in all facets of the film and television entertainment industry including but not limited to producing, financing, and distributing of a wide variety of content. Prior to starting Quiver, its management team founded and sold companies such as Hollywood Suite, ThinkFilm, Phase 4 Films, and KaBOOM! Entertainment in addition to holding executive level positions at companies such as Lions Gate Films, Momentum Pictures (an Entertainment One Company), and Peace Arch Home Entertainment.

112 On June 14, 2017, Quiver delivered a proposal to the Receiver which outlined the scope of the potential engagement along with a proposed fee structure. More specifically, the proposal outlined Quiver's mandate as follows:

- a) engage with all third party sales agents and domestic distributors to review the status of each film, including but not limited to interest and results from international distributors, timing of such interest, exposure and interest at film markets and festivals, and identification of unpaid, current and long-term accounts receivable;
- b) identify the unsold rights by film, by media (e.g. video on demand, television, etc.), and determine the best course of action to extract value from said rights and provide recommendations on the best course of action moving forward; and
- c) utilize relationships with the distributors and customers (e.g. Netflix, Amazon, Walmart, etc.) to influence collection of accounts receivable, and assist to generate further revenue to maximize value to the unit holders of the fund.

113 Subject to negotiations on the proposed fee structure, the Receiver is of the view that engaging Quiver as an advisor to the Receiver with respect to the Media Fund is the most efficient way to:

- a) obtain all of the relevant Media Loan documentation directly from third-parties (other than MHC);
- b) determine the current underlying value of the Media Loans; and
- c) develop and execute a strategy to create additional value through unpursued markets and revenue streams.

Factoring Contracts

- 114 All of the Factoring Contracts are administered by Frontline, which is a corporation based in Alberta that sources and administers contracts that the Factoring Fund and Hedge Fund enter into to purchase invoices (after purchase, invoices are referred to as "**Purchased Receivables**") from operating businesses ("**Merchants**") for a discount (typically 70% - 95% of the invoice value) and a service fee. Each of the Purchased Receivables are then assigned to Frontline who ultimately collects the invoice value. Any amounts collected over the purchase price, less applicable fees, are remitted to the company that sold the invoice.
- 115 The Factoring Fund and Hedge Fund entered into a Factoring Procurement and Administration Agreement ("**FPAA**") with Frontline on November 25, 2014. The FPAA outlines that Frontline is responsible for evaluating and presenting potential Factoring Contracts to the Factoring Fund/Hedge Fund for purchase (i.e. the rights of the Factoring Contract(s) are assigned) and administering same. Once purchased, Frontline, under the FPAA, administers the Factoring Contracts by performing duties, including, but not limited to:
- a) the registration and assignment of, or transfer into the name of the Factoring/Hedge Fund of all Purchased Receivables pursuant to the Factoring Contracts entered into between the Factoring/Hedge Fund and the Merchants;
 - b) the provision of assurances, as required by the Factoring/Hedge Fund, for enforcing its rights, benefits, title, interest, and vesting of the Purchased Receivables;
 - c) the collection and remittance to the Factoring/Hedge Fund of all Purchased Receivables (less any fees under the FPAA) received from the Merchants as well as any fees, commissions, or penalties, if any;
 - d) the negotiation and settlement of any payments in arrears;
 - e) the management of any legal actions required to enforce the Factoring/Hedge Fund's rights with respect to Purchased Receivables, the Merchants or the Factoring Contracts;

- f) the provision of weekly reporting to the Factoring/Hedge Fund; and
- g) the administration of a bank account on behalf of the Factoring/Hedge Fund and remittance of monies to same as requested by the Company.

116 Under the section 4.4 of the FPAA, *"the [Factoring/Hedge] Fund hereby authorizes and empowers Frontline, without the requirement of further authorization or direction from the [Factoring/Hedge] Fund to:*

- a) *Make, or cause to be made, advances out of the fund provided by the [Factoring/Hedge] Fund in accordance with a Factoring Agreement;*
- b) *Make any emergency type advances to preserve and protect the property and assets which are the subject matter of a Factoring Agreement."*

Specific to item (a) above, except where the Merchant is in default under the applicable Factoring Contract, the Factoring/Hedge Fund is required to purchase all of the approved receivables from the Merchant (i.e. the Factoring/Hedge Fund was obligated to continue to purchase invoices after the Receivership Date) under and pursuant to the terms of the operative Factoring Contract.

117 Subsequent to advising Frontline of the Receivership Proceedings, the Receiver conducted a call with representatives from Frontline on May 12, 2017. Frontline advised that it had not and would not purchase approved receivables from the various Merchants after the Receivership Date but it has been collecting proceeds from Purchased Receivables on behalf of the Factoring/Hedge Fund.

118 The Receiver remains in regular contact with Frontline with respect to the administration of the Factoring/Hedge Fund. The Receiver has instructed Frontline to send available cash balances to the Factoring/Hedge Fund's NBCN accounts, and to provide a full accounting and reconciliation of all amounts currently outstanding to the Receiver. As of the date of this Report, the Receiver has yet to receive any cash currently being held by Frontline on the Factoring/Hedge Fund's behalf or a reconciliation of same.

Medical Factoring Contracts

119 Similar to the Factoring/Hedge Fund's contractual arrangement with Frontline, the Medical

Fund holds investments in medical factoring receivables which are sourced and administered by Xynergy.

- 120 Xynergy is a corporation based in Florida that enters into contracts to purchase healthcare receivables (after purchase, invoices are referred to as **"Purchased Medical Receivables"**) from operating businesses in the United States (**"Clients"**) for a discount and service fees pursuant to which the invoice is assigned to Xynergy who ultimately collects the invoice value. Unlike Factoring Contracts, the Medical Factoring Contracts are not entered into between the Clients and the Medical Fund but rather a participation in the relationship is purchased by the Medical Fund.
- 121 Xynergy and the Medical Fund entered into a Master Medical Receivables Purchase and Administration Agreement on March 31, 2016 (the **"MMRPAA"**) which essentially gives the Medical Fund the opportunity to purchase participations in Xynergy's Medical Factoring Contracts with various Clients (defined therein). For active participations, Xynergy, under the MMRPAA, administers the Medical Factoring Contracts by performing duties, including, but not limited to:
 - a) bearing all costs and expenses of managing and servicing the Medical Factoring Contracts;
 - b) providing weekly reporting to the Medical Fund; and
 - c) administering a trust account on behalf of the Medical Fund and remitting monies to same as requested by the Company.
- 122 Subsequent to advising Xynergy of the Receivership Proceedings, the Receiver conducted a call with representatives from Xynergy on May 10, 2017. Xynergy made the Receiver aware that Xynergy is obligated to the Clients to continue purchasing healthcare invoices as they depend on the financing to operate their business.
- 123 Xynergy has continued to administer the Medical Factoring Contracts that the Medical Fund has an interest in and remains in regular communication with the Receiver. Xynergy also provides the Receiver with weekly reports outlining the activity (i.e. purchases and collections) of the Medical Factoring Contracts and provides a trust account statement outlining the cash held on behalf of the Medical Fund.

Potential Sale of Geodata Balance

- 124 Included in the Medical Fund is Medical Factoring Contracts with GeodataPR International, Inc. ("**Geodata**") and Servicios de Salud Integrada, CSP ("**SSI**") who both operate out of Puerto Rico. The most recent weekly report received from Xynergy (June 15, 2017) indicated that Geodata and SSI have net outstanding funds employed (i.e. the principal balance) of \$684,313 (the "**Geodata Balance**").
- 125 On June 20, 2017, Xynergy put forth a revised offer to acquire only the Medical Fund's participation in the Geodata Balance in full for \$684,313 (the "**Geodata Offer**"). The Receiver has verbally indicated to Xynergy that it is interested in the Geodata Offer. The Geodata Offer is for 100% of the Geodata Balance and as such represents its fair market value. Furthermore, the Geodata Medical Factoring Contract is a unique and specialized investment, and would likely result in a limited number of potential purchasers willing to pay greater than 100% of the balance outstanding.

US Real Estate LP

- 126 Based on a review of the Provided Documents and additional documents located in the Company's books and records, the Hedge Fund and Factoring Fund cumulatively own 99.99% of 107 LP, an entity that has an indirect ownership interest in a number of rental properties located in the United States together with corporate and individual partners (collectively the structure is referred to as the "**US Real Estate LP**"). The Hedge Fund and Factoring Fund act as limited partners in the US Real Estate LP (the "**Limited Partners**").
- 127 The remaining 0.01% ownership of 107 LP is held by 1076874 B.C. Ltd., an entity listed as the general partner which is owned by the following individuals:
- a) Alberto Storelli (Canadian) ("**Storelli**") – 51.0%;
 - b) Brian Peoples (USA) ("**Peoples**") – 24.5%; and
 - c) Joe Harker (USA) ("**Harker**") – 24.5%.

All or one of Storelli, Peoples, and Harker (collectively the "**General Partners**") are listed as directors or officers in a majority of the entities included in the US Real Estate LP.

- 128 The US Real Estate LP is a cross-border operation through a Nevada based corporation, DaVinci Capital Property, Inc. ("**DVCP**") which is an indirect wholly owned subsidiary of 107 LP.
- 129 The purpose of the US Real Estate LP is to acquire and develop real estate properties in the United States to subsequently earn rental income and proceeds from the possible and/or eventual sale of such properties. Through its investment in 107 LP, the Receiver understands that the Factoring Fund and Hedge Fund have an indirect minority ownership interest in the following properties in the US Real Estate LP:
- a) 3961 Covington Highway, Decatur, Dekalb County, Georgia;
 - b) 3859 Austin Circle, Decatur, Dekalb County, Georgia;
 - c) 325 - 3rd Avenue SW, Birmingham, Alabama;
 - d) 201 - 3rd Avenue SW, Birmingham, Alabama;
 - e) 922 Lawndale Drive, Tupelo, Mississippi; and
 - f) 619 E. Groveland Parkway, Chicago, Illinois.
- (collectively referred to as the "**US Properties**").
- 130 The Receiver has prepared a detailed organizational chart demonstrating the structure of the US Real Estate LP which is attached to this First Report as **Appendix "14"**.

Subscription Agreements

- 131 From June 6, 2016 to March 14, 2017, the Limited Partners invested US \$7,500,000 in the US Real Estate LP by way of unit purchases in 107 LP through subscription agreements (the "**Subscription Agreements**"). Based on a preliminary review of the Subscription Agreements, the Receiver understands that the investment structure to be as follows:
- a) the Limited Partners would purchase units in 107 LP (the "**Subscription Amount**");
 - b) a portion of the Subscription Amounts would be advanced to DVCP by way of a

12% loans (the “**DVCP Loans**”) while the remaining Subscription Amounts would be advanced to DVCP by way of a share purchases in same (the “**DVCP Equity**”);

- c) in almost all cases, the entire Subscription Amounts received by DVCP would then be advanced to the various special purpose entities by way of interest bearing loans (the “**SPE Loans**”); and
- d) the proceeds from the SPE Loans would then be used to purchase and/or develop the US Properties.

- 132 The Receiver and A&B continue to review the Subscription Agreements and other related documents with respect to the US Real Estate LP to gain a more fulsome understanding of same.

Contact with General Partners

- 133 On June 4, 2017, the Receiver notified the General Partners of the Appointment Order along with a request to discuss the US Real Estate LP. On June 7, 2017, the Receiver delivered a follow-up email to the General Partners. Despite repeated follow-up communications, the Receiver has yet to have a discussion with the General Partners.

PRELIMINARY CONCLUSION REGARDING MONETIZATION OF THE CRYSTAL WEALTH FUNDS

- 134 Since the beginning of the Receivership Proceedings, the Receiver has issued and posted on its Case Website notices to all investors dated May 1, 2017, May 10, 2017, May 17, 2017, and June 9, 2017.
- 135 In its May 17, 2017 notice to investors, the Receiver stated that it was very mindful of the needs of the investors, and, accordingly, was conducting a review of the Company’s books and records on an accelerated basis to devise a plan that would ultimately lead to realization of the assets and distribution of the proceeds. Moreover, the Receiver determined that there were certain Crystal Wealth Funds which could be monetized on an urgent basis as they were largely comprised of marketable securities and cash holdings.
- 136 As a result of the foregoing review, the Receiver, in consultation with colleagues in Canada and the US with extensive investment and portfolio expertise, is carefully monetizing all

marketable securities, including Equities and Warrants, where possible, which are traded on the various public stock exchanges. The Receiver anticipates that this realization process will be complete by the end of June 2017.

- 137 As a result of its appointment by the Court, the Receiver holds an obligation to the investors. As such, the over-arching investment objective is to minimize the downside risk of uncontrollable domestic and global factors, by monetizing Crystal Wealth Funds in the short term for ultimate distribution to the investors rather than earning longer term higher returns.
- 138 Once this monetization process is complete, the Receiver will be issuing a notice to the investors advising them of the results of same.

PROPOSED SALE PROCESS

- 139 A significant portion of the total AUM of the Crystal Wealth Funds, particularly, the Off-Book Assets, have long maturities and appear to be difficult to value individually as they are not actively traded. Therefore, the Receiver is of the view that monitoring and the eventual realization of these assets individually will present significant effort and costs to the Crystal Wealth Funds and ultimately the investors.
- 140 In addition, the Receiver has also received expressions of interest from a number of parties with respect to purchasing and/or assuming the management of one or more of the Crystal Wealth Funds.
- 141 Given the above, the Receiver proposes that it conduct a sales process (the "**Sales Process**") for certain Crystal Wealth Funds in a manner in which:
- a) potential bidders may make an offer to purchase the investments from one or more of the Crystal Wealth Funds (the "**Potential Bidders**"); and/or
 - b) potential managers may present an offer to assume the management of one or more of the Crystal Wealth Funds' investment activities and assume Crystal Wealth's position and duties to investors (the "**Potential Managers**").
- 142 The proposed Sales Process comprises the following:
- a) The Receiver has begun and will continue to prepare a list of Potential Bidders and

Potential Managers for certain Crystal Wealth Funds. Potential Bidders will have the opportunity to bid for some or all of certain Crystal Wealth Funds' investments. Potential Managers will have the opportunity to present their proposal for assuming the entirety of the assets and management of certain Crystal Wealth Funds.

- b) The Sales Process will be advertised in publication(s) as determined by the Receiver.
- c) The Receiver will provide Potential Bidders and Potential Managers with a solicitation letter summarizing the acquisition and opportunity (the "**Solicitation Letter**") and a form of confidentiality agreement (the "**CA**") to be executed for further participation in the Sales Process.
- d) Any Potential Bidders and/or Potential Managers who execute a CA (a "**Prospective Bidder**" and a "**Prospective Manager**" respectively), will receive a confidential information memorandum ("**CIM**") describing the purchase and/or management opportunity and will gain access to an electronic data room, containing confidential information to perform due diligence.
- e) Prospective Bidders will be required to submit a binding offer to purchase the investment(s) contained within certain Crystal Wealth Funds (a "**Purchase Offer**") by 5:00 p.m. Eastern Standard Time ("**EST**") on August 10, 2017 (the "**Offer Deadline**"), which must include:
 - i. the identity, contact information, and disclosure of the principal(s) of the Prospective Bidder;
 - ii. a list and description of the Crystal Wealth Fund(s) and investments to be included in a purchase;
 - iii. an indication of the proposed purchase price or financial terms of such sale;
 - iv. an acknowledgement that the sale will be made on an "as is, where is" basis and that the Prospective Bidder will be bound by the terms of the Sales Process;
 - v. a description of any liabilities to be assumed by the Prospective Bidder;

- vi. details related to any regulatory approvals required to close the proposed transaction;
 - vii. a proposed timeline to the date of closing the transaction, along with critical milestones; and
 - viii. such other information requested by the Receiver.
- f) Prospective Managers will be required to submit a binding offer to assume and manage certain Crystal Wealth Funds (a “**Management Offer**”) by the Offer Deadline, which must include:
- i. the identity, contact information, and disclosure of principal(s) of the Prospective Manager;
 - ii. a list and description of the Crystal Wealth Fund(s) and the investments which the Prospective Manager has an interest in assuming;
 - iii. a list of the qualifications and experience in managing mutual funds and investments and a listing of the portfolio manager(s), proposed for the applicable Crystal Wealth Fund(s);
 - iv. a description of the proposed fees to be imposed on the investors of the applicable Crystal Wealth Funds;
 - v. a copy of the most recent audited financial statements of the Prospective Manager;
 - vi. an acknowledgement that the transfer will be made on an “as is, where is” basis and that the Prospective Manager will be bound by the terms of the Sales Process;
 - vii. a description of any liabilities to be assumed by the Prospective Manager;
 - viii. details related to any regulatory approvals required to close the proposed transaction;
 - ix. a proposed timeline to the date of closing the transaction, along with critical

milestones; and

- x. such other information requested by the Receiver.
- g) The Receiver may also request information to demonstrate that the Prospective Bidder / Prospective Manager has the resources to close the transaction.
- h) A Purchase Offer and/or Management Offer will be considered a "Qualified Offer" if it meets the following criteria:
- i. The offer is received by the Offer Deadline;
 - ii. The offer contains a letter stating that the Purchase/Management Offer is irrevocable and open for acceptance until at least five business days after the Offer Deadline;
 - iii. The Purchase/Management Offer includes proof of the Prospective Bidder's/Manager's ability to close the transaction and is not conditional upon financing;
 - iv. The Purchase/Management Offer includes proof of the Prospective Bidder's/Manager's financial stability;
 - v. The Purchase/Management Offer includes an acknowledgement that the Prospective Bidder/Manager has (a) relied solely upon its own independent review of any documents and assets to be acquired and/or assumed in making its offer; and (b) not relied upon any representations or warranties whatsoever regarding the property of the Crystal Wealth Group, except as expressly stated in the agreement of purchase and sale and/or the transfer of ownership agreement;
 - vi. The Purchase/Management Offer shall not contain any material conditions to closing other than Court approval;
 - vii. The Purchase/Management Offer should include a completed form of agreement of purchase and sale and/or ownership transfer agreement, in a form prepared by the Receiver;

- viii. The Purchase/Management Offer shall not contain a break-fee or any type of compensation to the Prospective Bidder/Manager;
 - ix. The Receiver must believe the transaction will close on or prior to five days after Court approval of the transaction; and
 - x. As appropriate, the Purchase Offer shall include a deposit equal to 10% of the purchase price of the assets(s), and in the case of a Management Offer, a deposit per the Receiver's discretion;
- i) Upon review of the Qualified Offers, the Receiver, may:
- i. accept a Qualified Offer (a "**Successful Offer**") and complete an agreement for a Successful Offer;
 - ii. accept two or more non-overlapping Qualified Offers and complete agreements for same;
 - iii. continue negotiations with a selected number of Prospective Bidders and/or Prospective Managers; or
 - iv. terminate the Sales Process.
- j) The Receiver shall be under no obligation to accept the highest offer, and shall be under no obligation to accept any offer if the Receiver determines that no suitable offers have been received.
- k) If no acceptable Purchase Offers and/or Management Offers are received, the Receiver may consider other options for dealing with the Crystal Wealth Funds' assets.
- l) A Successful Offer must be approved by the Court.

143 The following chart summarizes the relevant milestones for the proposed Sales Process:

Milestone	Approximate Date
(i) Court Approval of Proposed Sales Process	July 3, 2017
(ii) Solicitation Letter Distribution	July 10, 2017
(iii) Purchase/Management Offer Deadline	August 10, 2017
(iv) Selection of a Successful Offer(s)	August 17, 2017
(v) Issuance of an Approval and Vesting Order	August 31, 2017
(vi) Closing Date	5 days after (v)

144 It is proposed that the Sales Process will be carried out by the Receiver as it is qualified to administer the proposed Sales Process for the following reasons:

- i. the Receiver has considerable experience conducting a sale process for investment assets and investment portfolios and will utilize the expertise of its corporate finance professionals, as necessary, in carrying out its duties;
- ii. the Receiver has extensive contacts in the industry who it will ensure are made aware of the Sales Process;
- iii. if a party other than the Receiver were to be engaged to run the Sales Process, the Receiver would be required to maintain oversight of the third party, thus duplicating certain efforts and costs;
- iv. the proposed Sales Process has been designed to be a thorough and efficient process, which will reduce professional fees associated with administering same, if it is administered by the Receiver; and
- v. the Receiver will not charge a success fee, but instead will charge its standard hourly rates based on actual hours spent in administering and processing the Sales Process. It is anticipated, given the nature of the Crystal Wealth Funds, that the Receiver's fees, based on its standard hourly rates, will be significantly less than a success fee.

PROPOSED CREDITOR CLAIMS PROCEDURE ORDER

145 The Receiver is of the view that a Creditor Claims Procedure (as defined in the proposed Creditor Claims Procedure Order) is warranted for non-investor creditor claims against the Crystal Wealth Group. With respect to investor distributions, the Receiver requests approval to rely on the IFDS Unit Holder Listing, as is outlined in paragraphs 167 to 175 below.

146 The books and records of the Company indicate the following liabilities:

- a. trade payables totaling \$169,964;
- b. income tax and HST payable of \$34,200;
- c. loans from shareholders and employees totaling \$9,952;
- d. loans from Smith of \$202,648; and
- e. loans from CLJ Everest of \$286,879.

(collectively referred to as the "**Recorded Liabilities**")

147 Since the Appointment Order, the Receiver has been contacted by several parties claiming that there are monies owing to them from either the Company or Crystal Wealth Funds which liabilities were not identified in the Recorded Liabilities.

148 As a result of these claims, it appears that the liabilities recorded on the books and records of the Company and the Crystal Wealth Funds are inaccurate and unreliable for the Receiver to establish a complete creditor listing for the Crystal Wealth Group. As a result, the Receiver is seeking approval of a Creditor Claims Procedure, according to which the Receiver would call for all claims against the Crystal Wealth Group, and bar any claims against the Crystal Wealth Group not submitted by the Claims Bar Date (as defined in the proposed Creditor Claims Procedure Order).

149 The proposed Creditor Claims Procedure provides the Receiver with a mechanism to determine the amounts of claims against the Crystal Wealth Group. The proposed Creditor Claims Procedure Order will permit the Receiver to instruct creditors of the Crystal Wealth Group to file proofs of claim since the Receiver is not confident in the completeness

and accuracy of the Crystal Wealth Group's books and records with regard to non-investor creditor claims.

- 150 The proposed Creditor Claims Procedure Order provides for a package of information (each a “**Claims Package**”) to be sent to each known creditor.
- 151 The complete details of the proposed Creditor Claims Procedure are set out in the draft Creditor Claims Procedure Order, which is attached hereto as **Appendix “15”**, and are summarized here as follows.

Summary of Proposed Creditor Claims Procedure

- 152 Under the proposed Creditor Claims Procedure, the Receiver intends to send a Claims Package to known creditors of the Crystal Wealth Group and potential creditors that request such a mailing prior to the Claims Bar Date, which will also include an instruction letter and Proof of Claim, by ordinary mail no later than July 10, 2017.
- 153 As soon as reasonably practicable upon receiving a request from a potential creditor (provided such request is made prior to the Claims Bar Date), the Receiver would send such creditor a Claims Package by ordinary mail, courier, facsimile or electronic mail.
- 154 In addition, the Receiver would cause notice of the proposed Creditor Claims Procedure to be published for one day in the Globe and Mail by no later than July 10, 2017 and would make the Claims Package available on its website at www.GrantThornton.ca/crystalwealth.

Claims Bar Date

- 155 The draft Creditor Claims Procedure Order provides that the **Claims Bar Date for all claims will be 5:00 p.m. (Toronto time) on August 3, 2017** (the “**Claims Bar Date**”).
- 156 All creditors are required to file a Proof of Claim such that it is **received** by the Receiver prior to the Claims Bar Date. Failure to submit a Proof of Claim by the Claims Bar Date would result in such creditor's claim being forever barred and extinguished, released and discharged.

Review of Proofs of Claim

- 157 As part of proposed Creditor Claims Procedure Order, the Receiver would review all Proofs of Claim that are received on or before the Claims Bar Date to determine the adequacy of the manner in which Proofs of Claim have been completed and executed.

Notice of Revision or Disallowance

- 158 The Receiver would accept or, by way of Notice of Revision or Disallowance (as defined in the proposed Creditor Claims Procedure Order), revise or disallow, in whole or in part, the amount and/or status of the claim set out in any Proof of Claim.
- 159 At any time, the Receiver would be entitled to request additional information with respect to any claim and would be entitled to request that the creditor file a revised Proof of Claim. The Receiver would send a form of Notice of Dispute (as defined in the proposed Creditor Claims Procedure Order) to any creditor whose claim has been revised or disallowed at the time the Notice of Revision or Disallowance of Claim is sent to that creditor.
- 160 Where a claim has been revised or disallowed, in whole or in part, by a Notice of Revision or Disallowance, the revised or disallowed portion of that claim would be determinative unless the creditor disputes the revision or disallowance and proves the revised or disallowed claim, or portion thereof, in accordance with the proposed Creditor Claims Procedure Order.

Disputed Notices of Revision or Disallowance

- 161 Any creditor that receives a Notice of Revision or Disallowance and intends to dispute such Notice of Revision or Disallowance would be required to deliver a Notice of Dispute to the Receiver by no later than 5:00 p.m. (Toronto time) on the day that is ten business days after the Receiver sends the Notice of Revision or Disallowance. The filing of a Notice of Dispute with the Receiver within the time limit would constitute an application to have the amount or status of such claim resolved as set out below.
- 162 Where a creditor that receives a Notice of Revision or Disallowance fails to file a Notice of Dispute with the Receiver within the time limit, the amount and status of such creditor's claim would be deemed to be as set forth in the Notice of Revision or Disallowance and such amount and status, if any, would constitute such creditor's proven claim.

Resolution of Claim

- 163 Upon receipt by the Receiver of a Notice of Dispute from a creditor, the proposed Creditor Claims Procedure Order provides for the resolution of claims by the creditor and the Receiver by first attempting to resolve and settle the creditor's claim on consent of the parties. If it is not possible to resolve and settle the creditor's claim consensually, the Receiver or the creditor would be entitled to make a motion to the Court for a final determination of the creditor's claim.
- 164 In addition, the Receiver would be entitled to make a motion to the Court for the final determination of any claim at any time, whether or not the Receiver has sent the creditor a Notice of Revision or Disallowance.

Distribution to Creditors

- 165 The proposed Creditor Claims Procedure Order addresses only the identification of claims. It does not address entitlement to a distribution, or the priority of such claims. The matter of distributions to non-investor creditors of the Crystal Wealth Group will be the subject matter of a separate motion.
- 166 After the conclusion of the proposed Claim Procedure, the Receiver will report to the Court in respect of any proposed interim distribution to non-investor creditors of the Crystal Wealth Group, and would seek Court approval of same.

PROPOSED RELIANCE ON IFDS UNIT HOLDER LISTING FOR THE PURPOSE OF MAKING DISTRIBUTIONS TO INVESTORS

- 167 On April 26, 2017, the Receiver requested that Smith provide the most recent investor listing/database showing all of the investors in each of the Crystal Wealth Funds and their respective holdings. In response to this request, Smith advised that neither he nor the Company maintained the listing of investors but rather this function was performed by an external entity, IFDS. Smith advised the Receiver that when T3's were to be prepared or if the information was required for any correspondence with investors, the Company would obtain this list directly from IFDS for a fee.
- 168 On April 27, 2017, the Receiver contacted IFDS to advise them of the Receivership Proceedings and to request relevant information as it related to the Crystal Wealth Funds

and the investors therein. Subsequent to initial contact, the Receiver requested the following items from IFDS:

- a) a current listing of Crystal Wealth Funds, with details of composition in each fund;
- b) a current listing of investors in each of the Crystal Wealth Funds, indicating the holdings of each investor in each fund;
- c) a current listing of the investors with individually managed funds on hand with National Bank; and
- d) all of the available contact information (including mailing addresses, email addresses, and telephone and fax numbers) for each of the investors in each of the Crystal Wealth Funds, as well as for each of Company's portfolio management clients who have their managed accounts at NBCN.

- 169 On May 4, 2017, IFDS, through its counsel, provided the Receiver with a document addressing items (b) to (d) noted above (the "**Unit Holder Listing**"). It is the Receiver's understanding that the Unit Holder Listing encompasses all of the individuals invested in a particular Crystal Wealth Fund (i.e. the Unit Holder Listing contains a complete picture of the unit holdings in each of the Funds). In regards to item (a), the Receiver obtained same from NBCN.
- 170 On May 11, 2017, IFDS, through its counsel, provided the Receiver with the executed Securityholder Services Agreement between IFDS and the Company dated February 17, 2004 as well as a similar unsigned Securityholder Services Agreement between IFDS and the Company dated May, 2009 and an Amending Agreement dated November 30, 2016. All three of these documents are attached hereto as **Confidential Appendix "1"**.
- 171 IFDS is the central repository of all investor data, including names, addresses, personal information, Crystal Wealth Funds holdings, etc. Moreover, discussions with NBCN, recent discussions with BDO Canada LLP ("**BDO**"); the Company's auditors, and discussions with Smith corroborate the fact that IFDS independently maintains its records based on instructions from NBCN or the Company.
- 172 Accordingly, based on the fact that the Unit Holder Listing is maintained solely by IFDS, with Smith or the Company having limited involvement in same, the Receiver is of the view

that the Unit Holder Listing accurately reflects the units held by each investor and that a separate process for investors to validate such holdings would not present a result materially different than the Unit Holder Listing. As a result, the Receiver will not be conducting a separate investor claims process as it will be relying on the investor information contained in the Unit Holder Listing.

- 173 On June 15, 2017, the Receiver attended a meeting with BDO and its counsel. During the meeting, the Receiver inquired into BDO's understanding of the Unit Holder Listing, the processes for maintaining and updating same, and the work performed on the Unit Holder Listing during the scheduled audits. BDO advised that the Unit Holder Listing was maintained and updated by IFDS with information provided by an additional third-party, Fundserv Inc., who was responsible for processing investor subscriptions and redemptions within the Funds.
- 174 BDO advised that an annual external audit is performed by a third-party on IFDS' processes and controls with respect to its business through the issuance of a Canadian Standard on Assurance Engagements 3416 (CSAE 3416) Report. BDO indicated that during the audit of the Company it would obtain copies of the annual CASE 3416 Report to confirm that the conclusions contained within the Report outlined that the controls and processes used by IFDS were sufficient to ensure the Unit Holder Listing was not materially misstated.
- 175 The Receiver seeks Court approval of its proposed reliance on the IFDS Unit Holder Listing to make distributions to investors in the Crystal Wealth Funds, where possible, without the necessity of seeking further approval from the Court.

RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP

- 176 Attached hereto as **Appendix "6"** is the Receiver's Interim Statement of Receipts and Disbursements for the period April 26, 2017 to May 31, 2017 which outlines the cash balances of the Company and the Crystal Wealth Funds.
- 177 The deposits to the Crystal Wealth Funds primarily relate to Off-Book Assets, such as regular payments from Spectrum or Squire for on-going maintenance of the Residential Mortgages. Disbursement from the Crystal Wealth Funds primarily relate to bank charges.

SPECIFIC ACTIVITIES OF THE RECEIVER SINCE THE APPOINTMENT ORDER

178 Upon its appointment, the Receiver took immediate steps to secure and preserve the Property of the Crystal Wealth Group, communicate with stakeholders, and deal with other operational and administrative tasks. The Receiver has conducted the following key activities in relation to its appointment:

Taking Possession

- a) Attended the Premises immediately upon being appointed and changed the locks to secure the assets and books and records contained therein, notified various service providers and transferred billing arrangements into the Receiver's name for the period post-Appointment Order.
- b) Attended the Mount Nemo Property shortly after the Appointment Order and changed the locks to secure the Mount Nemo Property and its contents. The Receiver transferred utilities for the Mount Nemo Property for the period post Appointment Order into the Receiver's name as well as arranged for on-going maintenance of the Mount Nemo Property.
- c) Corresponded with the landlord of the Premises to notify it of the Appointment Order and make arrangements for payment of rent during the Receiver's occupancy.
- d) Secured the books and records of the Crystal Wealth Group, located at the Premises, disabled external access to the computer system and performed a forensic backup of all data contained on the Company's Dropbox account and GoDaddy email systems. During this process, the Receiver identified that the emails contained in the inbox and sent items of the email accounts of Smith, Housego and Bentley were either deleted in their entirety, or it was apparent that individual emails had been removed.
- e) Contacted the third party cloud server company to restore email data with respect to the deleted emails. This process is still underway.
- f) Corresponded with the Crystal Wealth Group's contract accountant and received copies of certain records of the Crystal Wealth Group.

- g) Secured the Crystal Wealth Group's bank accounts and transferred the funds therein to the Receiver's trust accounts. Specifically, the Receiver has maintained separate trust accounts consistent with the origin of funds transferred from the Crystal Wealth Funds.

Employee Matters

- a) Permitted the Company to continue to actively employ three (3) employees for a brief period post Appointment Order (including Smith and Bentley) to assist the Receiver in understanding the business and operations of the Crystal Wealth Group and to facilitate the initial mailing to all investors.
- b) Terminated these employees on behalf of the Company effective May 10, 2017 and arranged for all Records of Employment ("**ROEs**") to be issued to same. A fourth employee, who was subsequently discovered by the Receiver to be on maternity leave, was terminated effective May 24, 2017.
- c) Engaged the Company's contracted accountant to prepare
 - i. bi-weekly payroll for Smith and the other employees;
 - ii. ROEs; and
 - iii. T4's.

Investor Matters

- a) Established a Crystal Wealth Funds toll free number and email account.
- b) Responded to numerous calls and emails from Crystal Wealth Group investors and other stakeholders.
- c) Published the Receivership Proceedings in the national editions of the Globe and Mail and the National Post on May 4, 2017.
- d) Distributed four (4) notices from the Receiver to all investors, which were also posted to the Receiver's Case Website, on May 1, 2017, May 10, 2017, May 17, 2017, and June 9, 2017 updating them on the receivership as events unfolded.

- e) Created and maintained a listing of investors with holdings, accounts, and contact information including email addresses.

Administration of the Funds

- a) The Receiver's activities with respect to the administration of the Crystal Wealth Funds include:
 - i. meeting and corresponding with NBCN on a number of investor matters, including the on-going management of the securities, records and monetization of assets within the Crystal Wealth Funds;
 - ii. corresponding with various third-parties involved in administering certain Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
 - iii. collecting monthly payments and funds held by third-parties administering certain Crystal Wealth Funds and/or their assets;
 - iv. corresponding with borrowers of the Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
 - v. conducting meetings with certain third-parties and borrowers, as appropriate; and
 - vi. negotiating the sale of two Residential Mortgages to a third party as discussed further below.

Other Activities

- a) Corresponded and held numerous discussions with Smith, employees, and contractors of the Crystal Wealth Group.
- b) Corresponded and held numerous discussions with various stakeholders, providers and/or their legal counsels.
- c) Corresponded and held various discussions with the Company's auditor, BDO.
- d) Corresponded and held various discussions and meetings with parties expressing

interest in either purchasing or managing certain Crystal Wealth Funds.

- e) Maintained a public website for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol.
- f) Arranged for the redirection of the Company's and CLJ Everest's mail to the Receiver's office.
- g) Made arrangements with insurance providers to ensure that continued coverage remains in place with respect to both the Premises and Mount Nemo Property.

MOUNT NEMO PROPERTY

- 179 Pursuant to the Vesting Order, the Receiver was authorized by the Court to complete, on behalf of CLJ Everest, the sale transaction contemplated by the Mount Nemo Sale Agreement.
- 180 CLJ Everest is the registered owner of Mount Nemo Property. At the date of the Receivership Proceedings, this property was vacant.
- 181 Prior to the Appointment Order, the Mount Nemo Sale Agreement was entered into by CLJ Everest and the Purchaser with a completion date for the underlying transaction of April 28, 2017.
- 182 On April 27, 2017, Jo-Anne Smith ("**Ms. Smith**"), Smith's sister and the listing agent for the Mount Nemo Property, informed the Receiver that the Purchaser had advised her on April 27, 2017, that the Purchaser would not be completing the purchase transaction.
- 183 At 9:20 a.m. and 9:21 a.m. on April 28, 2017, the Receiver attempted to contact the Purchaser by telephone at the number which Ms. Smith advised was the Purchaser's cell phone number. On both occasions, the message "Call cannot be completed as dialed" was received.
- 184 Accordingly, by letter to the Purchaser dated April 28, 2017, A&B advised the Purchaser that the Receiver was treating his anticipatory breaches as a repudiation of the Mount Nemo Sale Agreement, thereby discharging the Receiver from proceeding with the Mount Nemo Sale Agreement while reserving the Receiver's right to pursue damages from the Purchaser. A&B's letter to the Purchaser is attached to this Report as **Appendix "16"**.

- 185 To date, no response has been provided by the Purchaser, and the transaction did not proceed as contemplated by the Vesting Order.
- 186 The Receiver obtained the listing agreement from Ms. Smith which was in place at the time of the Appointment Order.
- 187 After the transaction contemplated by the Mount Nemo Sale Agreement failed to close, the Receiver corresponded with Ms. Smith, providing information with respect to the Receivership Proceedings and the Receiver's intention to conduct a formal sales process for the listing of the Mount Nemo Property (the "**Mount Nemo Listing Process**"). The Receiver invited Ms. Smith to participate in that process. On May 10, 2017, the Receiver received an executed Listing Cancellation from Ms. Smith to allow the Receiver to conduct the Mount Nemo Listing Process.
- 188 Between April 28, 2017 and May 1, 2017, the Receiver researched and compiled a short-list of seven (7) real estate agents/brokers with extensive experience in marketing and selling rural estate properties in the Burlington and surrounding areas, including Ms. Smith (the "**Prospective Brokers**").
- 189 On May 2, 2017, the Receiver distributed a request for proposals (the "**Request for Proposals**" or "**RFP**") via email to the Prospective Brokers outlining: the appointment of the Receiver, the contents of the Mount Nemo Listing Process, and the request for each Prospective Broker to submit a proposal outlining, among other things, such Brokers' experience in the related market, a strategic marketing plan with timelines, as well as indications of value of the Mount Nemo Property, by 5:00 PM EST on May 9, 2017. The Receiver also included a confidentiality agreement, to be executed by the Prospective Brokers, along with preliminary information with respect to the Mount Nemo Property in the RFP. On May 6, 2017, a copy of the RFP was provided to Ms. Smith, inviting her to participate in the RFP conducted by the Receiver. A copy of the RFP is attached hereto as **Appendix "17"**.
- 190 Between May 2, 2017 and May 9, 2017, the Receiver received expressions of interest from four (4) Prospective Brokers (the "**Interested Brokers**"), one (1) response indicating a proposal would not be submitted, and two (2) Prospective Brokers did not respond. Of the four Interested Brokers, the Receiver obtained three executed confidentiality agreements.

- 191 On May 8, 2017, the Receiver provided on-site access to the Mount Nemo Property to the three Interested Brokers who submitted confidentiality agreements. During the on-site visit, the Receiver gave tours of the Mount Nemo Property and responded to questions with respect to the Receivership Proceedings and the Mount Nemo Sale Process.
- 192 On May 9, 2017, RFP submissions from the Interested Brokers were received. A proposal was not received from Ms. Smith. After review of the proposals received from the Interested Brokers, the Receiver selected and notified the successful broker on May 18, 2017, being RE/MAX Aboutowne Realty Corp., Brokerage (the "**Broker**"). A summary of the proposals received is attached to this First Report as **Confidential Appendix "2"**. The Receiver selected the Broker due to its extensive experience selling similar real estate in the Burlington and surrounding area, its competitive commission structure, and its detailed marketing plan to prepare and execute the sale of the Mount Nemo Property.
- 193 On June 8, 2017, the Receiver entered into an MLS listing agreement with the Broker (the "**Listing Agreement**") which is attached to this First Report as **Confidential Appendix "3"**. The Mount Nemo Property is currently listed for \$3,399,000.

COMMUNICATIONS WITH INVESTMENT ADVISORS

- 194 On May 1, 2017, the Receiver obtained a listing of eight (8) individuals, including Smith, then registered and/or acting for the Crystal Wealth Funds as investment advisors, consultants, referral sources, and/or portfolio managers (the "**Investment Advisors**"). Of the Investment Advisors, the following seven (7) individuals were determined to be registered representatives of Crystal Wealth:
- a) Smith;
 - b) Bentley;
 - c) Housego;
 - d) Scott Whale ("**Whale**");
 - e) Tim Johnston ("**Johnston**");
 - f) Sameer Azam ("**Azam**"); and

g) Geoff Reiner ("**Reiner**").

(collectively referred to as the "**Registered Representatives**").

- 195 The remaining Investment Advisor, Jeffrey Mushaluk, was confirmed to not be a Registered Representative of the Company and was independently contracted by the Company as a referral source.
- 196 On May 2, 2017, the Receiver delivered a letter via email to Housego, Whale, Johnston, and Azam, (the "**May 2nd Letter**") advising them, among other things:
- a) of the Appointment Order;
 - b) of the Receiver's intention not to execute trades or manage client accounts with NBCN over which the Company had been authorized to make and implement investment decisions (the "**Managed Accounts**");
 - c) not to undertake or effect any activity in the Managed Accounts;
 - d) of the Receiver's intention to honour written directions provided by the Managed Accounts clients to transfer the same to another registered dealer and/or advisor; and
 - e) that, at their request and upon releasing the Company from any claims related to their respective business arrangements with the Company, the Receiver would terminate the Registered Representative's relationship with the Company, and would file an online Form 33-109F1 Notice of Termination of Registered Individuals and Permitted Individuals (the "**Notice of Termination**") via the National Registration Database ("**NRD**"), enabling them to register with another firm.
- 197 Subsequent to sending the May 2nd Letter, the Receiver did not receive a response from any of Housego, Whale, Johnston, or Azam instructing the Receiver to terminate their relationship with the Company. On May 17, 2017, the Receiver delivered another letter via email to Housego, Whale, Johnston and Azam (the "**May 17th Letter**") notifying them that the Receiver intended to file the Notice of Termination and that if they wanted for same to reflect a voluntary resignation, they were to notify the Receiver of such a request in writing by the end of the week.

- 198 When no affirmative response was received from Housego, Whale, Johnston or Azam, the Receiver delivered a further letter dated May 26, 2017 to each of them terminating each of their relationships with the Company, and advising each of them that a Notice of Termination would be filed.
- 199 On May 30, 2017, the Receiver sent a letter to Reiner similarly advising him that the Receiver was terminating his relationship with the Company effective as of that date, and advising him that a Notice of Termination would be filed.
- 200 The Receiver completed the relevant NRD forms to effect the filing of the Notices of Termination, and on May 30, 2017, executed Notices of Termination for all Registered Representatives. The Notices of Termination were filed with NRD on June 7, 2017.

THE RECEIVER'S DEALINGS WITH SMITH

Investor and Other Correspondence

- 201 On May 8, 2017, the OSC and Receiver were made aware of an email communication made by Smith on May 1, 2017 to an unknown group of apparent investors in the Crystal Wealth Funds (the "**Smith Email**"). In the Smith Email, Smith made many false and/or erroneous statements ultimately misinforming the investors who had received same. A copy of the Smith Email is attached to this First Report as **Appendix "18"**.
- 202 On May 10, 2017, the Receiver sent an email to Smith (the "**Smith Response**") advising him that the Smith Email contained certain false and misleading statements that interfered with the steps and actions taken by the Receiver and that it was in breach of the Appointment Order. The Receiver demanded that Smith cease all communications with investors in the Crystal Wealth Funds, and the Company's Managed Account clients, unless expressly authorized by the Receiver in writing. In addition, the Receiver demanded that it be provided with copies of any and all communications sent by Smith to any one or more investors in the Crystal Wealth Funds, or to Managed Account clients. As of the date of this First Report no such communications have been provided to the Receiver by Smith. A copy of the Smith Response is attached to this First Report as **Appendix "19"**.
- 203 As of the date of this First Report, the Receiver has corresponded with numerous investors who have received the Smith Email. The Receiver understands the confusion that these

proceedings can cause to investors, which confusion is exacerbated by the Smith Email and the conflicting messages it creates. Through its Notices to Investors, the Receiver has tried to clarify to investors that the Receiver's communications should be the sole source of information relied upon for information and updates concerning the status of the Crystal Wealth Group.

- 204 On May 18, 2017, the Receiver was made aware that Smith had sent an email to Paco advising him that he should continue his services and that he would be compensated by the Receiver. In so doing, it came to the Receiver's attention that Smith had used the email address "crystalwealthceo@gmail.com". A copy of Smith's email is attached to this First Report as **Appendix "20"**.
- 205 On May 20, 2017, the Receiver sent an email response to Smith reiterating that he has no authority to represent or speak on behalf of the Receiver, including with respect to whom will be compensated under the Appointment Order. In addition, the Receiver demanded that Smith refrain from using any email address containing the words "crystal wealth", and cease all communications under same. A copy of the Receiver's response to Smith is attached to this First Report as **Appendix "21"**.

Removal of RV & Moving Trailer

- 206 On April 28, 2017, upon taking possession of the Mount Nemo Property, the Receiver documented a trailer with the license plate L52 87V (the "**Moving Trailer**") and a recreational vehicle with the license plate BVCD 847 (the "**RV**") on the Mount Nemo Property. The Receiver ensured that both the Moving Trailer and RV were both locked and secured prior to leaving.
- 207 On May 7, 2017, the Receiver returned to the Mount Nemo Property and noted that both the Moving Trailer and RV were not present. On May 11, 2017, the Receiver obtained information through the Government of Ontario database, dated May 8, 2017, indicating that Smith was the owner of both the Moving Trailer and RV.
- 208 In Smith's termination letter, dated May 16, 2017 (delivered via registered mail and email, a copy of which is attached to this First Report as **Appendix "22"**), the Receiver notified Smith of the removal of the RV and Moving Trailer and requested that Smith preserve the RV and Moving Trailer, at a location of his choice until such time that the Receiver provided

further direction. The Receiver also requested that Smith notify the Receiver of the location where the RV and Moving Trailer would be located; the Receiver has yet to obtain a response from Smith.

Smith's Proposed Motion & Failure to Deliver Statutory Declaration

- 209 As a result of the Appointment Order, all of Smith's known assets, including bank accounts, continue to be frozen, and all of the Property (as defined in the Appointment Order) of the Crystal Wealth Group was vested in the Receiver.
- 210 At the hearing of the Receivership Application on April 26, 2017, and subsequent to granting the Appointment Order which was unopposed by the Crystal Wealth Group, the Honourable Justice Newbould scheduled a motion date of May 24, 2017 (the "**Comeback Date**"), at which time, Smith was to bring a motion, if he wished, to vary certain terms of the Appointment Order, including any request to access funds for the purpose of retaining counsel and for personal living expenses. The Receiver has received correspondence from investors communicating their opposition to Smith gaining access to such funds.
- 211 On May 18, 2017, the Receiver delivered a blank form of statutory declaration (the "**Statutory Declaration**") to Smith requesting that he provide information concerning, among other things, his assets, liabilities, income, and expenses. A copy of the statutory declaration sent to Smith by the Receiver is attached as **Appendix "23"** to this First Report.
- 212 On May 24, 2017 and June 6, 2017, A&B, on behalf of the Receiver, sent follow-up correspondence to Smith reiterating the Receiver's request that Smith complete the Statutory Declaration. As at the date of the First Report, the Receiver has not received the completed Statutory Declaration from Smith.
- 213 No motion materials were served by Smith prior to the May 24th Comeback Date. On the Comeback Date, Smith advised the Court that his previously retained counsel had resigned on May 18, 2017 and that he therefore required additional time to prepare the necessary materials himself in support of a motion to vary certain terms of the Appointment Order, and more specifically, to access funds for retaining counsel and for personal living expenses (despite not having completed the Statutory Declaration). The Honourable Justice Morawetz directed Smith to serve and file his materials in support of any such

motion with the Court by the close of business on June 1, 2017. Justice Morawetz further directed the Receiver and Smith to re-attend Court with counsel for the OSC on June 2, 2017 to review the status and to set a schedule for the hearing of Smith's motion, if necessary. A copy of the endorsement of the Honourable Justice Morawetz issued on May 24, 2017 is attached as **Appendix "24"** to this First Report.

- 214 On June 1, 2017, Smith, representing himself, served a notice of motion, legal brief, and motion record which failed to include any evidence (the "**June 1 Materials**"). The relief sought in the notice of motion was substantially different than that to which Smith advised the Court he would be seeking on the Comeback Date before Justice Morawetz, and included a request that the Appointment Order, Vesting Order, and OSC Freeze Directions be rescinded in their entirety. A copy of the notice of motion included in the June 1 Materials is attached hereto as **Appendix "25"**.
- 215 On June 2, 2017, the Receiver, A&B, Smith, and OSC lawyers attended the scheduled 9:30 a.m. Court appointment. During the appointment, the Honourable Justice Hainey advised Smith that the June 1 Materials were insufficient to allow the Court to consider the relief sought, and accordingly, the Court declined to schedule Smith's motion. Furthermore, the Honourable Justice Hainey advised that the relief sought by Smith in the June 1 Materials was far different and greater in scope than Smith had communicated to Justice Morawetz at the May 24, 2017 Comeback Date. The Honourable Justice Hainey issued an endorsement on June 2, 2017 scheduling a further 9:30 appearance for June 23, 2017, and directed counsel to provide a progress report to the Court at that time. A copy of the endorsement of the Honourable Justice Hainey issued on June 2, 2017 is attached as **Appendix "26"** to this First Report.

ISSUES CONCERNING REPRESENTATIVE COUNSEL

Housego's Support for the Appointment of CMB as Representative Counsel

- 216 On May 17, 2017, the Receiver was made aware of an email sent by Housego on the same date to a group of investors in the Crystal Wealth Funds using the email address crystalwealthupdates@gmail.com (the "**Housego Email**"). The Housego Email, among other things, "*strongly recommended*" that investors endorse the appointment of Alistair Crawley ("**Crawley**") and Crawley MacKewn Brush LLP ("**CMB**") as representative counsel for investors. Housego's recommendation supporting Crawley and CMB was

done utilizing false and/or erroneous statements regarding the Receivership Proceedings as well as past and future actions to be taken by the Receiver. Most notably, Housego asserted that the cost of CMB's services to the investors would be covered by the Receiver, rather than from the Property of the Crystal Wealth Group. The Housego Email contained a hyperlink which investors could click on to support CMB's appointment as Representative Counsel. A copy of the Housego Email is attached to this First Report as **Appendix "27"**.

- 217 On May 18, 2017, the Receiver delivered an email to Housego (the "**Housego Response**"), attached as **Appendix "28"**, advising him that although the Receiver is supportive of investors seeking independent legal advice, it was concerned about the numerous inaccurate statements which were communicated in the Housego Email, which had given rise to confusion within the investor body.
- 218 On May 24, 2017, the Receiver distributed an email to the email addresses provided by Housego that attached the Housego Email, the Housego Response, and directed these investors to monitor the Receiver's case website for reliable updates concerning the status of the Receivership Proceedings. A copy of the Receiver's communication in this regard is attached to this First Report as **Appendix "29"**.

CMB's Motion to be Appointed as Representative Counsel

- 219 At the June 2, 2017 Court hearing, Crawley, on behalf of CMB, attended to advise the Court of CMB's intention to bring a motion to be appointed as representative counsel for the investors in the Crystal Wealth Funds. On June 9, 2017, CMB served the Receiver with a motion record in support of a motion to appoint CMB as representative counsel to the investors in the Crystal Wealth Funds. A date for the motion has yet to be scheduled.
- 220 At the time of the Appointment Order, CMB acted as counsel for one of the named Respondents, Chrysalis Yoga, and appeared on Chrysalis Yoga's behalf at the hearing before the Honourable Justice Newbould on April 26, 2017.
- 221 Shortly following the Application hearing on April 26, 2017, A&B was contacted by Crawley. During a conference call between A&B and Crawley on May 8, 2017, Crawley indicated that he had been informally speaking with an investor named Tony Murphy, as well as Johnston, one of the Registered Representatives, but had not been retained. On

May 10, 2017, Crawley advised A&B of his view that this case would benefit from representative counsel to represent the interests of investors, and that CMB would be interested in seeking an appointment for this role.

- 222 On May 11, 2017, A&B and the Receiver participated in a conference call with Crawley and Melissa MacKewn of CMB to discuss CMB's interest in the appointment. Crawley advised that he was introduced to the Crystal Wealth situation by Housego and Johnston. The Receiver inquired as to Crawley's experience acting as representative counsel on similar files to which Crawley responded that neither he nor CMB had acted in such capacity. The Receiver advised Crawley that it has had extensive experience interacting with representative counsel in its capacity as Court-appointed Receiver and acknowledged the importance of the role in certain of these mandates. Notwithstanding the above, the Receiver indicated to Crawley that the appointment of representative counsel at that stage was premature.
- 223 On May 16, 2017, Crawley sent a letter via email to A&B reiterating CMB's interest in being appointed representative counsel (the "**May 16th Crawley Letter**"). A copy of the Crawley Letter is attached hereto as **Appendix "30"**. On May 17, 2017, A&B, on behalf of the Receiver, sent a letter in response to the May 16th Crawley Letter reiterating the Receiver's view, and rationale for it, that it was premature for representative counsel to be appointed at that juncture. A&B's response sent to CMB on May 17th is attached to this First Report as **Appendix "31"**.
- 224 On May 19, 2017, (two days after the Housego Email was sent) Crawley sent additional correspondence via email to A&B (the "**May 19th Crawley Letter**") which is attached hereto as **Appendix "32"**. The May 19th Crawley Letter, among other things, contained a critical and aggressive tone towards the Receiver and its actions taken to date and made many incorrect assumptions regarding same. In the letter, Crawley took issue with the fact that the Receiver had not contacted Housego with respect to the management of certain Crystal Wealth Funds. On behalf of the Receiver, A&B provided a response to the May 19th Crawley Letter via letter sent to CMB on May 19, 2017. In its response, A&B advised Crawley, among other things, that it was "surprised by the aggressive tone of your letter" while reiterating once again that the Receiver believed it to be premature to introduce representative counsel at that stage, and to unnecessarily levy the cost of representative counsel to investors at this time. A&B further advised CMB in its letter that

the Receiver had intentionally not consulted with Housego, given the Receiver's view that it was neither necessary nor desirable to seek Housego's consultation in order for the Receiver to review and make appropriate decisions in connection with the Crystal Wealth Funds. A copy of A&B's May 19th letter to CMB is attached to this Report as **Appendix "33"**.

225 As is set out in A&B's letters to Crawley sent on May 17th and May 19th, the Receiver has not foreclosed the option of recommending representative counsel to investors. However, the Receiver still believes it is premature to engage representative counsel for the following reasons:

- a) The Receiver is acting as independent court officer, with legal representation from A&B, and is taking steps to advance the interests of all investors;
- b) An omnibus representative counsel will likely not have a meaningful role. The Receiver believes that there are divergent interests among the investor group, given the differences between the Crystal Wealth Funds, and accordingly, many investors may opt out, or multiple representative counsel roles may be required;
- c) The Receiver believes that the monetization of certain Crystal Wealth Funds is straight forward and as previously mentioned, is currently underway. Accordingly, it seems counter-productive to burden investors in such Crystal Wealth Funds with the cost of representative counsel at this stage; and
- d) Certain Crystal Wealth Funds may require individual and protracted realization strategies, unique to each Crystal Wealth Fund, during which time the cost of representative counsel could unnecessarily be significant while adding questionable value. As previously discussed in this First Report, the Receiver has expended considerable effort to obtain documentation to fully understand the Off-Book Assets, is continuing the process to do so and will very shortly be in a position to conduct the Sales Process as described in this First Report. In addition, the Receiver will be engaging an expert to assist the Receiver in the management and development of realization strategies of the Media Fund, arguably one of the most complex investments of the Crystal Wealth Funds, and will consider the need for such a specialized advisor in respect of any other fund if the circumstances warrant it.

226 The Receiver is of the view that in the event that this Honourable Court nevertheless believes that representative counsel should be appointed, such role should not be fulfilled by Crawley or CMB for the following reasons:

- a) CMB: (i) acted for one of the Respondents, Chrysalis Yoga, an entity which is subject to the Receiver's investigation; (ii) made representations to the Court in that capacity at the time of the Appointment Order; and (iii) is, in the Receiver's view, conflicted from acting in an impartial role;
- b) Crawley and CMB admitted that they were introduced to the Crystal Wealth situation, in part, by Housego and Johnston. Both of these individuals were actively working with Smith, were Registered Representatives of the Company prior to being terminated by the Receiver, were subject to the OSC's Temporary Order and Extension Order, and are the subject of the Receiver's continued investigation;
- c) Housego circulated false and misleading information to investors vehemently advocating for CMB to be appointed as representative counsel;
- d) CMB's correspondence to the Receiver has been inflammatory, accusatory, and misleading, based, at least in part, on knowledge and information provided to CMB by Housego and Johnston; and,
- e) CMB's alleged proxies from investors, through the hyperlink referenced in the Housego Email, were obtained under false pretenses from Housego.

227 If this Honourable Court believes that representative counsel should be appointed, the Receiver respectfully suggests that such role be fulfilled by Cassels, Brock & Blackwell LLP ("**Cassels**"), a firm with significant experience in acting as representative counsel and a firm well versed in the mutual fund industry and the financial services sector. Cassels is one of the various experienced firms who have contacted the Receiver to communicate an interest in acting in the representative counsel capacity, and has confirmed to the Receiver that it is free of conflicts in acting in such capacity.

RECEIVER'S FEES AND DISBURSEMENTS

228 Pursuant to paragraph 23 of the Appointment Order, the Receiver and its counsel are to

be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 24 of the Appointment Order, the Receiver and its counsel shall pass their accounts.

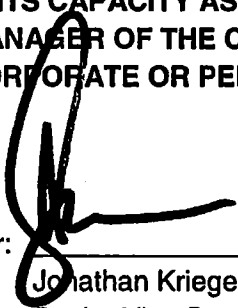
- 229 The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Receiver and its counsel have maintained detailed records of their professional time and costs.
- 230 The total fees for the Receiver for the period April 25, 2017 to May 31, 2017, were \$214,276.91, plus disbursements of \$1,566.00, plus HST of \$28,058.28, for a total of \$243,891.19. The time spent by the Receiver is more particularly described in the Affidavit of Jonathan Krieger sworn June 21, 2017 (the "**Krieger Affidavit**"), which is attached hereto as **Appendix "34"** and contains copies of invoices that set out the services provided during this time period.
- 231 The total fees of A&B, as counsel to the Receiver, for the period of April 24, 2017 to May 31, 2017, were \$160,293.50, plus disbursements of \$5,069.55, plus HST of \$21,237.34, for a total of \$186,600.39. The time spent by A&B is more particularly described in the Affidavit of Steven L. Graff sworn June 22, 2017 (the "**Graff Affidavit**"), which is attached as **Appendix "35"** and contains, among other things, copies of invoices that set out the services provided during this period of time.
- 232 It is the Receiver's opinion that the fees and disbursements of the Receiver and A&B accurately reflect the work done by the Receiver and on behalf of the Receiver by A&B in connection with the receivership and the administration of the property of the Crystal Wealth Group from April 24, 2017 to May 31, 2017.
- 233 It is the Receiver's opinion that the fees and disbursements of A&B are fair and reasonable and justified in the circumstances. The Receiver recommends approval of A&B's accounts by this Honourable Court. While the Receiver is seeking approval of its fees and disbursements at this time, the Receiver intends to make a recommendation and seek approval of an allocation of its fees and disbursements among the Crystal Wealth Funds in a further motion before this Court.

CONCLUSION

234 For the reasons set out in this First Report, the Receiver respectfully requests the relief and approval as set out in the Receiver's Notice of Motion dated June 22, 2017.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 22 day of June, 2017.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

TAB 7

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SUPPLEMENT TO THE FIRST REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

JUNE 29, 2017



Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4

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CONFIDENTIAL APPENDIX

Appendix 1 Memorandum of Understanding dated June 27, 2017

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

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**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SUPPLEMENT TO THE FIRST REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

JUNE 29, 2017

INTRODUCTION AND PURPOSE OF THE FIRST REPORT SUPPLEMENT

- 1 This supplement (this "**First Report Supplement**") is filed by Grant Thornton Limited in its capacity as Court-appointed receiver (the "**Receiver**") of the Crystal Wealth Group and of the Chrysalis Account. This First Report Supplement is filed by the Receiver as a supplement to its first report dated June 22, 2017 (the "**First Report**").
- 2 Unless otherwise defined, all capitalized terms in this First Report Supplement are defined as they are in the First Report. Any and all disclaimers provided in the First Report also apply to this First Report Supplement.
- 3 Background information in respect of the Respondents and the Receivers' appointment is provided in the First Report.
- 4 Copies of materials filed in these proceedings generally are available on the Receiver's Case Website at www.grantthornton.ca/crystalwealth.
- 5 The purpose of this First Report Supplement is to inform and update the Court on:
 - a) the Receiver's efforts thus far in monetizing certain On-Book Assets, more specifically, Equities and External Mutual Funds;
 - b) the Receiver's efforts thus far in monetizing certain Off-Book Assets, more specifically, the Squire mortgages; and
 - c) the engagement of Quiver Capital Inc. ("**Quiver**") as an advisor to the Receiver in managing the Media Fund.

MONETIZATION OF ON-BOOK ASSETS

- 6 As mentioned in the First Report, the Receiver, in consultation with colleagues in Canada and the US with extensive investment and portfolio expertise, is carefully monetizing all marketable securities, including Equities and External Mutual Funds, where possible, which are traded on the various public stock exchanges. The Receiver estimates that this process is over 90% complete, covering the ACM Growth Fund, ACM Income Fund, Factoring Fund, Medical Fund, Media Fund, Resource Fund and the Sustainable Dividend Fund. The Receiver anticipates that this realization process will be completed shortly.

MONETIZATION OF OFF-BOOK ASSETS

- 7 As mentioned in the First Report, Squire had offered to acquire the remaining two Squire Mortgages, with an effective date of June 23, 2017, for proceeds of \$197,526 (proceeds include the entire principal value of the Squire Mortgages (\$196,000) plus accrued interest of \$1,526 to June 23, 2017). The Receiver accepted the offer and the transaction closed on June 23, 2017.

PRESERVATION OF CRYSTAL WEALTH FUNDS

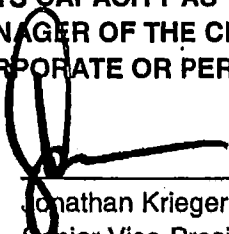
- 8 The Receiver notes that the monetization of individual On-Book Assets and Off-Book Assets will be preserved in each Crystal Wealth Fund to which they pertain and cash proceeds will not be intermingled among other Crystal Wealth Funds.

ENGAGEMENT OF QUIVER AS ADVISOR

- 9 The First Report describes the Receiver's potential engagement of Quiver as an advisor to assist with the management of the Media Fund, due to the uniqueness of the Media Fund and Quiver's expertise in this area.
- 10 On June 27, 2017, the Receiver and Quiver entered into a Memorandum of Understanding ("MOU") which outlines the roles and responsibilities of Quiver and compensation in so acting. A copy of the MOU is attached as **Confidential Appendix "1"** which the Receiver respectfully requests be subject to the sealing order as requested in the First Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 29 day of June, 2017.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

TAB 8

Court File No. CV- 17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE HAINEY

)
)
)
)
)

FRIDAY, THE 30th DAY
OF JUNE, 2017



BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

ORDER

THIS MOTION, made by Grant Thornton Limited ("**GTL**"), in its capacity as the Court-appointed receiver and manager (in such capacity, the "**Receiver**")), without security, of all of the assets, undertakings and properties of each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"), for an Order, *inter alia*: (i) approving the First Report of the Receiver dated June 22, 2017 (the "**First Report**") and the activities of the Receiver set out in the First Report; (ii) approving the Supplement to the First Report of the Receiver dated June 29, 2017 (the "**Supplement to the First Report**") and the

- 2 -

activities of the Receiver set out in the Supplement to the First Report; (iii) sealing certain appendices to the First Report and the Supplement to the First Report (the "**Confidential Appendices**") until further Order of the Court; (iv) approving the Receiver's reliance on the Unit Holder Listing (as defined in the First Report) to make interim distributions of the proceeds obtained from the divestiture of certain assets of Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, and Crystal Wealth Retirement One Fund (collectively, the "**Crystal Wealth Funds**"), where possible, to investors in the Crystal Wealth Funds; (v) approving the Sales Process (the "**Sales Process**") as defined and described in the First Report and authorizing the Receiver to carry out its functions in accordance with the Sales Process; (vi) approving the Receiver's interim statement of receipts and disbursements for the period from April 26, 2017 to May 31, 2017 (the "**Receiver's Interim R&D**"); and (vii) approving the fees and disbursements of the Receiver and its counsel, Aird & Berlis LLP, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report, including the affidavit of Jonathan Krieger sworn June 21, 2017 (the "**Krieger Affidavit**"), and the affidavit of Steven L. Graff sworn June 22, 2017 (the "**Graff Affidavit**"), the Supplement to the First Report, and on hearing the submissions of counsel for the Receiver, counsel for the Ontario Securities Commission, and of the Respondent, Clayton Smith, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Diana Saturno sworn June 22, 2017, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the First Report and the Supplement to the First Report, and the activities of the Receiver described therein be and are hereby approved.

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3. **THIS COURT ORDERS** that the Confidential Appendices be and are hereby sealed until further Order of the Court.

4. **THIS COURT ORDERS** that the Sales Process, as defined and described in the First Report, be and is hereby approved.

5. **THIS COURT ORDERS** that the Receiver may rely on the Unit Holder Listing (as defined in the First Report) to make distributions, without further approval of the Court, of the proceeds obtained from the divestiture of certain assets of the Crystal Wealth Funds to investors of the Crystal Wealth Funds.

6. **THIS COURT ORDERS** that the Receiver's Interim R&D, as described in the First Report, be and is hereby approved.

7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver, as described in the First Report and as set out in the Krieger Affidavit, be and are hereby approved.

8. **THIS COURT ORDERS** that the fees and disbursements of Aird & Berlis LLP, counsel to the Receiver, as described in the First Report and as set out in the Graff Affidavit, be and are hereby approved.

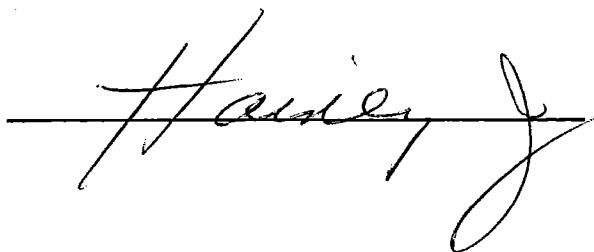
9. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the

- 4 -

within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

A handwritten signature in cursive script, appearing to read "Hainey", written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 30 2017

PER / PAR: 

ONTARIO SECURITIES COMMISSION

-and-

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED et al.

Applicant
Short Title of Proceedings

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER

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June 23, 2017 343

Short Title of Proceedings

Applicant

Respondents
Court File No. CV-17-11779-00CL

June 30, 2017

I am satisfied that this motion should be granted on the terms of the attached order and the creditor claims procedure order.

That shall be a sealing order with respect to the Confidential Appendices as defined in the attached order.

Hanley J

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at TORONTO

MOTION RECORD

Volume 1 of 2

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TAB 9

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SECOND REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

NOVEMBER 24, 2017



**Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4**

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- Appendix 5** Endorsement issued by Justice Hainey dated June 2, 2017
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CONFIDENTIAL APPENDICES

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Confidential Appendix 2	Quiver MOU Amendments dated September 28, 2017 and October 30, 2017
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Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

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Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SECOND REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER OF THE RESPONDENTS**

NOVEMBER 24, 2017

INTRODUCTION

THE APPLICATION AND APPOINTMENT ORDER

- 1 The Ontario Securities Commission (the "**OSC**") issued a temporary order on April 7, 2017 (as extended by the OSC on April 13, 2017 and April 28, 2017 (the "**Temporary Order**")) providing that the trading of units of all of the Crystal Wealth Funds (defined herein) cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith ("**Smith**") and Crystal Wealth Management System Limited (the "**Company**"), with limited exceptions that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant Fund. On October 2, 2017, the OSC further extended the Temporary Order to April 10, 2018 (the "**Extension Order**"), while modifying the Temporary Order issued April 7, 2017 to remove the portions of paragraphs 4 and 5 thereof referring to Smith in his capacity as advising representative, given that Smith's registration was automatically suspended when he was terminated by the Receiver. The Temporary Order issued April 7, 2017 and the Extension Order are attached hereto as **Appendix "1"** to this Second Report of the Receiver (the "**Second Report**").

- 2 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List), the Honourable Mr. Justice Newbould issued an Order (the "**Appointment Order**") appointing Grant Thornton Limited: (i) as receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties (collectively, the "**Property**") of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"); and (ii) as Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the "**OSC Application**") under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"). The said receivership proceedings shall be referred to herein as the "**Receivership Proceedings**". A copy of the Appointment Order and the endorsement of the Honourable Mr. Justice Newbould are attached thereto as **Appendix "2"**.

- 3 As detailed in the OSC Application, the appointment of the Receiver was based on concerns the OSC had regarding, among other things, the Respondent, Crystal Wealth Media Strategy (the "**Media Fund**"). The OSC stated that it believed that Smith and the Company may have:
- a) participated in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud, contrary to s. 126.1(1)(b) of the Act;
 - b) failed to act fairly, honestly and in good faith with clients, contrary to s. 2.1 of Rule 31-505 - *Conditions of Registration*; and
 - c) failed to comply with the standard of care expected of investment fund managers under s. 116 of the Act.
- 4 A summary of the circumstances leading to the appointment of the Receiver is outlined in the Receiver's First Report to Court dated June 22, 2017 (the "**First Report**") which is attached hereto, without appendices, as **Appendix "3"**. The complete OSC Application can be found on the Receiver's case website at www.GrantThornton.ca/CrystalWealth (the "**Case Website**").
- 5 Also on April 26, 2017, the Honourable Mr. Justice Newbould issued a Vesting Order (the "**Vesting Order**") authorizing the Receiver to complete, on behalf of the Respondent, CLJ Everest Ltd. ("**CLJ Everest**") (a company wholly owned by Smith), the sale transaction of the property located at 5043 Mount Nemo Crescent in Burlington, Ontario (the "**Mount Nemo Property**") to Martin McCready (the "**Purchaser**") pursuant to and in accordance with an agreement of purchase and sale dated April 12, 2017 (the "**Mount Nemo Sale Agreement**"). The Purchaser did not respond to the Receiver's communications following the issuance of the Vesting Order, and the Purchaser failed to complete the sale transaction. The Receiver has reserved its rights to claim damages from the Purchaser as a result of his failure to complete the sale transaction. As will be described herein, the Mount Nemo Property remains listed for sale by the Receiver.
- 6 On April 26, 2017, counsel for the Crystal Wealth Group requested that the Honourable Mr. Justice Newbould set a motion date on which the Crystal Wealth Group would move to vary certain terms of the Appointment Order, specifically to access funds for paying

counsel and for Smith's personal living expenses. Justice Newbould set a hearing date of May 24, 2017 for the Crystal Wealth Group's motion.

- 7 On May 24, 2017, Smith advised that the Crystal Wealth Group's counsel had resigned and that he was not in a position to proceed with a motion (the materials for which had yet to be served) that day. Smith also advised that he would be self-represented. Accordingly, the Honourable Mr. Justice Morawetz issued an endorsement (the "**May 24, 2017 Endorsement**") that directed Smith's motion materials be served and filed with the Court by the close of business on June 1, 2017 and requiring that the parties attend at a 9:30am appointment with the Court on June 2, 2017 to schedule at date for the motion, if necessary. A copy of the May 24, 2017 Endorsement is attached hereto as **Appendix "4"**.

THE JUNE 2017 MOTIONS AND COURT RELIEF

- 8 On June 1, 2017, Smith served counsel to the Receiver with a motion record in support of a motion requesting, among other things, that the Temporary Order, Appointment Order and Vesting Order be rescinded in their entirety.
- 9 A further development arose on June 1, 2017 when Crawley MacKewn Brush LLP ("**CMB**") provided a draft notice of motion to counsel to the Receiver indicating that CMB would be seeking an appointment as representative counsel for investors of the Crystal Wealth Funds.
- 10 On June 2, 2017, the Receiver, its counsel, Smith, and CMB, amongst others, attended a 9:30 a.m. appointment with the Court. During the appointment, the Honourable Mr. Justice Hainey advised Smith that his motion record, which failed to include any affidavit evidence, was insufficient to allow the Court to consider the relief sought, and accordingly, the Court declined to schedule Smith's proposed motion. The Honourable Justice Hainey thereafter issued an endorsement (the "**June 2, 2017 Endorsement**") scheduling a 9:30 a.m. appointment with the Court on June 23, 2017, and directed counsel to provide a progress report to the Court at that time. A copy of the June 2, 2017 Endorsement is attached hereto as **Appendix "5"**.
- 11 On June 9, 2017, CMB served the Receiver with a motion record in support of a motion to appoint CMB as representative counsel to the investors of the Crystal Wealth Funds.

- 12 On June 22, 2017, the Receiver provided the Court with its First Report and served a motion record in support of a motion to, among other things, approve: (i) a creditor claims procedure; and (ii) a proposed Sales Process (as defined and described in the First Report) to be conducted by the Receiver by which prospective purchasers and managers could submit bids to the Receiver to either purchase the assets of certain Crystal Wealth Funds, or to take over the management of certain Funds. On June 29, 2017, the Receiver provided the Court with its Supplement to the First Report dated June 29, 2017, a copy of which is attached hereto as **Appendix "6"**.
- 13 On June 23, 2017, the Honourable Justice Hainey issued an endorsement (the "**June 23, 2017 Endorsement**") scheduling June 30, 2017 as the hearing date for the Receiver's and CMB's motions. A copy of the June 23, 2017 Endorsement is attached hereto as **Appendix "7"**.
- 14 On June 30, 2017, the Honourable Mr. Justice Hainey issued an Order and Endorsement (the "**June 30 2017 Order and Endorsement**") that, among other things, approved:
 - a) the Receiver's First Report and the activities of the Receiver set out therein;
 - b) the Receiver's reliance on the Unit Holder Listing (as defined in the First Report) to make interim distributions to investors of the proceeds generated from the divestiture of certain assets of the Crystal Wealth Funds; and
 - c) the Sales Process.

A copy of the June 30th Order and Endorsement is attached hereto as **Appendix "8"**.
- 15 On June 30, 2017, the Honourable Mr. Justice Hainey also issued a Creditor Claims Procedure Order (the "**Creditor Claims Procedure Order**") that, among other things, approved the procedure for determining and resolving claims to be filed by creditors against the Crystal Wealth Group. A copy of the Creditor Claims Procedure Order is attached hereto as **Appendix "9"**.
- 16 On June 30, 2017, the Court also heard the motion of CMB to be appointed as representative counsel. On July 5, 2017, the Honourable Mr. Justice Hainey issued an endorsement (the "**July 5, 2017 Endorsement**") which dismissed CMB's motion. In dismissing the motion, Justice Hainey found that "the investors' interests are being

protected and advanced by the Receiver” and that “the appointment of representative counsel will add unnecessary expense to the receivership which will adversely affect investors”. A copy of the July 5, 2017 Endorsement is attached hereto as **Appendix “10”**.

PURPOSE OF THE SECOND REPORT

- 17 The purpose of this Second Report is to inform the Court of the Receiver's activities since the date of the First Report and to support the Receiver's request for an order, among other things:
- a) approving this Second Report, including the actions and activities of the Receiver as described in this Second Report;
 - b) approving the Receiver's methodology and proposal to make an interim distribution to the investors of certain Crystal Wealth Funds, and authorizing the Receiver to make such interim distribution without liability, including, without limitation, liability for any tax implications arising therefrom;
 - c) approving the Quiver MOU Amendments executed by the Receiver and Quiver (as such terms are hereafter defined);
 - d) directing the following entities and/or individuals to provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the Crystal Wealth Group:
 - i) Jerry Froese ("**Froese**") – President & CEO of Frontline Factoring Inc. ("**Frontline**");
 - ii) Alberto Storelli ("**Storelli**"), Brian Peoples ("**Peoples**"); and Joe Harker ("**Harker**") as it relates to their involvement in the US Real Estate LP (defined and described herein);
 - iii) Craig Clydesdale ("**Clydesdale**") – Principal of the OOM Energy Group (defined herein);
 - iv) Kari Gillespie ("**Gillespie**") – Operations Manager of Liberty Mortgage Services Ltd.;
 - v) Stephen Miller ("**Miller**") – a representative of MGE (defined herein);
 - vi) Chuck Pinnell – Principal of 611802 B.C. Ltd.; and

- vii) Stan Spletzer – Principal of Solid Holdings Inc.
- e) directing that The Investment Administration Solution Inc. (“**IAS**”), the third-party entity that performed accounting and record keeping for the Crystal Wealth Funds, provide the Receiver and its counsel with certain requested but still outstanding information required for a proper assessment of the Crystal Wealth Funds, namely, monthly reporting for each of the Crystal Wealth Funds, including all underlying transactions, for the period January 1, 2015 to May 1, 2017;
- f) authorizing the Receiver to examine the following individuals under oath at the offices of Victory Verbatim located at 222 Bay Street, Suite 900, in Toronto, Ontario, with each such individual bearing their own cost of the attendance:
- i) Al Housego (“**Housego**”), the former Lead Portfolio Strategist for the Resource Fund, Bullion Fund, Factoring Fund, and Hedge Fund (as such Crystal Wealth Funds are defined below);
 - ii) Smith;
 - iii) Joanne Bentley;
 - iv) Clydesdale;
 - v) Gillespie;
 - vi) Froese;
 - vii) Miller;
 - viii) Steven Bandola, a former employee of Frontline;
 - ix) David DenHollander, the President of 647497 B.C. Ltd.;
 - x) Jeffrey Maljaars, Principal of 1566496 Alberta Ltd.;
 - xi) Darcy Pahl, President of Dome Mountain Resources of Canada Inc.;
 - xii) Robert Maljaars, previous signing authority of Dome Mountain Resources of Canada Inc. and Principal of 1566496 Alberta Ltd.;

xiii) Chuck Pinnell – Principal of 611802 B.C. Ltd.; and

xiv) Alan Braun – Principal of Onstar Exploration Ltd.

- g) ordering Frontline pay to the Receiver the sum of \$536,775, representing payments received by Frontline from Zomongo TV, Advanced Metal, 156 Alberta, and Restoration Energy (as such entities are herein defined), which payments have yet to be remitted to the Receiver in trust for the Factoring Fund and Hedge Fund contrary to the FPAA (as defined below);
- h) approving the Receiver's Interim Statement of Receipts and Disbursements for the period from April 26, 2017 to October 31, 2017, attached hereto as **Appendix "11"**;
- i) approving the Receiver's recommendation regarding the treatment of an amended proof of claim filed by BDO Canada LLP ("**BDO**"), and the BDO Agreement (as defined below);
- j) approving the fees and disbursements of the Receiver and Aird & Berlis LLP ("**A&B**"), legal counsel to the Receiver, as described herein for the period of June 1, 2017 to September 30, 2017, and an allocation of such fees and disbursements from April 24, 2017 to September 30, 2017; and
- k) sealing the **Confidential Appendices** of this Second Report until further Order of the Court.

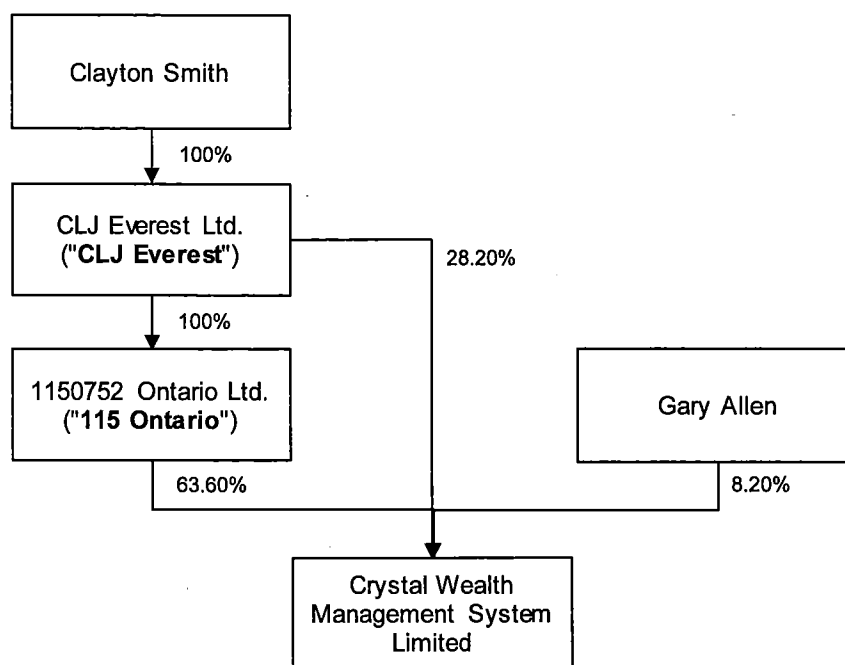
- 18 The Receiver's activities since the date of the First Report are detailed throughout this Second Report.

RESTRICTIONS AND TERMS OF REFERENCE

- 19 In preparing this Second Report, the Receiver has relied upon unaudited and certain audited financial information, the Crystal Wealth Group's books and records, certain financial information obtained by third parties, and discussions with various individuals (collectively, the "**Information**"). Except as described in this Second Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
- 20 This Second Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought. This Second Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Second Report contrary to the provisions of this paragraph.
- 21 Capitalized terms not defined in this Second Report are as defined in the First Report. All references to dollars are in Canadian currency unless otherwise noted.
- 22 Copies of materials filed in these Receivership Proceedings are available on the Receiver's Case Website.

CORPORATE STRUCTURE

- 23 At the time of the Appointment Order, the Company was a corporation registered with the OSC in the categories of: "Exempt Market Dealer", "Investment Fund Manager", "Portfolio Manager", and "Commodity Trading Manager".
- 24 At the time of the Appointment Order, Smith was the controlling mind of the Company, was listed as the sole director and officer, and held a controlling interest of 91.76% in the Company. The ownership structure of the Company is as follows:



- 25 At the time of the Appointment Order, Smith was registered in Ontario with the OSC as a dealing representative, an advising representative in the category of "Portfolio Manager", and an advising representative in the category of "Commodity Trading Manager". Smith was also registered as the Company's chief executive officer, chief compliance officer and ultimate designated person.

26 The Company created and managed the following 15 proprietary investment funds (collectively referred to as the **"Crystal Wealth Funds"**):

- a) Crystal Wealth Mortgage Strategy (the **"Mortgage Fund"**);
 - b) Crystal Enlightened Resource and Precious Metals Fund (the **"Resource Fund"**);
 - c) Crystal Wealth Enlightened Factoring Strategy (the **"Factoring Fund"**);
 - d) Crystal Wealth Medical Strategy (the **"Medical Fund"**);
 - e) Crystal Enlightened Bullion Fund (the **"Bullion Fund"**);
 - f) Crystal Wealth Media Strategy (the Media Fund);
 - g) Crystal Wealth High Yield Mortgage Strategy (the **"High Yield Mortgage Fund"**);
 - h) Crystal Wealth Infrastructure Strategy (the **"Infrastructure Fund"**);
 - i) Crystal Wealth Enlightened Hedge Fund (the **"Hedge Fund"**);
 - j) Crystal Wealth Conscious Capital Strategy (the **"Conscious Capital Fund"**);
 - k) ACM Income Fund;
 - l) ACM Growth Fund;
 - m) Absolute Sustainable Dividend Fund (the **"Sustainable Dividend Fund"**);
 - n) Absolute Sustainable Property Fund (the **"Sustainable Property Fund"**); and
 - o) Crystal Wealth Retirement One Fund (the **"Retirement Fund"**);
- (collectively, the **"Crystal Wealth Funds"**, and individually, a **"Fund"**).

A detailed description of the Crystal Wealth Funds is included in paragraphs 28 to 54 of the First Report. A summary of each of the Crystal Wealth Funds and the Recorded Values of each of the different investments is attached hereto as **Appendix "12"**.

- 27 The Crystal Wealth Funds are structured as open-ended mutual fund trusts. Units in each of the Crystal Wealth Funds were distributed to investors on an exempt basis, pursuant to offering memoranda ("**OMs**"). The Company managed the day-to-day business of the Crystal Wealth Funds and was required to make investment decisions consistent with each of the Crystal Wealth Funds' investment objectives. As will be discussed later in this Second Report, certain Crystal Wealth Funds hold investments which were not in compliance with their respective OMs.

EXECUTIVE SUMMARY

- 28 **The Receiver strongly encourages that readers of this Second Report read it in its entirety as it provides important details of the work performed by the Receiver that led to its conclusions and concerns as set out in this Executive Summary.**
- 29 As the large majority of the investments contained within the Crystal Wealth Funds are unconventional, the Receiver has spent a significant amount of time, together with its advisors, to understand and assess the underlying investments, and the quality and realizable value of same, where possible. Furthermore, the significant deficiencies in the Company's books and records with respect to the documentation (or lack thereof) associated with such investments, and the refusal by certain individuals to provide required information to the Receiver to properly conduct its mandate, have created additional complexities for the Receiver and its counsel in understanding and supporting the investments and their respective values.
- 30 The Receiver is sympathetic to the needs of investors in the Crystal Wealth Funds, many of whom have conflicting interests. Certain investors may have a long term investment strategy. Some investors may have the need for short term stable income or dividends, while others are prepared to accept more risk. In executing its mandate, the Receiver has to balance the needs and interests of investors, and make recommendations in the best interest of all stakeholders.
- 31 The Receiver's investigation of the Company's affairs has identified serious concerns around the conduct of certain parties associated with the Crystal Wealth Funds and the underlying investments therein.
- 32 The Receiver draws the following conclusions:
- a) The lack of segregation of duties in performing the day to day operations and governance thereof (e.g. Smith was the controlling mind, sole director, and Chief Compliance Officer, among others) resulted in the Company not having an effective organizational structure to ensure proper oversight and governance of the Crystal Wealth Funds and possibly, compliance with Ontario securities laws, including, without limitation, the Act;

- b) The decisions of the Company, Smith, and Housego to cause certain of the Crystal Wealth Funds to advance monies to third parties, purportedly on account of investments, which investments had questionable return and recovery prospects, were inconsistent with the Funds' investment objectives as set out in the OMs, and/or lacked the security which was to be provided by third parties to the Crystal Wealth Funds in connection with such investments;
- c) The Receiver is concerned with the relationships between Smith, Housego, administrators of certain investments in Crystal Wealth Funds, and the principals of the companies in which certain Crystal Wealth Funds advanced monies purportedly on account of investments;
- d) Certain Crystal Wealth Funds' exposure was concentrated within a few companies who received substantial monies from the Funds;
- e) The Receiver is concerned as to the ultimate use of and lack of accountability for the investors' monies once such investments were made by the Company, Smith, and/or Housego on behalf of the Funds;
- f) The Company transferred significant money between Crystal Wealth Funds which may have been used to falsely create liquidity to meet investor distributions and/or redemptions;
- g) The Company made payment of distributions to investors in Crystal Wealth Funds, which Funds had no sources of income, or cash flow. Such payments appear to have been only supportable by Inter-fund Investments;
- h) The Company disclosed false or manipulated net asset values ("**NAVs**") of the Funds, causing the NAVs of certain Funds to be materially overstated; and
- i) Accordingly, the quality of and ultimate collectability of investments held by certain of the Crystal Wealth Funds: the Factoring Contracts; the Media Loans; certain Commercial Loans; the Gold Loans; and the US Real Estate LP, may be grossly impaired.

33 Given the Receiver's findings and concerns as detailed in this Second Report, the Receiver will be bringing the contents of the Second Report to the attention of the Ontario

Provincial Police and the Royal Canadian Mounted Police.

- 34 The Receiver has significant concerns over the quality and ultimate collectability of approximately \$88.72 million of Recorded Value, or approximately 46% of the April 20th Package NAV provided by Smith of \$193,198,912. In addition, the Receiver has concerns that there may be further potential impairment of approximately \$27.91 million (Recorded Value).
- 35 The Receiver has monetized approximately 98% of the marketable securities held within the Crystal Wealth Funds, in consultation with its corporate finance team and NBCN. Notwithstanding the challenges regarding specific investments contained in the Crystal Wealth Funds, there is currently cash on hand for certain of the Crystal Wealth Funds from the proceeds of the Receiver's monetization of marketable securities and its on-going management of the Crystal Wealth Funds which are available for interim distributions to investors in certain of the Crystal Wealth Funds in the sum of \$30,817,199. Accordingly, the Receiver is requesting the Court to approve the first interim distribution to investors, the methodology of which is specified in the section below.
- 36 As authorized by the Court on June 30, 2017, the Receiver conducted a Sales Process in respect of the Crystal Wealth Funds, seeking parties interested in buying assets of certain Funds, or assuming management of certain Funds. By the Offer Deadline, the Receiver obtained seven offers from different Prospective Purchasers and Prospective Managers.
- 37 The Receiver worked diligently to investigate and consider Prospective Managers' offers to assume the management of certain Funds, however, the Receiver ultimately rejected the management offers as the Receiver was of the view that it was not in the best interest of Crystal Wealth Fund investors to accept any of the management offers that were submitted. The management offers received via the Sales Process provided no certainty that the Crystal Wealth Funds would be managed back to fiscal health (especially in light of the concerns with many of the recorded investments). In addition, no offer was received that gave the Receiver any comfort that the investors would have a timely avenue through which to redeem their units and turn them into cash (let alone any certainty with respect to the price at which such redemption might happen). The proposed management transactions themselves would have taken several months to be completed, with no guarantees of completion as the offers submitted were highly conditional.

- 38 Given the nature of the Funds and the serious issues with certain of the investments held therein, the Receiver is of the view that any third party manager would face the same issues of “creating” liquidity from these impaired investments and, arguably, would have to outsource management of same as they would not typically possess the necessary skill and experience to deal with these types of investments and their distressed status, as compared with the experience of the Receiver. Furthermore, certain recourse is available to the Receiver under the Appointment Order which would not be available to a third party management firm.
- 39 In addition to its specific communications and correspondence with individual investors, the Receiver has issued 10 formal Notices to investors in respect of the status of the Crystal Wealth Funds, including a description of the Receiver's actions to date. Such Notices have been posted on the Receiver's Case Website.

MONETIZED CRYSTAL WEALTH FUNDS

40 As outlined in the First Report, certain of the Crystal Wealth Funds contained equity investments in companies, the securities of which were traded on active market exchanges and were readily saleable ("**Equities**"). In addition, certain Crystal Wealth Funds had unit holdings in mutual funds not managed by the Company and thus external to the Crystal Wealth Group, which were monetizable ("**External Mutual Funds**"). As authorized in subsection 6(k)(i) of the Appointment Order, and as set out in the First Report, the Receiver commenced the monetization of Equities and External Mutual Funds in June 2017.

41 As the result of the monetization of certain Equities and External Mutual Funds (the results of which are described in detail below), the following Crystal Wealth Funds have been fully monetized¹ into cash, with the exception of the below noted Inter-fund Investments:

a) Sustainable Dividend Fund

- i) Cash – \$6,656,066 and US \$3,542; and
- ii) Inter-fund Investment held in the Sustainable Property Fund with a Recorded Value of \$75,693.

b) ACM Growth Fund

- i) Cash – \$5,926,304 and US \$153,275; and
- ii) Inter-fund Investments held with a total Recorded Value of \$4,739,753 in the following four Crystal Wealth Funds with the respective Recorded Values of:
 - 1. Factoring Fund – \$2,511,932;
 - 2. Mortgage Fund – \$1;
 - 3. Hedge Fund – \$1,655,059; and
 - 4. Media Fund – \$572,761.

¹ Cash balances are as at October 31, 2017 as per NBCN.

c) ACM Income Fund

- i) Cash – \$930,429 and US \$2,180;
- ii) Inter-fund Investments held with a total Recorded Value of \$9,898,493 in the following four Crystal Wealth Funds, distributed as follows:
 - 1. Media Fund – \$6,594,529;
 - 2. Factoring Fund – \$2,426,339;
 - 3. Medical Fund – \$560,297; and
 - 4. Hedge Fund – \$317,328.

42 As outlined above, Inter-fund Investments are investments made in Crystal Wealth Funds by other Crystal Wealth Funds through the purchase of units. As a result, similar to individual investor unit holdings, Inter-fund Investments cannot be valued until the investments in the underlying Crystal Wealth Funds of such Inter-fund Investments are realized/valued. The monetization of the Inter-fund Investments will occur through distributions made from one Crystal Wealth Fund to another Crystal Wealth Fund which holds units in the former Fund. Once such distributions are received by the latter Fund, if any, those monies will ultimately be made available for further distribution to investors of the latter Fund.

43 Unfortunately, a large majority of the above noted Inter-fund Investments are in the Media Fund, Factoring Fund, and Hedge Fund, all of which hold underlying investments that are illiquid, significantly impaired, and/or have been materially overstated by the Company. As a result, the Recorded Values of the Inter-fund Investments are significantly overstated whereby the Funds which have invested in the Media Fund, Factoring Fund, and Hedge Fund will receive far less from these Funds than was invested.

MONETIZATION OF EXTERNAL MUTUAL FUNDS, EQUITIES, AND WARRANTS

- 44 In the First Report and Supplement to the First Report, the Receiver outlined its efforts to monetize readily saleable marketable securities held by certain Crystal Wealth Funds. The rationale for this was the over-arching investment objective of minimizing the downside risk of uncontrollable domestic and global market factors in the short term and to permit an interim distribution to the investors. Through a distribution, investors will be free to reinvest the proceeds received on their own accord. The Receiver, in consultation with colleagues in Canada and the US with extensive investment and portfolio expertise, as well as with the assistance of NBCN, carefully monetized all marketable securities, including Equities, Warrants, and External Mutual Funds which are traded on the various public stock exchanges, to the extent that such monetization was possible.
- 45 The Receiver was also cognizant of the Crystal Wealth Funds' underlying OMs when monetizing the marketable securities to ensure the monetization of certain investments did not create concentration risk in other particular investments. For example, the OM of the Resource Fund states that:

"The [Resource] Fund will limit its exposure to any one issuer to no more than 30% of the Fund's net assets..."

When performing the monetization of the below noted assets, the Receiver ensured the timing of such monetization reduced the risk of concentration of a particular investment whereby a negative movement in the value of same could have a detrimental impact on the underlying Crystal Wealth Fund(s).

- 46 The tables presented in this section with respect to the monetization of the Equities and External Mutual Funds contain the following information:
- a) the market value of the Equities and External Mutual Funds as at the closing of April 26, 2017, the date in which the Receiver was appointed over the Crystal Wealth Group, (the "**April 26th Market Value**"); and
 - b) the gross proceeds received by the Receiver from the monetization of the Equities and/or External Mutual Funds (the "**Monetization Proceeds**").

EXTERNAL MUTUAL FUNDS

- 47 Upon completion of the monetization of the External Mutual Funds, the realized loss was minimal, amounting to approximately \$7,082 on Monetization Proceeds of \$5,045,681. The table below outlines the results of the monetization of the External Mutual Funds for each of the Crystal Wealth Funds that held same; no selling commissions were incurred on the disposition of External Mutual Funds.

Fund	April 26th Market Value	Monetization Proceeds
ACM Growth Fund	\$ 3,417,725	\$ 3,410,855
ACM Income Fund	565,089	564,876
Medical Fund	25,345	25,345
Media Fund	1,044,604	1,044,604
	\$ 5,052,763	\$ 5,045,681

EQUITIES

- 48 As at the date of this Second Report, the Receiver has monetized approximately 98% of the Equities contained within the Crystal Wealth Funds. The Resource Fund and ACM Growth Fund currently have approximately \$50,000 each of low volume trading Equities remaining to which the Receiver is working with NBCN to monetize. Overall, the monetization of Equities generated a realized loss of \$554,382 and a realized gain of approximately US \$128,304, excluding commissions of \$57,263 and US \$11,469.
- 49 The table below outlines the results of the monetization of the Equities for the below noted Crystal Wealth Funds.

Fund	April 26th Market Value		Monetization Proceeds	
	CAD	USD	CAD	USD
Sustainable Dividend Fund	\$ 1,438,364	\$ 3,688,297	\$ 1,478,092	\$ 3,829,828
Resource Fund	1,190,079	-	1,081,758	-
ACM Growth Fund	4,947,908	402,478	4,514,672	389,251
Factoring Fund	191,419	-	138,866	-
	\$ 7,767,770	\$ 4,090,776	\$ 7,213,388	\$ 4,219,079

- 50 The majority of the CAD realized loss is attributable to three holdings in the ACM Growth Fund: (i) UEX Corporation; (ii) Pacific Booker Minerals Inc.; and (iii) Emblem Corporation. Had the Receiver not monetized all three Funds when it did, the loss would have been greater given that the market value as at October 31, 2017 was approximately \$63,000 less than the Receiver realized.

WARRANTS

- 51 The Crystal Wealth Funds contained a number of warrant options for the purchase of shares in equities traded on active markets at a stated price ("**Warrants**"). Based on a preliminary review of supporting documentation, some of the Warrants contain restrictions on their assignability and ultimately, their salability. However, the Receiver is able to exercise such Warrants (i.e. purchase the company shares attached to the Warrants for a stated price) subject to the conditions of exercisability being satisfied. Although the underlying documentation for a majority of the Warrants was not contained in the Crystal Wealth Group's books and records, the Receiver was able to obtain such documentation from NBCN. The Receiver has prepared a listing of the Warrants currently held by the Crystal Wealth Funds, which is attached hereto as **Appendix "13"**.
- 52 The Receiver continues to evaluate each of the Warrants with its advisors by monitoring the market values of the underlying shares of the companies to which the Warrants apply. In cases where the price to purchase shares under a particular Warrant is favourable (i.e. when the exercise price is less than that of the market value price of the shares), the Receiver has exercised the Warrant and acquired the underlying shares.

- 53 As at the date of this Second Report, the Receiver has exercised the following Warrants whereby it has purchased the shares in the underlying companies:
- a) GREATBANKS RES LTD 20JUL17 – 363,637 shares at a strike price of \$0.03/share;
 - b) NOVO RES CORP 24JUL17 – 96,160 shares at a strike price of \$0.80/share;
 - c) KLONDIKE GOLD CORP 5AUG17 – 100,000 shares at \$0.20/share;
 - d) MONTAN MINING CORP 14AUG17 – 363,640 shares at a strike price of \$0.02/share;
and
 - e) GOLDEN RIDGE RES LTD 20OCT17 – 250,000 shares at a strike price of \$0.12/share
(collectively, the “**Exercised Warrants**”).
- 54 As at the date of this Second Report, of the above Exercised Warrants, the Receiver has monetized the resulting shares obtained from one (1) of the Exercised Warrants: Novo Resources Corp. The Receiver monetized the 96,160 shares acquired in Novo Resources Corp. from exercising the Warrant of same for proceeds of \$726,864. This resulted in net cash proceeds to the Resource Fund of \$649,936, as the shares were acquired for \$76,928. The Receiver continues to work with NBCN to monetize shares acquired through the exercising of Warrants.

THE RECEIVER'S PROPOSED INTERIM DISTRIBUTION

- 55 Through the completion of the monetization of the Equities, External Mutual Funds, certain shares acquired through exercising Warrants, and the maturation and payout of certain Off-Book Assets, the Receiver currently has net proceeds available for distribution to investors of certain Crystal Wealth Funds of \$30,817,199, after the allocation of professional fees and appropriate holdback for claims filed pursuant to the Creditor Claims Procedure Order.
- 56 Cash balances are those being held in the respective Fund accounts at NBCN. Any proceeds (e.g. mortgage payments) or realizations from the monetization of marketable securities of a particular Fund were deposited to that Fund's bank account at NBCN. In other words, each Fund is being managed and accounted for on its own with no co-mingling amongst the Funds.
- 57 The creditor claims filed are currently being analyzed by the Receiver. However, for purposes of the Receiver's request for a timely interim distribution to investors, the Receiver has included a holdback for the full value of the creditor claims filed (as outlined in the table below) while they remain under evaluation. As detailed in the Creditor Claims Procedure section to this Second Report, a claim which named a particular Fund was allocated to that Fund. For those claims which named the Crystal Wealth Funds in general, such claims were allocated among the Crystal Wealth Funds based on the weighted average of the recorded NAV as at April 20, 2017 of each Crystal Wealth Fund.
- 58 The sole exception to the holdbacks provided for on account of the creditor claims filed through the Creditor Claims Procedure concerns the contingent claim filed by BDO Canada LLP ("**BDO**"), which is addressed in paragraphs 410 to 418 below and has been resolved by the Receiver in a manner which permits the Receiver's proposed interim distributions to investors to proceed.
- 59 The following table demonstrates the calculated proposed per unit interim distribution to investors of certain of the Crystal Wealth Funds using the foregoing allocation methodology, and with respect to the allocation of Receiver and legal fees through to September 30, 2017 (including HST). The database of investors are that as contained in the records of IFDS pursuant to the June 30, 2017 Order. Cash balances for each of the

Crystal Wealth Funds are as at November 15, 2017. The total cash balance of \$38,780,756 consists of \$36,227,236 and US \$1,999,154, converted at a rate of 1.2773 (\$2,553,520).

Fund	Cash Balance	Claims/Account Holdbacks	Receiver & Legal Fees	Available Proceeds	Per Unit
Mortgage Fund	\$ 5,208,001	\$ (1,126,299)	\$ (205,000)	\$ 3,876,702	\$ 1.45
Resource Fund	1,910,766	(104,745)	(34,503)	1,771,517	\$ 2.93
Factoring Fund	637,647	(1,050,607)	(147,086)	(560,045)	\$ -
Medical Fund	2,368,693	(354,966)	(61,541)	1,952,186	\$ 2.86
Bullion Fund	271,308	(87,360)	(17,441)	166,507	\$ 2.02
Media Fund	8,954,229	(2,255,355)	(315,145)	6,383,729	\$ 1.18
High Yield Mortgage Fund	1,854,851	(205,975)	(63,658)	1,585,219	\$ 2.92
Infrastructure Fund	2,088,371	(372,335)	(32,803)	1,683,234	\$ 2.19
Hedge Fund	630,890	(387,839)	(86,693)	156,358	\$ 0.12
Conscious Capital Fund	27,912	(120,971)	(2,039)	(95,098)	\$ -
ACM Income Fund	933,137	(243,122)	(32,480)	657,534	\$ 0.62
ACM Growth Fund	6,121,572	(255,922)	(31,366)	5,834,284	\$ 4.88
Sustainable Dividend Fund	6,660,591	(122,762)	(37,021)	6,500,807	\$ 10.76
Sustainable Property Fund	1,112,788	(168,153)	(40,370)	904,265	\$ 1.99
	\$38,780,756	\$ (6,856,412)	\$ (1,107,146)	\$ 30,817,199	

60 As the foregoing table suggests, the Receiver is recommending a per unit distribution for all Crystal Wealth Funds except for the Factoring Fund and the Conscious Capital Fund, where no funds are available for distribution. With respect to the Factoring Fund, the lack of funds available for distribution to investors arises directly from the significant impairment of the purported investments made by the Factoring Fund prior to the Receiver's appointment, as is detailed throughout this Second Report and immediately below.

- 61 Holdbacks for actual and future estimated Receiver and legal fees are similarly tracked in the table above either by specific Crystal Wealth Fund, or if they represent time allocable to all Crystal Wealth Funds, then such fees were allocated on the basis of effort and number of investors in each Fund. Cumulative Receiver and legal fees of approximately \$127,671 (including HST) were allocated outside of the Crystal Wealth Funds to Crystal Wealth Group entities and individuals including, CLJ Everest, Smith, and 115 Ontario.

DISCUSSION OF INVESTMENTS AND RECEIVER'S FINDINGS

FACTORING CONTRACTS

BACKGROUND

62 As outlined in the First Report, all of the Factoring Contracts (agreements to purchase invoices or portions thereof, which after purchase are referred to as "**Purchased Invoices**", from operating businesses referred to as "Merchants", for a discount and a service fee) are sourced and administered by Frontline Factoring Inc. Frontline was tasked by the Company with finding these opportunities and then collecting the invoice value from the underlying debtor(s) of the invoice(s) (the "**Debtors**"). The procurement and administration of Factoring Contracts is governed by a Factoring Procurement and Administration Agreement ("**FPAA**") entered into with Frontline by the Factoring Fund and the Hedge Fund.² A copy of the FPAA entered into with Frontline by the Factoring Fund is attached hereto as **Appendix "14"**.

63 As at the date of this Second Report, the Factoring Fund and the Hedge Fund have outstanding Purchased Invoices acquired through Factoring Contracts entered into with the following Merchants:

- a) Dome Mountain Resources of Canada Inc. ("**Dome Mountain**");
- b) Zomongo TV Corp ("**Zomongo TV**");
- c) Advanced Metal Concept and Fabrication Ltd. ("**Advanced Metal**");
- d) 1566496 Alberta Ltd. ("**156 Alberta**");
- e) 647497 B.C. Ltd. ("**647 BC**");
- f) Restoration Energy Inc. ("**Restoration Energy**"); and
- g) Single Source Services Ltd. ("**Single Source**")

² Frontline has advised the Receiver that it does "not ever remember" a FPAA executed by the Hedge Fund, and that Frontline cannot locate such an agreement. Frontline was accordingly to conduct the administration of the Hedge Fund Factoring Contracts as per the FPAA entered into by the Factoring Fund with Frontline.

(collectively, the “**Merchants**”).

- 64 As at October 26, 2017, the Factoring Fund and Hedge Fund had total principal owing from the Merchants of \$23,013,773 and \$3,011,397, respectively, totaling \$26,025,170 (the “**Factoring Principal Balance**”). The Factoring Fund and Hedge Fund also had interest owing under the Factoring Contracts of \$3,744,678 and \$909,586, respectively, totaling \$4,654,265 (the “**Factoring Interest Balance**”). The sum of the Factoring Principal Balance and the Factoring Interest Balance, totaling \$30,679,435, is referred to herein as the “**Factoring Balance**”.
- 65 The following table outlines the principal and interest owing from each of the Merchants as at October 26, 2017.

Merchant	Principal			Interest		
	Factoring Fund	Hedge Fund	Total	Factoring Fund	Hedge Fund	Total
Dome Mountain	\$ 12,793,175	\$ 1,015,660	\$ 13,808,835	\$ 2,280,593	\$ 181,058	\$ 2,461,651
Zomongo TV	6,204,373	1,494,737	7,699,110	845,396	660,307	1,505,702
Advanced Metal	1,256,311	-	1,256,311	248,029	-	248,029
156 Alberta	824,039	-	824,039	140,318	-	140,318
Restoration Energy	1,402,193	501,000	1,903,193	100,876	68,222	169,098
647 BC	439,698	-	439,698	109,260	-	109,260
Single Source	93,985	-	93,985	20,206	-	20,206
	\$ 23,013,773	\$ 3,011,397	\$ 26,025,170	\$ 3,744,678	\$ 909,586	\$ 4,654,265

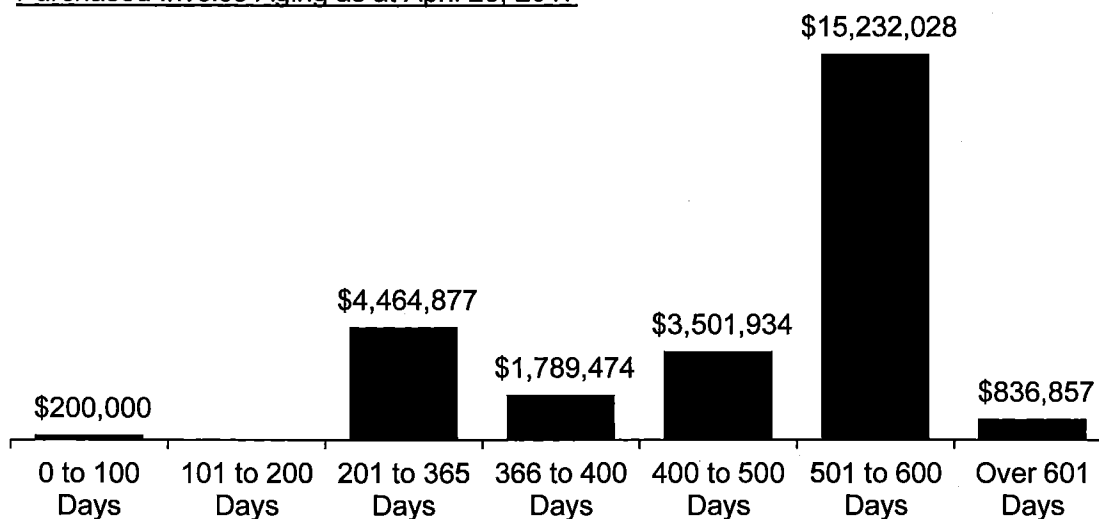
A more detailed account of each of the balances owing from the Merchants, the underlying Purchased Invoices of such balances, and the Debtors of same, is included in a summary prepared by the Receiver attached hereto as **Appendix “15”** (the “**Outstanding Invoice Schedule**”). A detailed discussion of the status of the individual Merchants and the Receiver’s activities with respect to same is outlined below.

RECEIVER'S KEY FINDINGS

Non-Performance of the Factoring Contracts

- 66 Since its appointment, the Receiver has monitored the Factoring Contracts mainly through its review of the weekly reporting provided to the Factoring Fund and Hedge Fund by Frontline which outlines the outstanding Purchased Invoices and the activity of same (the **"Weekly Frontline Reporting"**).
- 67 As demonstrated in the Outstanding Invoice Schedule, the Factoring Fund and Hedge Fund have only collected \$2,310,507 and \$10,963, from four (4) Merchants, on the outstanding Purchased Invoices. A total of \$2,786,052 (which includes the above noted amounts) was collected by the Hedge Fund and Factoring Fund during the 12 months prior to the Appointment Order. The Receiver has concerns as to how redemptions and distributions to investors in the Factoring Fund and Hedge Fund were made prior to the Receiver's appointment given the minimal collections during the 12 months preceding the Receiver's appointment on the Factoring Contracts, and with respect to the US Real Estate LP and Gold Contracts. The Receiver has concerns that the Inter-fund Investments made by other Crystal Wealth Funds and/or investors who purchased units in the Factoring/Hedge Fund did so at an overstated NAV and funded the redemptions and distributions to other investors.
- 68 As at the Receiver's appointment on April 26, 2017, the average number of days outstanding for the Purchased Invoices (i.e. the difference between the invoice date and April 26, 2017) (the **"Invoice Days Outstanding"**) was approximately 405 days. The oldest invoice outstanding is dated August 4, 2015 while the most recent invoice outstanding is February 12, 2017. The following table demonstrates the aging of the principal balances owing under the Purchased Invoices.

Purchased Invoice Aging as at April 26, 2017



As shown above, as at April 26, 2017, approximately 82% (\$21,360,293) of the Factoring Principal Balance was over one (1) year past the invoice date.

- 69 In the Receiver's initial discussions with Frontline, Frontline advised that it was in constant communication with the Merchants noted above and that it was being advised by the Merchants that payments would be made on the Purchased Invoices in the near future. Notwithstanding these representations, as at the end of July 2017, the Receiver notes that no payments had been received from any of the Merchants or the Debtors since the Appointment Order.

Frontline and the Receiver's Efforts in Pursuing Non-Paying Debtors

- 70 In the absence of payments being received from the Debtors and/or the Merchants, despite Frontline's initial assurances, the Receiver engaged in the following with respect to all Debtors and Merchants.
- 71 On June 28, 2017, A&B, on behalf of the Receiver, sent Frontline a letter (the "**June 28 2017 Receiver Letter**") that, among other things:
- a) advised that at times, Frontline had failed to provide the Weekly Frontline Reporting and that such reporting should be provided to the Receiver forthwith;

- b) requested that Frontline provide reports to the Receiver with respect to any Non-Performing Factoring Arrangements as required by s. 5.1 of the FPAA (the “**Non-Performing Reports**”); and
- c) requested that Frontline, under s. 4.1(e) of the FPAA, send correspondence to all Debtors advising that the Receiver’s appointment is of no consequence to the amount owing under the Purchased Invoices and that the amount of same must be remitted in full.

A copy of the June 28 2017 Receiver Letter is attached hereto as **Appendix “16”**.

- 72 On June 30, 2017, Frontline delivered to the Receiver a Non-Performing Report dated June 30, 2017 (the “**June 30 2017 Non-Performing Report**”) which provided a status update on all of the Merchants. Based on the Receiver’s review of the Company’s books and records, the Receiver was unable to locate any Non-Performing Reports prepared by Frontline and sent to the Factoring Fund and/or Hedge Fund prior to receiving the June 30 2017 Non-Performing Report.
- 73 On July 12, 2017, letters were sent by Frontline to all of the underlying Debtors advising them of the Purchased Invoices outstanding and their obligation to remit payment (the “**Frontline July 12 2017 Letters**”). An example of the Frontline July 12 2017 Letters, excluding Debtor information, is attached hereto as **Appendix “17”**.
- 74 On August 15, 2017, after no correspondence and only one payment of \$25,000 being received, the Receiver sent letters to each of the Debtors (the “**August 15 2017 Debtor Letters**”). The August 15 2017 Debtor Letters, which referenced the Frontline July 12 2017 Letters and the Purchased Invoices outstanding, demanded that the Debtors remit all outstanding amounts owing under the Purchased Invoice — including accrued interest — directly to Frontline, in trust for the Receiver, by no later than 5:00 p.m. EST on August 23, 2017. Despite the August 15 2017 Debtor Letters, only one further payment has been remitted on account of a Purchased Invoice in the sum of \$113,044.51.³

³ The Debtor pursuant to this Purchased Invoice is Lotus Environmental Ltd, pursuant to the Factoring Fund’s Factoring Agreement with the Merchant, Advanced Metal. Frontline has yet to remit any of this payment to the Receiver, contrary to the Receiver’s directions to Frontline pursuant to the FPAA.

Compliance with Factoring Fund and Hedge Fund OMs

75 As outlined in the First Report, the Factoring Fund's investment objective is to:

"...to provide consistently positive total returns...by investing primarily in commercial factoring contracts. The Fund is also authorized to invest in other securities including equities, fixed income securities, investment funds and exchange-traded derivatives."

(the "**Factoring Fund Investment Objective**").

76 The Receiver is of the opinion that the issuance of the Bridge Facility to Dome Mountain (as defined and described in detail below) resulted in the Factoring Fund breaching the Factoring Fund Investment Objective. The non-disclosure of such an investment is a gross misrepresentation to investors investing into a fund with the expectation to be invested in Factoring Contracts whereby traditional receivables are being purchased.

77 It is unclear if the Factoring Contracts would be considered appropriate investments in the Hedge Fund given the broad wording contained in the Hedge Fund's OM.

Receiver's Conclusion on the Non-Performance of the Factoring Contracts

78 Based on the foregoing, it is unlikely that the outstanding Purchased Invoices will be paid by the Debtors – several of whom are resident outside of Ontario, Canada, or North America – as it appears that no payments have been received by the Debtors directly for any of the outstanding Purchased Invoices. Neither the Factoring/Hedge Fund nor the Merchants have any security against the Debtors for the Purchased Invoices; both are unsecured creditors of the Debtors. The pursuit of the Debtors for the payment of the Purchased Invoices would be an expensive process which would likely result in unfavorable results, if any. Frontline has indicated that collections from the underlying Debtors is unlikely, and that the Merchants are likely the sole recourse for recovery.

79 Under the Factoring Contracts, there are certain provisions available to the Factoring Fund and Hedge Fund (i.e. the Receiver) against the Merchants to pursue the outstanding balances under the Purchased Invoices, including in some cases, security over the assets of the Merchants. As a result, pursuing the Merchants for the balances owing to the Factoring Fund and Hedge Fund is the most economical and best source of any recovery.

- 80 The following section describes: (i) what the Receiver has learned about each of the Merchants and the facts that led to the acquisition of the impaired Purchased Invoices by the Factoring Fund and Hedge Fund; and (iii) the Receiver's activities thus far in pursuing the Merchants for the repayment of same.

RECEIVER'S DETAILED REVIEW OF FACTORING CONTRACTS

Dome Mountain

- 81 As noted above, as at October 26, 2017, Dome Mountain has an outstanding balance owing to the Factoring Fund and Hedge Fund of \$15,073,768 and \$1,196,718, respectively, totaling \$16,270,486 (the "**Dome Mountain Balance**"). The Dome Mountain Balance includes principal owing to the Factoring Fund and Hedge Fund of \$12,793,175 and \$1,015,660, respectively, in addition to interest owing to the Factoring Fund and Hedge Fund of \$2,280,593 and \$181,058, respectively.
- 82 Based on numerous discussions with Frontline and a detailed review of the documentation located with respect to the Dome Mountain Balance, the Dome Mountain Balance is in fact a bridge loan (defined below as the "**Bridge Facility**") to Dome Mountain; it is not a Purchased Invoice. A questionable "invoice" was issued by Dome Mountain to MGE Corporation Limited, apparently to falsely portray the Bridge Facility to Dome Mountain as a Purchased Invoice pursuant to a Factoring Contract. The Receiver's review of these arrangements is detailed below.

Dome Financing – 2015

- 83 The Company (in trust) and Dome Mountain entered into a "factoring agreement" (i.e. a bridge loan agreement) dated November 4, 2015 for a term of 12 months (the "**Dome 2015 Loan Agreement**"). Under the Dome 2015 Loan Agreement, the Company purchased one (1) invoice issued to MGE Corporation Limited ("**MGE**") dated November 11, 2015 totaling \$80,000,000 (the "**MGE 2015 Invoice**"). A copy of the MGE 2015 Invoice is attached hereto as **Appendix "18"**.
- 84 Under the Dome 2015 Loan Agreement total advances of \$12,507,676 were made by certain Funds at various times during November 2015 to December 2015 as follows:
- a) Factoring Fund – \$10,127,676; and

b) ACM Growth Fund – \$2,380,000.⁴

Frontline provided the Receiver with a Mandate Letter and Term Sheet between Overseas European Holdings limited (“OEHL”), an affiliate of MGE, and Dome Mountain dated November 7, 2015 (the “**MGE 2015 Term Sheet**”) that expired on November 6, 2016. A copy of the MGE 2015 Term Sheet is attached hereto as **Appendix “19”**. The MGE 2015 Term Sheet referenced a proposed acquisition of shares (the “**Acquisition**”) in Gavin Mines Inc. (“**Gavin Mines**”) by Dome Mountain, and noted that OEHL and MGE agreed to, among other things:

- a) assist in securing a bridge financing facility to finance drilling operations of Gavin Mines (the “**Bridge Facility**”);
- b) issue a performance guarantee bond to assist in securing the Bridge Facility (as described below); and
- c) issue a 10 year, US \$80 million loan to Dome Mountain to fund the Acquisition, capital expenditures, and to refinance the Bridge Facility (the “**Acquisition Loan Facility**”).

85 Frontline also provided the Receiver with a copy of a performance guarantee bond in the amount of \$12 million issued by Active Capital Reinsurance Ltd. for the period of November 6, 2015 to November 5, 2016 (the “**2015 Performance Bond**”). The 2015 Performance Bond, which is attached hereto as **Appendix “20”**, had named MGE as the insured and the Company (Crystal Wealth Management System Limited (in Trust)) as the beneficiary.

86 Based on the above, it is apparent that the Dome 2015 Loan Agreement and the purchase of the MGE 2015 Invoice were entered into together to disguise the transaction as a “factoring arrangement” although in substance, the advances to Dome Mountain were essentially a bridge loan, i.e. the Bridge Facility as outlined in the MGE 2015 Term Sheet. MGE, through the Acquisition Loan Facility, was to refinance the Bridge Facility provided by the Factoring Fund and ACM Growth Fund. Frontline has confirmed the Receiver’s

⁴ The amount advanced by the ACM Growth Fund was later assigned to the Factoring Fund through the execution of an Assignment Agreement dated November 11, 2016, between the ACM Growth Fund and the Factoring Fund (each by their manager and trustee, the Company).

understanding that the monies advanced by the Funds were in fact a Bridge Facility as described above.

- 87 The Receiver inquired with Frontline as to the underlying rationale with respect to this arrangement, to which Frontline advised that it had not procured this arrangement but rather Housego had sourced and negotiated the deal with Dome Mountain and MGE. Frontline advised that this arrangement was funded by the Factoring Fund and that Housego instructed Frontline to include it in the portfolio and administer same. The Receiver has obtained evidence that Frontline was actively involved in the origination of the Dome 2015 Loan Agreement.

Dome Financing – 2016

- 88 Upon expiry of the Dome 2015 Loan Agreement, the MGE 2015 Term Sheet, and the 2015 Performance Bond, the following occurred:
- a) the Company (in trust) entered into another 12 month “factoring agreement” with Dome Mountain dated November 4, 2016 (the “**Dome 2016 Loan Agreement**”);
 - b) the Company (in trust) and Dome Mountain entered into a security agreement (“**GSA**”) dated November 4, 2016 (the “**Dome Mountain GSA**”);
 - c) another Dome Mountain invoice (invoice no. 0206) dated November 5, 2016 to MGE (the “**MGE 2016 Invoice**”) was purchased by the Factoring Fund to replace the MGE 2015 Invoice;
 - d) an updated Mandate Letter and Term Sheet dated November 3, 2016 between MGE and Dome Mountain was executed (the “**MGE 2016 Term Sheet**”) with terms substantively the same as the MGE 2015 Term Sheet, aside from the Acquisition Loan Facility being reduced to US \$36 million; and
 - e) a performance guarantee in the amount of \$18 million (the “**Guarantee Limit**”) was issued by Best Meridian International Company SPC (“**BMIC**”), as reinsurer, for the period of November 4, 2016 to November 6, 2017 (MGE – 112017-000016) (the “**2016 Performance Bond**”) whereby MGE is named as the insured and the Company (Crystal Wealth Management System Limited (in trust)) as the beneficiary. The 2016

Performance Guarantee also carried a premium of \$630,000 (the “**Performance Premium**”) payable by the insured, MGE.

A copy of the MGE 2016 Invoice, the MGE 2016 Term Sheet, and the 2016 Performance Bond are attached hereto as **Appendix “21”**, **Appendix “22”**, and **Appendix “23”** respectively.

- 89 The Invoice Summary (as defined below) provided by Frontline dated November 22, 2016, which is attached to this Second Report as **Appendix “24”**, notes that the Dome 2016 Loan Agreement, the 2016 Performance Bond, and the MGE 2016 Invoice were entered into because:

“...MGE was unable to close on the funding of Gavin Mines as the numbers did not substantiate the purchase price, although we had an insurance policy covering the performance of MGE. As the deal has been restructured at a lower price, MGE will now be able to fund the share purchase and the insurance company is willing to reissue a new policy at an increased amount.”

- 90 MGE and Dome Mountain also executed a Deed of Guarantee dated November 4, 2016 (the “**Deed of Guarantee**”), wherein MGE expressly acknowledged that Dome Mountain was borrowing funds from the Company (in trust for the Factoring Fund and the Hedge Fund), in the form of an interest-bearing loan (the Bridge Facility) in the amount of CAD \$18,000,000. The Deed of Guarantee expressly provides that MGE had procured the 2016 Performance Guarantee “to ensure repayment of the [Bridge Facility]” to the Factoring and Hedge Funds, together with all interest due to the Company (in trust for the Factoring Fund and Hedge Fund).
- 91 Consistent with the Deed of Guarantee, on November 4, 2016, MGE effected a registration under the PPSA (Alberta), registering MGE as a secured party of Dome Mountain with the following collateral description:

100% of the share capital of [Dome Mountain], secured party has charge over the total share capital of the Debtor, Dome Mountain Resources of Canada Inc., as collateral for a loan of C\$18,000,000 starting on 4 November 2016, as per Deed of Guarantee of the same Date.

- 92 On November 11, 2016, days following the execution of the Deed of Guarantee and the issuance of the Performance Guarantee, the Hedge Fund advanced an additional \$996,625 to Dome Mountain, in addition to the \$12,600,607 advanced in 2015 by the Factoring Fund, in apparent reliance on the representation by MGE that the \$18 million 2016 Performance Bond was in place to ensure that these advances, and all accrued interest, would be repaid to the Factoring Fund and Hedge Fund.

Status of Dome Mountain

- 93 Frontline has advised the Receiver that Dome Mountain is not performing as MGE has not yet been able to secure funding as contemplated in the MGE 2016 Term Sheet. The Non-Performing Reports indicate that MGE continues to push back the timeline with respect to the Acquisition Loan Facility.
- 94 Upon review of the 2016 Performance Bond, the Guarantee Limit is payable by BMIIIC on or after November 6, 2017 should the Loan (as defined in the 2016 Performance Bond) not be repaid to the Factoring and Hedge Funds by November 6, 2017. As the Loan had not been repaid to the Factoring Fund the Hedge Fund, the Receiver took steps to ensure that a claim would be submitted by MGE pursuant to the Performance Guarantee, to ensure that the principal amount of the Bridge Facility, and all accrued interest, is repaid to the Factoring Fund and Hedge Fund as the beneficiaries of the 2016 Performance Bond.
- 95 However, Frontline advised the Receiver that after the 2016 Performance Bond was executed in November 2016, MGE, nor any other party, remitted the Performance Premium to the underwriter of the 2016 Performance Bond, Global BRG, LLC ("**BRG**").
- 96 On October 17, 2017, after being contacted by the Receiver, BRG advised that the Performance Premium was never remitted and as a result, the 2016 Performance Guarantee was cancelled on November 28, 2016. A copy of the cancellation letter provided by BRG is attached hereto as **Appendix "25"**.
- 97 On October 19, 2017, the Receiver sent a letter to MGE (the "**October 19 2017 Letter**") demanding that MGE provide, by no later than 5 p.m. EST on Friday, October 20, 2017, a written explanation to the Receiver advising of:
- a) the circumstances which gave rise to MGE's failure to pay the Performance Premium;

- b) whether notice was given by MGE to the Crystal Wealth Group, Dome Mountain, and/or to Frontline that the Performance Premium had not been paid, and that the 2016 Performance Bond had been cancelled;
 - c) the reason MGE registered its security interest against Dome Mountain as per the Deed of Guarantee, despite its failure to secure the 2016 Performance Bond as required and contrary to MGE's representations in the Deed of Guarantee; and
 - d) whether a replacement policy of insurance, or performance guarantee, had been obtained by MGE or any other party to secure repayment of the Bridge Facility indebtedness owing to the Factoring and Hedge Funds.
- 98 After not receiving a response from MGE, A&B, on behalf of the Receiver, sent a follow-up email to MGE on October 23, 2017. A copy of the October 19 2017 Letter and the follow-up email sent by A&B are attached hereto as **Appendix "26"** and **Appendix "27"** respectively.
- 99 On October 24, 2017, A&B, the Receiver, and Stephen Miller, who had executed the 2016 Performance Guarantee and Deed of Guarantee on behalf of MGE, attended a call to discuss the contents contained in the October 19 2017 Letter. Miller advised that he was working with MGE's counsel to draft a response and to provide supporting documentation to support his response to the October 19 2017 Letter. Miller acknowledged such a response would be delivered by the end of the week (October 27, 2017). Miller also advised the Receiver of the following:
- a) it was the responsibility of Frontline, the Factoring Fund, and the Hedge Fund to pay the Performance Premium required by the 2016 Performance Bond;
 - b) Froese (the President of Frontline) and Housego were aware that it was the responsibility of Frontline, the Factoring Fund, and the Hedge Fund to pay the Performance Premium, but they failed to cause the Performance Premium to be paid, thereby causing the 2016 Performance Bond to be cancelled; and
 - c) MGE had at no time provided financing to Dome Mountain, given that Dome Mountain failed to obtain a valuation of Gavin Mines which was a precondition to MGE providing Dome Mountain with financing, or issuing a bond.

- 100 On October 30, 2017, after no response was received to the October 19, 2017 Letter, A&B sent a follow-up email to Miller requesting a response and that the previously-requested supporting documentation be delivered to the Receiver by the end of the day.
- 101 On October 31, 2017, MGE provided a response to the Receiver (the “**MGE October 31st Email**”) which confirmed the assertions made by Miller in his discussion with the Receiver and A&B on October 24, 2017. More specifically, Miller asserted that Froese and Housego were “very well aware” that it was the Hedge Fund, Factoring Fund, and Frontline’s responsibility to pay the Performance Premium of \$630,000. Miller further asserted that at no time had MGE provided financing to Dome Mountain. Notwithstanding the assertions made by Miller, A&B, on behalf of the Receiver, responded to Miller indicating that he had failed to provide any support for his assertion that it was the responsibility of Frontline, the Hedge Fund, and/or the Factoring Fund to pay the Performance Premium. As at the date of this Second Report, Miller has not provided any supporting documentation to support his assertions in the MGE October 31st Email, despite A&B having sent a further follow-up email to him on November 9, 2017 demanding a response. Copies of the MGE October 31st Email and A&B’s responses to Miller sent on October 31, 2017 and November 9, 2017 are attached hereto as **Appendix “28”**.
- 102 As the MGE October 31st Email contradicted Froese’s (Frontline’s) account of the events, the Receiver sent correspondence to Froese on October 31, 2017 (the “**Receiver’s October 31 2017 Email**”) that, among other things:
- a) made Froese aware of the Receiver’s correspondence with MGE and BRG;
 - b) made Froese aware of the assertions made by Miller in the MGE October 31st Email;
 - c) requested that Froese provide an update on the nature of the ongoing dealings between MGE and Dome Mountain;
 - d) requested that Froese explain and elaborate upon the meaning of his October 27, 2017 email to the Receiver, wherein Froese indicated that “*MGE has had some good progress [on obtaining financing] although nothing [was] definitive*”;
 - e) requested that Froese provide an explanation as to why the \$630,000 Performance Premium was never paid, which left the Hedge Fund and Factoring Fund without recourse to an insurance policy;

- f) requested the reporting which was given to the Hedge Fund and Factoring Fund by Frontline leading up to the advances made by the Funds to Dome Mountain; and
- g) requested that Froese provide a copy of Frontline's due diligence summary report provided to the Factoring Fund and Hedge Fund and all correspondence and discussion notes which preceded the advances made to Dome Mountain.

A copy of the Receiver's October 31 2017 Email is attached hereto as **Appendix "29"**.

103 After repeatedly following up with Froese, on November 21, 2017, the Receiver received a response from Froese to the Receiver's October 31 2017 Email, which response is attached hereto as **Appendix "30"**. Froese's response failed to reasonably explain why the Performance Premium for the 2016 Performance Bond had not been paid, or why a claim had not been submitted pursuant to the 2015 Performance Bond. In his November 21st email to the Receiver, Froese indicates, among other things, that:

- a) On November 14, 2016, Froese *"Received instructions from Al Housego regarding wording of [Frontline] Invoice Summary and what needs to happen with internal structure"*.

As indicated above, the Invoice Summary subsequently provided by Frontline was dated November 22, 2016, which is attached to this Second Report as **Appendix "24"** (as noted above), and notes that the Dome 2016 Loan Agreement, the 2016 Performance Bond, and the MGE 2016 Invoice were entered into because:

"...MGE was unable to close on the funding of Gavin Mines as the numbers did not substantiate the purchase price, although we had an insurance policy covering the performance of MGE. As the deal has been restructured at a lower price, MGE will now be able to fund the share purchase and the insurance company is willing to reissue a new policy at an increased amount."

- b) On November 15, 2016, Froese *"Received email instructions from Clayton Smith requesting we structure this as a factoring agreement and the object being factored is the sale proceeds from MGE with insurance as backup"*. This email from Smith to Frontline was subsequently provided by Froese to the Receiver on November 21, 2017, and is included within **Appendix "30"** noted above; and

- c) During the first week of December 2016, Froese *“received word that Crystal Wealth did not have any funds to pay for the insurance policy although based on their conversations with Steve Miller from MGE, they were confident he would perform”*.

Dome Mountain Assets and Receiver's Recourse

- 104 The Receiver has requested that Frontline and Dome Mountain provide information to the Receiver concerning Dome Mountain and Gavin Mines. As at the date of this Second Report, neither Frontline nor Dome Mountain have provided such information, and by an email sent on November 8, 2017, Dome Mountain advised it “has not had any financial documents prepared”. There is accordingly no information or evidence as to how Dome Mountain utilized the \$13,808,835 which was advanced to it by the Factoring and Hedge Funds.
- 105 By letter dated November 22, 2017, the Receiver demanded immediate payment of the Dome Mountain Balance from Dome Mountain pursuant to the Dome 2016 Loan Agreement, as well as immediate payment of all amounts owing by Dome Mountain to the Factoring Fund pursuant to the Fund’s factoring arrangements with 156 Alberta and 647 BC, as detailed immediately below. A copy of the November 22, 2017 letter sent by the Receiver to Dome Mountain is attached to this Second Report as **Appendix “31”**.

156 Alberta and 647 BC

156 Alberta

- 106 The Factoring Fund entered into a Factoring Agreement with 156 Alberta dated January 8, 2015 (the **“156 Alberta Factoring Agreement”**). The Factoring Fund also entered into a security agreement with 156 Alberta dated January 8, 2015 granting the Factoring Fund a general continuing security interest over all present and future property and assets of 156 Alberta. Frontline has advised that, similar to 647 BC (described below), 156 Alberta performs project management and consulting for mining projects. The principals of 156 Alberta are Jeff Maljaars and Robert Maljaars (**“R. Maljaars”**). In addition to Darcy Pahl, who is the director of Dome Mountain, R. Maljaars executed Dome Mountain’s Factoring Contracts with the Company (in trust for the Factoring Fund and Hedge Fund) on behalf of Dome Mountain, with the stated title of “Director” of Dome Mountain. In MGE’s October 31 Email (**Appendix “28”**), Miller had indicated that the “majority” of MGE’s communications were with Darcy Pahl and R. Maljaars, and with Froese and Housego.

647 BC

- 107 On November 28, 2014, the Factoring Fund entered into a Factoring Agreement with 647 BC (the “**647 BC Factoring Agreement**”). The Factoring Fund also entered into a security agreement with 647 BC dated November 27, 2014 which granted the Factoring Fund a general continuing security interest over all present and future property and assets of 647 BC. Frontline has advised the Receiver that 647 BC performs project management services for large projects and had been a client of Frontline in the past. Froese advised that he is personally familiar with the owners of 647 BC, Marion DenHollander and David DenHollander (together, the “**DenHollanders**”). The Receiver has been advised by an investor that David DenHollander is also related to Dome Mountain. As will be detailed in the Zomongo TV section below, the DenHollanders are also involved with Zomongo Inc. and/or Zomongo TV, both of whom are Merchants pursuant to Factoring Contracts entered into with the Factoring Fund and/or the Hedge Fund.

Relationship of 647 BC and 156 Alberta to Dome Mountain

- 108 As outlined in the table below, all but one of the Purchased Invoices from 647 BC and 156 Alberta are owing from Dome Mountain as the Debtor. A copy of the outstanding Purchased Invoices for 647 BC and 156 Alberta are attached to this Second Report as **Appendix “32”**.

					Balances as at October 26th		
	Debtor	No.	Amount of Invoices	Days Outstanding as at April 26th	Principal	Interest	Total
156 Alberta	Dome Mountain	2	\$1,010,000	312 Days	\$ 624,039	\$117,118	\$ 741,157
647 BC	Dome Mountain	2	578,550	340 Days	439,698	109,260	548,958
156 Alberta	IC Commerce	1	238,095	73 Days	200,000	23,200	223,200
		5	\$1,826,645	275 Days	\$1,263,737	\$249,579	\$1,513,316

- 109 The fact that an additional \$1,290,116 is owing to the Factoring Fund from Dome Mountain (as the Debtor), results in Dome Mountain, directly and indirectly, owing the Factoring/Hedge Fund a total of \$17,560,601 (principal of \$14,872,572 and interest of \$2,688,029). It is unclear as to the types of services provided by 156 Alberta and 647 BC as the invoice description contains only the words “*Consulting*” (for 156 Alberta) or “*Project Management*” (for 647 BC), with no other pertinent details.

- 110 In addition, to the 156 Alberta Dome Invoices and the 647 BC Dome Invoices, the following table outlines previous invoices issued to Dome Mountain from 156 Alberta and 647 BC that the Factoring Fund purchased resulting in the Fund advancing funds to 156 Alberta and 647 BC. These invoices were subsequently repaid.

Merchant / Debtor	Invoice Summary Date	Invoice No.	Invoice Amount	Funds Advanced to Merchant
647497 BC Ltd.				
Dome Mountain	28-Nov-14	257	\$ 357,000	\$ 279,888
Dome Mountain	22-Dec-14	261	367,500	288,120
Dome Mountain	27-Jan-15	264	328,125	257,250
Dome Mountain	11-May-15	302	507,675	398,017
Dome Mountain	30-Sep-15	304	237,891	186,506
			1,798,191	1,409,781
1566496 Alberta Ltd.				
Dome Mountain	27-Feb-15	145	152,250	119,364
Dome Mountain	17-Mar-15	146	131,250	102,900
Dome Mountain	30-Mar-15	149	183,750	144,060
Dome Mountain	13-Apr-15	150	131,250	102,900
Dome Mountain	29-Apr-15	151	262,500	205,800
Dome Mountain	11-May-15	152	510,300	400,075
Dome Mountain	31-Aug-15	153	105,000	82,320
Dome Mountain	10-Sep-15	155	220,500	172,872
Dome Mountain	29-Oct-15	157	340,000	266,560
Dome Mountain	06-Nov-15	158	260,000	203,840
Dome Mountain	05-Jan-16	159	390,000	305,760
Dome Mountain	15-Apr-16	215	65,100	51,038
			2,751,900	2,157,490
Grant Total			\$ 4,550,091	\$ 3,567,271

- 111 Based on the table above, it appears that Dome Mountain paid:
- a) \$1,798,181 to 647 BC for "*Project Management*" invoices issued to Dome Mountain; and
 - b) \$2,751,900 to 156 Alberta for "*Consulting*" invoices issued to Dome Mountain in circumstances where 156 Alberta appears to be a related party.
- 112 The Receiver is in the process of obtaining more information to determine the timing of these transactions as well as the original funding to Dome Mountain by the Factoring Fund

and Hedge Fund totaling approximately \$13,808,835. The Receiver has concerns that a portion of the \$13,808,835 was used to pay the above noted invoices issued to Dome Mountain totaling \$4,550,091.

- 113 On November 7, 2017, DenHollander sent Frontline an email, advising as follows:

"I am out of the country and don't know when we will return. Perhaps sometime next year but at present not sure".

DenHollander further advised that 647 BC is three years behind on its financial statements. DenHollander indicated that

"[i]n regards to a repayment schedule [647 BC is] working on a plan which I hope will be finalized in the next 30-60 days which would allow us to start repaying funds".

A copy of DenHollander's email to Frontline is attached to this Second Report as **Appendix "33"**.

- 114 By letters dated November 22, 2017, the Receiver demanded immediate payment from 647 BC and 156 Alberta pursuant to the 647 BC Factoring Agreement and the 156 Alberta BC Factoring Agreement, respectively. Copies of the November 22, 2017 letters sent by the Receiver to 647 BC and 156 Alberta are attached to this Second Report as **Appendix "34"**.

Zomongo TV

- 115 The Factoring Fund and the Hedge Fund each entered into Factoring Agreements with Zomongo TV, an Alberta entity, dated August 7, 2015 (the **"Zomongo TV Factoring Agreement"**).
- 116 The Factoring Fund also entered into a security agreement with Zomongo TV dated August 7, 2015 (the **"Zomongo TV Security Agreement"**). The Zomongo TV Security Agreement granted the Factoring Fund a general continuing security interest over all present and after acquired undertaking, property and assets of Zomongo TV, including all present and future right, title, and interest and benefit of Zomongo TV in all property, on a first-position secured basis.

- 117 In addition, pursuant to a Guarantee and Postponement of Claim dated January 25, 2017, Zomongo.TV Holdings Corp ("**Zomongo TV Holdings**") entered into a Guarantee and Postponement of Claim with the Hedge Fund dated January 25, 2017, pursuant to which Zomongo TV Holdings provided a continuing guarantee of all the obligations owing by Zomongo TV to the Hedge Fund. Zomongo TV Holdings also entered into a General Security Agreement dated January 25, 2017 with the Hedge Fund, granting the Hedge Fund a general continuing security interest over all present and future property and assets of Zomongo TV Holdings.
- 118 According to Frontline, in the latter half of 2016, as a result of Zomongo TV incurring net losses and generating negative cash flow in its operations, Zomongo TV required additional funding to continue as a going concern. Frontline advised the Receiver that the Factoring Fund did not have funds available to advance to Zomongo TV to assist it in continuing as a going concern.
- 119 As a result, on December 29, 2016, Zomongo TV and its associated entities entered into a credit agreement with TCA Global Credit Master Fund, LP ("**TCA**") effective December 30, 2016 (the "**TCA Loan Agreement**") for a revolving credit facility of up to US \$10,000,000 (the "**TCA Credit Facility**"). Funding available under the TCA Credit Facility is based on underlying working capital (e.g. accounts receivable, inventory, etc.) of Zomongo TV.
- 120 As a condition of the TCA Loan Agreement, the Factoring Fund entered into a Subordination of Loans Agreement with Zomongo TV (and its associated entities) and TCA dated December 28, 2016 (the "**Zomongo TV Subordination Agreement**"). The Zomongo TV Subordination Agreement resulted in the Factoring Fund being in a subordinated position to that of TCA (i.e. giving up its first position security to TCA). As at December 28, 2016, the Factoring Fund was owed a principal balance of \$11,960,213 from Purchased Invoices of Zomongo TV. For greater clarity, the Receiver is advised that the Factoring Fund subordinated its position as TCA would not provide additional funding unless it was given the position of first secured creditor.

Current Status

- 121 As at October 26, 2017, Zomongo TV has outstanding principal balances owing to the Factoring Fund and Hedge Fund of \$6,204,373 and \$1,494,737, respectively, totaling \$7,669,110 (the **"Zomongo TV Principal Balance"**) from the following Debtors:
- a) Accent Marketing – \$1,193,158 owing for three (3) invoices;
 - b) Golden Shores Enterprises Inc. – \$947,368 owing for two (2) invoices;
 - c) Eyeconic.tv – \$4,244,701 owing for seven (7) invoices;
 - d) Vanus Consulting Inc. – \$842,105 owing for two (2) invoices; and
 - e) Mobility Media & TV – \$723,000 owing for two (2) invoices
- (collectively the **"Zomongo TV Debtors"**).
- 122 In addition to the Zomongo TV Principal Balance, the Factoring Fund and Hedge Fund are owed \$845,396 and \$660,307 in interest and fees, respectively, totaling \$1,505,702 (together with the Zomongo TV Principal Balance, the **"Zomongo TV Balance"**).
- 123 The table below outlines, for each Zomongo TV Debtor: the number of Purchased Invoices; the total amount of the Purchased Invoices; the average number of days outstanding as the date of the Receiver's appointment (April 26, 2017); and the balance owing to the Factoring Fund and Hedge Fund as at October 26, 2017.

Debtor	No.	Amount of Invoices	Days Outstanding as at April 26th	Principal and Interest as at Oct. 26th		
				Factoring Fund	Hedge Fund	Total
Accent Marketing	3	\$ 1,500,000	553 Days	\$ 905,719	\$ 211,115	\$ 1,116,834
Golden Shores Enterprises Inc.	2	1,500,000	387 Days	-	1,380,003	1,380,003
Eyeconic.tv	7	7,650,000	390 Days	4,696,198	156,468	4,852,666
Vanus Consulting Inc.	2	1,500,000	387 Days	955,365	-	955,365
Mobility Media & TV	2	3,000,000	252 Days	492,487	407,457	899,944
	16	\$ 15,150,000	403 Days	\$ 7,049,769	\$ 2,155,044	\$ 9,204,812

- 124 As demonstrated in the table above, prior to the Appointment Order, the Purchased Invoices were, on average, outstanding for 403 days. This puts into question the collectability, and thus the underlying Recorded Value of the Zomongo TV Balance. In initial discussions with the Receiver, Frontline had failed to highlight or acknowledge an issue with the Zomongo TV Balance and the Zomongo TV Debtors' repayment of the Purchased Invoices when asked by the Receiver as to the status of same.
- 125 Not until the June 29 2017 Non-Performing Report did Frontline acknowledge that the Zomongo TV Balance and the underlying Purchased Invoices were "non-performing". In each subsequent Non-Performing Report, Frontline advised that communication with Zomongo TV had been limited and it became apparent that the collectability of the Zomongo TV Balance from the Zomongo TV Debtors is at risk.
- 126 Based on the above, and especially in light of the fact that neither the Factoring Fund nor the Hedge Fund have any security over the Zomongo TV Debtors, the Receiver has concluded that the Zomongo TV Balance will be challenging to recover.

Receiver's Strategy: Potential Zomongo TV Settlement Agreement

- 127 In the June 29 2017 Non-Performing Report, Frontline indicated that Zomongo TV had advised that it was in the process of obtaining additional financing to payout the balance owing to the Factoring Fund and the Hedge Fund. In each subsequent Non-Performing Report, Frontline had advised that Zomongo TV was continuing to work on obtaining new financing and had lenders involved in performing due diligence to issue same.
- 128 On October 3, 2017, the Receiver received an email from Frontline (the "**Initial Zomongo Email**") indicating that Zomongo TV was in financial difficulties as TCA had not advanced the total amount of the funds that were potentially available under the TCA Loan Agreement (i.e. US \$10 million). As a result, Frontline claimed that Zomongo TV did not have the cash to continue completing the current projects entered into with a chain of hotels (the "**Hotel Rollout**"); Frontline represented that the Hotel Rollout would create a significant amount of cash flow. Frontline indicated that without additional funding, Zomongo TV could not continue operating.
- 129 On October 4, 2017, the Receiver, A&B, Frontline, and a representative acting on behalf of Zomongo, BFF Ventures, through its representative, Tim Barnes, attended a conference call to discuss the Initial Zomongo Email. BFF Ventures indicated that TCA

would not advance additional funding to Zomongo TV unless the Factoring/Hedge Fund converted the Zomongo TV Balance into equity in Zomongo TV and requested the Receiver to consent to same. The Receiver advised BFF Ventures that it could not reasonably consider a conversion of the Zomongo TV Balance to equity until it was provided with additional information, including but not limited to: (i) historical financial statements; (ii) details of the Hotel Rollout; (iii) a term sheet from Zomongo TV; (iv) financial projections; and (v) a call with TCA to discuss its request for the Zomongo TV Balance to be converted. A link to a data room containing some of the requested information was sent to the Receiver.

- 130 On October 6, 2017, BFF Ventures delivered to the Receiver a non-binding letter of intent (the “**Initial LOI**”) which included, but was limited to: (i) a conversion of the Zomongo TV Balance to shares in Zomongo TV; and (ii) a subsequent exclusive right for Zomongo TV to repurchase the shares over a 12 month period. The Initial LOI was not executed by the Receiver.
- 131 On October 11, 2017, the Receiver, A&B, Frontline, BFF Ventures, and Zomongo TV attended a conference call to discuss, among other things, the Initial LOI and to permit the Receiver and A&B to ask questions to Zomongo TV directly, including as to why the Initial LOI proposal was being made when it could not be agreed upon without TCA approval. On this call, the Receiver stated that a conversion of the Zomongo TV Balance to equity in Zomongo TV would be unacceptable. The Receiver also reiterated its request for a call with TCA.
- 132 On October 12, 2017, BFF Ventures delivered to the Receiver a revised non-binding letter of intent (the “**October 12 2017 LOI**”) which replaced the Initial LOI. The October 12 2017 LOI removed the proposed equity conversion into Zomongo TV Shares, and instead proposed payment terms to restructure the indebtedness owing by Zomongo TV to the Factoring and Hedge Funds, along with a proposed payment schedule. The Receiver neither accepted nor rejected the terms contained in the October 12 2017 LOI, as any such arrangement would be subject of TCA approval. The Receiver and A&B reiterated their request that a call with TCA representatives, be convened. Attached to this Second Report as **Confidential Appendix “1”** is a copy of the October 12 2017 LOI.

- 133 On October 26, 2017, on a without prejudice basis, the Receiver and A&B attended a call with representatives from TCA, Frontline, and BFF Ventures to discuss, among other things, the October 12 2017 LOI and the potential to come to an agreement to allow for TCA to advance the additional funding under the TCA Loan Agreement to Zomongo TV for the Hotel Rollout, while allowing Zomongo TV to make repayments to the Factoring and Hedge Funds under a restructured arrangement. In summary, the following items were discussed:
- a) TCA was in the middle of its internal due diligence process to determine the additional funding, if any, to be provided to Zomongo TV;
 - b) TCA would only commit to funding if the Zomongo TV Balance was resolved through an agreement between Zomongo TV and the Receiver;
 - c) Due to poor record keeping on behalf of Zomongo TV, Frontline, and the Company, the participants on the call were unable to agree as to the quantum of interest and factoring fees owing to the Factoring and Hedge Funds beyond the Zomongo TV Principal Balance;
 - d) TCA, Frontline, Zomongo TV, and BFF were comfortable with the accuracy of the Zomongo TV Principal Balance; and
 - e) TCA was in the process of reviewing the October 12 2017 LOI and was not committing to the terms contained therein. However, on a without prejudice basis, it was supportive of eventually coming to some form of an agreement.
- 134 On November 17, 2017, BFF Ventures advised the Receiver that TCA has now agreed to provide \$5 million in additional funding to Zomongo TV and its affiliates under the TCA Loan Agreement. On November 19, 2017, the Receiver requested that BFF Ventures, on behalf of Zomongo TV, deliver to the Receiver Zomongo TV's proposed form of agreement(s), in order for the Receiver to continue to evaluate the possibility of an arrangement to be agreed upon by TCA, Zomongo TV, and the Receiver, which would result in: (i) TCA providing additional funding to Zomongo TV; and (ii) the repayment of a portion of the Zomongo TV Balance being made to the Factoring and Hedge Funds by Zomongo TV under a restructured arrangement, likely on a monthly installment basis.

- 135 As at the date of this Second Report, the Receiver has not yet received Zomongo TV's proposed form of agreement(s) to effect a restructuring of the indebtedness owing to the Factoring and Hedge Funds by Zomongo TV.

Zomongo Inc./Zomongo TV's Involvement with 647 BC Representatives

- 136 As noted above, Zomongo Inc. is a former Merchant of the Factoring Fund pursuant to a Factoring Agreement entered into by the Factoring Fund and Zomongo Inc. dated November 20, 2014. Jocelyne Hughes-Ostrowski is the sole director of Zomongo Inc. The sole directors of Zomongo TV are Jocelyne Hughes-Ostrowski and Jeremy Ostrowski. Zomongo Inc. holds 83.63% of the shares in Zomongo TV, according to records provided to the Receiver by Zomongo TV.
- 137 Frontline's records indicate that no indebtedness is owing by Zomongo Inc. to the Factoring Fund. Nevertheless, on July 7 and 14, 2017, Frontline advised the Receiver that, as security for Zomongo Inc.'s indebtedness to the Factoring Fund, personal guarantees (the "**DenHollander Personal Guarantees**") had been provided by each of the DenHollanders to the Factoring Fund, which obligations were to be secured by a collateral mortgage (the "**DenHollander Mortgage**") over the DenHollanders' personal residence located in British Columbia (the "**DenHollander Property**"). Attached hereto as **Appendix "35"** are copies of the DenHollander Personal Guarantees and the mortgage documentation executed by the DenHollanders provided by Frontline to the Receiver, and a title search obtained by the Receiver for the DenHollander Property.
- 138 As mentioned, the DenHollanders are the owners of the Merchant, 647 BC, and are also related to another Merchant, Dome Mountain. It is unclear to the Receiver how the DenHollanders are also involved with Zomongo Inc. and Zomongo TV, or why they provided the DenHollander Personal Guarantees and the DenHollander Mortgage to secure the obligations owing by Zomongo Inc. to the Factoring Fund.
- 139 The Receiver has instructed Frontline that the DenHollander Mortgage – which was improperly registered by Frontline in Frontline's name as mortgagee - must remain registered on title to the DenHollander Property and must not be discharged.

Advanced Metal

- 140 The Factoring Fund entered into a Factoring Agreement with Advanced Metal dated September 21, 2015 for the purchase of a list of approved receivables from Advanced Metal up to a maximum of \$600,000 (the "**Advanced Metal Factoring Agreement**").
- 141 The Factoring Fund also entered into a security agreement with Advance Metal dated September 15, 2015 which granted the Factoring Fund a general continuing security interest over all present and after acquired undertaking, property and assets of Advanced Metal, including all present and future right, title, and interest and benefit of Advanced Metal in all property; on a first secured basis.
- 142 On December 16, 2016, the Factoring Fund entered into a postponement and subordination of security interest agreement (the "**Advanced Metal Subordination Agreement**"). The Advanced Metal Subordination Agreement resulted in the Factoring Fund becoming a subordinated creditor to that of the Bank of Montreal (i.e. giving up its first position security to the Bank of Montreal). Similar to Zomongo TV, the Factoring Fund and Hedge Fund subordinated their position as the Bank of Montreal would not provide additional funding unless it was the first secured creditor.
- 143 In addition to Bank of Montreal, other registrations are made under the PPSA by creditors of Advanced Metal, including Roynat Inc. and National Leasing Group Inc. A writ of seizure and sale (Federal Writ) was filed on February 15, 2017 in favour of Her Majesty the Queen in Right of Canada in the amount of \$641,351.40.

Current Status

- 144 As at October 26, 2017, Advanced Metal had outstanding principal balances owing to the Factoring Fund of \$1,256,311 (the "**Advanced Metal Principal Balance**") and interest owing of \$248,029 (together with the Advanced Metal Principal Balance, the "**Advanced Metal Balance**") from the Debtors outlined in the following table (collectively the "**Advanced Metal Debtors**"), all of which have only one (1) invoice outstanding (the "**Advanced Metal Invoices**").

Debtor	Invoice Amount	Days Outstanding as at April 26th	Balances as at October 26th		
			Principal	Interest	Total
Lotus Environmental Ltd.	\$ 879,824	631 Days	\$ 458,080	\$ 17,450	\$ 475,530
PROFAB Industrial Construction	89,378	474 Days	71,502	22,165	93,667
AIC International Group	252,000	498 Days	201,600	62,496	264,096
Lotus Energy Services Inc.	1,466,365	477 Days	200,441	62,136	262,578
Mi2 Energy Ltd.	213,868	426 Days	171,095	50,988	222,082
Downton's Transport Ltd.	191,991	267 Days	153,593	32,794	186,386
	\$ 3,093,426	462 Days	\$ 1,256,311	\$ 248,029	\$ 1,504,340

- 145 The Advanced Metal Balance includes the payments of \$25,000 and \$113,045 that Frontline received from Advanced Metal on August 11, 2017 and September 11, 2017, respectively, towards the Purchased Invoice issued to Lotus Environmental Ltd (i.e. the balance reflects the payments being made)
- 146 As demonstrated in the table above, prior to the Appointment Order, the Advanced Metal Invoice Invoices were, on average, outstanding for 462 days; putting into question the collectability of the Advanced Metal Balance, and thus the underlying Recorded Value of the Advanced Metal Balance.
- 147 Not until the June 29 2017 Non-Performing Report did Frontline acknowledge that the advances made to Advanced Metal on the Advanced Metal Invoices were "*old non-performing invoices*". In the June 29 2017 Non-Performing Report, Frontline acknowledged that it was requesting new performing invoices to replace the Advanced Metal Invoices and that it had requested financial statements from Advanced Metal. In each subsequent Non-Performing Report, Frontline advised that it was able to establish a line of communication with Advanced Metal.
- 148 On July 28, 2017, Frontline advised that it had a meeting scheduled with the CEO of Advanced Metal to discuss payment alternatives and remedies.

- 149 On August 30, 2017, Frontline advised that after meetings and discussions, it was working with Advanced Metal to develop an alternative payment plan to retire the Advanced Metal Balance, including:
- a) replacing Advanced Metal Invoices with performing new invoices as they become available;
 - b) engaging a leasing company to enter into sale-leaseback transactions to obtain funding; and
 - c) selling the company.
- 150 On October 27, 2017, Frontline advised the Receiver that Advanced Metal is expecting to receive an offer for the company. However, such an offer has not yet been received. Advanced Metal communicated that another payment will be made on the Advanced Metal Balance in mid-November.

Receiver's Recourse and Strategy

- 151 As the Factoring Fund is in a subordinated second secured position, the Receiver is continuing to investigate options by which the Advanced Metal Balance, or a portion thereof, may be economically recovered.

Restoration Energy

Restoration Energy Factoring Arrangements

- 152 The Factoring Fund entered into a Factoring Agreement with Restoration Energy dated March 18, 2015 for the purchase of a list of approved receivables from Restoration Energy up to a maximum of \$2,000,000 (the "**Restoration Energy Factoring Fund Factoring Agreement**").
- 153 The Factoring Fund also entered into a security agreement with Restoration Energy dated March 18, 2015 which granted the Factoring Fund a general continuing security interest over all present and after acquired undertaking, property and assets of Restoration Energy, including all present and future right, title, and interest and benefit of Restoration Energy in all property; on a first secured basis.

- 154 On March 16, 2016, the Hedge Fund entered into a Factoring Agreement with Restoration Energy for the purchase of a list of approved receivables from Restoration Energy (together with the Restoration Energy Factoring Fund Factoring Agreement, the "**Restoration Energy Factoring Agreements**").

The 1312163 Alberta Ltd. Guarantee and Collateral Mortgage

- 155 On March 20, 2015, the Factoring Fund and the Company entered into a Corporate Guarantee and Indemnity Agreement with 1312163 Alberta Ltd. ("**131 Alberta**"), an apparent arm's length third party that is not evidently related to Restoration Energy or its principals, whereby 131 Alberta guaranteed any and all amounts advanced to Restoration Energy via the purchase of Restoration Energy's accounts receivable, limited to a maximum principal amount of \$2,000,000 (the "**131 Alberta Guarantee**"). The 131 Alberta Guarantee provided for a collateral mortgage in favour of the Company (the "**Collateral Mortgage**") against the legal title to approximately 90.88 acres of land owned by 131 Alberta located in Pine Lake, Alberta, comprising three parcels (the northernmost parcel, the "**North Parcel**"; the two southernmost parcels, the "**South Parcels**"; collectively, the "**131 Alberta Property**"). The Company subsequently registered the Collateral Mortgage against the 131 Alberta Property in the original principal amount of \$850,000, which was later amended by an amending agreement dated September 24, 2015 (registered on title on August 10, 2015), increasing the principal amount of the Collateral Mortgage to \$2,000,000.
- 156 The Collateral Mortgage is registered on title to the North Parcel behind two mortgages with an aggregate original principal amount totaling \$1,094,000. The Collateral Mortgage is registered on title to the South Parcels behind three mortgages (one of which is also registered against title to the North Parcel) with an aggregate original principal amount of \$1,210,000. Taken together, the Collateral Mortgage appears to be behind at least \$1,804,000 in principal of prior mortgages, plus an amount of accrued interest that is unknown but is likely to be considerable, for reasons detailed below.
- 157 Based on an appraisal dated September 25, 2011 (the "**Appraisal**"), the 131 Alberta Property was valued at an estimated \$3,180,800 (approximately \$35,000 per acre). In addition to its age, the Appraisal has weaknesses, including that it relies on certain assumptions which may not continue to be valid (i.e. given that the 131 Alberta Property

is zoned agricultural, and has not been approved for development despite a decade of efforts in this regard, and given the receipt of indications from the relevant municipality that only the North Parcel may potentially receive such an approval, and only then at a lower density than initially proposed). The Appraisal was also conducted in a very different market climate for Alberta real estate than that which exists at present.

- 158 Even if the Appraisal can be assumed to be accurate, which is likely not a safe assumption, the amount of equity available to satisfy the Collateral Mortgage appears to be extremely limited.
- 159 A&B and Darren Smits ("**Smits**") attended a call on November 2nd, 2017 which provided background into the origins of this guarantee and the current valuation issues. Smits played several roles in the Restoration Energy and 131 Alberta arrangements. He is an investor into developments on the 131 Alberta Property (having, amongst other things, provided personal guarantees to support the obligations of 131 Alberta under its senior mortgages in respect of the Pine Lake Lands). Together with Frontline, he participated in the origination of the 131 Alberta guarantee arrangements with Restoration Energy. Finally, Smits, a lawyer at the firm of Miller Thomson LLP, is also counsel to Frontline and, at the relevant time, served as counsel to Crystal Wealth in respect of the Restoration Energy Factoring Agreements.
- 160 On the November 2nd call, Smits expressed skepticism about the assumptions in the Appraisal, particularly in light of the difficulties in obtaining zoning approval for the property. Smits that he had "no idea what the land is worth." Smits suggested that the aggregate amount of accrued interest on two of the senior mortgages exceeded \$500,000, with further accrued interest on another, the quantum of which is unknown. Furthermore, Smits suggested that of the three parcels comprising the 131 Alberta Property, only the North Parcel would be of material value on a go-forward basis, as it is the only parcel which has experienced some traction in applying for municipal development approval (an area structure plan has been approved), and such value would only become apparent once such development begins. Materials subsequently provided by Smits show that, although preliminary engineering and cost studies have taken place, development of these lands has not begun.

The Debt Exchange Agreement

161 On June 28, 2017, Frontline provided the Receiver with an unsigned debt security exchange agreement between 131 Alberta, the Company (including the Factoring Fund, and Hedge Fund), Restoration Energy, and Aspen Shore Estates Ltd. ("**Aspen Shore**") that was dated March 2017 (the "**Debt Exchange Agreement**"). Frontline advised that Housego and Smith had verbally agreed to the terms of the Debt Exchange Agreement one week prior to the Appointment Order.

162 The Debt Exchange Agreement appears to confirm that the Restoration Energy Invoices are uncollectible. Per the Debt Exchange Agreement:

"Restoration Energy executed a number of factoring agreements with Crystal Wealth, the total accumulated amount outstanding as of September 22, 2016 is \$2,283,663.52 (the "Factoring Debt"), the funds of which were used by Restoration Energy to complete orders for customers, but due to technical issues with the technology the orders were not able to be completed.

Restoration Energy has retained the University of Calgary and has also brought a number of additional solid oxide fuel experts into the company in order to redesign the solid oxide fuel cell technology and products that are to be sold to third party consumers. Restoration Energy will be raising additional funds to complete these objectives."

163 The Debt Exchange Agreement proposed that the Company (including the Factoring Fund and the Hedge Fund) would exchange its Factoring Debt (\$2,283,664) for convertible debt in Restoration Energy on the terms summarized below:

- a) Principal – \$2,200,000;
- b) Interest Rate – 8% per annum;
- c) Term – 5 years;
- d) Conversion Option - At the option of the Company, convertible into common voting shares of Restoration Energy. Every \$1,000 of debenture shall be convertible to 650 common shares.

(the “**Convertible Restoration Debenture**”).

- 164 The Receiver advised Frontline that it could not accept and/or enter into the Debt Exchange Agreement until sufficient due diligence was performed on same. Frontline was unable to provide any relevant documentation to the Receiver to assist in such due diligence.
- 165 Accordingly, on August 8, 2017, A&B contacted Smits via e-mail to request a call to obtain certain due diligence materials required by the Receiver to evaluate the Debt Exchange Agreement, including with respect to the statements made in the Debt Exchange Agreement that the lenders that had first place mortgages against the 131 Alberta Property had commenced foreclosure actions in the Court of Queen’s Bench of Alberta in to order to realize on their mortgages. Smits advised A&B during a conference call on August 8, 2017 that the foreclosure actions were not advancing at that time due to the refinancing of the senior mortgages.
- 166 When A&B did not receive any of the requested documentation from Smits subsequent to the August 8, 2017 conference call, A&B engaged in a further conference call with Smits on November 2, 2017, as detailed above. During that discussion, Smits advised A&B that the foreclosure actions remained dormant as 131 Alberta had agreed to sell the 131 Alberta Property to a newly-formed company, Aspen Shore, a company controlled by Perali Properties Inc. (“**Perali**”), for an assumption of the first mortgages and non-voting shares of Aspen Shore. Smits confirmed that the proposed sale of the 131 Alberta Property is also on hold, pending efforts to take out the Company’s Collateral Mortgage from title.
- 167 Subsequent to the November 2, 2017 conference call with Smits, A&B reiterated its request via email to Smits for the provision of certain documentation that would help evaluate: (i) the 131 Alberta Property and the status of the two foreclosure actions commenced against 131 Alberta, and guarantors, including Smits; and (ii) the proposed Debt Exchange Agreement and the Convertible Restoration Debenture.
- 168 Smits provided certain of this requested material to A&B by electronic file transfer on November 17, 2017. From the Receiver’s preliminary review of this material, it appears to confirm that each of the foreclosure actions has been assigned to Perali in connection with its refinancing and assumption of senior mortgage debt in respect of the Pine Lake Lands.

The Receiver continues to investigate potential recovery on the 131 Alberta Guarantee, and the extent to which the Convertible Restoration Debenture would be a viable alternative to enforcement proceedings on the Collateral Mortgage, to the extent that the latter is economically practical given the Company's subordinated position and the uncertain valuation of the 131 Alberta Property.

The Receiver's Discovery of Additional Guarantees

- 169 By electronic transmission on November 13, 2017, Smits provided additional transactional documents with respect to the Restoration Energy Factoring Fund Factoring Agreement. This package of documentation included materials which were not previously contained in the Company's books and records. Most notably, it revealed three additional guarantees of Restoration's obligations under the Restoration Energy Factoring Fund Factoring Agreement: i) a corporate guarantee granted by DDI Distribution Corp on March 18, 2015; ii) a corporate guarantee granted by Dionne Design Inc. on March 18, 2015; and iii) a personal guarantee granted by the principal of Restoration, Yvonne Martin-Morrison, on March 18, 2015 (collectively, the "**Additional Restoration Guarantees**"). Each of the Additional Restoration Guarantees is limited to the principal amount of \$2,000,000.
- 170 A&B conducted further diligence regarding these corporate guarantors. Dionne Design Inc. and DDI Distribution Corp. are each Alberta corporations, each of which is inactive and has been struck from the Alberta corporate records (for failure to file corporate returns). Further, a PPSA search against Dionne Design Inc. disclosed two reports of property seizures and a writ of execution, each of which would have been visible at the time the Company and/or Frontline, as applicable, would have considered whether this company was an appropriate candidate to issue a corporate guarantee of the Restoration Energy obligations to the Factoring Fund.
- 171 The above-noted concerns with these corporate guarantors calls into question whether appropriate due diligence was conducted in respect of these lending arrangements at the time they were entered into; additionally, the fact that the Additional Restoration Guarantees were not maintained on file with the Company, and needed to be procured from Smits, is representative of the general lack of oversight on these investments. This exemplifies the general failings that the Receiver has noted in respect of the management of these investments by Frontline and/or Housego, as applicable, as described in further

detail in the section that follows entitled "Receiver's Concerns with the Administration of the Factoring Contracts".

Current Status

- 172 As at October 26, 2017, Restoration Energy had outstanding principal balances owing to the Factoring Fund and Hedge Fund of \$1,402,193 and \$501,000, respectively, totaling \$1,903,193 (the "**Restoration Energy Principal Balance**"), and interest owing of \$169,098 (the "the **Restoration Energy Interest Owing**", collectively with the Restoration Energy Principal Balance, the "**Restoration Energy Balance**") from Purchased Invoices issued to and owing from the Debtors outlined in the following table (collectively the "**Restoration Energy Debtors**") (the "**Restoration Energy Invoices**"):

Debtor	No.	Amount of Invoices	Days Outstanding as at April 26th	Principal & Interest as at Oct. 26th		
				Factoring Fund	Hedge Fund	Total
CPPS Mission Projects	2	\$ 1,300,000	463 Days	\$ 559,269	\$ 569,222	\$ 1,128,491
University of Calgary	1	500,000	586 Days	429,000	-	429,000
TLP Outreach Association Inc.	1	600,000	512 Days	514,800	-	514,800
	4	\$ 2,400,000	520 Days	\$ 1,503,069	\$ 569,222	\$ 2,072,291

- 173 As demonstrated in the table above, prior to the Appointment Order, the Restoration Energy Invoice Invoices were, on average, outstanding for 520 days. This fact, combined with the concerns raised in the Debt Exchange Agreement concerning the collectability of these invoices, puts potential recovery into question, and, as a result, raises concerns with respect to the Company's represented Recorded Value of the Restoration Energy Balance.
- 174 To the extent that the Restoration Energy Balance is not collectible from Restoration Energy, the collectability of such balance pursuant to the 131 Alberta Guarantee is also questionable, given: (i) the extent to which the Company's position is subordinated to multiple senior lenders (an estimated \$2.3 million in known principal and accrued interest, plus an unknown amount of additional accrued interest, as compared to the estimated \$3,180,000.00 value of the Appraisal, which, as stated, may be unrealistic given the present undeveloped state of the 131 Alberta Property, the lack of zoning approval, and

the lack of any progress on zoning approval on two of the three parcels); and (ii) the weak market for Alberta real estate.

Demand Letters to Restoration Energy and the Guarantors

- 175 Based on the information obtained from Frontline, no formal demands for payment were ever made against the Debtors or Merchants of the Factoring and Hedge Funds prior to the Receiver's appointment.
- 176 On behalf of the Receiver, A&B issued a demand letter to Restoration Energy on November 7, 2017, and a subsequent demand letter to 131 Alberta on November 13, 2017, each of which enclosed a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (a "**BIA Notice**"). A&B also issued demand letters (the "**Additional Restoration Guarantor Demands**") to each of the guarantors pursuant to the Additional Restoration Guarantees on November 14, 2017. Copies of the foregoing demand letters, and their enclosures, are attached as **Appendix "36"** to this Second Report.
- 177 Notably, the Additional Restoration Guarantor Demands sent to DDI Distribution Corp. and Dionne Design Inc. were sent by e-mail and registered mail in accordance with the underlying guarantees, but were electronically returned as undeliverable. As at the date of this Second Report, the registered mail copy has not been signed for by the respective recipients.
- 178 The Additional Restoration Guarantor Demand sent to Yvonne Martin-Morrison appears to have been successfully delivered via e-mail, but has not been responded to by Ms. Martin-Morrison as at the date of this Second Report.
- 179 As at the date of this Second Report, the Receiver has not received a response to any of the above-noted demands.

Single Source

- 180 The Factoring Fund entered into a Factoring Agreement with Single Source dated August 9, 2016 (the "**Single Source Factoring Agreement**"). The Factoring Fund also entered into a security agreement with Single Source dated August 9, 2016 granting the Factoring Fund a general continuing security interest over all present and future property and assets

of Single Source. In addition, Tanya McCrary-Singh ("**McCrary-Singh**"), the Chief Financial Officer of Single Source, provided a personal guarantee (the "**McCrary-Singh Guarantee**") in favour of the Factoring Fund dated August 9, 2016, guaranteeing the obligations of Single Source to the Factoring Fund.

- 181 As at October 26, 2017, principal is outstanding under a single invoice factored by the Factoring Fund from Single Source in the sum of \$93,985, with accrued interest owing to the Factoring Fund of \$20,206.
- 182 By letter dated November 22, 2017, the Receiver demanded immediate payment from Single Source pursuant to the Single Source Factoring Agreement. A copy of the November 22, 2017 letter sent by the Receiver to Single Source is attached to this Second Report as **Appendix "37"**.
- 183 If payment is not remitted by Single Source to the Receiver shortly, the Receiver anticipates that it will take steps to enforce pursuant to the Single Source Factoring Agreement and McCrary-Singh Guarantee, with the goal of collecting on this receivable in a cost-effective manner given the amount owing.

RECEIVER'S CONCERNS REGARDING THE ADMINISTRATION OF THE FACTORING CONTRACTS

- 184 During its review, the Receiver has noted that the procurement and administration of the Factoring Contracts by Frontline and Housego, the latter of whom was the Lead Portfolio Strategist of the Hedge Fund and Factoring Fund until being terminated by the Receiver, was highly unsophisticated and lacked the necessary controls to ensure that advances made to Merchants would ultimately be repaid. The deficiencies noted by the Receiver, as discussed in this section, have ultimately led to the impaired status of the investments held by the Factoring and Hedge Funds as detailed above.

High Level of Concentration Risk

- 185 As outlined above, the Factoring Contracts have an exceptionally high level of concentration risk given that as at October 26, 2017, two (2) Merchants, Dome Mountain⁵ and Zomongo TV, directly and indirectly account for 87.97% (57.97% and 30.00%,

⁵ Including the 156 Alberta Balance and the 647 BC Balance.

respectively) of the Factoring Balance; while three (3) Merchants account for the remaining 12.30%.

- 186 This concentration risk is further compounded in that the Dome Mountain Balance is a bridge loan (i.e. not a factoring arrangement) and the Zomongo TV Balance is purportedly owing from five (5) Debtors with only 16 outstanding invoices.

Due Diligence on Merchants and Debtors

- 187 Under the FPAA, Frontline was required to perform a certain level of due diligence prior to putting forth a proposed Factoring Contract to the Factoring Fund and/or Hedge Fund. The FPAA's stated that:

- a) *"Each such proposed factoring arrangement must comply with all of the requirements of this Agreement and the Approved Investment Criteria."*
- b) *"Prior to its presentation to the [Factoring/Hedge Fund], Frontline shall have evaluated each potential factoring arrangement in accordance with the Due Diligence Guidelines and shall include, but will not be limited to, a review of the operations and credit worthiness of any Merchant, the Debtors involved, the accounts receivable aging and any other applicable Contract Documents..."*
- c) *"With respect to each specific proposed arrangement, Frontline shall also provide a written report as to whether the specific proposed arrangement complies with the Due Diligence Guidelines."*

(collectively referred to as the **"Required Due Diligence"**).

- 188 The FPAA make reference to Exhibit "A" and Exhibit "C" which outline the Due Diligence Guidelines and the Approved Investment Criteria, respectively.
- 189 On September 11, 2017, the Receiver requested that Frontline provide documentation to confirm that the Required Due Diligence was performed. In response to the Receiver's request, on September 28, 2017, Frontline provided the Receiver with documents which were titled "invoice summaries" (**"Invoice Summaries"**) in connection with each of the Merchant's outstanding invoices to Debtors, pursuant to which indebtedness is owing to the Factoring and Hedge Funds. The Invoice Summaries provided by Frontline are attached hereto as **Appendix "38"**.

- 190 On September 21, 2017, the Receiver requested that Frontline provide a copy of Exhibit “A” and Exhibit “C” referenced in the FPAA. Frontline indicated that a formal Exhibit “A” or Exhibit “C” were never executed. In an emailed response dated September 29, 2017, with respect to Exhibit “C”, Froese indicated that:

“Exhibit “C” was never completed in the Factoring Procurement and Administration Agreement. There were many discussions with Clayton Smith although I don’t believe we ever came to an agreement. We started with conversations on each deal as well as [the Invoice Summaries] and if Crystal Wealth requested any addition information we would give it to them. Because of that, there were no written reports as there was nothing to reference.”

A copy of Froese’s email referencing the above is attached hereto as **Appendix “39”**.

- 191 On October 31, 2017, after locating a document titled “Exhibit A – Due Diligence Guidelines” in the Company’s books and records (a copy of which is attached hereto as **Appendix “40”**), the Receiver sent an email to Froese that requested certain documentation and written reports to support performance of the Due Diligence Guidelines by Frontline. In response, Froese indicated that:

“...there was no formal Schedule “A” and the schedule you have may have been a draft copy for discussion purposes, although was never part of the agreement. As per information, I believe we have sent you everything that we have.”

A copy of the Receiver’s email and Froese’s response is attached hereto as **Appendix “41”**.

- 192 The Invoice Summaries do not satisfy the Required Due Diligence as they fail to include, among other things:
- a) any relevant information on the underlying Debtor of the invoice;
 - b) any detailed analysis of the business and risks of the Merchant’s business;
 - c) a statement that the specific proposed arrangement complies with the Due Diligence Guidelines; and

d) an evaluation as to whether the proposed factoring arrangements comply with the Approved Investment Criteria.

- 193 Based on the Company's books and records, there appears to be little to no evidence of any additional information provided to the Company that would confirm that Frontline performed the Required Due Diligence.
- 194 Notwithstanding the absence of Frontline performing the Required Due Diligence, Housego and/or Smith nevertheless caused the Factoring and Hedge Funds to enter into each of the Factoring Contracts based on little to no due diligence. The Company's books and records contain no evidence that Housego and/or Smith performed any additional due diligence themselves to supplement or compensate for the minimal due diligence performed by Frontline.

Allocation of Payments Received by Frontline Contrary to the FPAA

- 195 As noted above, payments of \$25,000.00 and \$113,044.41 were received by Frontline from Advanced Metal on August 11, 2017 and September 11, 2017, respectively (collectively the "**Advanced Metal Payments**"), towards the Purchased Receivable (invoice 35507) issued to Lotus Environmental Ltd. (the "**Lotus Invoice**"). When none of these funds were remitted by Frontline to the Receiver, the Receiver requested a conference call with Frontline to inquire as to why the entirety of the Advanced Metal Payments had not been remitted to the Receiver in accordance with the FPAA.
- 196 On October 3, 2017, the Receiver, A&B, and Frontline convened the conference call, as requested by the Receiver. Froese advised that Frontline had a verbal arrangement with Smith, whereby Frontline was permitted to retain certain sums of the payments received from Merchants or Debtors on account of interest in priority to repayment being first made to the Factoring Fund and/or Hedge Fund. Based upon this purported verbal arrangement, Froese indicated that the Factoring Fund would only receive \$53,094.02 of the Advanced Metal Payments (totaling \$138,044.41), and that Frontline would be permitted to retain the remaining \$84,950.39. According to Frontline, the allocation of the Advanced Metal Payments received was accordingly to be as follows based upon the verbal arrangement between Frontline and Smith:
- a) \$25,000 payment on August 11, 2017 – \$9,615.38 to the Factoring Fund and \$15,384.62 to Frontline; and

- b) \$113,044.51 payment on September 11, 2017 – \$43,478.64 to the Factoring Fund and \$69,565.87 to Frontline.

A copy of the "Payment Summaries" provided to the Receiver by Frontline in this regard are attached hereto as **Appendix "42"**.

- 197 The arrangement described by Froese is contrary to s. 4.6 of FPAA, which provides that the Factoring and Hedge Funds are to be repaid in priority to Frontline receiving any compensation:

"...all monies received from a Merchant or its Debtors, either in the normal course of business or in the event of a collection action or resolution shall be paid, firstly to the Fund until the amount advanced by the Fund has been repaid in full and, secondly, on a pro rata basis to Frontline and the Fund for the amounts of the fees due to each of them..." [emphasis added]

- 198 Frontline has been unable to provide any documentation to the Receiver to support its alleged verbal arrangement with Smith, which would supersede the priority payment scheme set out in s. 4.6 of the FPAA.
- 199 Frontline's allocation of the Advanced Metal Payments is in contravention of s. 4.6 of the FPAA as the Factoring Fund and Hedge Fund are entitled to all monies received until the amount advanced by the Funds is recovered; the amount advanced on the Lotus Invoice that remains outstanding totals \$458,080. The Factoring Fund is therefore entitled to the entire amount of the Advanced Metal Payments and any future amounts received by Frontline in trust for the Factoring Fund until the \$458,080 advance on the Lotus Invoice is paid off in full.
- 200 On October 10, 2017, pursuant to section 4.6 of the FPAA, the Receiver directed Frontline to remit the entire amount of the Advance Metal Payments to the Receiver. In response, Froese advised that:

"Frontline has been caught off guard with the request to send all the funds from the invoices to the receiver. As precedent had been set and agreed to by Crystal Wealth with the way we were handling all payments and per instructions from receiver to continue operations as we always have, would it be possible to start

with the new calculations (per original agreement) going forward. We will send the original amount from the invoice summaries right away."

- 201 The Receiver has not – and does not – approve of an alternative priority arrangement for payment which is different than as prescribed by the FPAA. Accordingly, on October 13, 2017, the Receiver reiterated to Frontline that the Factoring Fund was entitled to the entire amount of the Advanced Metal Payments and demanded that payment of same be remitted by Frontline to the Factoring Fund immediately.
- 202 On October 16, 2017, Froese advised the Receiver that Frontline did not have sufficient funds to send the Advanced Metal Payments to the Receiver.
- 203 In response, the Receiver sent an email to Frontline again reiterating that the entirety of the Advanced Metal Payments, and all future payments received by Frontline, must be immediately remitted to the Receiver in trust for the Factoring and Hedge Funds, as applicable.
- 204 The email correspondence with respect to the Advanced Metal Payments between the Receiver and Froese, as summarized above, is attached hereto as **Appendix "43"**.
- 205 Notwithstanding numerous follow-up correspondence sent by the Receiver to Frontline, as at the date of this Second Report, the Receiver has not received any of the Advanced Metal Payments owing to the Factoring Fund.
- 206 As mentioned above, Frontline stated that it had a verbal arrangement with Smith to receive a portion of payments from Merchants/Debtors prior to the initial advance made by the Factoring/Hedge Fund being paid in full. As a result, on previous payments, Frontline has applied an allocation where it has been receiving a portion of the payments previously made by Merchants and/or Debtors before the initial advance made by the Factoring/Hedge Fund is repaid. The following table outlines: (i) the payments made by the Merchants and/or Debtors on the outstanding Purchased Invoices (Payments); (ii) the portion of the payment allocated to the Factoring/Hedge Fund's initial advance (Initial Advance); (iii) the portion of the payment allocated to the Factoring/Hedge Fund for interest outstanding, and (iv) the portion kept by Frontline for its fees and interest. A copy of Frontline's most recent Weekly Report to the Receiver concerning the status of the Factoring Contracts as at November 17, 2017 is attached hereto as **Appendix "44"**.

Merchant	Payments	Allocation of Payment		
		Initial Advance	Fund Interest	Frontline Interest & Fees
Zomongo TV	\$ 1,282,392	\$ 251,222	\$ 928,315	\$ 102,854
Advanced Metal ¹	544,390	68,236	165,463	310,691
156 Alberta	289,828	224,361	56,658	8,809
Restoration Energy	204,860	-	90,439	114,421
	\$ 2,321,470	\$ 543,820	\$ 1,240,876	\$ 536,775

Note 1 - Advanced Metal figures include the allocation of the Advanced Metal Payments between Frontline and the Factoring Fund.

- 207 As shown in the table above, based on its alleged agreement with Smith and in contravention to the FPAA, Frontline has withheld \$536,775 of the payments received from Merchants and/or Debtors for the outstanding Purchased Invoices that should have been allocated to the initial advances made by the Factoring/Hedge Fund. The Receiver disagrees with Frontline's position and requests an Order that Frontline pay the \$536,775 outstanding to the Receiver in trust for the Factoring and Hedge Funds, as applicable.
- 208 Froese indicated to the Receiver during the October 3, 2017 conference call that the Frontline employee who developed the system for the Frontline Weekly Report summaries to the Factoring and Hedge Funds, Steven Bandola, left Frontline in April 2017, at the approximate time of the Receiver's appointment.

Other Notable Items

- 209 During the Receiver's due diligence, the Receiver noted that Froese currently holds 300,000 share purchase warrants in Zomongo TV. Froese had never made this disclosure to the Receiver. Such an investment presents a conflict of interest for Frontline as the Factoring and Hedge Fund are creditors and Froese is personally an equity holder of this Merchant of the Factoring/Hedge Funds.

MEDIA LOANS

BACKGROUND

- 210 The Media Fund's primary investment was that of term loans purchased from Media

House Capital (Canada) Corp. ("**MHC**") reflecting loans ("**Media Loans**") made to various production companies for the production of films. The Media Loans consist of two general types: (i) Gap Loans; and (ii) Tax Credit Loans, both of which are described and defined below.

Gap Loans

211 The Media Fund loaned funds to single purpose production companies (i.e. entities incorporated for the sole purposes of producing a particular film). Each film would have its own separate legal entity in order for films to be financed and produced whereby the security of the loan is the unsold rights to the production (the "**Gap Loans**").

212 In most scenarios, a producer would build a financing plan for the production budget, putting together the components of financing, including, but not limited to, one or more of tax credits, government subsidies, pre-sales, and private equity. If additional funding was required to produce the film over and above the available sources, a Gap Loan would be obtained. The Gap Loan is the riskiest type of financing for a lender as the Gap Loan is issued based solely on estimated sales which, often times, is far less than can be generated by the production.

Tax Credit Loans

213 Many jurisdictions offer tax credits as an incentive to producers to make their films in that jurisdiction. The tax credits are usually 25% - 30% of the overall production budget depending on where the film is shot and the nationalities of those involved. The Media Fund advanced loans to certain production companies secured by the rights to tax credits (the "**Tax Credit Loans**"), which security was occasionally subordinated to a senior secured lender.

Recorded Value of the Media Loans by the Company

214 According to the April 20th Package, the Company had attributed a Recorded Value in excess of \$53 million, inclusive of principal and interest. Based on the Receiver's early conversations and correspondence with MHC, it was apparent that a significant number of the films underlying the Media Loans appear to be experiencing significant issues and/or delays.

215 As discussed in the First Report, and the Supplement to the First Report, the Receiver

engaged Quiver as an expert advisor to assist the Receiver in its investigation and management of the Media Fund.

216 On June 27, 2017, the Receiver and Quiver entered into a Memorandum of Understanding (“**MOU**”) which outlined the roles and responsibilities of Quiver and its compensation in so acting. In summary, Quiver’s mandate under the MOU was to, among other things:

- a) engage with all third party sales agents and domestic distributors to review the status of each film, including but not limited to interest and results from international distributors, timing of such interest, exposure and interest at film markets and festivals, and identification of unpaid, current and long-term accounts receivable;
- b) identify the unsold rights by film, by media (e.g. video on demand, television, etc.), and determine the best course of action to extract value from said rights and provide recommendations on the best course of action moving forward; and
- c) utilize relationships with the distributors and customers (e.g. Netflix, Amazon, Walmart, etc.) to generate collections.

217 Since the First Report, the Receiver and Quiver have executed two amendments to the MOU (the “**MOU Amendments**”), in order to extend Quiver’s engagement first through to October 31, 2017, and subsequently, through to November 30, 2017. Copies of the MOU Amendments are attached hereto as **Confidential Appendix “2”**.

ESTIMATED VALUE OF THE MEDIA LOANS

218 On November 22, 2017, Quiver provided to the Receiver a report (the “**Quiver Report**”) that, among other things: (i) outlined the nature of the Media Loans issued to the various production companies; (ii) set out collections obtained by the Receiver for Media Loans as at the date of the Quiver Report; and (iii) provided an estimated value of the Gap Loans and Tax Credit Loans. A copy of the Quiver Report which, among other things, details the underlying methodology in determining the projected amounts which are reasonably likely to be recovered by the Media Fund with respect to the Media Loans (the “**Projected Media Loan Values**”), is attached hereto as **Confidential Appendix “3”**. The Quiver Report, including its appendices, is in excess of 1,200 pages (it contains periodic financial accounting for the Media Loans). Due to this length, only the Quiver Report and its

Appendix D – Library Analysis have been included in this Confidential Appendix to the Second Report in hard-copy form; the full Quiver Report containing all appendices has been provided on a USB key within the Confidential Appendix.

- 219 Since its appointment, the Receiver, has collected a total of \$6,859,188 and US \$153,591 with respect to the Media Loans.

INTER-FUND INVESTMENT IMPACT

- 220 As discussed in the First Report, the Media Fund was the largest recipient of Inter-fund Investments from a number of Crystal Wealth Funds totaling a Recorded Value of \$11,349,768 per the April 20th Package. The following table outlines the unit holdings and Recorded Values (per the April 20th Package) that certain of the Crystal Wealth Funds held in the Media Fund.

Fund	A		B		B / A
	Fund April 20th NAV	Units in Media Fund	Recorded Value of Units		Percentage of NAV
ACM Income Fund	\$ 10,815,417	655,974	\$ 6,641,115		61.40%
Mortgage Fund	27,082,935	204,475	2,072,643		7.65%
Medical Fund	9,270,090	151,855	1,537,291		16.58%
ACM Growth Fund	11,609,064	56,974	576,764		4.97%
High Yield Mortgage Fund	5,442,165	51,409	521,098		9.58%
Factoring Fund	38,124,168	85	857		0.00%
	\$ 102,343,839	1,120,772	\$ 11,349,768		

- 221 Based on the Projected Media Loan Values, the above noted Inter-fund Investments were grossly overstated resulting in the value of each of the above noted Crystal Wealth Funds being overstated. The above noted Crystal Wealth Funds will accordingly receive far less from the Media Fund than their Inter-fund Investments in the Media Fund. In other words, significant monies deployed by the ACM Income Fund, ACM Growth Fund, Mortgage Fund, Medical Fund, and High Yield Mortgage Fund to invest in the Media Fund, will result in significant monetary losses to each of these Funds.
- 222 As the Media Fund was earning little to no income on the Media Loans, the Receiver has concerns as to how redemptions and distributions to Media Fund investors were satisfied prior to the Receiver's appointment (i.e. whether Inter-fund Investments in the Media Fund

by other Funds, or funds from investor purchases of units in the Media Fund, were used to fund Media Fund redemptions and distributions).

GOLD LOANS

BACKGROUND

223 The Factoring Fund and Hedge Fund entered into four (4) Gold Certificate Subscription Agreements with Onstar Exploration Ltd. ("**Onstar**") as follows:

- a) three (3) Gold Certificate Subscription Agreements between the Factoring Fund and Onstar dated August 12, 2016, November 27, 2016, and September 25, 2016 for a total of 3,800 ounces of Gold; and
- b) one (1) Gold Certificate Subscription Agreement between the Hedge Fund and Onstar dated September 25, 2016 for a total of 200 ounces of Gold.

(collectively, the "**Onstar Subscription Agreements**").

224 Under the Onstar Subscription Agreements, the Factoring Fund and the Hedge Fund purchased gold certificates for certain multiples of 1,000 ounces of Gold per certificate (the "**Gold Certificates**") which cumulatively totaled 4,000 ounces of Gold.

225 In addition to the Onstar Subscription Agreements, the Factoring Fund, the Hedge Fund and the Bullion Fund collectively entered into seven (7) Gold Sale / Purchase Agreements (some of which have or will be expiring shortly) with the following entities:

- a) 611802 B.C. Ltd. ("**611 BC**") – four (4) Gold Sale / Purchase Agreements with a combined Recorded Value of approximately \$1,255,819 (the "**611 BC Loan**");
- b) Inca One Gold Corp. ("**Inca**") – two (2) Gold Sale / Purchase Agreements with a combined Recorded Value of approximately \$958,797 (the "**Inca Loans**"); and
- c) Solid Holdings Ltd. ("**Solid Holdings**") – one (1) Gold Sale / Purchase Agreement with a Recorded Value of \$333,332 (the "**Solid Holdings Loan**").

The 611 BC Loan, Inca Loans, and Solid Loans (collectively, the "**Settlement Loans**") are similar in nature in that upon expiry, the agreement is completed either through: (i) the

delivery of the Gold; or (ii) a cash settlement. A description of the commercial arrangement under the Settlement Loans is outlined in paragraph 63 of the First Report.

RECEIVER'S KEY FINDINGS AND ACTIONS

- 226 The Onstar Subscription Agreements and the Settlement Loans are, in substance, term loans to Onstar, 611 BC, Inca, and Solid Holdings (collectively, the “**Gold Sellers**”) and are therefore referred to as the “**Gold Loans**”. The Gold Loans are to be repaid upon maturity in either Gold or cash. For greater clarity, the Factoring/Hedge/Bullion Funds did not purchase Gold in its physical form under any of the Gold Loans.
- 227 The table below provides a summary of the Gold Loans held in the Bullion Fund, Hedge Fund, and Factoring Fund:

Fund	Ounces	Outstanding Gold Loans	CAD Amount Advanced	USD Amount Advanced	Market Value (CAD) Oct 31/17
Factoring Fund	4,341	5	\$911,441	US \$3,260,000	\$7,094,001
Bullion Fund	481	2	\$803,100	US \$0	\$760,556
Hedge Fund	761	4	\$845,704	US \$190,000	\$1,219,702
Total	5,583	11	\$2,560,245	US \$3,450,000	\$9,074,259

- 228 Although the market value of the ounces of Gold to be delivered upon maturity of the Gold Loans is approximately \$9,074,259 as at October 31, 2017,⁶ each of the Gold Sellers are in, or appear to be in poor financial health and as a result, do not have the ability to repay the Gold Loans, whether in cash or in Gold.
- 229 Under the Gold Loans, the Crystal Wealth Funds are unsecured creditors, with no security over any of the Gold Sellers’ assets. The Receiver has concerns over the ultimate collectability of the Gold Loans. As at the date of this Second Report, the Crystal Wealth Funds have not received any repayment (in Gold or cash) for any of the Gold Loans.
- 230 The Company’s books and records contain little to no information on the Gold Sellers. In addition, the Receiver has been unable to locate documentation or evidence

⁶ The price of Gold as at October 31, 2017 was \$1,637 per ounce (US \$1,270 per ounce converted at an exchange rate of 1.2894)

demonstrating that any due diligence had been performed on the Gold Sellers by the Company, the Funds, or by Housego - the former Lead Portfolio Strategist of the subject Funds - or that the Gold Loans fit the investment criteria outlined in each of the Factoring, Hedge, and Bullion Fund's OMs.

- 231 The Gold Loans do not appear to fit into the investment strategy of the Factoring Fund or the Bullion Fund based on the wording contained in their respective OMs. It is unclear if the Gold Loans would be considered appropriate investments in the Hedge Fund given the broad wording contained in the Hedge Fund's OM.

RECEIVER'S DETAILED REVIEW OF GOLD CONTRACTS

Onstar Subscription Agreements

- 232 As outlined in the First Report, the Receiver was able to locate unsigned Gold Certificates in the Company's books and records which stated the following:

*Gold deliveries to the Owner [the Hedge/Factoring Fund] shall commence **on April 30, 2017 F.O.B. Juneau, Alaska** and shall occur monthly, until the entire 1,000 ounces of gold due under this Certificate has been delivered to the Owner. It is expected that all gold payments will be completed no later than April 30, 2019.*

The Receiver has obtained executed copies of the Onstar Subscription Agreements which are executed by Alan Braun ("Mr. Braun") on behalf of Onstar. The Receiver has confirmed with Onstar that no Gold has been delivered to either the Factoring Fund or the Hedge Fund as at the date of this Second Report.

Housego's Involvement

- 233 Through the Receiver's review, the Company's books and records contain minimal information with respect to Onstar's operations and contain no evidence of due diligence being performed by Housego or any other Company representative. The Receiver expected that such due diligence would include, but would not be limited to, an evaluation of the potential risks and benefits of the Factoring Fund and Hedge Fund advancing US \$3,000,000 and \$748,900 to Onstar and whether the Onstar Subscription Agreements would be considered applicable investments under the Factoring Fund and Hedge Fund OMs. The absence of any due diligence being performed prior to the advancement of funds is alarming.

- 234 In a letter dated April 24, 2017, signed by Smith, to the British Columbia Securities Commission (the “**BCSC**”) (in response to an assumed inquiry made by the BCSC as referenced in the letter) (the “**April 24 2017 BCSC Letter**”), Smith, among other things, states that:

“Mr. Housego was introduced to Alan Braun through Taz Faryad. Mr. Faryad was trying to connect gold sellers and gold buyers. The [Company] manages a number of mutual fund trusts for which Mr. Housego acts as lead portfolio manager and in which Mr. Housego was looking to invest in gold. Presumably, Alan Braun was involved in a company or companies that produces gold so Mr. Faryad connected us to see if there was a fit. Mr. Housego first met Alan Braun at a meeting in Vancouver in early August 2016. Taz Faryad, Jerry Braun and Rene Gladu were also present.” [Emphasis added]

In an email dated August 11, 2016 from Housego to Mr. Braun, Jerry Braun, Rene Gladu, and Taz Faryad, Housego confirmed that the first meeting mentioned in the April 24 2017 BCSC Letter occurred on August 8, 2016 and that this meeting was the first meeting of the parties. A copy of the April 24 2017 BCSC Letter is attached hereto as **Appendix “45”**.

- 235 Based on the above, Housego first met Mr. Braun on August 8, 2016; and four days later (on August 12, 2016), the Factoring Fund made the first advance to Onstar of US \$2,000,000. The April 24 2017 BCSC Letter provides further evidence that little to no due diligence was performed by Housego or the Company prior to entering into the Onstar Subscription Agreements and advancing the previously mentioned funds.
- 236 As noted in the First Report, Onstar claimed that Housego had verbally agreed to provide a total of US \$10 million of funding to Onstar for the development of a mine in Juneau, Alaska. However, to date, only the funding noted above has been provided. As a result, Onstar has had to seek external financing to complete the development of the Juneau, Alaska mine. The Receiver does not know at this time if Onstar was successful in seeking such funding.

Gold Certificates

- 237 The Onstar Subscription Agreements all reference executed Gold Certificates contained in Schedule A to same. The Onstar Subscription Agreements provided by Smith and

contained in the Company's books and records did not include copies of the executed Gold Certificates nor did the Onstar Subscription Agreements provided by Mr. Braun. Onstar, upon the Receiver's request, advised that it was unable to locate the executed Gold Certificates. However, Onstar did provide unsigned copies of the Gold Certificates to the Receiver which stated the same terms as outlined in paragraph 232 above.

- 238 The Onstar Subscription Agreements, under the "Registration and Delivery Instructions" section, state that the Gold Certificates were to be delivered to NBCN at the following address:

*NBCN
250 Yonge Street, 19th Floor
Toronto, Ontario
M5B 2L7
Attention: Cheryl Rochemont*

The Receiver has made numerous requests of NBCN to locate the Gold Certificates. As at the date of this Second Report, NBCN has been unable to locate the executed Gold Certificates, which suggests that the executed Gold Certificates were never delivered by Onstar to NBCN.

- 239 Upon review of email correspondence between Onstar and Housego, it appears the Gold Certificates were delivered to Housego. On October 30, 2017, the Receiver requested that Housego provide the copies of the Gold Certificates to the Receiver. Housego stated that he did not know where the Gold Certificates were as outlined in his response below:

"I don't recall ever getting the certificates. I have looked but I do not have them. All certificates would have gone to HO and would have been part of the security needed to issue funds. I have no idea where they are or could be."

- 240 On October 31, 2017, the Receiver requested that Smith provide copies of the executed Gold Certificates to the Receiver. Smith advised that he had never received the Gold Certificates and that NBCN would likely be in possession of same. Smith's response to the Receiver's request was as follows:

"I don't have any documents from Crystal Wealth in my possession. Joanne Bentley handled most of the admin stuff, and I think the certificates may have been filed with NBCN."

- 241 As the April 24 2017 BCSC Letter stated that Gold Certificates were attached, the Receiver sent a letter to the BCSC on November 22, 2017 requesting that a copy of the Gold Certificates be provided. As at the date of this Second Report, the Receiver has not received a response.

Receiver's Demand

- 242 As delivery of Gold per the Gold Certificates had not yet occurred, A&B, on behalf of the Receiver, issued a default letter to Onstar dated October 26, 2017 (the "**Onstar Default Letter**") which, among other things, demanded immediate delivery of Gold in accordance with the terms of the Gold Certificates. A copy of the Onstar Default Letter is attached hereto as **Appendix "46"**.
- 243 On November 2, 2017, in response to the Onstar Default Letter, Onstar advised the Receiver that it would honour the Onstar Subscription Agreements and Gold Certificates. Onstar advised that it was completing separate funding to fulfill the requirements of the Gold Certificates and that such funding would be in place in the month of November to early December 2017. Once funding is received, Onstar advised that a large scale operation would begin. Onstar stated that it currently has a small amount of Gold from the site available.
- 244 On November 7, 2017, the Receiver inquired of Mr. Braun as to whether cash payments could be made by Onstar instead of physical delivery of Gold at the same intervals in which deliveries of Gold would otherwise occur. The payments requested by the Receiver would be made by Onstar at the stated spot price of the expected Gold delivery (i.e. the spot price multiplied by the ounces to be delivered). As at the time of this Second Report, Onstar has not advised the Receiver as to whether such payments, in lieu of Gold deliveries, will be possible.
- 245 If necessary, the Receiver will arrange a location for the delivery of the Gold to be provided by Onstar, which arrangements are currently being put into place by the Receiver.

611 BC Loans

- 246 611 BC entered into the following Settlement Loans with the following Crystal Wealth Funds:

- a) One (1) Settlement Loan with the Bullion Fund – expiring November 28, 2017 whereby \$124,657 was advanced to 611 (the “**611/Bullion Loan**”);
- b) Two (2) Settlement Loans with the Hedge Fund – one (1) expiring November 28, 2017 and one (1) expiring January 16, 2018 with \$409,995 advanced to 611 (collectively the “**611/Hedge Loans**”); and
- c) One (1) Settlement Loan with the Factoring Fund – expiring February 2, 2018 whereby \$500,405 was advanced to 611 (the “**611/Factoring Loan**”).

Each of the 611 BC Loans were entered into by Pinnell on behalf of 611 BC.

- 247 As outlined in the First Report, the Receiver inquired as to 611 BC’s ability to execute an early exit from the 611 BC Loans; 611 BC stated that due to current cash constraints it will not be able to do so.
- 248 In subsequent discussions with the Receiver, 611 BC indicated that it did not engage in any mining activity directly nor did it hold any assets other than investments and receivables owing from other companies (as described below). 611 BC provided the Receiver with internally generated statements for the 12 months ending December 31, 2017 which indicated that 611 BC has no mining assets (i.e. land or equipment). The Receiver has requested more recent financial information.
- 249 Pinnell advised that the proceeds obtained from the 611 BC Loans was advanced to third party entities for certain projects as follows:
 - a) proceeds obtained from the 611/Bullion Loan and one of the 611/Hedge Loans totaling approximately \$325,325 were advanced to a third party, Blacksand Gold Inc. (“**Blacksand**”), who entered into agreements with two other parties, Place One Mines Inc. (“**Placer One**”) and New North Construction Ltd (“**New North**”), for the development of a Gold mine in British Columbia (the “**BC Mine**”);
 - b) proceeds obtained from the second 611/Hedge Loan totaling approximately \$209,327 were advanced to a third party, Petra Capital Corporation (“**Petra**”), for the delivery of Gold from a Gold mine in Columbia (the “**Columbia Mine**”); and

- c) proceeds obtained from the 611/Factoring Loan of \$500,405 were also advanced to Petra for a portion of Petra's revenue interest in certain oil wells located in Louisiana, USA (the "**Oil Wells**").

As outlined in paragraph 251 below, the Receiver has requested a number of documents to support the claims made by Pinnell and the projects described above. Such information remains outstanding as at the date of this Second Report.

- 250 On October 24, 2017, one month prior to the expiry of the 611/Bullion Loan and one of the two 611/Hedge Loans, the Receiver requested that 611 BC provide an update as to the status of the BC Mine and the expected payment date of the 611/Bullion Loan and 611/Hedge Loan expiring on November 28, 2017. 611 BC advised the Receiver that production at the BC Mine was halted as it requires additional funding to continue operating and that Placer One, Blacksand, and New North have commenced legal action against each other as a result. 611 BC advised the Receiver that it has not yet received any Gold from Placer One nor Blacksand.
- 251 On November 11, 2014, after numerous follow-up correspondence from the Receiver, Pinnell indicated that the requested information outlined below would be provided within the coming weeks. The Receiver will continue to follow up with Pinnell. As at the date of this Second Report, the following items requested by the Receiver remain outstanding:
 - a) the most recent financial statements for 611 BC;
 - b) details of the legal proceedings between Placer One, Blacksand, and New North;
 - c) any status reporting provided on the mine(s), including, but not limited to, SGS Reports; and
 - d) copies of any due diligence performed by 611 BC prior to the advancement of funds to Blacksand, BC Mine, Placer One or any other entity;
 - e) the full name and address of the BC Mine;
 - f) the full name and address of the Columbia Mine;
 - g) the full name and address of the Oil Wells;

- h) the agreement(s) between Blacksand Gold Inc. and 611 BC;
- i) the agreement(s) between Blacksand Gold Inc. and Placer One;
- j) the agreement(s) between Placer One and New North; and
- k) the agreement(s) between Petra Capital and 611 BC.

611 BC's Apparent Connection to Onstar

- 252 Through its examination of various email correspondence, the Receiver notes that Pinnell was actively involved in sourcing and closing the Onstar Subscription Agreements and the funding secured by Onstar under same. Pinnell is included on almost all correspondence between Onstar and Housego that the Receiver has obtained. In addition, the Receiver obtained email correspondence between Mr. Braun and Housego that makes reference to Blacksand's involvement in Onstar's operations.
- 253 In his numerous discussions with the Receiver, Pinnell has made no reference to Onstar nor any of the parties noted above. The relationship between Mr. Braun and Pinnell supports the Receiver's plan to perform an examination under oath of each of them in Toronto.

Inca Loans

- 254 Inca entered into the following Settlement Loans with the following Crystal Wealth Funds:
- a) one (1) Settlement Loan dated December 28, 2015 with the Bullion Fund consisting of three tranches of funding – expiring January 1, 2017, April 1, 2017, and June 1, 2017 (the “**Inca 1 Loan**”); and
 - b) one (1) Settlement Loan with the Hedge Fund dated December 5, 2016 – expiring on December 1, 2017 (the “**Inca 2 Loan**”, and together, the “**Inca Loans**”).
- 255 Inca is a Canadian-based mineral resource company and mineral processing company with a Gold milling facility in Peru. The Company is publically traded on the TSX Venture Exchange, the Frankfurt Stock Exchange, and the Santiago Stock Exchange Venture.
- 256 On June 7, 2017, Inca provided a proposal to the Receiver which proposed that Inca settle the Inca Loans for a cumulative value of \$1,000,000 over the course of 52 weeks

beginning June 26, 2017. The proposal also included an alternative for Inca to repay the original face value (i.e. the acquisition cost) of the Inca Loans plus a 2.5% annual interest rate, for total proceeds of approximately \$725,000 within 60 days. Due to the commencement of the Sales Process, the Receiver declined this proposal.

Financial Position of Inca

- 257 Throughout the Receivership Proceedings, the Receiver has continued to monitor the financial results of Inca. Upon review of Inca's most recent audited financial results for the 12 months ending April 30, 2017, Inca incurred a net loss of \$2,997,722 and had **negative** cash flows from operations of \$3,474,200. As a result, the audited financial statements contained the following disclosure stating that Inca's financial performance:

"...indicate[s] a material uncertainty that may cast significant doubt on [Inca's] ability to continue as a going concern. Management intends to finance operating costs over the year with the proceeds from debt financing, equity financing, its current working capital, proceeds from option and warrant exercises, and net profits from processing operations at the Company's gold milling facility in Peru. On August 26, 2016, the Company restructured and settled approximately \$13.5 million of the Company's long and short term debt and related unpaid interest.

The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and... its ability to raise equity capital or borrowings sufficient to meet current and future obligations."

(the "Going Concern Note"):

- 258 The Receiver notes that after Inca had to restructure \$13.5 million of its debt, Housego, on behalf of the Hedge Fund, entered into the Inca 2 Loan whereby the Hedge Fund advanced approximately \$320,000 to Inca; putting more money into an already distressed company.
- 259 Inca's most recent interim consolidated financial results, approved by the board of directors on September 28, 2017, demonstrate that for the three months ending July 31, 2017, Inca incurred a net loss of \$575,883 and had **negative** cash flow from operations of \$154,315. As at July 31, 2017, Inca had total liabilities of approximately \$7,081,088 (\$2.74 million of which are secured debentures), and a reported cash balance of \$719,974.

Although the financial results were somewhat improved, the interim financial statements still contained the Going Concern Note; putting into question Inca's ability to continue operations.

- 260 Based on the above, it is clear that Inca's distressed financial position and its ability to continue as a going concern puts into question Inca's ability to repay the Inca Loans and thus the Bullion/Hedge Fund's ultimate value and recoverability of same.

Potential Recovery

- 261 After determining that no management takeover offers would be accepted through the Sales Process, the Receiver inquired as to Inca's financial position and ability to repay the Inca Loans. Inca advised that it did not have the financial resources to repay the Inca Loans in full, however, stated that it would put forth a payment proposal in short order.
- 262 On November 9, 2017, the Receiver sent follow-up email correspondence to Inca advising that a proposal had not been received. The Receiver will continue to follow up until a proposal is received from Inca.
- 263 Under the Inca Loans, the Hedge Fund and Bullion Fund are both unsecured creditors. Accordingly, if Inca does not deliver payment in accordance with the Inca Loans, or if a satisfactory alternative arrangement cannot be agreed upon, the Receiver's enforcement options as against Inca are limited.

Solid Holdings Loan

- 264 Solid Holdings entered into one (1) Settlement Loan with the Factoring Fund dated February 13, 2017 – expiring February 13, 2018. Under the Solid Holdings Loan, the Factoring Fund advanced \$300,306 to Solid Holdings.
- 265 In the Receiver's initial discussions with Solid Holdings, the Receiver was advised that Solid Holdings was undergoing significant financial and operational challenges.
- 266 On October 25, 2017, the Receiver requested that Solid Holdings provide an update as to the status of its operations. Solid Holdings advised the Receiver that production at its operations had experienced issues during the summer months as a result of the wildfires in British Columbia, however, mining had recently commenced. Furthermore, Solid Holdings advised that its senior secured lender had recently called its loans resulting in

Solid Holdings' pursuit of replacement financing. Solid Holdings advised that it was owed monies from a number of third parties who have failed to remit payment and that the payment of these balances were critical to Solid Holdings being able to settle the Solid Holdings Loan.

267 On October 30, 2017, the Receiver requested that Solid Holdings provide the following information to evaluate the claims made by Solid Holdings:

- a) the most recent financial statements for Solid Holdings;
- b) the name(s) and location(s) of the mine(s) which is/are currently being developed by Solid Holdings and the entities and/or parties involved in the development of said mine(s);
- c) status reporting on said mine(s), including but not limited to SGS Reports;
- d) information relating to the proceedings commenced by the secured lender and details regarding sources of potential new funding to replace same; and
- e) the listing of accounts receivable owed to Solid Holdings.

268 After numerous follow up correspondence to Solid Holdings, on November 2, 2017 Solid Holdings stated the following:

"As I am presently in a stressful week working with the [senior secured lender] lawyer in Toronto, and considering all my options, I will respond in some fashion to receiver next week."

269 The Receiver sent follow-up email correspondence on November 14, 2017, however, as at the date of this Second Report, the information requested by the Receiver has not yet been provided.

CONCLUSION

270 Each of the Gold Loans appear to be greatly impaired given that the Factoring Fund, Hedge Fund, and Bullion Fund are unsecured creditors under the respective agreements, and given that the Gold Sellers are, or appear to be experiencing financial challenges, putting into question their ability to repay the Gold Loans, whether in cash or in Gold.

- 271 Given the lack of due diligence performed by Housego and/or the Company prior to entering into the Gold Loan agreements, it is not surprising that the Factoring, Hedge and Bullion Funds are now in high risk position with respect to receiving any realizations from the Gold Loans. Had proper due diligence been conducted by Housego and/or the Company, it would have highlighted the above noted issues with the Gold Sellers, such that funds ought not to have ever been advanced by the Factoring, Hedge, and Bullion Funds on account of the Gold Loans.
- 272 With Housego being the main point of contact to the Gold Sellers, and the individual who entered into all of the Gold Loans, the Receiver is requesting that Housego be examined under oath in Toronto. The significant impairments with the Factoring Contracts held by the Factoring and Hedge Funds, for which Housego was also directly involved as the Lead Portfolio Strategist, further support the Receiver's request to examine Housego under oath in Toronto.
- 273 The Gold Loans do not appear to fit into the Factoring and Bullion Funds' investment objectives and/or strategy based on the wording contained in the Funds' respective OM's. It is unclear if the Gold Loans would be considered appropriate investments in the Hedge Fund given the broad wording contained in the Hedge Fund's OM.

COMMERCIAL LOANS

BACKGROUND

- 274 As outlined in the First Report, the Company entered into Commercial Loans which included:
- a) a loan agreement with Pond dated December 15, 2015 (as amended, the "**Pond Loan Agreement**") with a principal value of \$4,500,000, at an interest rate of 12% payable quarterly in arrears, maturing on February 2, 2018 (the "**Pond Loan**");
 - b) loan agreements with the following entities (all of which are under the control of a common individual, Clydesdale, and are collectively referred to as the "**OOM Energy Group**"):
 - i) Magnitude CS Energy Inc. (formerly, 2445958 Ontario Inc.) ("**Magnitude**");

ii) 2441472 Ontario Inc. ("**1472 Ontario**"), as guaranteed by 2404783 Ontario Corp. ("**4783 Ontario**");

iii) MCSnoxrecovery Inc. ("**MCSnox**"); and

iv) MCSAB10 Inc. ("**MCSAB**"), as guaranteed by 4873 Ontario;

Based on the Company's books and records and the information obtained by the Receiver thus far, it appears that the Commercial Loans between the Company and the OOM Energy Group have a cumulative principal balance of approximately \$12,535,270 plus outstanding interest as at October 31, 2017 of approximately \$1,285,687 totaling \$13,820,956 (the "**OOM Energy Balance**");

c) a promissory note between 1092545 B.C. Ltd. ("**109 BC**"), as borrower, and the Company, as lender, dated November 4, 2016 for a principal balance of US \$125,000, which has matured (the "**109 BC Promissory Note**");

d) a promissory note issued by Cinnos Mission Critical Incorporated ("**Cinnos**") dated September 30, 2016 and purchased by the Infrastructure Fund for a principal balance of \$300,000 that matures on September 28, 2018 (the "**Cinnos Promissory Note**"); and

e) a participation interest in a mortgage issued to Kanwal Investments Inc. ("**Kanwal**") by Liberty Mortgage Services Inc. (the "**Kanwal Mortgage**").

275 For each of the above Commercial Loans, with the exception of the Cinnos Promissory Note and the Kanwal Mortgage, assignment agreements were entered into between the Company and certain of the Crystal Wealth Funds whereby the Commercial Loans were assigned from the Company to the applicable Crystal Wealth Fund.

276 The table below outlines the combined principal and interest owed to the various Crystal Wealth Funds as at October 31, 2017 under the Commercial Loans:

Entity	Outstanding Principal and Interest					Total
	Mortgage Fund	Factoring Fund	High Yield Mortgage Fund	Infrastructure Fund	Sustainable Property Fund	
Pond	\$ 3,588,000	\$ -	\$ 571,511	\$ -	\$ -	\$ 4,159,511
Magnitude	1,251,973	-	-	5,692,102	-	6,944,075
1472 Ontario	1,872,658	-	-	-	-	1,872,658
MCSnox	2,772,004	-	-	-	-	2,772,004
MCSAB	-	-	-	-	2,232,219	2,232,219
109 BC	-	169,685	-	-	-	169,685
Cinnos	-	-	-	342,340	-	342,340
Kanwal	226,667	-	-	-	-	226,667
Total	\$ 9,711,302	\$ 169,685	\$ 571,511	\$ 6,034,442	\$ 2,232,219	\$18,719,159

RECEIVER'S KEY FINDINGS AND ACTIONS

- 277 Although the OMs for the Infrastructure Fund and Sustainable Property Fund appear to contemplate investments like the applicable Commercial Loans, the "Investment Objective" and/or "Investment Strategy" sections of the OMs for the Mortgage Fund, Factoring Fund, and the High Yield Mortgage Fund, do not suggest that this type of investment would ever be made by the applicable Fund. Accordingly, the OMs are highly misleading to investors. The Receiver's communications with investors support this. Numerous investors have communicated to the Receiver that they were unaware of the large investments in Commercial Loans, and expected their invested capital to be deployed with a different strategy and purpose.
- 278 This section (paragraphs 279 to 286 below) summarizes the actions taken and the significant issues identified by the Receiver with respect to the Pond Loan and the Commercial Loans made to the OOM Energy Group. The remainder of this section of the Second Report (paragraphs 287 to 344) provides a more detailed account of the events that have transpired since the First Report regarding the Commercial Loans.

Pond – Pond Loan Amendment

- 279 Shortly after the Appointment Order, Pond advised the Receiver that it was unable to repay the interest and/or principal owing under the Pond Loan, as it had limited liquidity, and Pond was seeking external financing. Due to Pond's limited assets, immediate enforcement of the Pond Loan by the Receiver would have likely resulted in a shortfall in recovery for the Mortgage and High Yield Mortgage Funds and investors thereof.
- 280 The Receiver and Pond entered into the Pond Amendment which, among other things, extended the maturity of the Pond Loan and restructured the timing of the required principal and interest payments. In addition, the Receiver exercised an option granted under the Pond Loan Agreement to require Pond to enter into the Pond Intellectual Property Security Agreement (the "**Pond IPSA**"). The Company's first position security over the assets of Pond otherwise remains unchanged.

The OOM Energy Group – Default and Demands

- 281 On October 26, 2017, for the Commercial Loans issued to the OOM Energy Group, A&B, on behalf of the Receiver, issued default notices (the "**OOM Default Notices**") to the OOM Energy Group, Clydesdale, and Clydesdale's counsel:
- a) advising certain OOM Energy Group entities that their failure to make the required interest payments when due under the terms of the applicable loan agreement(s) triggered an Event of Default under the applicable loan agreement(s);
 - b) advising all OOM Energy Group entities that their failure to provide the information requested by the Receiver on May 18, 2017 and June 6, 2017 in connection with the various loan agreements is an Event of Default under same;
 - c) requesting the most recent review engagement report for each of Magnitude, 1472 Ontario, MCSnox, and MCSAB, as provided for in their respective loan agreements;
 - d) making formal demand for payment of interest or principal owing under certain of the loans issued to OOM Energy Group, to the extent that such amounts were payable on demand without a default notice.

- 282 The cure period provided under the applicable loan agreements in respect of the payment defaults identified in the OOM Default Notices expired without a response from the OOM Energy Group, Clydesdale, or counsel thereto, Bill McKenzie (“**McKenzie**”).
- 283 On November 11, 2017, McKenzie sent an e-mail to the Receiver and A&B, which email did not respond to the substantive issues mentioned in the OOM Default Notices, and instead asked for copies of the documents referred to therein (the “**McKenzie Email**”). In the McKenzie Email, McKenzie also provided that his client “wants to meet with the Receiver and arrange a final resolution.” A copy of the McKenzie Email is attached hereto as **Appendix “47”**.
- 284 In addition, the Receiver is requesting that this Court issue an Order compelling Clydesdale to produce the documents that have been requested by the Receiver on numerous occasions to better evaluate the Commercial Loans to the OOM Energy Group and the financial health of the underlying OOM Energy Group entities.
- 285 On November 13, 2017, A&B, on behalf of the Receiver, issued demand letters and BIA Notices to the OOM Energy Group (as further described and detailed below), together with Clydesdale (in his personal capacity, as a guarantor of certain arrangements with Magnitude) (the “**OOM Demand Letters**”). On the same date, courtesy copies of the OOM Demand Letters were sent to each of Clydesdale and McKenzie by e-mail, attaching copies of the indicative loan agreements and transactional documents that were referred to in the OOM Demand Letters.

Compliance with OMs

- 286 As outlined above, the Commercial Loans are held primarily by the Mortgage Fund, Infrastructure Fund, and Sustainable Property Fund. The Receiver has the following comments on whether Commercial Loans are consistent with the investment objectives of these Funds:
- a) **Infrastructure Fund** – The Commercial Loans assigned to the Infrastructure Fund appear to be of a nature that in compliance with the investment objectives of the Infrastructure Fund, although there is a high level of concentration risk, as 94.3% of the Commercial Loans assigned to this Fund are made with Magnitude;

- b) **Sustainable Property Fund** – the MCSAB Loan is structured according to Islamic finance concepts, and thus appears to be in compliance with the OM of the Sustainable Property Fund and its investment objective;
- c) **Mortgage Fund** – the investment objective of the Mortgage Fund is to “...generate a consistently high level of interest income...by investing primarily in residential mortgages in Canada”; Accordingly, the Commercial Loans held by the Mortgage Fund are not in compliance with this investment objective.

RECEIVER’S DETAILED REVIEW OF THE COMMERCIAL LOANS

Pond Technologies Inc.

- 287 Pond was incorporated on May 27, 2008 under the laws of Canada, with the purpose of pursuing microalgal biomass production using raw stack gas emissions from industrial emitters. Pond remains in the development stage of its business, has not yet reached profitability, and has relied on non-conventional sources of financing to fund operations.
- 288 Subsequent to the execution of the Pond Loan Agreement, the Company executed various participation agreements assigning the rights to a stated portion of the Pond Loan to the Mortgage Fund, High Yield Mortgage Fund, and an individual, Suzanne West, resulting in the following participation amounts of the Pond Loan:

Fund	Principal Balance	Principal Balance Allocation		
		Mortgage Fund	High Yield Mortgage Fund	Suzanne West
Pond Loan	\$ 4,500,000	\$ 2,950,000	\$ 550,000	\$ 1,000,000

- 289 Pursuant to a subordination and postponement agreement between St. Mary’s Cement Inc., the Company, and Pond dated February 19, 2016, the Company is the first secured creditor of all of the assets of Pond. In addition, pursuant to the Pond IPSA, the Receiver is the first secured creditor of Pond’s patents, copyrights and trademarks.
- 290 Pursuant to amending letter agreements dated October 5, 2016, October 20, 2016, October 26, 2016, and February 8, 2017, the Company agreed to defer, but not waive, the payment of interest by Pond pursuant to the Pond Loan Agreement. As at the date of the Receiver’s appointment, Pond owed the Company approximately \$270,283 in overdue interest.

The Receiver's Discussions with Pond

- 291 In initial discussions with the Receiver, Pond advised the Receiver that it was unable to repay the interest and/or principal owing under the Pond Loan as it had limited liquidity. Moreover, Pond stated that prior to the appointment of Receiver, Smith had verbally assured Pond that the Company would commit to converting the entire Pond Loan into equity in Pond (half of the Pond Loan converted into shares of Pond at a price of \$2.00 per share while the other half would be converted at a price of \$2.40 per share).
- 292 Pond advised that it had been planning to go public via a reverse take-over ("**RTO**") bid by Ironhorse Oil & Gas Ltd., a public company listed on the TSX Venture Exchange (TSX.V: IOG) ("**Ironhorse**") (i.e. Ironhorse would acquire the common shares of Pond) (the "**RTO Transaction**"). Pond further advised that the aforementioned assurances regarding the debt to equity conversion were provided by Smith, on behalf of the Company, in subsequent discussions with Ironhorse as well as with the brokers engaged by Pond to raise additional equity and complete the RTO Transaction
- 293 .On June 12, 2017, Pond provided the Receiver with a confidential draft-unsigned letter of intent from Ironhorse outlining proposed terms of the RTO Transaction. Pond advised that the RTO Transaction would not be achievable unless some alternative arrangements were made to the current structure of the Pond Loan Agreement.

The Pond Loan Amendment

- 294 A number of subsequent discussions and meetings took place between the Receiver and Pond eventually leading to the Receiver and Pond entering into the Pond Loan Amendment dated August 11, 2017 (the "**Pond Loan Amendment**"), attached hereto as **Appendix "48"**. The Pond Loan Amendment included, among other things, the following changes to the Pond Loan Agreement:
- a) Maturity – extended to June 30, 2019 (a 1.5 year extension);
 - b) Principal Payments – Pond shall repay the loan principal as follows:
 - i) \$1,000,000 by December 31, 2017;

- ii) 20% of the proceeds received by Pond from one or more financing transactions once the aggregate amount of such financing transactions is equal to or greater than \$10,000,000; and
 - iii) in full (including all principal, interest and other fees owing and outstanding) upon the Date of Termination (defined in the Pond Loan Amendment as the earlier of: (i) June 30, 2019; or (ii) the date upon which an Event of Default occurs);
 - c) Interest Payments – Pond shall repay the loan interest as follows:
 - i) \$581,399 on November 30, 2017 (representing the accrued interest from October 1, 2016 to November 30, 2017);
 - ii) quarterly interest payments commencing on December 31, 2017 and thereafter on the last day of March, June, September, and December of each year at a rate of 8% per annum; and
 - iii) a delayed interest payment accruing on a daily basis of 4% (i.e. the differential from the 12% interest rate) due upon the Date of Termination (estimated to be \$293,934 if principal is paid upon maturity).
- 295 On August 15, 2017, Pond issued a notice to its shareholders that, among other things, advised of:
- a) a successful equity financing raise of \$1.6 million through a brokered private placement;
 - b) the Pond Loan Amendment; and
 - c) the execution of a letter of intent with Ironhorse to continue pursuing the RTO Transaction.
- A copy of the notice to shareholders issued by Pond is attached to this Second Report as **Appendix “49”**.
- 296 The receiver entered into a further amending agreement in respect of the Pond Loan on November 16, 2017 (the “**Second Pond Loan Amendment**” and, together with the Pond

Loan Amendment, the “**Pond Loan Amendments**”). The Second Pond Loan Amendment changed the date of the first interest payment noted above from November 30, 2017 to December 21, 2017, in consideration of an extension fee of \$10,000 to be paid by Pond to the Receiver. A copy of the Second Pond Loan Amendment attached to this Second Report as **Appendix “50”**.

Conclusion

- 297 The Pond Loan Amendments restructured Pond’s indebtedness to increase the likelihood of recovery for the Mortgage and High Yield Mortgage Funds. Moreover, the two Funds maintained a first secured position in the assets of Pond. A conversion of the Pond Loan to equity, as Smith purportedly agreed to in principle prior to the Appointment Order, would have resulted in the investors having no security over the assets of Pond.

OOM Energy Group

- 298 The table below outlines the portion of the OOM Energy Balance owing to the Mortgage Fund, Infrastructure Fund, and the Sustainable Property Fund:

Entity	Outstanding Principal and Interest				Total
	Mortgage Fund	Infrastructure Fund	Sustainable Property Fund		
Magnitude	\$ 1,251,973	\$ 5,692,102	\$ -		\$ 6,944,075
1472 Ontario	1,872,658	-	-		1,872,658
MCSnox	2,772,004	-	-		2,772,004
MCSAB	-	-	2,232,219		2,232,219
Total	\$ 5,896,635	\$ 5,692,102	\$ 2,232,219		\$ 13,820,956

Magnitude CS Energy Inc.

- 299 The Company entered into a loan agreement dated July 6, 2016 with Magnitude (as borrower) and Clydesdale (in his individual capacity, as guarantor) (the “**Magnitude Working Capital Loan Agreement**”) which, among other things, included the following terms:
- a) Purpose – for general operating expenses and working capital;

- b) Principal – \$3,000,000 due upon maturity;
- c) Interest – 13% due quarterly; and
- d) Maturity – July 6, 2021

(the “**Magnitude Working Capital Loan**”).

- 300 The Magnitude Working Capital Loan is primarily accounted for in the Infrastructure Fund, pursuant to assignment agreements in respect of certain promissory notes representing advances thereunder. Some additional indebtedness that appears to arise pursuant to the Magnitude Working Capital Loan is assigned to the Mortgage Fund.
- 301 The most recent interest payment received by either the Infrastructure Fund or the Mortgage Fund on account of the Magnitude Working Capital Loan was received by the former on January 3, 2017. Interest is required to be paid quarterly (i.e. the next payment was due on March 31, 2017). This March 31 quarterly payment, and subsequent quarterly payments, have not been made. This non-payment is an Event of Default (as defined in the Magnitude Working Capital Loan Agreement).
- 302 In addition to the arrangements under the Magnitude Working Capital Loan Agreement as referred to above, the Company also entered into a series of promissory notes made between the Company and Magnitude (collectively, the “**Magnitude Factoring Promissory Notes**”), the proceeds of which were apparently used to pay accrued interest and partial payment of principal for a factoring agreement made between the Factoring Fund and Magnitude on July 11, 2015 (the “**Magnitude Factoring Agreement**”), and which promissory notes were subsequently assigned to the Infrastructure Fund.
- 303 As at October 31, 2017, the Company’s books and records indicate that a total of approximately \$3,312,484 is owing under the Magnitude Factoring Promissory Notes (principal and interest of \$3,008,071 and \$304,413 respectively). Each of the Magnitude Factoring Promissory Notes provides that interest and principal are due on demand.
- 304 On October 26, 2017, A&B, on behalf of the Receiver, issued a default and demand letter (the “**Magnitude Default & Demand Letter**”) to Magnitude, with a courtesy copy to Clydesdale, that, among other things, advised Magnitude of:

- a) its failure to make the required interest payments when due under the terms of the Magnitude Working Capital Loan Agreement, constituting an Event of Default under the loan agreement;
- b) its failure to provide the information requested by the Receiver on May 18, 2017 and June 6, 2017 in connection with the Magnitude Working Capital Loan Agreement, constituting an Event of Default under the loan agreement;
- c) the Receiver's request for Magnitude's most recent review engagement report pursuant to Article 2 under the "Covenants" heading of the Magnitude Working Capital Loan Agreement;
- d) the Receiver's formal demand for payment of the indebtedness owing under the Magnitude Promissory Notes as at September 30, 2017 (\$3,176,017.85 plus professional fees and accruing interest); and
- e) an enclosed BIA Notice.

A copy of the Magnitude Default & Demand Letter is attached to this Second Report as **Appendix "51"**. As at the date of this Second Report, the specified defaults have not been cured.

- 305 On November 13, 2017, A&B, on behalf of the Receiver, issued a further demand letter to Magnitude (the "**Magnitude Demand Letter**"), making formal demand on the entire indebtedness outstanding under the Magnitude Working Capital Loan Agreement, and reiterating the Receiver's demand on the Magnitude Promissory Notes, and enclosing a BIA Notice. A demand letter was also issued to Craig Clydesdale, in his personal capacity as guarantor of the indebtedness under the Magnitude Working Capital Loan Agreement (the "**Clydesdale Demand Letter**"). Copies of the Magnitude Demand Letter and Clydesdale Demand Letter are attached to this Second Report as **Appendix "52"**.

2441472 Ontario Inc. (Mortgage Fund)

- 306 The Mortgage Fund entered into a loan agreement with 1472 Ontario (as borrower) and 4873 (as guarantor) dated November 7, 2014 (the "**1472 Ontario Loan Agreement**") which includes the following terms:

- a) Purpose – To finance up to 100% of the installed cost of a MCS COGEN MARK 6 CoEnergyPoD, to be deployed at the premises of St. Mary's Cement Inc. (Canada) located at 55 Industrial St., Toronto, Ontario;
 - b) Principal – \$1,800,000 due upon maturity (a prepayment option is available to the Company on December 8, 2017);
 - c) Interest – 13% due monthly; and
 - d) Maturity – November 7, 2029
- (the "**1472 Ontario Loan**").
- 307 The 1472 Ontario Loan was assigned to the Mortgage Fund, pursuant to a participation agreement dated November 2, 2016.
- 308 According to the books and records of the Company, the most recent interest payment received by the Mortgage Fund with respect to the 1472 Ontario Loan was received in March 2017. As interest is required to be paid monthly, the non-payment of interest since March 2017 is an Event of Default under the 1472 Ontario Loan Agreement.
- 309 On October 26, 2017, A&B, on behalf of the Receiver, issued a default notice (the "**1472 Ontario Default Notice**") to 1472 Ontario and Clydesdale that, among other things, advised of:
- a) 1472 Ontario's failure to make the required interest payments when due under the terms of the 1472 Ontario Loan Agreement – an Event of Default under the 1472 Ontario Loan Agreement;
 - b) 1472 Ontario's failure to provide the information requested by the Receiver on May 18, 2017 and June 7, 2017 in connection with the 1472 Ontario Loan Agreement – an Event of Default under the 1472 Ontario Loan Agreement; and
 - c) the Receiver's request that 1472 provide its most recent review engagement report to the Receiver, as required under the 1472 Ontario Loan Agreement.
- A copy of the 1472 Ontario Default Notice is attached hereto as **Appendix "53"**. As at the date of this Second Report, the specified defaults had not been cured.

- 310 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**1472 Ontario Demand Letter**"), making formal demand on 1472 Ontario for repayment of the entire indebtedness outstanding under the 1472 Ontario Loan Agreement, and enclosing a BIA Notice. A copy of the 1472 Ontario Demand Letter is attached hereto as **Appendix "54"**.

MCSnoxrecovery Inc.

- 311 The Company entered into a loan agreement with MCSnox dated March 8, 2015 (the "**MCSnox 2015 Loan Agreement**") which includes the following terms:
- a) Purpose – to complete the first Pond algae bioreactor installation at St. Mary's Cement, Leaside, ON and for working capital purposes;
 - b) Principal – \$550,000 due upon maturity, or if borrower completes an equity financing greater than the principal amount, or on an event of default;
 - c) Interest – \$300,000 due on June 6, 2015 then 11% commencing January 1, 2016 thereafter, due on demand;
 - d) Maturity – March 8, 2026;
- (the "**MCSnox 2015 Loan**").
- 312 According to the books and records of the Company, the most recent interest payment received by the Mortgage Fund with respect to the MCSnox 2015 Loan was received in December 2016.
- 313 In addition to the MCSnox 2015 Loan Agreement, the Company entered into a separate agreement with MCSnox dated November 2, 2016 (the "**MCSnox 2016 Loan Agreement**", and together with the MCSnox 2015 Loan Agreement, the "**MCSnox Loan Agreements**") which includes the following terms:
- a) Purpose – to complete the first Pond algae bioreactor installation at St. Mary's Cement, Leaside, ON and for working capital purposes;
 - b) Principal – \$2,000,000 due upon maturity, or if borrower completes an equity financing greater than the principal amount, or on an event of default;

c) Interest – 11% due on demand;

d) Maturity – November 7, 2029;

(the “**MCSnox 2016 Loan**”, together with the MCSnox 2015 Loan, the “**MCSnox Loans**”).

314 The MCSnox Loans were assigned to the Mortgage Fund, pursuant to an assignment agreement dated November 2, 2016.

315 According to the books and records of the Company, the most recent interest payment received by the Mortgage Fund with respect to the MCSnox 2016 Loan was received in December 2016.

316 On October 26, 2017, A&B, on behalf of the Receiver, issued a default and demand letter (the “**MCSnox Default & Demand Letter**”) to MCSnox which, among other things, advised of:

a) the Receiver’s formal demand for payment of the interest owing under the MCSnox Loans, which as at September 30, 2017 totaled \$198,181;

b) MCSnox’s failure to provide the information requested by the Receiver on May 18, 2017 and June 7, 2017 in connection with the MCSnox Loan Agreements, constituting an Event of Default under each of the MCSnox Loan Agreements; and

c) the Receiver’s request that MCSnox provide its most recent review engagement report, as required under the MCSnox Loan Agreements.

A copy of the MCSnox Default & Demand Letter is attached hereto as **Appendix “55”**.

317 On November 3, 2017, A&B, on behalf of the Receiver, issued a subsequent default notice (the “**MCSnox Second Default Notice**”) to MCSnox and Clydesdale which advised MCSnox that it had failed to remit payment of the accrued interest under the MCSnox Loans as demanded in the MCSnox Default & Demand Letter and that such failure was an Event of Default under each of the MCSnox Loan Agreements. As at the date of this Second Report, the defaults specified in each of the above-noted letters have not been cured. A copy of the MCSnox Second Default Notice is attached hereto as **Appendix “56”**.

- 318 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the **"MCSnox Demand Letter"**), making formal demand on MCSnox for repayment of the entire indebtedness outstanding under the MCSnox Loan Agreements, and enclosing a BIA Notice. A copy of the MCSnox Demand Letter is attached hereto as **Appendix "57"**.

MCSAB10 Inc.

- 319 The Company entered into a loan agreement among MCSAB (as borrower) and 4873 Ontario Corp (as guarantor), dated November 28, 2016 (the **"MCSAB Loan Agreement"**), which includes the following terms:
- a) Purpose – To finance up to 90% of the installed cost of a MCS COGEN MARK 6 CoEnergyPoD, to be deployed at the premises of Imaginea Energy Corp. located in Jenner, Alberta;
 - b) Principal – \$2,600,000 due upon maturity (\$2,000,000 had been advanced);
 - c) User Fees – 13% due monthly;
 - d) Maturity – December 9, 2019;
- (the **"MCSAB Loan"**).
- 320 The MCSAB Loan was assigned to the Sustainable Property Fund, pursuant to an assignment agreement with the Company dated December 9, 2016.
- 321 According to the books and records of the Company, no payments have been received by the Company or the Sustainable Property Fund with respect to the MCSAB Loan. As payments are required to be made paid monthly, non-payment is an Event of Default under the MCSAB Loan Agreement.
- 322 On October 26, 2017, A&B, on behalf of the Receiver, issued a default notice (the **"MCSAB Default Notice"**) to MCSAB, with a courtesy copy to 4873 Ontario, which, among other things, advised of:
- a) MCSAB's failure to make the required payments when due under the terms of the MCSAB Loan Agreement, constituting an Event of Default thereunder;

- b) MCSAB's failure to provide the information requested by the Receiver on May 18, 2017 in connection with the MCSAB Loan Agreement, constituting an Event of Default;
- c) false representations and warranties made by MCSAB and 4873 Ontario with respect to the existence of certain competing security interests, constituting an Event of Default; and
- d) the Receiver's request that MCSAB provide its most recent review engagement report to the Receiver pursuant to Article 2 of the MCSAB Loan Agreement.

A copy of the MCSAB Default Notice is attached to this Second Report as **Appendix "58"**.

- 323 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**MCSAB Demand Letter**"), making formal demand on MCSAB for repayment of the entire indebtedness outstanding under the MCSAB Loan Agreements, and enclosing a BIA Notice. A copy of the MCSAB Demand Letter is attached hereto as **Appendix "59"**.

4873 Ontario

- 324 As noted above, 4873 Ontario is a guarantor of the applicable debtor's obligations under each of the 1472 Loan Agreement and the MCSAB Loan Agreement.
- 325 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**4873 Demand Letter**") making formal demand on 4873 Ontario for repayment of the entire indebtedness outstanding under each of the 1472 Loan Agreement and the MCSAB Loan Agreement. A copy of the 4873 Demand Letter is attached hereto as **Appendix "60"**.

Status of Demands

- 326 As at the date of this Second Report, none of the OOM Energy Group entities have responded to the OOM Demand Letters issued by the Receiver.

Examination of Clydesdale

- 327 As detailed in the First Report, on May 18, 2017, the Receiver conducted a call with Bill McKenzie ("**McKenzie**"), Clydesdale's counsel. During the call, McKenzie had little knowledge of the specifics surrounding the OOM Energy Group and the loans issued to same. Upon request for Clydesdale to provide documents related to the OOM Energy Loans, McKenzie advised that such documents would be provided after a written request

was issued, outlining the specific documents required by the Receiver. The Receiver issued a document request list concerning loans issued to the OOM Energy Group on June 7, 2017. As at the date of this Second Report, neither McKenzie nor Clydesdale have provided the documents requested.

- 328 As particularized above, Clydesdale has yet to respond to any of the Receiver's default notices, demands, or requests for information in respect of any of the OOM Energy Group entities, either personally or via his counsel, with the exception of the November 11, 2017 McKenzie Email which, as noted above, did not provide a substantive response or promise any corrective action. As the Receiver anticipates Clydesdale and his counsel will continue to be uncooperative, and as further background information is necessary to properly evaluate the Company's dealings with the OOM Energy Group and the scope of any possible recovery from same, the Receiver will be issuing a notice for Clydesdale to attend at an examination under oath in Toronto in due course.
- 329 In addition, the Receiver is requesting that this Court issue an Order compelling Clydesdale to produce the documents that have been requested by the Receiver on numerous occasions to better evaluate the Commercial Loans to the OOM Energy Group and the financial health of the underlying OOM Energy Group entities.
- 330 None of the foregoing is intended to waive or limit any remedies which may be exercised by the Receiver in connection with the enforcement of any of the Commercial Loans to the OOM Energy Group, or any rights of examination or production in connection therewith as already authorized by the Appointment Order.

1092545 B.C. Ltd. (Factoring Fund)

- 331 The 109 BC Promissory Note was assigned to the Factoring Fund pursuant to an assignment agreement with the Company dated November 9, 2016.
- 332 The 109 BC Promissory Note matured on the earlier of 90 days following the date it was made or the date that Century Energy Ltd. receives TSX.V approval to advance funds to 109 BC, at which point all principal and accrued interest became payable. The Company's books and records indicated that neither the principal nor interest had been paid.
- 333 The 109 BC Promissory Note provides that it is secured by a trust account deposit held by Morton Law LLC ("**Morton Law**"). The 109 BC Promissory Note states that: "*The*

current balance of the Morton Law trust account held for the Borrower is \$250,000 USD". Under the 109 BC Promissory Note, the Company is also entitled to 20% of US \$125,000 in shares of Century Energy Ltd. if and when that company acquires 109 BC (the "**Share Bonus**").

- 334 On October 26, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**109 BC Demand Letter**") to 109 BC, with a courtesy copy to Morton Law LLC, making formal demand for payment of US \$125,000 together with accrued interest and the Share Bonus, if applicable. A copy of the 109 BC Demand Letter is attached hereto as **Appendix "61"**.
- 335 Certain aspects of the background of the principal of 109 BC, Marcel Rada ("**Mr. Rada**"), provides some reason to be suspicious about the 109 BC Promissory Note. Particularly, Mr. Rada appears to have a history of engaging in similarly structured transactions in which investors are not repaid in full, as set out in the agreed facts of *Re Rada*, [2011] IIROC No. 27, a decision of the Investment Industry Regulatory Organization of Canada ("**IIROC**") discussed immediately below.
- 336 Mr. Rada was formerly a registered investment dealer. In response to enforcement efforts of IIROC, Mr. Rada entered into a settlement agreement, where he, amongst other things, admitted to engaging in off-book transactions, without the knowledge or consent of his employer, at least some of which (like the transaction between the Company and 109 BC) were structured as bridge financing, evidenced by promissory notes containing a share bonus. The indebtedness created by these transactions was never repaid in full, and Mr. Rada obtained a personal benefit from same. A copy of *Re Rada*, [2011] IIROC No. 27, is attached hereto as **Appendix "62"**.
- 337 On October 30, 2017, in a call with A&B, Mr. Rada acknowledged that the 109 BC Promissory Note was in fact overdue. Mr. Rada also stated that he is in the process of negotiating with the Guyanese government regarding certain mining permits, and that the success of these permits will affect how 109 BC repays the 109 BC Promissory Note.
- 338 A&B, on behalf of the Receiver, sent an email to Mr. Rada confirming that the call occurred and the facts noted in the previous paragraph. A&B requested that Mr. Rada provide documentary confirmation regarding the status of the required mining permits by November 3, 2017 and that a repayment proposal be delivered to the Receiver by November 15, 2017. On November 16, 2017, Mr. Rada telephoned A&B, advising that no

documentary evidence of any sort regarding mining permits was available, and that a repayment proposal would be delivered by November 21, 2017.

- 339 On November 22, 2017, Mr. Rada sent an email advising that 109 BC was insolvent, that it had a large amount of debt, and that there was no guarantee that the mining permits would be granted in a timely manner. Mr. Rada proposed to settle the 109 BC Promissory Note by way of one of the following payment options:

- a) US \$12,500 on or before January 30, 2018;
- b) US \$25,000 on or before April 30, 2018; or
- c) US \$37,500 on or before July 31, 2018.

In addition, Mr. Rada stated that:

"If one of [the above three options] options is not acceptable 1092545 BC Ltd will be forced into dissolution. It has no cash or assets. Only debt."

A copy of A&B's email correspondence with Mr. Rada is attached hereto as **Appendix "63"**.

- 340 Given Mr. Rada's confirmation that the balance of the 109 BC Promissory Note is likely not recoverable, A&B investigated the status of the trust deposit purportedly held by Morton Law as security. The response from Morton Law on November 22, 2017 was that *"we are not, and have not previously been, counsel to 1092545 BC. We do not hold any funds in trust for that entity."* A copy of A&B's letter to Morton Law of November 22, 2017, together with the response thereto, is attached as **Appendix "64"**.

Cinnos Mission Critical Corporation (Infrastructure Fund)

- 341 The Cinnos Promissory Note principal and interest is repayable on maturity, or convertible into preferred shares of Cinnos in the event of a qualified financing. The Receiver will continue to monitor the performance of this investment until its stated maturity date, being September 28, 2018.

Kanwal Developments Inc. (Mortgage Fund)

- 342 The Mortgage Fund entered into a Mortgage Participation & Service Agreement with Liberty Mortgage Services Ltd. ("**Liberty Mortgage**") dated June 17, 2008 (the "**Participation Agreement**"). Under the Participation Agreement, the Mortgage Fund participates in the sum of \$500,000 (the "**Kanwal Participation**") of a \$10,800,000 first mortgage to Kanwal (the "**Kanwal Mortgage**").
- 343 On October 27, 2017, the Receiver contacted Liberty Mortgage to obtain additional documentation to assess the underlying value of the principal and the potential impairment, if any, to the Kanwal Participation. The Receiver sent follow-up correspondence to Liberty Mortgage in this regard on October 31, 2017 and November 3, 2017.
- 344 As at the date of this Second Report, the Receiver has not received any documentation from Liberty Mortgage. The Receiver requests that this Court issue an Order compelling Liberty Mortgage to provide the documents requested by the Receiver on October 27, 2017.

US REAL ESTATE LP

- 345 As outlined in the First Report, the Hedge Fund and Factoring Fund cumulatively own 99.99% of 107 LP, an entity that has an indirect ownership interest in a number of rental properties located in the United States together with corporate and individual partners (collectively the structure is referred to as the "**US Real Estate LP**"). The Hedge Fund and Factoring Fund act as limited partners (the "**Limited Partners**") in the US Real Estate LP.
- 346 The remaining 0.01% ownership of 107 LP is held by 1076874 B.C. Ltd., an entity listed as the general partner which is owned by the following individuals:
- a) Alberto Storelli (Canadian) ("**Storelli**") – 51.0%;
 - b) Brian Peoples (USA) ("**Peoples**") – 24.5%; and
 - c) Joe Harker (USA) ("**Harker**") – 24.5%.

All or one of Storelli, Peoples, and Harker (collectively the “**General Partners**”) are listed as directors or officers in a majority of the entities included in the US Real Estate LP. The Receiver understands that Storelli is the directing mind of the US Real Estate LP and is a personal friend of Housego.

347 From June 6, 2016 to March 14, 2017, the Hedge Fund and Factoring Fund (as Limited Partners) invested US \$7,500,000 in the US Real Estate LP by way of unit purchases in 107 LP through subscription agreements (the “**Subscription Agreements**”).

348 The purpose of the US Real Estate LP is to acquire and develop real estate properties in the United States to subsequently earn rental income and proceeds from the possible and/or eventual sale of such properties. Through their investment in 107 LP, the Receiver understands that the Factoring Fund and Hedge Fund have an indirect minority ownership interest in the following properties held by the US Real Estate LP:

- a) 3961 Covington Highway, Decatur, Dekalb County, Georgia (“**The Parke on Covington**”);
- b) 3859 Austin Circle, Decatur, Dekalb County, Georgia (“**Wynhollow**”);
- c) 325 - 3rd Avenue SW, Birmingham, Alabama (“**Montevallo**”);
- d) 201 - 3rd Avenue SW, Birmingham, Alabama (“**King’s Manor**”);
- e) 922 Lawndale Drive, Tupelo, Mississippi (“**Tupelo**”); and
- f) 619 E. Groveland Parkway, Chicago, Illinois (“**Chicago #1**”).

(collectively referred to as the “**US Properties**”).

349 As outlined in its First Report, the Receiver had not been able to make direct contact with Storelli; however, it has had limited discussions with Storelli’s counsel, as detailed below.

INFORMATION REQUESTS AND UPDATES ON THE US PROPERTIES

350 On June 29, 2017, the Receiver conducted a call with Storelli’s counsel, to discuss, among other things: the status of the US Real Estate LP; the progress and status of the development of the US Properties; and additional documentation required by the

Receiver, including but not limited to the financial statements of the various entities in the US Real Estate LP.

- 351 On July 30, 2017, the Receiver obtained an update on the US Properties as at March 31, 2017:
- a) Chicago #1 – *“property was purchased on Nov 17, 2016; renovations only just started in Dec 2016.”*
 - b) The Parke on Covington – *“property was purchased on Nov 10, 2016; renovations are 42% done (approx. \$433,000).”*
 - c) Wynhollow – *“property was purchased on June 7, 2016; renovations are 62% done (approx. \$1,214,000).”*
 - d) Montevallo – *“property was purchased on Aug 19, 2016 and subsequently refinanced on February 13, 2017 based on same value as the purchase price; renovations are 45% done (approx. \$1,714,500).”*
 - e) Tupelo – *“property was purchased on March 17, 2017; renovation work just beginning.”*
 - f) King’s Manor – *“property next door to Montevallo and was purchased on March 21, 2017; currently preparing for renovations.”*
- 352 In addition, the Receiver obtained the consolidated notice to reader financial statements for 107 LP for the year ended December 31, 2016; the information is outdated and irrelevant given the events that occurred after December 31, 2016.
- 353 As at the date of this Second Report, the Receiver has not received financial information for DaVinci Capital Property, Inc. (“DVCP”), a Nevada corporation which has an indirect ownership interest in each of the US Properties, nor any of the special purpose entities (“SPEs”) that purchased the US Properties. Storelli’s counsel has represented that such information will be provided to the Receiver after the SPE’s year end of December 31, 2017.
- 354 On August 31, 2017, the Receiver obtained additional information on the US Properties, excluding Chicago #1, from an anonymous investor in the Crystal Wealth Funds. A copy of the additional information provided is attached hereto as **Appendix “65”**.

355 On September 18, 2017, after the Receiver's request, Storelli's counsel provided an update on the US Properties⁷:

- a) Chicago #1 – *"1 out of the 6 units are currently occupied. There has not been a press to fill the units due to the pending renovations of the building. We had architects/plans in progress but they were put on hold due to a change of direction by Rothbury from a condo conversion to long term rentals."*
- b) The Parke on Covington – *"Renovations are approximately 90% complete. The property is currently 78% leased."*
- c) Wynhollow – *"Renovations are approximately 65% complete. 47% leased, 94% leased when excluding down units."*
- d) Montevallo – *"We are currently punching out the first two buildings (20 total units) and will have them ready for occupancy in the next two weeks pending final city approvals. Another 36 units will be delivered in blocks of six over the next 30 days for a total of 56 units, which will complete Phase I of III of the rehab. Phase II is currently underway and is approximately 50% complete. Phase III has not yet commenced."*
- e) Tupelo – *"Project on hold. In negotiations with City of Tupelo to purchase. Due to their desire to own the property, they are putting up road blocks on our renovations. We have engaged local counsel to help out here."*
- f) King's Manor – *"The property was 100% leased when we bought it to tenants paying just \$225 per month in rent. We immediately began de-leasing the property in order to commence renovations and bring the rents up to current market levels. We are down to eight tenants and have commenced renovations and expect to be fully complete within the next 90-days. Exterior renovations are underway while we vacate the property."*

ISSUES OBTAINING INFORMATION CONCERNING US REAL ESTATE LP DURING THE SALES PROCESS

356 As discussed in detail below, during the Sales Process, the Receiver coordinated calls with the potential managers and the various third party service providers involved in the

⁷ The update on the Chicago #1 property was provided to the Receiver on November 10, 2017 after numerous follow-up emails and correspondence.

administration of the Crystal Wealth Funds including but not limited to Xynergy, Spectrum, IFDS, and Frontline. The purpose of these calls was for the potential managers to perform the required due diligence on particular investments and to determine if they would continue operating under the various third party contracts entered into by the Crystal Wealth Group.

357 On September 18, 2017, the Receiver requested that Storelli and/or his counsel provide times that would be suitable to arrange a call with the potential managers, the Receiver, and any of the General Partners.

358 On September 22, 2017, Storelli's counsel advised that prior to a call being conducted, the potential managers would have to execute a non-disclosure agreement ("**NDA**") that Storelli's counsel prepared, despite the fact that the potential managers had already executed a confidentiality agreement with the Receiver as part of the Sales Process.

359 On September 26, 2017, A&B, on behalf of the Receiver, advised Storelli's counsel that the potential managers had already executed the confidentiality agreement provided for in the Sale Process, and were therefore already subject to an obligation to keep all information they receive confidential. A&B also advised Storelli's counsel that the Receiver cannot entertain the imposition of further levels of confidentiality on the process, as doing so is both unnecessary and would result in additional unnecessary costs and delay.

360 On September 26, 2017, Storelli's counsel responded stating that the Limited Partners:

"...are merely limited partners in [107 LP] that owns a minority interest stake in [US Real Estate LP] and are entitled to information pursuant to the partnership agreement and it is up to those funds as to what they do with that information. As to any third parties, the partnership is under no obligations to disclose and although my client wishes to cooperate, in the interests of safeguarding information as to the majority interest holders requires an NDA of third parties who wish to obtain information. We await the signed NDA."

361 A conference call between the potential managers and the General Partners accordingly did not proceed.

CONCLUSION

- 362 As noted in Storelli's counsel's email on September 26, 2017, the Limited Partners own a minority interest in the US Real Estate LP. In addition, as preferred shareholders, it appears that the Limited Partners have no security over the assets of 107 LP and/or the various US Real Estate LP entities. As a preferred shareholder, the Receiver, on behalf of the Limited Partners, has no recourse other than to continue to monitor the development of the US Properties and the US Real Estate LP's compliance with the Subscription Agreements and other relevant agreements governing the US Real Estate LP.
- 363 On September 22, 2017, Storelli's counsel indicated that the other owners of the US Properties are potentially interested in acquiring 107 LP's interests in same for cash and/or units of a different limited partnership which intends to become listed on the TSX Venture Exchange by June 30, 2018. The Receiver has not declined nor indicated an interest in pursuing this option as this time. The Receiver plans to update the Court and investors accordingly in subsequent reporting.
- 364 As outlined previously, given the broad nature of the Hedge Fund investment objective it is unclear if the investment in the US Real Estate LP would comply with the Hedge Fund's OM. It is the Receiver's view that the Factoring Fund's investment in the US Real Estate LP is outside of the scope of the Factoring Fund's investment objective as outlined in its OM. The non-disclosure of such an investment is a misrepresentation to investors investing into a fund by which the OM stated that they are to be invested primarily in factoring receivable agreements whereby traditional receivables are being purchased from Merchants.

MEDICAL FACTORING CONTRACTS

- 365 As outlined in the First Report, the Medical Fund invests in Medical Factoring Contracts which are administered by Xynergy Medical Capital LLC ("**Xynergy**"). Similar to the Factoring Contracts, Xynergy enters into contracts to purchase healthcare receivables (after purchase, invoices are referred to as "**Purchased Medical Receivables**") from operating businesses in the United States ("**Clients**") for a discount and service fees. The Purchased Medical Receivables are assigned to Xynergy who ultimately collects the invoice value. Unlike the Factoring Contracts, the Medical Factoring Contracts are not

entered into between the Clients and the Medical Fund but rather a participation in the agreements between Xynergy and the Client is purchased by the Medical Fund.

- 366 Xynergy and the Medical Fund entered into a Master Medical Receivables Purchase and Administration Agreement on March 31, 2016 (the "**MMRPAA**") which essentially gives the Medical Fund the opportunity to purchase participations in Xynergy's Medical Factoring Contracts with various Clients (defined therein). Under the MMRPAA, Xynergy administers the Medical Factoring Contracts.

SALE OF THE GEODATA BALANCE

- 367 As noted in the First Report, on June 20, 2017, Xynergy put forth a revised offer to acquire the Medical Fund's participation in the balance of invoices related to a client, GeodataPR International, Inc. ("**Geodata**") (the "**Geodata Participation**"), for US \$684,313 (100% of the balance of the Geodata accounts receivable).
- 368 On July 10, 2017, the Receiver and Xynergy executed a bill of sale where Xynergy re-acquired the Geodata Participation for US \$684,313. The Receiver received the funds on July 12, 2017.

CURRENT MEDICAL FACTORING CONTRACTS

- 369 After the sale of the Geodata Participation, the Medical Fund currently has balances owing under the following two (2) executed participation agreements:
- a) a participation agreement dated August 22, 2014 between the Medical Fund and Xynergy for a participation in Unlimited Prosthetics, Inc.'s ("**UPI**") accounts receivable and 33.94% of the factoring fees (the "**UPI Participation**"); and
 - b) a participation agreement dated March 31, 2016 between the Medical Fund and Xynergy for a participation in Servicios de Salud Integrada, CSP's ("**SSI**") accounts receivable and 70% of the factoring fees (the "**SSI Participation**").

Unlimited Prosthetics, Inc.

- 370 Xynergy has advised that UPI went into default in June 2015 and ceased paying the balance owed under the factoring agreement between Xynergy and UPI dated April 3, 2013. In email correspondence from Xynergy to Smith which has been obtained by the

Receiver, Xynergy had indicated that after June 2015, the account balance was US \$257,194, of which US \$197,271 were funds advanced to UPI by the Medical Fund (i.e. the principal balance) and US \$59,923 were accrued fees. Per the UPI Participation, accrued fees are split 66.06% (US \$39,585) and 33.94% (US \$20,338) to Xynergy and the Medical Fund, respectively.

- 371 On January 12, 2016, after litigation efforts against UPI were pursued, Xynergy entered into a settlement agreement with UPI and Erika Sanchez (as guarantor) for a settlement of the account balance for US \$215,000 (the "**UPI Settlement**") (the "**UPI Settlement Agreement**"). Under the UPI Settlement Agreement, UPI was to repay the UPI Settlement as follows: (i) US \$500 immediately; (ii) US \$6,500 before January 27, 2016; and (iii) payments of US \$7,000 on the 27th of each month thereafter until the UPI Settlement is paid in full. Of the UPI Settlement, approximately \$181,909 is owing to the Medical Fund and \$33,091 is owing to Xynergy.
- 372 As at the date of this Second Report, there have been a total of 21 payments totaling US \$147,000. As a result, the account balance for UPI is US \$68,000, consisting of nine (9) payments to be received. Xynergy has concerns if the remaining payments will be received.

Servicios de Salud Integrada, CSP

- 373 SSI is located in Puerto Rico and is engaged in the business of supplying radiology technicians to hospitals and clinics in the San Juan Municipality. All invoices are issued to and paid by the San Juan Municipality (i.e. the underlying debtor).
- 374 On March 27, 2013, Xynergy entered into a medical receivables factoring agreement with SSI under which a US \$600,000 medical factoring facility was provided ("**SSI Factoring Agreement**").
- 375 As noted in the First Report, Xynergy is obligated to purchase eligible Medical Receivables under the SSI Factoring Agreement. The Receiver has continued to allow Xynergy to purchase Medical Receivables from SSI using the designated SSI cash balance held in trust by Xynergy on behalf of the Medical Fund. Since the commencement of the Receivership to October 31, 2017, the average balance owing from SSI has been approximately US \$285,000, including fees owed to the Medical Fund.

- 376 The current state of Puerto Rico, as a result of Hurricane Irma and Hurricane Maria, has caused a significant delay in the payment of outstanding invoices by the San Juan Municipality. Xynergy has advised the Receiver that, after speaking with SSI and the San Juan Municipality, the situation in Puerto Rico will result in lengthy delays in receiving payments of outstanding invoices from San Juan Municipality, however, such payments are ultimately expected.
- 377 As at October 31, 2017 the balance outstanding from SSI is approximately US \$293,324 including factoring fees consisting of \$277,513 and \$15,811 owed to the Medical Fund and Xynergy, respectively. Xynergy continues to correspond with the Receiver and provide updates on the SSI balance as requested.

NFL PARTICIPATION AGREEMENTS

- 378 On August 29, 2013, the National Football League (the “NFL”) agreed to pay \$765 million to settle a lawsuit brought by more than 4,500 players and their families to provide medical help to more than 18,000 former players suffering from severe neurological conditions or who could potentially suffer from such conditions in the future. After subsequent hearings and appeals, the Settlement became effective on January 7, 2017 (the “NFL Settlement Agreement”).
- 379 KrunchCash LLC (an entity associated with Xynergy) (“**KrunchCash**”) entered into various funding agreements (the “**NFL Funding Agreements**”) with NFL players (the “**NFL Players**”) who had made claims (the “**NFL Player Claims**”) under the NFL Settlement Agreement. Under the NFL Funding Agreements, KrunchCash would advance funds to certain NFL Players for a portion of the value of the NFL Player Claims and would charge a stated factoring fee on such an advance.
- 380 In March 2016, under the MMRPAA, the Medical Fund began entering into participation agreements to purchase a stated percentage in the NFL Funding Agreements between certain NFL Players and KrunchCash (the “**NFL Participation Agreements**”), which participations were effected through the execution of assignment agreements. Under the NFL Participation Agreements, the Medical Fund would advance funds toward the participation and would earn a stated factoring fee. The factoring fee and initial advance under each NFL Participation Agreement is to be repaid to the Medical Fund as each NFL Player Claim is paid by the NFL.

- 381 As at the date of the Receiver's appointment, the Medical Fund entered into a total of 26 NFL Participation Agreements totaling US \$4,318,359 consisting of principal advances of US \$3,824,240 and accrued fees owed to the Medical Fund of US \$247,060.
- 382 In July 2017, four (4) of the NFL Participation Agreements totaling US \$662,500 in principal and US \$104,374 in accrued fees, half of which fees were owing to Xynergy, were paid out through refinancing obtained by the respective NFL Players. The total amount remitted to the Medical Fund was US \$714,687 (i.e. US \$662,500 in principal plus US \$52,187 in accrued fees)
- 383 As at October 31, 2017, there are currently 22 NFL Participation Agreements outstanding with a total value of US \$3,908,286 consisting of principal advances of US \$3,161,740 and accrued fees owed to the Medical Fund of US \$373,273. A summary of the NFL Participation Agreements outstanding as at October 31, 2017 is attached hereto as **Appendix "66"**.
- 384 On November 10, 2017, Xynergy advised that it was served with a subpoena from a New York court regarding complaints made by NFL Players for bad practices of financial institutions with respect to the purchase of all or a portion of NFL Player Claims (i.e. charging egregious fees to NFL Players). Xynergy advised that this is currently being handled by its legal counsel who has advised Xynergy that nothing significant should come of the subpoena as Xynergy's fees are fair. The Receiver has requested additional information regarding the issued subpoena.
- 385 With respect to the timing of payment, Xynergy advised that the timing of payments of the NFL Player Claims is expected to be in the first quarter of 2018, however, due to a recent court action and the backlog of NFL Player Claims required to be reviewed and audited by the claims manager, such payments could be delayed. The Receiver understands that the deadline by which NFL Player Claims were to be submitted to the NFL pursuant to the NFL Settlement Agreement was August 7, 2017.

DISCLOSURE OF THE NFL PARTICIPATION AGREEMENTS BY THE COMPANY

- 386 No reference is made in the Medical Fund OM, the Medical Fund Strategy Overview document contained on the Company's website, or in any other marketing material distributed to investors of the Medical Fund, concerning the Medical Fund's position and/or

investment process for investing in the NFL Funding Agreements through the NFL Participation Agreements. Copies of the Medical Fund OM and Medical Fund Overview document are attached hereto as **Appendix “67”** and **Appendix “68”**, respectively.

387 As outlined in the First Report, the Medical Fund’s investment objective is to

“...generate a high level of interest income with minimal volatility...by investing in U.S. medical receivables factoring facilities contracts (MRFFCs).”

388 Furthermore the Investment Strategy section of the Medical Fund’s OM states that:

“MRFFCs are financing structures designed to assist health care clinics, hospitals, doctors and other health-care practitioners (Medical Providers) in the United States and/or its territories to meet their immediate cash flow needs while awaiting collection of receivables for medical services that they have performed.”

389 The Medical Fund OM goes on to further discuss the process of the underwriting and purchasing of receivables from Medical Providers (defined in paragraph 365 above as Purchased Medical Receivables), but makes no mention of its investment in NFL Funding Agreements, which in the Receiver’s view would not be included in a reasonable investor’s definition of Purchased Medical Receivables.

390 The Receiver is of the view that the failure to disclose the NFL Participation Agreements, an investment that encompasses approximately 74.96% of the Medical Fund’s NAV (as at April 20th, 2017), is a gross misrepresentation to investors.

RESIDENTIAL MORTGAGES

BACKGROUND

391 As at the date of the Appointment Order, the Mortgage Fund, High Yield Mortgage Fund, and Sustainable Property Fund (collectively, the “**Mortgage Related Funds**”) held a total of 191 investments in first, second, or third ranking non-conventional residential mortgages administered by third parties (“**Residential Mortgages**”). 189 of the Residential Mortgages (\$18,813,884) are administered by a third-party, Spectrum Canada Mortgage Services Inc. (“**Spectrum**”) (the “**Spectrum Mortgages**”), while the remaining two (2) Residential Mortgages (\$196,000) were administered by Squire Management Inc.

("Squire") (the "Squire Mortgages").

- 392 On June 23, 2017, the Receiver accepted Squire's offer to acquire the Squire Mortgages for proceeds of \$197,526. The proceeds included the entire principal value of the Squire Mortgages in the sum of \$196,000, plus accrued interest of \$1,526 to June 23, 2017.

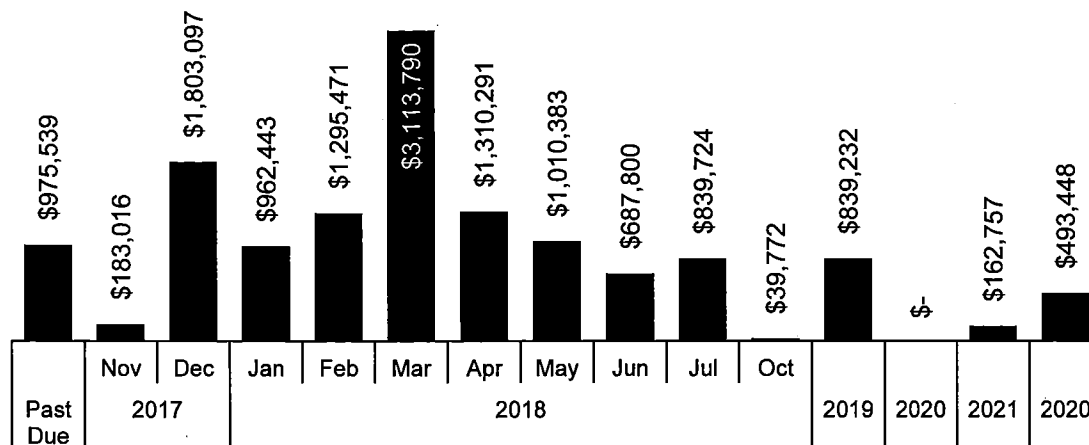
THE RECEIVER'S FINDINGS

- 393 Most of the Residential Mortgages are performing as the underlying mortgagors continue to remit their required payments. As at October 31, 2017, a total of three (3) Residential Mortgages totaling approximately \$654,483 in balances owing were in a default position and are currently undergoing foreclosure proceedings. Based on the information currently available, Spectrum has advised that a portion of these balances is expected to not be collected.
- 394 As at October 31, 2017, the number of Spectrum Mortgages has reduced to 146 with a cumulative balance owing of \$13,577,540 held in the following Mortgage Related Funds:

Fund	Residential Mortgages	Balance Owing	Average Loan to Value
Mortgage Fund	109	\$ 10,692,960	60.59%
High Yield Mortgage Fund	33	1,490,165	77.98%
Sustainable Property Fund	4	1,394,415	69.55%
Total	146	\$ 13,577,540	64.58%

- 395 The Receiver has instructed Spectrum to encourage the pay-out of Spectrum Mortgages upon renewal to avoid the continued renewal of same. If pay-out is not possible, the Residential Mortgages are being renewed on a six month basis at a modestly higher interest rate with the goal of a payout being made at the end of such renewal(s). The following chart demonstrates the balances owing of Residential Mortgages as at October 31, 2017 based on their respective maturity dates:

Residential Mortgages: Maturity Distribution



- 396 The Receiver anticipates the wind-down of the Mortgage Related Funds will occur in an orderly manner based on the renewal/payout strategy discussed above.
- 397 As outlined in the chart above, there are Residential Mortgages totaling \$975,539 which are considered “past due”; this balance is made up of five (5) Residential Mortgages (the “**Non-Performing Mortgages**”). For each of the Non-Performing Mortgages, Spectrum has continued to keep the Receiver apprised of the actions taken by Spectrum or its agents in each case. The Non-Performing Mortgages consist of four (4) Residential Mortgages which are at various stages of foreclosure proceedings or litigation.

CONCLUSION AND RECEIVER’S NEXT STEPS CONCERNING THE RESIDENTIAL MORTGAGES

- 398 As at the date of this Second Report, the Receiver is confident that a continued orderly wind-down of the Residential Mortgage portfolio with the assistance of Spectrum will yield successful recovery for a majority of the Residential Mortgage investments. As the Residential Mortgages continue to expire, the Receiver expects that most mortgagors will be able to obtain refinancing to payout their balances owing to the Mortgage Related Funds; similar to what has been occurring since the Appointment Order. Notwithstanding the above, the Receiver expects that there will be a small number of mortgagors who cannot obtain refinancing and therefore may possibly require a short-term renewal from the Mortgage Related Funds until such refinancing can be obtained.

PRIVATE EQUITIES AND PRIVATE WARRANTS

- 399 As outlined in the First Report, certain of the Crystal Wealth Funds contained: (i) equity investments in companies whereby the securities were obtained through private placements or direct purchases and are not traded on active market exchanges and therefore are not readily saleable ("**Private Equities**"); and (ii) warrant options for the purchase of shares in such companies at a stated price ("**Private Warrants**").
- 400 Private Equities held in the Crystal Wealth Funds are obtained primarily through private placements or through direct purchases from persons who independently held the Private Equities. These investments are not actively traded in external markets and are not easily valued or realizable. The Receiver continues to review documentation and correspond and/or meet with the issuers with respect to these investments to develop a monetization strategy.
- 401 The Private Equities and Private Warrants are held by the Conscious Capital Fund and consist of:
- a) Private Equity – 336,571 common shares in Pond with a Recorded Cost of \$1.33 per share; and
 - b) Private Warrants – 212,040 "Units" issued by Pond whereby each Unit is convertible into:
 - i) one (1) Common Share in the capital of Pond (i.e. 212,040 shares in Pond); and
 - ii) one (1) warrant to purchase one common share of Pond at a strike price of \$2.50 per share exercisable at any time on or before November 1, 2018.
- 402 As such Private Equities and Private Warrants are the sole investments held by the Conscious Capital Fund, no monies are accordingly available for an interim distribution to investors of this Fund.

CREDITOR CLAIMS PROCEDURE

- 403 The Creditor Claims Procedure Order issued June 30, 2017 approved, among other things, the procedure (the “**Creditor Claims Procedure**”) for determining and resolving claims filed by creditors against the Crystal Wealth Group, with the exception of investor claims arising from or relating to their investments in the Crystal Wealth Group (including the Crystal Wealth Funds). Complete details of the Creditor Claims Procedure are set out in the Creditor Claims Procedure Order.
- 404 On June 30, 2017, a copy of the Creditor Claims Procedure Order (together with all schedules) was posted on the Case Website.
- 405 On July 5, 2017, the Receiver sent a Claims Package and an instruction letter to each of the 34 Known Creditors via regular mail (as such terms are defined in the Creditor Claims Procedure Order). In addition, the Receiver provided a Claims Package to parties that requested same prior to the Claims Bar Date of August 3, 2017.
- 406 On July 10, 2017, a notice of the Creditor Claims Procedure was published in the national edition of *The Globe and Mail*.

RESULTS OF THE CREDITOR CLAIMS PROCEDURE

- 407 As at the Claims Bar Date, 26 persons or entities filed claims totaling \$16,227,134 against the following Crystal Wealth Group entities:
- a) the Company and/or the Crystal Wealth Funds – \$2,251,071;
 - b) Media Fund – one (1) claim for \$21,913;
 - c) Mortgage Fund – one (1) claim for \$298,191;
 - d) CLJ Everest – three (3) claims totaling \$1,105,324; and
 - e) Smith – six (6) claims totaling \$12,550,635.
- (collectively, the “**Filed Claims**”).
- 408 The Filed Claims consisted of claims filed by, among others: (i) third party fund

administrators and service providers; (ii) trade vendors; (iii) former employees of the Company; and (iv) former investment advisors independently contracted by the Company. The Receiver is currently conducting a detailed review of the Filed Claims and has yet to make a determination of accepting or disallowing all or part of each claim, except with respect to the Amended BDO Claim (as defined and discussed in the section immediately below).

- 409 A listing of the Filed Claims is attached hereto as **Appendix “69”**. A further report to the Court to be issued by the Receiver on a subsequent motion will address the Receiver’s evaluation of the Filed Claims. As indicated above, the Receiver has set aside the appropriate reserve on account of the Filed Claims, in the event they were to be approved in full.

THE AMENDED BDO CLAIM

- 410 Included in the Filed Claims was an unsecured claim of \$511,101 (the **“Audit Fees”**) against the Company and each of the Crystal Wealth Funds which was filed on July 26, 2017 by BDO, the auditor of the Company and the Crystal Wealth Funds prior to the Receiver’s appointment (the **“Initial BDO Claim”**). The Initial BDO Claim was for work performed by BDO in preparing the audited financial statements for the year ended December 31, 2016 and for the preparation of certain tax filings.
- 411 On August 23, 2017, the Receiver received a letter (the **“August 23, 2017 Letter”**) from BDO’s legal counsel, Blake, Cassels & Graydon LLP (**“Blakes”**), which enclosed an amended proof of claim and which revised the claim of BDO to \$180,796,338 (the **“Amended BDO Claim”**). A copy of the Amended BDO Claim is attached hereto as **Appendix “70”**.
- 412 In addition to the Initial BDO Claim for Audit Fees, the Amended BDO Claim included additional claims for the following:
- a) invoices rendered by BDO’s counsel, Blake, Cassels & Graydon LLP (**“Blakes”**), for its representation in connection with certain regulatory proceedings commenced by the OSC in respect of the Crystal Wealth Group, and certain anticipated legal fees to complete BDO’s representation in the proceedings commenced by the OSC – \$285,237 (the **“Blakes’ Fees Indemnity Claim”**);

- b) the amount claimed against BDO in a Statement of Claim issued on July 20, 2017 (the **"Proposed Class Action"**) by a Plaintiff, Anthony Whitehouse (**"Whitehouse"**), who is an investor in certain of the Crystal Wealth Funds. The Statement of Claim (bearing Court File No. CV-17-579357) is issued pursuant to the *Class Proceedings Act, 1992*, and is a proposed class action lawsuit against BDO by investors of certain Crystal Wealth Funds, seeking damages for negligence in the sum of \$150,000,000, and an additional \$25,000,000 in punitive damages. Whitehouse is accordingly the proposed representative plaintiff. To the Receiver's knowledge, the Statement of Claim has yet to be served on BDO, and a certification motion has yet to take place – \$175,000,000 (the **"Class Action Indemnity Claim"**); and
- c) estimated legal fees for BDO's defence of the Proposed Class Action– \$5,000,000 (the **"Estimated Defence Fees Indemnity Claim"**).

413 In support of the claims advanced by BDO in the Amended BDO Claim, BDO relies upon the appointment letter agreement between BDO and the Company dated December 21, 2016 (the **"Appointment Letter"**).⁸ The Appointment Letter stipulates that the Company agreed to:

- a) At s. 8.3: *"reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order, or other legal process"; and*
- b) At s. 12.1 *"...indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of a misrepresentation by a member of your management or board of directors...[and] the services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO..."*

414 BDO claims that pursuant to s. 8.3 and 12.1 of the Appointment Letters, BDO has a valid

⁸ In addition to the Appointment Letter, similar standard-form appointment letter agreements (collectively, the **"Appointment Letters"**) were entered into with each of the Crystal Wealth Funds. BDO provided the individual appointment letter agreements to the Receiver upon request, which BDO is also relying upon in support of the BDO Amended Claim.

claim for Blakes' Fees Indemnity Claim, the Class Action Indemnity Claim, and the Estimated Defence Fees Indemnity Claim.

- 415 Rather than embark on a costly and time consuming adversarial process vis-à-vis BDO with respect to Amended BDO Claim, which would have hindered the Receiver's efforts in seeking timely interim distributions to investors on this motion, the Receiver has secured BDO's agreement to abandon its Class Action Indemnity Claim in its entirety, in exchange for the Receiver's agreement to admit the BDO Invoice Claim and the Blakes' Fees Indemnity Claim. In eliminating the BDO Class Action Indemnity Claim, the Receiver has eliminated the risk that distributions to investors of the Crystal Wealth Funds which are the subject of the Proposed Class Action may not have been permitted to be made as a result of the Class Action Indemnity Claim and the significant potential liability arising therefrom to the subject Funds. The Receiver has further secured BDO's agreement that BDO shall not make any further claims, or amendments to claims, of any nature or kind, and in any proceeding or forum, as against any Crystal Wealth Group entity, including, without limitation, as against any of the Crystal Wealth Funds or against Crystal Wealth Management System Limited. The sole exception to the foregoing is that, in the event the Receiver were to commence an Ontario Superior Court of Justice action as against BDO, BDO shall be permitted to defend the action, and assert contributory negligence as against the Crystal Wealth Group entities, or any of them, should BDO elect to do so. Attached hereto as **Appendix "71"** is the email exchange between A&B and Blakes (the "**BDO Agreement**") setting out the terms of the agreement reached by the Receiver and BDO to resolve the BDO Amended Claim and any and all future claims of BDO as against the Crystal Wealth Group.
- 416 The Receiver's agreement to admit the BDO Invoice Claim and the Blakes' Fee Indemnity Claim arises from the terms of BDO's Appointment Letters (described in paragraph 413 above) which were executed by the Crystal Wealth Funds and the Company prior to the Receiver's appointment, and the Receiver's determination, following its review of the BDO invoices and the accounts of its counsel that are the subject of the BDO Invoice Claim and of the Blakes' Fees Indemnity Claim, that such fees are reasonable. The anticipated legal fees included in Blakes' Fees Indemnity Claim are less than the actual fees incurred, as noted by the Receiver during its review. No additional allowance above and beyond the quantum set out in the Blakes' Fees Indemnity Claim is being admitted by the Receiver for this claim.

- 417 Primarily, the Receiver's agreement to admit the BDO Invoice Claim and the Blakes' Indemnity Claim at this juncture was concluded in order to enable the Receiver to make timely interim distributions to investors, while eliminating the Class Action Indemnity Claim which, if allowed, could have otherwise been in excess of all assets and monies held by the Crystal Wealth Group and could therefore have had a devastating impact on investor recovery. The BDO Agreement further prevents any further or future claims being made by BDO as against the Crystal Wealth Group entities, except as specifically provided for in paragraph 415 above, and as outlined in the paragraph immediately below.
- 418 The Receiver has expressly reserved its position to BDO that, in allowing the BDO Invoice Claim, the Receiver is not acknowledging the quality of services provided by BDO to the Crystal Wealth Funds and the Company. The Receiver has agreed to reserve \$1,000,000 on account of BDO's Estimated Defence Fees Indemnity Claim, while reserving the Receiver's rights to deny and contest that indemnity claim at a later date.

THE PROPOSED CLASS ACTION

- 419 The Statement of Claim, enclosed with the Amended BDO Claim, outlines that Whitehouse is claiming for, among other relief:
- a) an order certifying the Class Action Proceeding (as defined in the Statement of Claim) and appointing Whitehouse as representative Plaintiff on his own behalf and on behalf of the Class (as defined in the Statement of Claim);
 - b) a declaration that BDO had a duty of care to the Class which it breached by negligently performing its professional services causing damages (as described in the Statement of Claim);
 - c) damages for negligence in the sum of \$150,000,000; and
 - d) punitive damages of \$25,000,000.
- 420 The Statement of Claim asserts that damages to the Class were a result of BDO's negligence in performing the audits to which the Class relied on when purchasing units in the following Crystal Wealth Funds:
- a) Mortgage Fund;

- b) Media Fund;
- c) Resource Fund;
- d) High Yield Mortgage Fund;
- e) Factoring Fund;
- f) ACM Income Fund;
- g) Medical Fund;
- h) ACM Growth Fund;
- i) Bullion Fund; and
- j) Retirement Fund;

(collectively, the “**Class Action Funds**”)

- 421 Based on the April 20th Package and the table included in **Appendix “12”**, the Class Action Funds had a total Recorded Value of approximately \$159,928,046 consisting of:
- a) Cash in the amount of \$2,355,368;
 - b) On-Book Assets with a Recorded Value of \$44,403,183;
 - c) Off-Book Assets with a Recorded Value of \$115,156,579; and
 - d) Accruals with a Recorded Value of **negative** \$1,987,083.
- 422 As has been detailed throughout this report, the Recorded Value of the NAV of these Funds was materially overstated by the Company, such that the Amended BDO Claim vastly exceeds the assets of the Company and of the Crystal Wealth Funds.

SALES PROCESS

423 In the First Report, the Receiver recommended to the Court that the Receiver conduct a sales process (the "**Sales Process**") for certain Crystal Wealth Funds in a manner in which:

- a) potential bidders may make an offer to purchase the investments from one or more of the Crystal Wealth Funds (the "**Potential Bidders**") (an offer submitted by a Potential Bidder is referred to herein as a "**Purchase Offer**"); and/or
- b) potential managers may present an offer to assume the management of one or more of the Crystal Wealth Funds' investment activities and assume the Company's position and duties to investors (the "**Potential Managers**") (an offer submitted by a Potential Manager is referred to herein as a "**Management Offer**").

Additional details with respect to the Sales Process are outlined in the First Report.

424 Prior to the commencement of the Sales Process, the Receiver had compiled a list of 15 entities who had indicated that they had an interest in either submitting a Purchaser Offer and/or Management Offer (collectively, the "**Initial Interested Parties**").

425 On July 12, 2017, the Receiver distributed a solicitation letter (the "**Solicitation Letter**") to the Initial Interested Parties to: (i) confirm their interest, (ii) provide background on the Crystal Wealth Funds which were the subject of the Sales Process (the "**Listed Funds**")⁹; and (iii) outline the conditions and terms of the Sales Process. A copy of the Solicitation Letter is attached hereto as **Appendix "72"**.

426 In addition to the Solicitation Letter, a confidentiality agreement (the "**Confidentiality Agreement**") was provided to the Initial Interested Parties. The Confidentiality Agreement was required to be executed and returned to the Receiver in order for Initial Interested Parties to receive a confidential information memorandum prepared by the Receiver (the "**Confidential Information Memorandum**") and to access the electronic data room

⁹ The Retirement Fund, Resource Fund, ACM Income Fund, ACM Growth Fund, and Sustainable Dividend Fund were not subject to the Sales Process, given that the assets of these Funds were comprised of only cash, marketable securities, and/or Inter-fund Investments.

established by the Receiver (the “**Data Room**”). A copy of the Confidential Information Memorandum, without appendices, is attached hereto as **Confidential Appendix “4”**.

- 427 On July 12, 2017, the Receiver created the Data Room and uploaded numerous documents with respect to the Listed Funds and the investments contained within them. The primary source for documents being contained in the Data Room was the Company’s Dropbox document storage system (which the Receiver understands housed all of the books and records of the Company, except for hard copy files pertaining to individual investors) supplemented by documents provided by Smith. As the Receiver continued to correspond with various service providers to the Company and the Crystal Wealth Funds, including but not limited to Xynergy, Frontline, Spectrum, and IFDS, the Receiver would, if deemed relevant, upload such documents obtained from these service providers to the Data Room. Each time a document was uploaded to the Data Room, all parties with access to the Data Room would receive a notification of same.
- 428 On July 14, 2017, the Receiver placed the Solicitation Letter on the Case Website.
- 429 Beginning on July 31, 2017, the Receiver placed two (2) targeted advertisements of the Sales Process in the Chartered Financial Analyst (CFA) Institute “Financial Newsbrief” which is delivered to CFA members on a daily basis. Since notification of the Receivership Proceedings had already been widely disseminated by the Receiver in the national editions of *The Globe and Mail* and *National Post* on May 4, 2017, and by virtue of the Creditor Claims Procedure being published by the Receiver in the national edition of *The Globe and Mail* on July 10, 2017, the CFA “Financial Newsbrief” forum was specifically chosen as the Receiver wished to target this sales opportunity to sophisticated investment professionals, being the global CFA network whose membership is in excess of 142,000 members in 159 countries.
- 430 The Receiver, with the assistance of its transactions team (Grant Thornton Corporate Finance Inc.), carefully identified an additional nine (9) asset management companies who managed similar *alternative* investment portfolios (“**Related Asset Managers**”) and who it believed may have an interest in the Sales Process (the Related Asset Managers and the Initial Interested Parties are collectively referred to as the “**Interested Parties**”). The Receiver emphasizes the word “alternative” as the general composition of the Crystal

Wealth Funds contains non-traditional investments. A copy of the Solicitation Letter and the Confidentiality Agreement was sent to the Related Asset Managers on July 25, 2017.

- 431 The Receiver received executed Confidentiality Agreements from 12 of the Interested Parties, who were then provided with a copy of the Confidential Information Memorandum and access to the Data Room. The Interested Parties who submitted executed Confidentiality Agreements are referred to as **"Prospective Purchasers"** and/or **"Prospective Managers"**.
- 432 Between July 12, 2017 and the deadline by which Prospective Purchasers and Prospective Managers were required to submit their offers to the Receiver by 5 p.m. EST on August 10, 2017 (the **"Offer Deadline"**), the Receiver responded to numerous inquiries from Prospective Purchasers/Prospective Managers, provided answers to specific questions concerning the Listed Funds and their investments, and uploaded additional documents to the Data Room. Such activity also included numerous correspondence, discussions, and meetings with Prospective Purchasers or Prospective Managers and arranging for Prospective Purchasers or Prospective Managers to conduct individual discussions with the Service Providers.

RESULTS OF THE SALE PROCESS

- 433 By the Offer Deadline, the Receiver obtained the following offers from seven (7) different Prospective Purchasers and Prospective Managers:
- a) two (2) Management Offers for the assumption of the management of all of the Listed Funds' investment activities and the Company's duties to investors of such Funds (the **"Complete Management Offers"**) (the Prospective Managers who submitted the Complete Management Offers are referred to as the **"Complete Managers"**);
 - b) one (1) Management Offer for two of the Listed Funds (the **"Limited Management Offer"**) received from a **"Limited Manager"**;
 - c) three (3) cash Purchase Offers for certain assets in the Listed Funds (the **"Cash Purchase Offers"**) (collectively, the **"Cash Purchasers"**); and

- d) one (1) Purchase Offer for certain assets in the Listed Funds in exchange for preferred shares to investors (the "**Preferred Share Offer**") received from a "**Preferred Share Purchaser**";

(collectively the "**Initial Offers**").

- 434 All of the Initial Offers contained an irrevocable date of August 17, 2017, as stipulated in the Confidential Information Memorandum.
- 435 Shortly after the Offer Deadline, the Receiver commenced a review of the Initial Offers. A summary of the Initial Offers is attached hereto as **Confidential Appendix "5"**.
- 436 On August 16, 2017, after review of the Complete Management Offers, the Receiver sent a list of additional questions to the Complete Managers (the "**August 16, 2017 Questions**") in order to more fully understand their offers, particularly from an investor perspective. In addition, the Receiver requested that the Complete Managers extend the irrevocable date of the Complete Management Offers to September 1, 2017 to which both Complete Managers consented. The questions put forth by the Receiver in the August 16, 2017 Questions related to each of the Complete Managers' plan with regards to:
 - a) the anticipated timeline for investors to redeem their units in the Listed Funds and the quantum of liquidity, if any (e.g. cash injection, short term loan, investment, etc.), that would be provided by the Complete Managers to assist in satisfying redemption requests;
 - b) their intentions in allowing for new investors to invest in the Listed Funds or if the Funds would be closed to new investors;
 - c) the anticipated process to determine the underlying NAV of the Listed Funds;
 - d) the current and/or proposed internal processes and controls to be put in place to provide on-going reporting on the NAV of the Listed Funds to investors;
 - e) the proposed fees to be charged by the Complete Managers;
 - f) their intention to assume current agreements with Service Providers in which the Company and/or any of the Listed Funds were counterparties;

- g) their intended process to obtain required regulatory approvals and/or registrations with the OSC and/or other securities regulator(s), if any; and
- h) their specific plans with respect to the management of some of the more alternative investments (e.g. Factoring Contracts, Media Loans, US Real Estate LP, Commercial Loans).

A copy of the August 16, 2017 Questions and summary of answers from the Complete Managers is attached hereto as **Confidential Appendix “6”**.

- 437 In addition to the Complete Managers, the Receiver requested and obtained the consent from the Limited Manager, Cash Purchasers, and Preferred Share Purchaser to extend the irrevocable date of their respective Initial Offers to September 1, 2017 in order to allow the Receiver to conduct additional due diligence and to engage in further discussions with the Prospective Purchasers and Prospective Managers.

SHORTLISTED PARTIES

- 438 On September 1, 2017, the Receiver issued letters to the Limited Manager and two (2) of the Cash Purchasers advising that their offers would not be accepted.
- 439 The Limited Management Offer was declined due to the negligible purchase price offered for the management of two (2) Listed Funds, and due to the Receiver's view that the Limited Manager lacked the expertise to manage the named Listed Funds.
- 440 The two (2) Cash Purchase Offers were rejected due to the extremely low value assigned to the assets contained within the Listed Funds outlined for purchase.
- 441 The Complete Management Offers, the Preferred Share Offer, and the remaining Cash Purchase Offer are collectively referred to as the “**Shortlisted Offers**” and the parties who submitted same are referred to as the “**Shortlisted Parties**”.
- 442 On September 1, 2017, the Receiver provided the Shortlisted Parties the opportunity to conduct additional due diligence up to 5 p.m. EST on September 28, 2017 (the “**Additional Due Diligence Period**”), subject to the Shortlisted Offers' irrevocable dates being extended to October 6, 2017. The Receiver also requested that each Shortlisted Party prepare a proposed form of purchase/assumption agreement, along with a specific

timeline containing key pre and post-closing items, to be submitted to the Receiver for its consideration by September 28, 2017.

- 443 During the Additional Due Diligence Period, the Receiver conducted the following key activities:
- a) attended numerous conference calls with Shortlisted Parties;
 - b) coordinated and scheduled discussions and meetings with various Service Providers, including but not limited to, Spectrum, Xynergy, Frontline, NBCN and IFDS;
 - c) obtained and uploaded additional information to the Data Room when received;
 - d) responded to various inquiries from the Shortlisted Parties;
 - e) attended calls with the OSC to gain an understanding of the regulatory requirements required to be satisfied, if any, by each of the Shortlisted Parties; and
 - f) performed background and due diligence checks on each of Shortlisted Parties.
- 444 Throughout the Receivership Proceedings, and more particularly during the Sales Process, the Receiver also received a broad range of feedback from investors concerning their preferences with respect to the outcome of the Sales Process.
- 445 By September 28, 2017, the Receiver obtained a proposed purchase/assumption agreement from each of the Shortlisted Parties and reviewed each proposed agreement in order to carefully evaluate all of the terms and conditions being proposed. Where required, the Receiver contacted a Shortlisted Party in order to clarify specific terms and conditions of the proposed agreement.
- 446 After the Receiver carefully considered all of the information and submissions provided by the Shortlisted Parties and the general opinions expressed by the investor population, the Receiver determined that it would not be pursuing any of the Shortlisted Offers received from Complete Managers and the Preferred Share Purchaser. In arriving at this decision, the Receiver considered the proposed structure, terms, and timelines involved to give effect to the transactions proposed, as well as the broader implications on the stakeholders and investors of the Crystal Wealth Group if the transactions underlying the offers were to be effected.

447 More specifically, the following points influenced the Receiver's decision:

- a) both Complete Management Offers and the proposed management agreements submitted by the Complete Managers were highly conditional and would have required a significant amount of time, cost, and effort to effect a transaction with no guarantees that a transaction would ultimately be completed;
- b) the Complete Management Offers were conditional upon certain relief being granted by the OSC, which is beyond the Receiver's control. For example, one of the Complete Management Offers required that exemptive relief be granted by the OSC in respect of the Listed Funds, to relieve the Complete Manager from past outstanding audit requirements;
- c) as outlined previously in this Second Report, a large majority of the assets contained within the Listed Funds, including but not limited to the Factoring Contracts, Media Loans, and Gold Contracts, are grossly impaired. The Complete Management Offers failed to adequately address or propose a definitive solution as to how the Complete Managers would, as a minimum, recover the principal of the investments, let alone with profit, or otherwise take steps to effect recovery which are preferable to the steps being taken by the Receiver and its counsel. The Receiver is of the view that the Complete Management Offers failed to offer definitive alternatives to the steps already being taken by the Receiver which would better enable investors to recover their original investments in Listed Funds which hold the impaired investments;
- d) both Complete Management Offers did not satisfy the Receiver that investors would be allowed to redeem their investment in the Crystal Wealth Funds in a timely fashion, and contained no guarantees or assurances as to the minimum value at which such redemptions would occur, once available;
- e) both Complete Management Offers accordingly did not provide any assurance that the eventually established NAV by such Complete Managers would any better, then or in the future, than exists at present. In fact, one of the Complete Management Offers was conditional upon the Complete Manager establishing the NAV of the Listed Funds prior to the transaction being effected, and being satisfied with the NAV. Given what the Receiver has learned about the impaired nature of the investments held in many of the Listed Funds, as is detailed throughout this Second Report, a reasonable

possibility existed that this Complete Manager, upon its ultimate establishment of the NAV, may have not wished to proceed with the underlying transaction, which would have only served to result in further delay and expense during which time the Receiver's efforts are better directed at undertaking enforcement and recovery steps in order to maximize investor returns;

- f) the Amended BDO Claim which arose in the midst of the Sales Process, after the Initial Offers had been received by the Receiver, created an additional complication, namely, that the Amended BDO Claim (and in particular, the Class Action Indemnity Claim) would either need to be definitively disallowed prior to any such Complete Management Offer transaction being effected, or would likely have been incorporated into the underlying transaction as an assumed contingent obligation which would have restricted a Complete Manager in the future use of the investments in the Class Action Funds, including the issuance of redemptions to investors.

The fact that the Receiver has now resolved and eliminated BDO's Class Action Indemnity Claim does not alter the Receiver's view that it is not in the best interest of investors to further pursue either of the Complete Management Offers.

- g) during the period in which a Complete Management Offer would be negotiated and finalized, the Receiver's ability to enforce and realize on impaired assets would be delayed which may result in further losses to certain Listed Funds;
- h) both Complete Management Offers contained only a nominal purchase price for the assumption of management of the Listed Funds, which when considered in the context of the additional concerns pertaining to the Complete Management Offers as set out above, did not favour proceeding with the acceptance of either Complete Management Offer; and
- i) with respect to the Preferred Share Offer, the offer did not provide immediate liquidity for investors to redeem their units and also would have resulted in the investors being in a subordinate position in regards to the specific investments in the Listed Fund which was the subject of the Preferred Share Offer; in other words, the transaction would have placed the investors in a worse position vis-à-vis the security being held as collateral for their investments.

- 448 A comparison of the two Complete Management Offers is attached to this Second Report as **Confidential Appendix “7”**.
- 449 In view of the foregoing, on October 4, 2017, the Receiver notified the Complete Managers and the Preferred Share Purchaser that it would not be pursuing any of the Complete Management Offers or Preferred Share Offer received throughout the Sales Process. However, no notification was given to the one (1) Cash Purchase Offer, as will be addressed below.

THE CASH PURCHASE OFFER

- 450 The Receiver is in the process of advancing negotiations with respect to the remaining Cash Purchase Offer. It is anticipated that a supplement to this Second Report will be issued by the Receiver in advance of the motion seeking approval of this Second Report, which supplement will report to the Court with respect to whether an agreement concerning the remaining Cash Purchase Offer has been reached, for which approval will be sought from the Court on this motion.

RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP

- 451 Attached hereto as **Appendix “11”** is the Receiver’s Interim Statement of Receipts and Disbursements for the period April 26, 2017 to October 31, 2017 which outlines the cash balances of the Company and the Crystal Wealth Funds. From April 26, 2017 to October 31, 2017, cash receipts totaled \$30,836,285 and US \$2,242,157 while disbursements were \$1,132,420 and US \$509. The ending cash balances as at October 31, 2017 were \$37,705,633.
- 452 Cash receipts to the Crystal Wealth Funds were generated from the following significant receipts, among others:
- a) the monetization of Equities – \$7,779,181 and US \$4,207,609 respectively, net of commissions;
 - b) collection of Media Loan principal and interest payments – \$6,859,188 and US \$153,591;
 - c) the collection of Residential Mortgage principal and interest payments – \$5,652,373;
 - d) the monetization of External Mutual Funds – \$5,051,937;
 - e) the collection of payments from NFL Participation Agreements – US \$714,867; and
 - f) the sale of the Geodata Balance – US \$684,313.
- 453 Disbursements from the Crystal Wealth Funds primarily relate to Court approved Receiver and legal fees, insurance, the purchase of Equities upon exercising Warrants, outside consulting fees paid to contractors including Quiver, bank charges and commissions, and HST related to taxable expenses.

OTHER NOTABLE ITEMS

INVESTMENT ADVISOR COMPENSATION

- 454 As has been described in detail throughout this Second Report, it is apparent that the historical reported values of certain Crystal Wealth Funds have been overstated by the Company and that provisions in such Funds should have been made to reflect the permanent impairment of certain investments.
- 455 The independent Investment Advisors were compensated, in part, based on the NAV of the Crystal Wealth Funds in which their investors were invested. Accordingly, as the monthly NAV of certain Crystal Wealth Funds were overstated, compensation to the Investment Advisors, based on such inflated NAVs, were overcompensated.
- 456 Although the Receiver is reviewing all of the Independent Advisor compensation agreements, a review of the accounting records of the Company indicates that over the 12 months preceding the Receiver's appointment, some of the Investment Advisors received significant payments. Below is a listing of certain of the Investment Advisors and the payments received by them for the 12 months ending April 26, 2017 totaling \$1,699,944:
- a) Housego – \$713,785;
 - b) Jeff Mushaluk – \$256,647;
 - c) Dale Wells – \$253,221;
 - d) Clayton Smith – \$200,642;
 - e) Scott Whale – \$175,582; and
 - f) Tim Johnston – \$100,067.
- 457 The Receiver will report the results of its review of the agreements between the above noted individuals in its next report to the Court.

INTERFERENCE IN THE RECEIVER'S ADMINISTRATION OF THE CRYSTAL WEALTH GROUP

458 Since the release of the Receiver's Notice to Investors dated October 6, 2017 advising of the Receiver's decision to not accept any of the Complete Management Offers (the "**October 6 2017 Notice**"), it has become evident to the Receiver that third parties, which may include former representatives (i.e. Investment Advisors) of the Company, have continued to communicate with investors, and are purporting to provide investors with information concerning the Receiver's administration of the Crystal Wealth Group, and with respect to the Crystal Wealth Funds. Such information being communicated to investors has been false and misleading. Such statements recently made by numerous investors to the Receiver, which reflect that third parties are providing the investors with false and misleading information, include that:

- a) all of the assets and investments contained within the Crystal Wealth Funds were healthy and performing prior to the appointment of the Receiver;
- b) the Receiver will be performing an expedited liquidation of all of the assets at minimal prices;
- c) the Amended BDO Claim is a consequence of mismanagement and misleading guidance by the Receiver;
- d) the Receiver denied investors the right to have representative counsel appointed;
- e) if representative counsel was appointed then the Proposed Class Action would not have been commenced by Whitehouse (despite Whitehouse having had his own counsel present at the June 30, 2017 motion before the Honourable Justice Mr. Hainey, in order to oppose CMB's appointment as representative counsel);
- f) the OSC placed the Crystal Wealth Group into receivership, even though the Crystal Wealth Group had in excess of \$100 Million in assets and no significant financial issues; and
- g) the Complete Managers would be able to manage the Crystal Wealth Funds back to profitability and recover all investments at full value. Furthermore, many investors who have recently written to the Receiver were aware that there were two (2) Complete

Managers, the number of which had not been publicized by the Receiver prior to the issuance of this Second Report.

- 459 Almost all of such communications from investors advising of inaccurate information provided by other sources has been from investors who are located in British Columbia and are primarily invested in the Factoring Fund, Bullion Fund, and Hedge Fund, in which Housego was the Lead Portfolio Strategist. Coincidentally: (i) these recent investor communications expressing investors' strong disagreement to the Receiver's decisions appear to be in the format of a "form letter" addressed to the same email addresses (some with the same incorrect spelling of certain email addresses); and (ii) the Factoring Fund, Bullion Fund, and Hedge Funds have the most significant issues regarding the quality of investments and non-compliance to the corresponding OMs. In subsequent discussions with a number of investors, the Receiver was advised that Housego was the author of this form letter being submitted by investors. Absent Housego's examination under oath, the Receiver can only surmise that Housego – who received payments of \$713,785 in the 12 months ending April 26, 2017 - is one of the primary sources of such misinformation in order to redirect blame regarding the poor quality of the investments held by the Factoring Fund, Bullion Fund, and Hedge Fund, and the use of investor monies by these Funds.
- 460 Since the commencement of the Receivership Proceedings, and more notably after the Receiver's communication to investors of its decision to not pursue any Management Offers, the Receiver has and continues to spend a considerable amount of time addressing such false information being distributed to investors in order to correct the record and to clarify the resulting confusion which has resulted within the investor base.

UNAUTHORIZED COMMUNICATION TO INVESTORS BY A COMPLETE MANAGER

- 461 Since the October 6 2017 Notice, certain investors have confirmed that they have been contacted by one of the Complete Managers, Brian Bosse ("**Bosse**") of BlueSpring Investments Inc.; such correspondence is a breach of the confidentiality agreement executed by Bosse as a condition of his participation in the Sales Process.
- 462 In a meeting held on October 11, 2017 between the Receiver and Bosse at the Receiver's office, Bosse indicated that he had spoken to an investor who had been concerned as to why his Complete Management Offer was not pursued by the Receiver.

463 On a call convened with the Receiver on October 31, 2017, Bosse indicated his displeasure with the Notice issued by the Receiver to investors dated October 30, 2017 (the “**October 30 2017 Notice**”) which, among other things, communicated to investors the reasons why the Receiver did not accept any of the Complete Management Offers. Bosse demanded that the Receiver take down the October 30 2017 Notice to which the Receiver declined. During the call, Bosse had also communicated to the Receiver that he had been in discussions with “numerous investors in the past few weeks” and that the October 30 2017 Notice damaged the credibility he had with the investors with whom he had been in contact. The Receiver advised Bosse that communication with investors regarding the Crystal Wealth Funds and the Sales Process was in contravention of the Confidentiality Agreement and that all future communications must cease. During the call, the Receiver asked Bosse to disclose the number of investors he had discussions with and the number of occurrences of such discussions however Bosse refused to disclose this information to the Receiver.

THE INVESTMENT ADMINISTRATION SOLUTION INC.’S FAILURE TO PROVIDE DOCUMENTS

- 464 Although the Company performed its financial accounting and record keeping internally, as it relates to the Crystal Wealth Funds, the financial accounting and recording keeping was outsourced to a third-party, Investment Administration Solution Inc. (“**IAS**”).
- 465 The Receiver has made numerous requests to IAS to obtain the monthly reporting for each of the Crystal Wealth Funds and the underlying transaction detail for same from January 1, 2016 to May 31, 2017. As at the date of this Second Report, IAS has ignored the Receiver’s requests and has failed to provide such documentation.
- 466 The Receiver requests that this Court issue an Order directing IAS to provide the Receiver and its counsel with certain requested but still outstanding information and documentation required for a proper account reconciliation and assessment the Crystal Wealth Funds.

OTHER ACTIVITIES OF THE RECEIVER SINCE THE APPOINTMENT ORDER

467 Upon its appointment, the Receiver took immediate steps to secure and preserve the Property of the Crystal Wealth Group, communicate with stakeholders, and deal with other operational and administrative tasks. The Receiver has conducted the following key activities in relation to its appointment:

- a) responded to numerous calls and emails from Crystal Wealth Group investors and other stakeholders;
- b) distributed **ten** (10) notices from the Receiver to all investors, which were also posted to the Receiver's Case Website, from May 1, 2017 to October 30, 2017 updating them on the receivership as events unfolded;
- c) created and maintained a listing of investors with holdings, accounts, and contact information including email addresses;
- d) held meetings and corresponded with NBCN on a number of investor matters, including the on-going management of the securities, records and monetization of assets within the Crystal Wealth Funds;
- e) corresponded with various third-parties involved in administering certain Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
- f) collected monthly payments and funds held by third-parties administering certain Crystal Wealth Funds and/or their assets;
- g) corresponded with borrowers of the Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
- h) executed the MOU Amendments dated September 28, 2017 and October 30, 2017 with Quiver;
- i) conducted meetings with certain third-parties and borrowers, as appropriate;
- j) corresponded and held numerous discussions with various stakeholders, providers and/or their legal counsels;

- k) corresponded and held various discussions with BDO and its counsel;
- l) corresponded and held various discussions and meetings with parties expressing interest in either purchasing or managing certain Crystal Wealth Funds; and
- m) maintained a public website for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol.

MOUNT NEMO PROPERTY

- 468 As outlined in the First Report, on June 8, 2017, the Receiver entered into an MLS listing agreement with RE/MAX Aboutowne Realty Corp., Brokerage (the "**Broker**") effective until October 31, 2017 (the "**Listing Agreement**").
- 469 Prior to listing the Mount Nemo Property, the Receiver performed the following activities to prepare the Mount Nemo Property for sale:
- a) arranged for and retained a third-party to open and maintain the pool and waterfall located on the Mount Nemo Property;
 - b) engaged a third party landscaping company to provide grass cutting and general maintenance and landscaping services for the Mount Nemo Property; and
 - c) ensured adequate security was in place.
- 470 On July 12, 2017, the Mount Nemo Property was listed for \$3,399,000 on the Oakville/Milton, Hamilton/Burlington, and Toronto District Real Estate Board in addition to various other online real estate websites. The Receiver elected to begin listing the Mount Nemo Property at this price as it represented the approximate amount of the Purchaser's offer as contained in the Mount Nemo Sale Agreement.
- 471 Beginning the week ending July 17, 2017, the Broker provided the Receiver with periodic updates outlining, among other things: (i) the number of showings; (ii) the internet traffic on various websites; (iii) general updates on the condition of the Mount Nemo Property; and (iv) the status of any past or future showings.
- 472 Due to the minimal interest in the Mount Nemo Property and the fact that minimal showings were arranged and no offers had been received, the Receiver executed an amendment to the Listing Agreement dated August 30, 2017 which reduced the listing price of the Mount Nemo Property to \$3,199,000 (a reduction of \$200,000) (the "**First Amendment**").
- 473 On October 31, 2017, the Listing Agreement with the Broker expired. On November 2 and November 3, 2017, the Receiver notified the Broker that it would not be renewing the Listing Agreement. The Receiver's decision resulted from the fact that no offers were

received despite the Property having been listed for six months, and given that only a minimal amount of showings were conducted.

- 474 The Receiver contacted another broker, Sotheby's International Realty Canada ("**Sotheby's**"), who had submitted a proposal as part of the Receiver's Request for Proposals process discussed in the First Report, to inquire if Sotheby's remained interested in listing the Mount Nemo Property.
- 475 In the RFP process, the Receiver had ranked Sotheby's proposal behind that of the Broker, however, the Sotheby's proposal highlighted: (i) its extensive experience selling similar real estate in the Burlington and surrounding area; (ii) a competitive commission structure; (iii) detailed and real time reporting tools and functionality; and (iv) a detailed marketing plan to prepare and execute the sale of the Mount Nemo Property.
- 476 On November 6, 2017, the Receiver entered into an MLS listing agreement with Sotheby's (the "**Sotheby's Listing Agreement**") which is attached to this Second Report as **Confidential Appendix "8"**.

THE RECEIVER'S CONTINUED DEALINGS WITH SMITH

- 477 As a result of the Appointment Order, all of Smith's known assets, including bank accounts, continue to be frozen, and all of the Property (as defined in the Appointment Order) was vested in the Receiver.
- 478 As discussed in the First Report, on May 18, 2017, the Receiver delivered a form of statutory declaration (the "**Statutory Declaration**") to Smith requesting that he provide information concerning, among other things, his assets, liabilities, income, and expenses.
- 479 On May 24, 2017, June 6, 2017, and July 4, 2017, A&B, on behalf of the Receiver, sent follow-up correspondence to Smith reiterating the Receiver's request that Smith complete the Statutory Declaration.
- 480 On July 20, 2017, Smith delivered to the Receiver an unsworn version of the form of statutory declaration, to which Smith had made significant changes (the "**Unsworn and Altered Statutory Declaration**").
- 481 On July 24, 2017, the Receiver provided notice to Smith that the Unsworn and Altered Statutory Declaration contained significant changes to the Statutory Declaration provided by the Receiver on May 18, 2017 and that same was not sworn. On July 28, 2017, Smith advised the Receiver he would provide a sworn Statutory Declaration.
- 482 Subsequent to the Receiver following-up on August 11, 2017, August 28, 2017, and September 1, 2017, Smith provided a sworn Statutory Declaration to the Receiver which was received on September 7, 2017. The delivered Statutory Declaration included handwritten changes by Smith to the form of Statutory Declaration which the Receiver had required be completed by Smith.
- 483 The Receiver continues to reserve its rights to cross-examine Smith on his sworn Statutory Declaration, and to examine Smith as permitted by the Appointment Order.

RECEIVER'S FEES AND DISBURSEMENTS

- 484 Pursuant to paragraph 23 of the Appointment Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 24 of the Appointment Order, the Receiver and its counsel shall pass their accounts.
- 485 The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court up to and including September 30, 2017, and seeks approval of the allocation methodology described in paragraphs 57 to 61 above. The Receiver and its counsel have maintained detailed records of their professional time and costs.
- 486 The total fees for the Receiver for the period June 1, 2017 to September 30, 2017, were \$385,280.07, plus disbursements of \$4,089.28, plus HST of \$50,618.02, for a total of \$439,987.37. The time spent by the Receiver is more particularly described in the Affidavit of Jonathan Krieger sworn November 17, 2017 (the "**Krieger Affidavit**"), which is attached hereto as **Appendix "73"** and contains copies of invoices that set out the services provided during this time period.
- 487 The total fees of A&B, as counsel to the Receiver, for the period of June 1, 2017 to September 29, 2017, were \$315,692.50, plus disbursements of \$7,125.88, plus HST of \$41,696.38, for a total of \$364,514.76. The time spent by A&B is more particularly described in the Affidavit of Mark van Zandvoort sworn November 22, 2017 (the "**van Zandvoort Affidavit**"), which is attached as **Appendix "74"** and contains, among other things, copies of invoices that set out the services provided during this period of time.
- 488 It is the Receiver's opinion that the fees and disbursements of the Receiver and A&B accurately reflect the work done by the Receiver and on behalf of the Receiver by A&B in connection with the receivership and the administration of the Property of the Crystal Wealth Group from June 1, 2017 to September 30, 2017.
- 489 It is the Receiver's opinion that the fees and disbursements of A&B are fair and reasonable and justified in the circumstances. The Receiver recommends approval of A&B's accounts by this Honourable Court.

TELE-TOWN HALL FOR INVESTORS

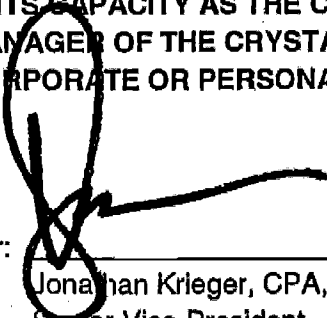
490 Due to the volume and complexity of the information contained within this Second Report, the Receiver will be conducting a "Town Hall" meeting with investors via tele-conference (the "Tele-Town Hall") whereby investors will be given the opportunity to ask the Receiver questions with respect to the receivership of the Crystal Wealth Group and its administration of same. The Tele-Town Hall will be conducted by the Receiver on December 7, 2017 from 11:00 am EST to 1:00 pm EST. The Receiver will provide more detailed information and instructions with respect to the Tele-Town Hall to investors in due course, which information will be available on the Receiver's Case Website.

CONCLUSION

491 For the reasons set out in this Second Report, the Receiver respectfully requests the relief and approval requested in the Receiver's Notice of Motion dated November 24th, 2017.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 24th day of November, 2017.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

30976692.9

TAB 10

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**



THE HONOURABLE
JUSTICE MYERS

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MONDAY, THE 11th DAY
OF DECEMBER, 2017

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

ORDER

THIS MOTION, made by Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed receiver and manager (in such capacity, the "**Receiver**"), without security, of all of the assets, undertakings and properties of each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"), for an Order, *inter alia*, approving the Second Report of the Receiver dated November 24, 2017 (the "**Second Report**") and the activities of the Receiver set out in the Second Report, and for other relief requested by

- 2 -

the Receiver in its Notice of Motion dated November 24, 2017, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report, including the affidavit of Jonathan Krieger sworn November 17, 2017 (the "**Krieger Affidavit**"), and the affidavit of Mark van Zandvoort sworn November 22, 2017 (the "**van Zandvoort Affidavit**"), and on hearing the submissions of counsel for the Receiver and such other counsel who were present, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Colette Dillard sworn November 24, 2017, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the Receiver's motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Second Report and the activities of the Receiver described therein be and are hereby approved.
3. **THIS COURT ORDERS** that the Confidential Appendices be and are hereby sealed until further Order of the Court.
4. **THIS COURT ORDERS** that the Receiver's resolution of the amended proof of claim filed by BDO Canada LLP ("**BDO**"), and the BDO Agreement (as defined in the Second Report), be and are hereby approved;
5. **THIS COURT ORDERS** that the Receiver's methodology and proposal to make interim distributions to investors of certain Crystal Wealth Funds (as defined in the Second Report) (the "**Investors**"), as set out in the Second Report, be and is hereby approved, and that the Receiver is hereby authorized to make such interim distributions to Investors.
6. **Deleted.**

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7. **THIS COURT ORDERS** that each of the following entities and/or individuals be and is hereby specifically directed to provide the Receiver and its counsel, Aird & Berlis LLP ("**A&B**"), with all information previously sought from each of them in writing by or on behalf of the Receiver that remains still outstanding:

- (i) Jerry Froese ("**Froese**") – President & CEO of Frontline Factoring Inc. ("**Frontline**");
- (ii) Alberto Storelli, Brian Peoples; and Joe Harker as it relates to their involvement in the US Real Estate LP (defined and described in the Second Report);
- (iii) Craig Clydesdale ("**Clydesdale**") – principal of the OOM Energy Group (defined in the Second Report);
- (iv) Kari Gillespie ("**Gillespie**") – Operations Manager of Liberty Mortgage Services Ltd.;
- (v) Stephen Miller ("**Miller**") – a representative of MGE Corporation Limited;
- (vi) Chuck Pinnell – Principal of 611802 B.C. Ltd.; and
- (vii) Stan Spletzer – Principal of Solid Holdings Inc.

8. **Deleted.**

9. **THIS COURT ORDERS** that the Receiver be and is hereby authorized to examine the following individuals under oath pursuant to a summons, interprovincial summons, or letter of request 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) Al Housego, the former Lead Portfolio Strategist for certain of the Crystal Wealth Funds ("**Housego**");
- (ii) Clayton Smith ("**Smith**");
- (iii) Joanne Bentley;
- (iv) Clydesdale;

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- (v) Gillespie;
- (vi) Miller;
- (vii) Steven Bandola, a former employee of Frontline;
- (viii) Pinnell; and
- (ix) Alan Braun – Principal of Onstar Exploration Ltd.

10. **THIS COURT ORDERS** that the Receiver be and is authorized to examine the following individuals under oath in accordance with paragraph 6(s) of the Order (Appointing Receiver) of the Ontario Superior Court of Justice dated April 26, 2017 (the "**Appointment Order**"):

- (i) Froese;
- (ii) David DenHollander, the President of 647497 B.C. Ltd.;
- (iii) Jeffrey Maljaars, Principal of 1566496 Alberta Ltd.
- (iv) Darcy Pahl, President of Dome Mountain Resources of Canada Inc.; and
- (v) Robert Maljaars, previous signing authority of Dome Mountain Resources of Canada Inc.

11. **THIS COURT ORDERS** that Frontline pay to the Receiver the sum of \$53,094.02 representing payments received by Frontline from Zomongo TV, Advanced Metal, 156 Alberta and Restoration Energy (as such entities are defined in the Second Report), which payments have yet to be remitted to the Receiver in trust for the Factoring Fund and Hedge Fund contrary to the FPAA (as defined in the Second Report).

12. **THIS COURT ORDERS** that the Quiver MOU Amendments executed by the Receiver and Quiver (as those terms are defined in the Second Report) be and are hereby approved.

13. **THIS COURT ORDERS** that the Receiver's Interim Statement of Receipts and Disbursements through to October 31, 2017, as appended to the Second Report, be and is hereby approved.

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14. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period June 1, 2017 to September 30, 2017, as described in the Second Report and as set out in the Krieger Affidavit, be and are hereby approved, and that the allocation of the Receiver's fees and disbursements from April 24, 2017 to September 30, 2017, as described and detailed in the Second Report, be and is hereby approved.

15. **THIS COURT ORDERS** that the fees and disbursements of Aird & Berlis LLP, counsel to the Receiver, for the period June 1, 2017 to September 30, 2017, as described in the Second Report and as set out in the van Zandvoort Affidavit, be and are hereby approved, and that the allocation of A&B's fees and disbursements from April 24, 2017 to September 30, 2017, as described and detailed in the Second Report, be and is hereby approved.

16. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

17. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

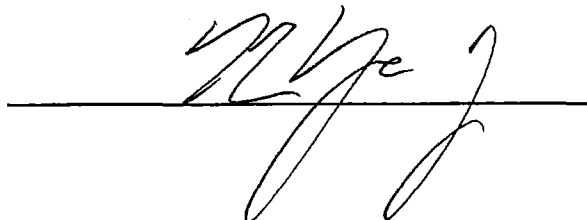
18. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

19. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

DEC 13 2017

PER / PAR:



ONTARIO SECURITIES COMMISSION

-and-

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED et al.

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER

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FILE/DIRECTION/ORDER

BEFORE JUDGE MYERS ACTION # CV-17-11779-CLOSL

Plaintiff(s)

-v-

CRYSTAL WEALTH INC.

Defendant(s)

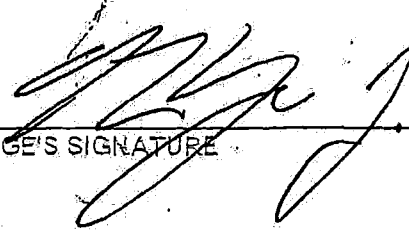
CASE MANAGEMENT: YES ☐NO ☒

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

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement 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 WND SPEAK TO THE INVESTORS NECESSARILY SHARE THAT SELFLESS GOAL. THE RECEIVER IS TO BE COMMENDED FOR ITS OPENNESS, THOROUGHNESS, AND STRONG

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement Continued

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

THE RELEVER PROPOSES INTEGRITY
DISTRIBUTIONS RECOGNIZING EACH CRISTAL
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 RELEVER FROM
LAWS THAT APPLY TO IT. MOREOVER IF
TAXATION STATUTES APPLY TO THE
RELEVER, 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

Court File Number: _____

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement 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 50.12(6).

PARA 9 IS AMENDED TO REMOVE THE
WORDS "AT THE OFFICE OF VICTORY VERRAUM 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 Endorsement Continued

INTERPROVINCIAL SUMMONS, OR LETTER OF REQUEST ~~AND~~ 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 UTANDATORY 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 "A \$536,755" WITH "A \$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

Court File Number: _____

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. FROST. 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 IN ~~SALES~~ OF CHOICES 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. FROST IS NOT A BASIS TO REFUSE TO ANSWER. ✓

THE RECEIVER WILL NOT FISH FOR EXTRANEOUS FUEL 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.

Court File Number: _____

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 A 9³⁰ WITH COUNSEL FOR FRONTLINE TO SCHEDULE A HEARING ON THE MERITS OF ANY CLAIMS THAT THE RECEIVER MAY HAVE. ^{THE 9:30 MAY} ~~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

Page

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of

8

Judges Initials

JUN

Court File Number: _____

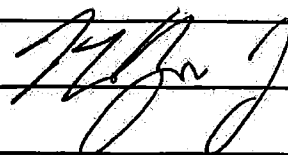
Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsement 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.



ONTARIO SECURITIES COMMISSION

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, *ET AL.*

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at TORONTO**

MOTION RECORD

Volume 1 of 3

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

Application under Section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended

**MOTION RECORD
Volume 2 of 3**

Date: July 20, 2018

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*Lawyers for Grant Thornton Limited, in its
capacity as Court-Appointed Receiver of the
Crystal Wealth Group*

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

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TAB 11

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SUPPLEMENT TO THE SECOND REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

FEBRUARY 8, 2018



Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4

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Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SUPPLEMENT TO THE SECOND REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

FEBRUARY 8, 2018

INTRODUCTION AND PURPOSE OF THE SECOND REPORT SUPPLEMENT

- 1 This supplement (this "**Second Report Supplement**") is filed by Grant Thornton Limited in its capacity as Court-appointed receiver (the "**Receiver**") of the Crystal Wealth Group, as a supplement to the Receiver's Second Report to the Court dated November 24, 2017 (the "**Second Report**").
- 2 Unless otherwise defined, all capitalized terms in this Second Report Supplement are as defined in the Second Report. All disclaimers provided in the Second Report also apply to this Second Report Supplement.
- 3 Background information in respect of the Respondents and the Receivers' appointment is provided in the First Report to the Court of the Receiver dated June 22, 2017 (the "**First Report**"), the Supplement to the First Report to the Court dated June 29, 2017 (the "**Supplement to the First Report**"), and in the Second Report.
- 4 Copies of materials filed in these proceedings generally are available on the Receiver's Case Website at www.grantthornton.ca/crystalwealth.
- 5 The purpose of this Second Report Supplement is to:
 - a) inform and update the Court on the Receiver's continued negotiations with respect to the remaining Cash Purchase Offer, as referenced at paragraph 450 of the Second Report, which negotiations have culminated in:
 - i. an Asset Purchase Agreement dated February 2, 2018 being entered into between the Receiver and Bron Releasing Inc. ("**BRI**") (the "**APA**"), attached hereto as **Confidential Appendix "1"**, with a redacted version attached hereto as **Appendix "1"**; and
 - ii. an Assignment Agreement (to be dated) being entered into between the Receiver, as assignee, and Bron Studios Inc. ("**BSI**") and Bron Animation Inc. ("**BAI**"), each as assignors, (the "**Assignment Agreement**"), attached hereto as **Appendix "2"**, which Assignment Agreement is conditional upon the completion of the transaction set out in the APA;

- b) request that the Court issue an order, substantially in the form attached as Schedule "B" to the APA: (i) approving the APA; (ii) authorizing the Receiver to complete the transaction contemplated therein; and (iii) vesting in BRI all of the rights, title and interests in and to the Sale Assets (as defined in the APA), subject to the terms of the APA;
- c) request that the Court issue an order approving the Assignment Agreement, and authorizing the Receiver to complete the transaction set out therein in accordance with the terms of the Assignment Agreement; and
- d) request that the Court issue an order sealing the Confidential Appendices of this Second Report Supplement until further Order of the Court.

THE APA

- 6 As indicated in paragraph 450 of the Second Report, as at the date of the Second Report, the Receiver was in the process of advancing negotiations with respect to a remaining Cash Purchase Offer which it received through the Sales Process, being an offer to purchase the Receiver's right, title, and interest in and to the Media Loans of the Media Fund.
- 7 As will be detailed below, the Receiver has continued to negotiate the remaining Cash Purchase Offer, which has culminated in the APA being executed by the Receiver and BRI, as purchaser, on February 2, 2018.
- 8 As indicated in paragraph 215 of the Second Report, the Receiver engaged Quiver as an expert advisor (which engagement was approved by this Court) to assist the Receiver in its investigation and management of the Media Fund. As indicated in paragraph 218 of the Second Report, on November 22, 2017, Quiver provided the Quiver Report to the Receiver that, among other things:
 - a) outlined the nature of the Media Loans issued to the various production companies;
 - b) set out the collections received for Media Loans as at the date of the Quiver Report;

- c) provided an estimated value of the Gap Loans and Tax Credit Loans, and detailed the underlying methodology in determining the limited projected amounts which are reasonably likely to be recovered by the Media Fund with respect to the Media Loans; and
- d) recommended that the Receiver accept the amount being offered by BRI, being the Purchase Price as defined in the APA.

The Quiver Report, with its appendices, was attached as a confidential appendix to the Second Report and was sealed until further Order of the Court pursuant to the Order of the Honourable Justice Myers issued December 11, 2017. For the Court's convenience, a copy of the Quiver Report and its Appendix D, as sealed, will be separately filed by the Receiver as part of the motion record related to this Report, in a sealed envelope as **Sealed Appendix "1"**.

- 9 On the basis of the projected value/limited likelihood of recovery of the Media Loans as detailed in the Quiver Report, as well as the lack of any other offers for the purchase of the Media Loans through the Sales Process, the Receiver continued negotiations with BRI in an effort to finalize the terms of an agreement with BRI.
- 10 Such negotiations ultimately resulted in the execution of the APA dated February 2, 2018. The deposit required under the APA has been paid. In order for the transaction contemplated by the APA to be completed, it is a condition of the APA that an Approval and Vesting Order, substantially in the form attached as Schedule "B" to the APA, be issued by the Court. This form of Approval and Vesting Order is being sought on the present motion.
- 11 BRI is a British Columbia corporation, and its sole director is Aaron Gilbert ("**Gilbert**"). Both Gilbert and Steven Thibault ("**Thibault**") are authorized signatories for BRI. The Receiver understands that Gilbert is also the President, CEO, Chairman, and sole director of MHC, the entity which the Media Fund had engaged prior to the Receiver's Appointment to: (i) source potential Media Loans for investment by the Media Fund; and (ii) administer the Media Loans purchased by the Media Fund. The Receiver understands that Thibault was and/or remains employed by MHC, and that he was formerly the VP Finance at MHC. In addition, Gilbert was and/or continues to be a director of BSI and BAI.

- 12 Through the Creditor Claims Procedure authorized by this Court, BSI and BAI each filed Proofs of Claim (the “**Proofs of Claim**”), attached hereto as **Appendix “A”** and **Appendix “B”**, respectively, against Smith for personal loans advanced to him in the sum of \$8,512,592. According to the Proofs of Claim, as at August 3, 2017, Smith is indebted to BAI and BSI in the total sum of \$12,243,455 given accrued interest on the outstanding indebtedness.
- 13 The Receiver required that, as a condition of entering into the APA, BSI and BAI each assign their rights, title and interest under the Proofs of Claim to the Receiver. BSI and BAI each agreed, and have executed the Assignment Agreement along with the Receiver, which is being held in escrow and will become effective only upon the completion of the APA transaction.
- 14 The Receiver required that the Assignment Agreement be entered into as a result of: (i) concerns raised in the Commission Affidavits (as defined in the First Report) about funds which were traced from the Media Fund to either MHC or BAI, and which ultimately appeared to be traced to Smith or his holding company, CLJ Everest, which concerns are disputed by Bron; and (ii) the particulars submitted in the Proofs of Claim, which provided that BSI and BAI made loans to Smith. The assignment of the Proofs of Claim could thus result in additional monies being recovered by the Receiver in respect of such funds.

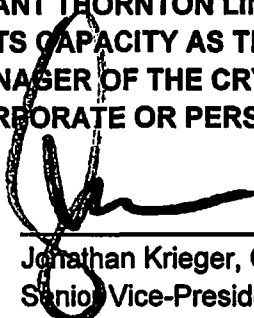
CONCLUSION

- 15 The Receiver conducted a fulsome Sales Process which elicited an offer from BRI and its affiliates. The Purchase Price contained in the APA is for an amount which the Receiver considers to be reasonable in the circumstances based upon the analysis and conclusions provided in the Quiver Report given the likelihood of recovery on the Gap Loans and certain Tax Credit Loans.
- 16 Furthermore, if the APA is approved and the transaction thereby completed, the Receiver will receive the benefits of any recovery which may be obtained as a result of the Assignment Agreement.

- 17 The Receiver considers the terms of the APA and the Assignment Agreement to be reasonable in the circumstances. It is the Receiver's view and recommendation that Court approval of the APA and the Assignment Agreement is likely to yield the best recovery on the Media Loans, and in turn, for investors of the Media Fund.
- 18 Accordingly, the Receiver is seeking an order approving the APA and the Assignment Agreement.
- 19 The Receiver is also seeking an order sealing the Confidential Appendices, which contain certain commercially-sensitive information related to pricing, the release of which could prejudice the Crystal Wealth Group's stakeholders if the transaction contemplated by the APA is not completed.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 8th day of February, 2018.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

TAB 12



Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE

S.L. Aunpity

TUESDAY, THE 20th DAY

OF FEBRUARY, 2018

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

ORDER

THIS MOTION, made by Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed receiver and manager (in such capacity, the "Receiver") of: (i) each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("Chrysalis Yoga") (the Respondents except for Chrysalis Yoga being collectively referred to as the "Crystal Wealth Group"); and (ii) the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "Chrysalis Account"), for an Order, *inter alia*, approving the Supplement to the Second Report of the Receiver dated February 8, 2018 (the "Second Report Supplement") and the activities of the Receiver set out in the Second Report Supplement; (ii) sealing the

- 2 -

confidential appendix to the Second Report Supplement (the "**Confidential Appendix**"); and (iii) approving the assignment agreement entered into among the Receiver, as assignee, and Bron Studios Inc. and Bron Animation Inc., each as assignors (the "**Assignment Agreement**"), and for other relief requested by the Receiver in its Notice of Motion dated February 8, 2018, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report Supplement and on hearing the submissions of counsel for the Receiver and such other counsel who were present, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Timothy Jones sworn February 9, 2018, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the Receiver's motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Second Report Supplement and the activities of the Receiver described therein be and are hereby approved.

3. **THIS COURT ORDERS** that the Confidential Appendix be and is hereby sealed until further ^{the earlier of closing or March 26, 2018.} Order of the Court. AWD

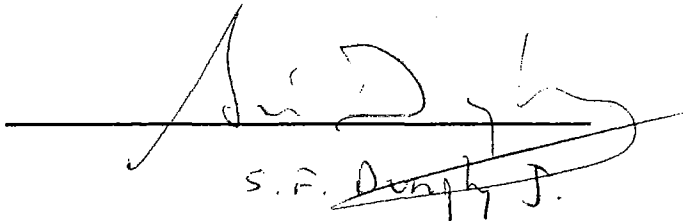
4. **THIS COURT ORDERS** that the Assignment Agreement be and is hereby approved, and the Receiver be and is hereby authorized to proceed with the transaction contemplated therein.

5. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

- 3 -

7. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.



S.F. Dunphy J.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

FEB 20 2018

PER / PAR:



ONTARIO SECURITIES COMMISSION

-and-

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED et al.

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER

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Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited

S.F. Murphy J
20 Feb 2018

No one opposes the approval sought. I am satisfied that, based on the Swadlow principles the Receiver has adhered to, this is the best transaction available in all the circumstances, correct for White House plaintiffs and sets best the approval order + sales transaction does not adversely affect their statement of claim that is outstanding as against parties related to the purchaser. Order to go in form ^{receiver report} ~~subm~~ that + signed by the approving sales ~~order~~ ^{seal} order only until earlier of closing date and March 26, 2018. The Quiver report is ordered unsent at the same time (earlier of closing or March 26, 2018).

for [Signature]

TAB 13

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**THIRD REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

MAY 3, 2018



**Grant Thornton Limited
200 King Street West, 11th Floor
TORONTO, ONTARIO, M5H 3T4**

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APPENDICES

- Appendix 1** Temporary Order, First Extension Order and Second Extension Order issued April 7, 2017, October 2, 2017 and April 9, 2018, respectively
- Appendix 2** Appointment Order and endorsement dated April 26, 2017
- Appendix 3** Receiver's First Report to Court dated June 22, 2017
- Appendix 4** Order and Endorsement issued by Justice Hainey dated June 30, 2017
- Appendix 5** Receiver's Second Report to Court dated November 24, 2017
- Appendix 6** Order and Endorsement issued by Justice Myers dated December 11, 2017
- Appendix 7** Receiver's Second Report Supplement dated February 8, 2018
- Appendix 8** Order and Endorsement issued by Justice Dunphy dated February 20, 2018
- Appendix 9** Agreement of Purchase and Sale dated April 11, 2018 [redacted]
- Appendix 10** Home Trust Notice of Sale dated June 19, 2017
- Appendix 11** June 20, 2017 letter from Aird & Berlis LLP to Home Trust
- Appendix 12** Master Medical Receivables Purchase and Administration Agreement dated March 31, 2016
- Appendix 13** Geodata Participation Agreement March 31, 2016
- Appendix 14** SSI Participation Agreement dated March 31, 2016
- Appendix 15** Geodata Bill of Sale dated July 10, 2017
- Appendix 16** Geodata Amendment to the Bill of Sale dated January 26, 2018
- Appendix 17** SSI Bill of Sale dated January 24, 2018

CONFIDENTIAL APPENDICES

- Confidential Appendix 1** Agreement of Purchase and Sale dated April 11, 2018
[unredacted]
- Confidential Appendix 2** Summary of Mount Nemo Property Proposals Received
- Confidential Appendix 3** Listing Agreement with Sotheby's dated November 6, 2017 and
Amendment dated March 26, 2018
- Confidential Appendix 4** Toronto Real Estate Board Reports – Rural Burlington
- Confidential Appendix 5** Summary of Offers Received
- Confidential Appendix 6** Email dated April 6, 2018 from Andrew Cowan and email
correspondence dated February 20, 2018 from one of the
previous offerors

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

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CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**THIRD REPORT TO THE COURT SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

MAY 3, 2018

INTRODUCTION

The OSC Application and Appointment Order

- 1 The Ontario Securities Commission (the "**OSC**") issued a temporary order on April 7, 2017 (as extended by the OSC on April 13, 2017 and April 28, 2017 (the "**Temporary Order**")) providing that the trading of units of all of the Crystal Wealth Funds cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith ("**Smith**") and Crystal Wealth Management System Limited (the "**Company**"), with limited exceptions that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant Fund. On October 2, 2017, the OSC extended the Temporary Order to April 10, 2018 (the "**First Extension Order**"), while modifying the Temporary Order issued April 7, 2017 to remove the portions of paragraphs 4 and 5 thereof referring to Smith in his capacity as advising representative, given that Smith's registration was automatically suspended when he was terminated by the Receiver. On April 9, 2018, the OSC further extended the Temporary Order to July 5, 2018 (the "**Second Extension Order**"). The Temporary Order issued April 7, 2017, the First Extension Order and the Second Extension Order are attached hereto as **Appendix "1"** to this Third Report of the Receiver (the "**Third Report**").

- 2 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), the Honourable Mr. Justice Newbould issued an Order (the "**Appointment Order**") appointing Grant Thornton Limited as: (i) receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties (collectively, the "**Property**") of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"); and (ii) Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the "**OSC Application**") under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"). The said receivership proceedings shall be referred to herein as the "**Receivership Proceedings**". A copy of the Appointment

Order and the endorsement of the Honourable Mr. Justice Newbould are attached hereto as **Appendix "2"**.

- 3 Also on April 26, 2017, the Honourable Mr. Justice Newbould issued a Vesting Order (the "**Vesting Order**") authorizing the Receiver to complete, on behalf of the Respondent, CLJ Everest Ltd. ("**CLJ Everest**") (a company wholly owned by Smith), the sale transaction of the property located at 5043 Mount Nemo Crescent in Burlington, Ontario (the "**Mount Nemo Property**") to Martin McCready ("**McCready**") pursuant to and in accordance with an agreement of purchase and sale dated April 12, 2017 (the "**McCready APS**"). McCready did not respond to the Receiver's communications following the issuance of the Vesting Order, and McCready failed to complete the sale transaction (the "**McCready Sale Transaction**"). The Receiver has reserved its rights to claim damages from McCready as a result of his failure to complete the McCready Sale Transaction.
- 4 A summary of the circumstances leading to the appointment of the Receiver is outlined in the Receiver's First Report to Court dated June 22, 2017 (the "**First Report**") which is attached hereto, without appendices, as **Appendix "3"**. The complete OSC Application can be found on the Receiver's case website at www.GrantThornton.ca/CrystalWealth (the "**Case Website**").

The First Report Approval Motion – June 30, 2017

- 5 On June 22, 2017, the Receiver provided the Court with its First Report and served a motion record in support of a motion to, among other things, approve a proposed Sales Process (as defined and described in the First Report) to be conducted by the Receiver by which prospective purchasers and managers could submit bids to the Receiver to either purchase the assets of certain Crystal Wealth Funds, or to take over the management of certain Funds. On June 29, 2017, the Receiver provided the Court with its Supplement to the First Report dated June 29, 2017.
- 6 On June 30, 2017, the Honourable Mr. Justice Hailey issued an Order and Endorsement (the "**June 30 2017 Order and Endorsement**") that, among other things, approved:
 - a) the Receiver's First Report and the activities of the Receiver set out therein; and
 - b) the Sales Process.

A copy of the June 30th Order and Endorsement is attached hereto as **Appendix “4”**.

The Second Report Approval Motion – December 11, 2017

- 7 On November 24, 2017, the Receiver provided the Court with its Second Report to Court dated November 24, 2017 (the **“Second Report”**) and served a motion record (the **“November 24, 2017 Motion”**) in support of a motion to, among other things: (i) approve the Receiver’s methodology and proposal to make an interim distribution to the investors of certain Crystal Wealth Funds, and authorizing the Receiver to make such interim distribution; (ii) direct certain entities and/or individuals to provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the Crystal Wealth Group; and (iii) authorize the Receiver to examine certain individuals. A copy of the Second Report, without appendices, is attached hereto as **Appendix “5”**.
- 8 On December 11, 2017, the Honourable Justice Myers issued an Order and Endorsement (the **“December 11, 2017 Order and Endorsement”**) that approved, among other things, the Receiver’s activities as set out in the Second Report. A copy of the December 11, 2017 Order and Endorsement is attached hereto as **Appendix “6”**.

The Second Report Supplement Approval Motion – February 20, 2018

- 9 On February 8, 2018, the Receiver provided the Court with a Supplement to the Second Report to Court dated February 8, 2018 (the **“Second Report Supplement”**) and served a motion record (the **“February 8, 2018 Motion”**) in support of a motion to, among other things, obtain approval of the Court of: (i) an Asset Purchase Agreement dated February 2, 2018 entered into between the Receiver and Bron Releasing Inc. (**“BRI”**) (the **“APA”**); and (ii) an Assignment Agreement entered into between the Receiver, as assignee, and Bron Studios Inc. (**“BSI”**) and Bron Animation Inc. (**“BAI”**), each as assignors, (the **“Assignment Agreement”**), which Assignment Agreement was conditional upon the completion of the transaction set out in the APA. A copy of the Second Report Supplement, without appendices, is attached hereto as **Appendix “7”**.
- 10 On February 20, 2018, the Honourable Justice Dunphy issued an Order and Endorsement (the **“February 20, 2018 Order and Endorsement”**) that approved, among other things,

the relief as sought in the February 8, 2018 Motion. A copy of the February 20, 2018 Order and Endorsement is attached hereto as **Appendix "8"**.

PURPOSE OF THE THIRD REPORT

- 11 The purpose of this Third Report is to inform the Court of the Receiver's activities with respect to: (i) the marketing and proposed sale by the Receiver of the Mount Nemo Property; (ii) the Receiver's execution of the Geodata Bill of Sale Amendment and the SSI Bill of Sale (as such terms are hereafter defined); and (iii) to support the Receiver's request for, among other things:
 - a) an order approving this Third Report, including the actions and activities of the Receiver as described in this Third Report;
 - b) an order, among other things: (i) approving the Agreement of Purchase and Sale dated April 11, 2018 and the amendment thereto dated April 17, 2018 entered into by the Receiver, as vendor on behalf of CLJ Everest, and Daniel Palmer ("**Palmer**"), as purchaser, regarding the sale of the Mount Nemo Property (the "**Palmer APS**"); (ii) authorizing the Receiver to complete the transaction contemplated therein (the "**Palmer Sale Transaction**"); and (iii) vesting in Palmer all of the right, title and interests in and to the Mount Nemo Property, subject to the terms of the Palmer APS. The Palmer APS is attached hereto as **Confidential Appendix "1"**, with a redacted version attached hereto as **Appendix "9"**;
 - c) an order vesting in Xynergy Medical Capital LLC ("**Xynergy**") all of the rights, title and interests in the Geodata Participation (as defined in the Second Report and in the Geodata Bill of Sale dated July 10, 2017) in accordance with the Geodata Sale Agreement (as defined below);
 - d) an order vesting in Xynergy all of the rights, title and interests in and to the SSI Participation (as defined in the SSI Bill of Sale, as defined in this Third Report) in accordance with the SSI Bill of Sale; and
 - e) sealing the **Confidential Appendices** to this Third Report until the Palmer Sale Transaction has been completed.

- 12 Accordingly, this Third Report is a limited purpose report, and a more detailed report addressing other matters which have taken place subsequent to the Second Report and Second Report Supplement will be filed in due course.

RESTRICTIONS AND TERMS OF REFERENCE

- 13 In preparing this Third Report, the Receiver has relied upon unaudited and certain audited financial information, the Crystal Wealth Group's books and records, certain financial information obtained by third parties, and discussions with various individuals (collectively, the "**Information**"). Except as described in this Third Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
- 14 This Third Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought in the Receiver's Notice of Motion dated May 3, 2018. This Third Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Third Report contrary to the provisions of this paragraph.
- 15 Capitalized terms not defined in this Third Report are as defined in the First Report, the Second Report, and in the Second Report Supplement. All references to dollars are in Canadian currency unless otherwise noted.
- 16 Copies of materials filed in these Receivership Proceedings are available on the Receiver's Case Website at: www.GrantThornton.ca/CrystalWealth.

MOUNT NEMO PROPERTY

Sale Pending at the Date of Receivership

- 17 As explained in the First Report, the Receiver was authorized by the Court to complete, on behalf of the Respondent, CLJ Everest (the registered owner of the Mount Nemo Property), the McCready Sale Transaction pursuant to and in accordance with the McCready APS which had been entered into between CLJ Everest and McCready. The

completion date for the underlying transaction was April 28, 2017.

- 18 On April 27, 2017, Jo-Anne Smith ("**Ms. Smith**"), Smith's sister and the listing agent for the Mount Nemo Property at that time, informed the Receiver that McCready had advised her on April 27, 2017, that McCready would not be completing the McCready Sale Transaction.
- 19 The Receiver subsequently attempted to contact McCready by telephone at the number which Ms. Smith advised was McCready's cell phone number. On both occasions, the message "*call cannot be completed as dialed*" was received.
- 20 Accordingly, by letter to McCready dated April 28, 2017, counsel to the Receiver, Aird & Berlis LLP ("**A&B**"), advised McCready that the Receiver was treating his anticipatory breaches as a repudiation of the McCready APS, thereby discharging the Receiver from proceeding with the sale while reserving the Receiver's right to pursue damages from McCready.
- 21 To date, no response has been provided by McCready.

Mount Nemo Listing Process and the First Listing Broker

- 22 After the McCready Sale Transaction failed to close, the Receiver requested from Ms. Smith any and all information relating to the Mount Nemo Property, as it was the Receiver's intent to conduct a formal sales process for the listing of the Mount Nemo Property (the "**Mount Nemo Listing Process**"). After receiving limited information from Ms. Smith, on May 10, 2017, the Receiver received an executed Listing Cancellation from Ms. Smith thereby allowing the Receiver to conduct the Mount Nemo Listing Process.
- 23 The First Report detailed the Mount Nemo Listing Process, which included: (i) researching and compiling a short-list of real estate agents/brokers with extensive experience in marketing and selling rural estate properties in the Burlington and surrounding areas; (ii) conducting a request for proposal process under confidentiality provisions; and (iii) evaluating submissions received from real estate agents/brokers.
- 24 The Mount Nemo Listing Process ultimately led to RE/MAX Aboutowne Realty Corp., Brokerage ("**RE/MAX**") being selected as the listing agent. The summary of the proposals received, which was attached to the First Report as a confidential appendix, is attached

hereto as **Confidential Appendix “2”**.

- 25 On June 8, 2017, the Receiver entered into an MLS listing agreement with RE/MAX effective until October 31, 2017. After the completion of certain services relating to grounds keeping and proper maintenance for the pool, the Mount Nemo Property was listed on July 12, 2017 for \$3,399,000. The Receiver elected to begin listing the Mount Nemo Property at this price as it represented the approximate amount of the purchase price contained in the McCready APS.
- 26 Beginning the week ending July 17, 2017, RE/MAX provided the Receiver with periodic updates outlining, among other things: (i) the number of showings; (ii) the internet traffic on various websites; (iii) general updates on the condition of the Mount Nemo Property; and (iv) the status of any past or future showings.
- 27 Due to the minimal interest in the Mount Nemo Property and the fact that minimal showings were arranged and no offers had been received, the Receiver executed an amendment to the Listing Agreement dated August 30, 2017 which reduced the listing price of the Mount Nemo Property to \$3,199,000 (a reduction of \$200,000) (the **“First Amendment”**).
- 28 On October 31, 2017, the Listing Agreement with RE/MAX expired. On November 2 and November 3, 2017, the Receiver notified RE/MAX that it would not be renewing the Listing Agreement. The Receiver’s decision resulted from the fact that no offers were received despite RE/MAX having the opportunity to sell the Mount Nemo Property for almost five months, and given that only a minimal amount of showings were conducted.

The Second Listing Broker

- 29 The Receiver contacted another broker, Sotheby’s International Realty Canada (**“Sotheby’s”**), who had submitted a proposal as part of the Receiver’s Request for Proposals process discussed in the First Report, to inquire if Sotheby’s remained interested in listing the Mount Nemo Property.
- 30 In the RFP process, the Receiver had ranked Sotheby’s proposal behind that of RE/MAX, however, the Sotheby’s proposal highlighted: (i) its extensive experience selling similar real estate in the Burlington and surrounding area; (ii) a competitive commission structure; (iii) detailed and real time reporting tools; and (iv) a detailed marketing plan to prepare and execute the sale of the Mount Nemo Property.

- 31 On November 6, 2017, the Receiver entered into an MLS listing agreement with Sotheby's (the "**Sotheby's Listing Agreement**") effective until April 1, 2018 (which was subsequently extended to July 1, 2018). The Sotheby's Listing Agreement was attached to the Second Report as a confidential appendix and is attached hereto (along with the amendment to same) as **Confidential Appendix "3"**. With the downward trends being noticed in the real estate market, and specifically in Burlington, the Mount Nemo Property was listed at \$2,900,000 (a further reduction of \$299,000). Due to the need to create marketing materials prior to listing on the Multiple Listing Service, the Mount Nemo Property was listed on an exclusive basis for a short period of time; this allowed Sotheby's to commence contacting their client base immediately.
- 32 Over the course of the listing period, the Mount Nemo Property was advertised in the following media, along with a targeted email campaign, and professionally created property brochures, floor plans, video and related collateral:
- a) sothebysrealty.ca and sothebysrealty.com
 - b) countrylife.co.uk
 - c) homeadverts.com
 - d) house24.ilsole24ore.com
 - e) jameslist.com
 - f) luxuryestate.com
 - g) PropGoLuxury.com
 - h) real-buzz.com
 - i) realtor.ca
 - j) Sotheby's Insight Magazine
 - k) West of the City 2018
- 33 The April 16, 2018 marketing update from Sotheby's (the "**April 16, 2018 Sotheby's Update**") indicated 3,373 views on the www.sothebysrealty.ca website and 45,563

impressions, the latter of which means the number of times the listing appeared on a search results page on the www.sothebysrealty.ca website. This same update indicated:

- a) The top five cities from which searches were performed were: (i) unidentified but with a ".ca" address; (ii) Toronto; (iii) Burlington; (iv) Oakville; and (v) Mississauga.
- b) The top five countries from which searches were performed were: (i) Canada; (ii) United States; (iii) Hong Kong; (iv) France; and (v) the United Kingdom.

34 The April 16, 2018 Sotheby's Marketing Update also indicated that during the period November 15, 2017 to March 16, 2018, there were 20 separate showings of the Property.

35 The Receiver notes that Sotheby's also provided market data for the second quarter of 2017 to the fourth quarter of 2017 from the Toronto Real Estate Board specific to rural Burlington which is attached hereto as **Confidential Appendix "4"**. It is noted that there is a general downward trend with properties being on the market longer, the number of listings and transactions having decreased and the average and medium selling prices having materially decreased. On May 2, 2018, Sotheby's advised the Receiver that such market data for the first quarter of 2018 is not yet available.

Offers Received

36 A summary of the offers ("**Summary of Offers**") received is attached hereto as **Confidential Appendix "5"**. The comments provided in the Summary of Offers indicates the principal issues regarding each offer to which the Receiver attempted to negotiate in order to arrive at an offer that was appropriate to accept subject only to approval of this Court.

37 Sotheby's indicated that there were other interested parties who did not submit offers as they were not willing to offer a purchase price as high as that which is contained in the Palmer APS. The primary concerns raised by these parties included: (i) the size of the property; (ii) the ability for a purchaser to change the current zoning to a different permitted use; (iii) the structural integrity of the barn located on the property; (iv) the amount of repairs to the house which would be required, depending on the preference of a purchaser; (v) and the general condition of the property. Email correspondence dated April 6, 2018 from Andrew Cowan (the real estate agent of Palmer) and email correspondence dated February 20, 2018 from one of the previous offerors both identify certain concerns over

the property illustrating the foregoing points, and are collectively attached hereto as **Confidential Appendix “6”**.

- 38 When taking the foregoing into account and related costs thereof, the interested parties were considering offers generally around the range of the initial offering prices as noted in the Summary of Offers, all of which were less than the purchase price contained in the Palmer APS.
- 39 After receiving an initial offer from Palmer and various sign-backs thereof, negotiations ceased as he was unwilling to delete a number of his conditions.
- 40 However, on April 2, 2018, Palmer submitted another offer, this time reducing the number of conditions. Negotiations recommenced whereby Palmer showed the seriousness of his interest, including through his obtaining professional assessments on the condition of the Mount Nemo Property. Such further negotiations culminated in the Receiver and Palmer agreeing on price and terms which led to the acceptance of an offer on April 11, 2018, subject only to a two business day period for Palmer to review such items as zoning, permitted uses, and easements with relevant authorities including the Niagara Escarpment Commission, the Halton Conservation Authority and the City of Burlington. Palmer subsequently requested the conditional date to be extended from two business days to April 23, 2018. The Receiver agreed, and the parties executed an amendment to the Palmer APS dated April 17, 2018 to give effect to the aforesaid extension.
- 41 On April 23, 2018, Palmer gave notice to the Receiver that all conditions of the Palmer APS had been fulfilled resulting in the Palmer APS becoming firm.
- 42 The Receiver recommends and seeks approval of the Palmer APS from this Court, given: (i) the failed McCready Sale Transaction; (ii) that the Receiver, and RE/MAX and Sotheby's on the Receiver's behalf, has conducted a thorough sales and marketing process for approximately 10 months during the Receivership Proceedings; (iii) that the offers received and offers being considered by other interested parties were all in relatively the same price range, being less than the purchase price contained in the Palmer APS; and (iv) the downturn in the real estate market for rural properties.
- 43 A sealing order is requested with respect to the Confidential Appendices, as they contain sensitive commercial information concerning the Receiver's marketing and sale of the

Mount Nemo Property, the release of which could prejudice the stakeholders of the Crystal Wealth Group should the Palmer APS Transaction fail to close.

DISTRIBUTION OF PROCEEDS FROM THE PALMER APS TO HOME TRUST

- 44 Home Trust Company ("**Home Trust**") is the first mortgagee in regards to the Mount Nemo Property. On June 19, 2017, Home Trust issued a Notice of Sale Under Charge ("**Notice of Sale**"), a copy of which is attached hereto as **Appendix "10"**, pursuant to a default by CLJ Everest in regard to payment of monies due under a certain charge dated January 16, 2015 and made between CLJ Everest and Home Trust. Pursuant to the Notice of Sale Under Charge, notice was given that the amount due on the charge for principal money, interest, taxes, and costs, respectively, was \$1,324,014.
- 45 On June 20, 2017, A&B corresponded with Home Trust advising them of the stay of proceedings pursuant to the Appointment Order. A copy of A&B's letter is attached hereto as **Appendix "11"**. On a periodic basis since the issuance of this letter, the Receiver has kept Home Trust advised of the activity with respect to listing the Mount Nemo Property.
- 46 The Receiver seeks authorization of the Court as part of the relief sought herein to make distributions from the sale proceeds of the Palmer Sale Transaction to the registered mortgagee, Home Trust, without further order of the Court, in satisfaction of the discharge of Home Trust's mortgage registered on title to the Mount Nemo Property, provided that the Receiver is satisfied as to the validity of the mortgage and amounts claimed.

SALE OF GEODATA AND SSI PARTICIPATIONS

- 47 As outlined in the Receiver's previous reports, the Medical Fund invested in, among other things, Medical Factoring Contracts (as defined below) which were administered by Xynergy Medical Capital LLC ("**Xynergy**"). In these arrangements, Xynergy would enter into contracts (the "**Medical Factoring Contracts**") to purchase healthcare receivables (after purchase, invoices are referred to as "**Purchased Medical Receivables**") from operating businesses in the United States and Puerto Rico ("**Clients**") for a discount and service fees.
- 48 Once the medical receivables were purchased by Xynergy, Xynergy would take an assignment of the Purchased Medical Receivables and ultimately collect the amounts owing under the invoices (the "**Invoice Principal**") from the underlying debtors. Once the

Invoice Principal was collected, Xynergy would remit the amount to the Client, net of any fees earned by Xynergy pursuant to the particulars of the Medical Factoring Contract.

- 49 The Medical Factoring Contracts were fluid arrangements whereby the quantum of the amounts advanced to the Clients for the Purchased Medical Receivables (the “**Client Advances**”) would vary based on the underlying working capital needs of the Clients. Each of the Medical Factoring Agreements indicated a maximum amount of Client Advances that could be outstanding at any given time (i.e. a maximum borrowing).
- 50 Pursuant to a Master Medical Receivables Purchase and Administration Agreement dated March 31, 2016 (defined in the First Report as the “**MMRPAA**”), the Medical Fund entered into participation agreements (the “**Participation Agreements**”) with Xynergy whereby it purchased a stated interest (the “**Participation**”) in certain of the Medical Factoring Contracts. For greater clarity, the Medical Fund was not a party to the Medical Factoring Contracts entered into between the Clients and Xynergy. A copy of the MMRPAA is attached hereto as **Appendix “12”**.
- 51 Each Participation Agreement would outline, among other things, on a percentage basis, the Medical Fund’s Participation in both the Client Advances (the Medical Fund’s Participation in the Client Advances is referred to as the “**Net Funds Employed**”) and the fees earned on same for a particular Medical Factoring Contract. Each Client Advance included both Xynergy’s capital and the Medical Fund’s capital pursuant to the relevant Participation Agreement. As a result, as the Client’s working capital needs changed, the Client Advances (and the Net Funds Employed) fluctuated.
- 52 A segregated trust account was setup and administered by Xynergy to administer the Medical Fund’s allocated Participation of the advances and collections made to and from the Clients. In times in which the Client’s working capital needs were not extensive, an “ear-marked” amount remained in the trust account in the event additional Client Advances were required under the Medical Factoring Contracts.
- 53 As noted in paragraph 124 of the First Report, included in the Medical Fund were Participations Agreements in Medical Factoring Contracts with two Clients: GeodataPR International, Inc. (“**Geodata**”) and Servicios de Salud Integrada, CSP (“**SSI**”), both of whom operate out of Puerto Rico. Copies of the Participation Agreements with respect to SSI and Geodata are attached to this Third Report as **Appendix “13”** and “**14**”

respectively.

- 54 Paragraph 6(k)(ii) of the Appointment Order authorized the Receiver to sell, convey, transfer, lease or assign the Property of the Crystal Wealth Funds, which includes Participation Agreements, without the approval of this Court, regardless of the purchase price.

GeodataPR International, Inc.

- 55 As noted in paragraph 125 of the First Report, on June 20, 2017, Xynergy put forth an offer to acquire the Medical Fund's Participation in the accounts receivable owing by Geodata (the "**Geodata Participation**") for US \$684,313, representing the Net Funds Employed, pursuant to the Geodata Participation, as at June 20, 2017.
- 56 As outlined in the Second Report, on July 10, 2017, the Receiver and Xynergy executed a bill of sale (the "**Geodata Bill of Sale**") whereby Xynergy re-acquired the Geodata Participation for US \$684,313 (the "**Geodata Purchase Amount**"). The Receiver received the Geodata Purchase Amount funds in trust on July 12, 2017. A copy of the executed Geodata Bill of Sale is attached hereto as **Appendix "15"**.
- 57 Pursuant to the Geodata Bill of Sale, the Receiver agreed to hold the Geodata Purchase Amount in trust until a Vesting Order (as defined in the Geodata Bill of Sale) (the "**Geodata Vesting Order**") was obtained from the Court vesting the Geodata Participation to Xynergy. On January 26, 2018, the Receiver and Xynergy entered into an amendment to the Geodata Bill of Sale (the "**Geodata Bill of Sale Amendment**", together with the Geodata Bill of Sale, the "**Geodata Sale Agreement**") for the purposes of extending the date by which the Geodata Vesting Order must be obtained to May 31, 2018. A copy of the Geodata Bill of Sale Amendment is attached hereto as **Appendix "16"**.
- 58 As the sale of the Geodata Participation for the Geodata Purchase Amount was authorized by this Court pursuant to the Appointment Order, June 30 2017 Order and Endorsement and the December 11, 2017 Order and Endorsement, the Receiver recommends that the Court issue the Vesting Order required by the Geodata Sale Agreement so that the Geodata Purchase Amount need not be returned by the Receiver to Xynergy.

Servicios de Salud Integrada, CSP's

- 59 As outlined in paragraphs 373 to 377 of the Second Report, on March 27, 2013, Xynergy entered into a medical receivables factoring agreement with SSI under which a maximum US \$600,000 medical factoring facility was provided (the "**SSI Factoring Agreement**").
- 60 SSI is located in Puerto Rico and is engaged in the business of supplying radiology technicians to hospitals and clinics in the San Juan Municipality. All invoices are issued to and paid by the San Juan Municipality (i.e. the underlying debtor).
- 61 The Medical Fund and Xynergy entered into a Participation Agreement dated March 31, 2016 for a Participation in SSI's accounts receivable and 70% of the factoring fees (the "**SSI Participation**").
- 62 In and around July 2017, the time in which the Geodata Bill of Sale was being negotiated and completed, Xynergy indicated to the Receiver that it had an interest in repurchasing the SSI Participation for a discount. As the Receiver had, at the time, commenced the Sales Process, it advised Xynergy that the offer to purchase the SSI Participation must be made through the Sales Process.
- 63 In late 2017, the distressed state of Puerto Rico, as a result of Hurricane Irma (September 6, 2017) and Hurricane Maria (September 20, 2017), continued to cause a significant delay in the payment of the Purchased Medical Receivables by the San Juan Municipality. Xynergy advised the Receiver that the situation in Puerto Rico would result in lengthy delays in receiving payments of the Purchased Medical Receivables from San Juan Municipality.
- 64 Given the uncertainty surrounding the repayment of the Purchased Medical Receivables and the fact that no bids were received for the SSI Participation in the Sales Process, the Receiver, on December 14, 2017, inquired as to whether Xynergy remained interested in repurchasing the SSI Participation.
- 65 On December 19, 2017, Xynergy advised that, given the circumstances with respect to Hurricane Irma and Maria, where the risk of collections of the underlying Purchased Medical Receivables had increased and that it may have to spend money in professional fees to collect same, it would be willing to repurchase the SSI Participation for 60% of the

Net Funds Employed of US \$341,725 (i.e. the Medical Fund's portion of the Client Advances) as at December 19, 2017 (the "**SSI Balance**") (US \$205,035).

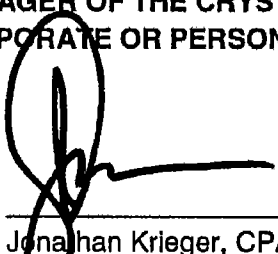
- 66 On January 24, 2018, after numerous discussions, the Receiver and Xynergy entered into a bill of sale agreement dated January 24, 2018 (the "**SSI Bill of Sale**") for the sale of the SSI Participation for US \$222,290.95 (the "**SSI Purchase Price**"), approximately 65% of the SSI Balance. The Receiver received the SSI Purchase Price and the segregated SSI funds held in the trust account administered by Xynergy of US \$103,884.55 (the "**Segregated SSI Funds**"), in trust, on January 30, 2018. A copy of the SSI Bill of Sale is attached hereto as **Appendix "17"**.
- 67 Similar to the Geodata Bill of Sale, the SSI Bill of Sale requires that the Receiver hold the SSI Purchase Price funds in trust until a Vesting Order (as defined in the SSI Bill of Sale) (the "**SSI Vesting Order**") is obtained. The SSI Vesting Order must be obtained by no later than May 31, 2018, failing which, the SSI Bill of Sale shall be deemed null and void and the Receiver will be required to return the SSI Purchase Price funds to Xynergy.
- 68 The Receiver believes that the discount agreed upon on for the re-purchase of the SSI Participation is reasonable given the circumstances and the status of the investment, mainly:
- a) the SSI Participation is a unique and specialized investment whereby the potential parties interested in purchasing same is limited;
 - b) the Sales Process conducted by the Receiver resulted in no bids being received on the SSI Participation;
 - c) the events in Puerto Rico has created uncertainty with respect to the ultimate collection of SSI's outstanding receivables; and
 - d) the Medical Fund was potentially exposed to be required to advance the additional SSI Segregated Funds.
- 69 For the reasons outlined above, the Receiver respectfully requests that this Court approve the SSI Bill of Sale and issue the SSI Vesting Order.

CONCLUSION

70 For the reasons set out in this Third Report, the Receiver respectfully requests the relief and approval requested in the Receiver's Notice of Motion dated May 3, 2018.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 3rd day of May, 2018.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

TAB 14

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SUPPLEMENT TO THE THIRD REPORT TO THE COURT SUBMITTED BY GRANT
THORNTON LIMITED IN ITS CAPACITY AS RECEIVER**

MAY 14, 2018



**Grant Thornton Limited
200 King Street West, 11th Floor
TORONTO, ONTARIO, M5H 3T4**

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APPENDICES

- Appendix 1** Creditor Claims Procedure Order issued on June 30, 2017
- Appendix 2** Listing of Creditor Claims Filed
- Appendix 3** Tax Certificate from the City of Burlington dated May 8, 2018
- Appendix 4** Parcel Abstract for the Mount Nemo Property
- Appendix 5** PPSA Search Results - CLJ Everest dated May 14, 2018
- Appendix 6** PPSA Search Results – Crystal Wealth Medical Strategy dated May 14, 2018

INTRODUCTION AND PURPOSE OF THE THIRD REPORT SUPPLEMENT

- 1 This supplement is filed by Grant Thornton Limited in its capacity as Court-appointed receiver and manager (in such capacity, the “**Receiver**”) of the Crystal Wealth Group and of the Chrysalis Account.
- 2 This Third Report Supplement is filed by the Receiver as a supplement to its third report dated May 3, 2018 (the “**Third Report**”) to address a concern raised by the Court at the Receiver’s motion returnable May 14, 2018, namely, that all parties with a claim against the Property which is the subject of the Palmer APS, and the Property which is the subject of the requested Geodata Vesting Order and SSI Vesting Order, have received notice of the relief sought by the Receiver in the Third Report.
- 3 Capitalized terms not defined in this Third Report Supplement are as defined in the Third Report. All references to dollars are in Canadian currency unless otherwise noted.
- 4 Copies of materials filed in these proceedings generally are available on the Receiver’s Case Website at www.grantthornton.ca/crystalwealth.

NO OTHER CLAIMS

- 5 For the reasons set out in its Third Report, and this Third Report Supplement, the Receiver is requesting Orders, among other things:
 - a) approving the Palmer APS and vesting in Palmer all of the right, title and interests in and to the Mount Nemo Property, of which CLJ Everest is the current registered owner; and
 - b) vesting the Geodata Participation and SSI Participation to Xynergy, pursuant to agreements entered into by Xynergy and the Receiver on behalf of the Respondent, Crystal Wealth Medical Strategy.
- 6 Pursuant to the Creditor Claims Procedure Order issued by this Court on June 30, 2017, attached as **Appendix “1”**, the Court established a claims process (the “**Creditor Claims Procedure**”) to be conducted by the Receiver in respect of non-investor creditor claims against the Crystal Wealth Group entities, which includes CLJ Everest and

Crystal Wealth Medical Strategy. The Claims Bar Date, as defined in the Creditor Claims Procedure Order, was 5 p.m. on August 3, 2017.

- 7 Pursuant to paragraphs 5, 6(a), and 6(c) of the Creditor Claims Procedure Order, any Creditor (as defined therein) that did not file a Proof of Claim by the Claims Bar Date "shall be and is hereby forever barred from asserting or enforcing any Claim against the Crystal Wealth Group" and "shall not be entitled to any further notice in, and shall not be entitled to participate as a creditor in, the Receivership Proceedings".
- 8 As is set out in paragraph 407 of the Receiver's Second Report (which Report is appended at Appendix "5" to the Third Report), as at the Claims Bar Date, 26 persons or entities filed claims, including three (3) claims against CLJ Everest, the registered owner of the Mount Nemo Property. Attached hereto as **Appendix "2"** is a listing of the claims filed against the Crystal Wealth Group entities by the August 3, 2017 Claims Bar Date (which listing is also attached as Appendix "69" to the Second Report).

THE MOUNT NEMO PROPERTY

- 9 With respect to the claims filed against CLJ Everest, none of the claims filed in accordance with the Creditor Claims Procedure Order assert an interest in the Mount Nemo Property. The City of Burlington filed a claim as a result of the Creditor Claims Procedure Order with respect to any property tax arrears which may become owing on the Mount Nemo Property. As reflected in the Tax Certificate provided by the City of Burlington dated May 8, 2018, attached hereto as **Appendix "3"**, there are no property tax arrears owing on the Mount Nemo Property, and the next property tax payment on the Mount Nemo Property is not due until June 20, 2018, after the anticipated completion date for the Palmer APS Transaction of May 16, 2018.
- 10 Attached hereto as **Appendix "4"** is a parcel abstract for the Mount Nemo Property dated May 14, 2018, reflecting that there are no other Claims (as defined in the draft Approval and Vesting Order appended at Tab A2 of the Receiver's Motion Record dated May 3, 2018) registered against title to the Mount Nemo Property, aside from those set out in Schedule C (Claims to be deleted and expunged from title) and Schedule D (Permitted Encumbrances, Easements, and Restrictive Covenants related to the Real Property) of the draft Approval and Vesting Order appended at Tab A2 of the Receiver's Motion Record dated May 3, 2018.

- 11 Attached hereto as **Appendix "5"** is an Ontario *Personal Property Security Act* search results obtained on May 14, 2018 which reflects that there are no registrations against CLJ Everest.

SALE OF GEODATA AND SSI PARTICIPATIONS

- 12 With respect to the claims filed against Crystal Wealth Medical Strategy, none of the claims filed in accordance with the Creditor Claims Procedure Order assert an interest in the Geodata Participation and SSI Participation.
- 13 The sole claim filed against the Crystal Wealth Medical Strategy as part of the Creditor Claims Process is the unsecured claim of BDO Canada LLP.
- 14 Attached hereto as **Appendix "6"** is an Ontario *Personal Property Security Act* search results obtained on May 14, 2018 which reflects that there are no registrations against Crystal Wealth Medical Strategy.

CONCLUSION

- 15 Accordingly, based upon the foregoing and the information contained in the Receiver's Third Report, the Receiver believes that all third parties with a claim against: (i) the Property which is the subject of the Palmer APS; and (ii) the Property which is the subject of the requested Geodata Vesting Order and SSI Vesting Order, have received notice of the relief sought by the Receiver in the Third Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 14th day of May, 2018.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**



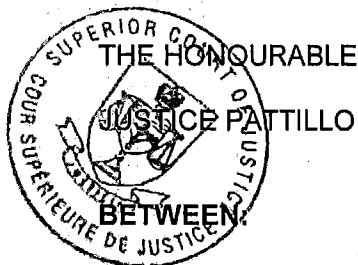
Per:

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

TAB 15

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**



THE HONOURABLE
JUSTICE PATTILLO

)
)
)

TUESDAY, THE 15th DAY
OF MAY, 2018

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

ORDER

THIS MOTION, made by Grant Thornton Limited ("**GTL**"), in its capacity as the Court-appointed receiver and manager (in such capacity, the "**Receiver**") of: (i) each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (the Respondents except for Chrysalis Yoga being collectively referred to as the "**Crystal Wealth Group**"); and (ii) the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), for an Order, *inter alia*, approving the Third Report of the Receiver dated May 3, 2018 (the "**Third Report**") and the Supplement to the Third Report of the Receiver dated May 14, 2018 (the "**Third Report Supplement**") and the activities of the Receiver set out in each of the Third Report and Third Report Supplement; and (ii) sealing the confidential appendices to the Third Report (the "**Confidential Appendices**"), and for other

- 2 -

relief requested by the Receiver in its Notice of Motion dated May 3, 2018, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report and the Third Report Supplement and on hearing the submissions of counsel for the Receiver and such other counsel who were present, no one appearing for any other person on the service list, although duly served as appears from the affidavits of service of Diana Saturno sworn May 3, 2018 and May 14, 2018, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion, the Receiver's motion record, and the Third Report Supplement is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Third Report and the Third Report Supplement, and the activities of the Receiver described in each of them, be and are hereby approved.

3. **THIS COURT ORDERS** that the Confidential Appendices be and are hereby sealed until further Order of the Court, except that the Palmer APS (as defined in the Third Report) shall be unsealed upon the completion of the transaction contemplated by the Palmer APS.

4. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

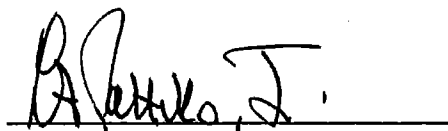
5. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

6. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 15 2018

PFR / PAR



ONTARIO SECURITIES COMMISSION

-and-

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED et al.

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER

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Barristers and Solicitors
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Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited

COUNSEL SLIPCOURT FILE NO CV-17-011779-001DATE 15-May-2018NO ON LIST ADD
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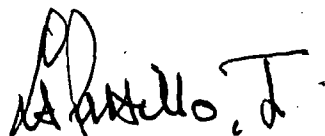
ONTARIO SECURITIES COMMISSION v.

TITLE OF
PROCEEDINGCRYSTAL WEALTH MANAGEMENT SYSTEMS LIMITED
ETAL.COUNSEL FOR:
PLAINTIFF(S)
APPLICANT(S)
PETITIONER(S)St. Levee, Mark van Zandwert,
And & Berls LLPPHONE & FAX NOS
Tel: 416.865.4742
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Email: MvanZandwert@
andberls.comCOUNSEL FOR:
DEFENDANT(S)
RESPONDENT(S)

PHONE & FAX NOS

May 15, 2018

Based on the material filed, including the Receiver's
Third Report and the Supplement to the Third Report, I am
satisfied that the orders requested and the vesting orders should
issue. Orders signed by me.



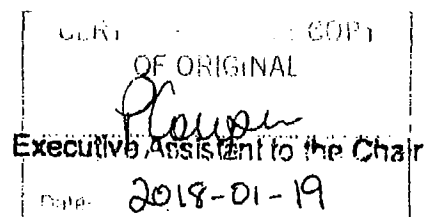
J. Stello, J.

TAB 16



British Columbia Securities Commission

COR#2018/017



Order to Freeze Property

Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth Enlightened Factoring Strategy (formerly, Crystal Enlightened Income Fund), Crystal Enlightened Bullion Fund, Crystal Wealth Enlightened Hedge Fund, S&P Financial Services Inc., The Enlightened Group of Funds Inc., Mushaluk Financial Corp. (formerly, Emerald Insurance Advisors Inc.), Albert Alan Housego, and Jeffrey Dean Mushaluk

(collectively, the Subjects)

Section 151 of the *Securities Act*, RSBC 1996, c. 418

Background

- ¶ 1 The British Columbia Securities Commission (the Commission) ordered an investigation of the Subjects under section 142 of the Act on January 19, 2018.

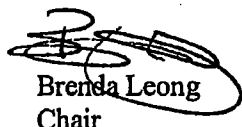
The Order

- ¶ 2 The Commission, considering it to be in the public interest to do so, orders under section 151(2) of the Act that:
1. Canadian Imperial Bank of Commerce hold any funds, securities, exchange contracts or other property that is on deposit, under control or for safekeeping in the following accounts:

Account Name	Bank	Transit	Account Number
S & P Financial Services Inc.	0010	00560	8101213
The Enlightened Group of Funds Inc.	0010	00560	1123718

- ¶ 3 The Subjects refrain from withdrawing any funds, securities, exchange contracts or other property described in this Order.

January 19, 2018


Brenda Leong
Chair

TAB 17

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL WEALTH BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**OUTSTANDING UNDERTAKINGS GIVEN DURING THE EXAMINATION OUT OF COURT OF
CLAYTON SMITH, HELD ON JANUARY 25, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
13.	258	817	To produce a copy of the trailer sale agreement.	

**OUTSTANDING REFUSALS GIVEN DURING THE EXAMINATION OUT OF COURT OF
CLAYTON SMITH, HELD ON JANUARY 25, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Refusals</u>	<u>Response</u>
1.	8	31	To produce the bank statements from the last two years for Ms. Van Osch's bank account where Mr. Smith deposits his cheques.	Will produce if ordered by the Court.
2.	115	344	To provide authorization to the Receiver as Mr. Smith's agent to obtain copies of the detailed itemized telephone calls and text messages that Mr. Smith sent and received from his phone since the appointment of the receivership.	Will produce if ordered by the Court.
3.	118	356	To provide the Receiver with access to Mr. Smith's personal email account (catalystrising99@gmail.com) to see the emails received and sent since the Receiver's appointment.	Will produce if ordered by the Court.

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Barristers and Solicitors
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Fax: 416-863-1515

Lawyers for Grant Thornton Limited in its capacity
and Court-Appointed Receiver of the Crystal
Wealth Group

TAB 18

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH,
CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH
MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH
MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL WEALTH
BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE
SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE
FUND, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL
WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**UNDERTAKINGS GIVEN DURING THE EXAMINATION OF CRAIG CLYDESDALE
PURSUANT TO THE RECEIVERSHIP ORDER, HELD ON MARCH 12, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
1.	17	56	Best Efforts - To advise if Mr. Clydesdale has any specific qualifications or diplomas relating to the business as carried on by the OOM companies.	
2.	45	169	To advise if the 5 companies identified in the receivership operate under the trade name OOM Energy.	
3.	51	197	To produce the insurance policies pursuant to which Aon Insurance provides any coverage to the 5 identified companies identified in the receivership.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
4.	52	204	For Mr. Clydesdale to review his records and identify whether 244 paid Clayton Industrial to carry out any work for the Leaside project – and if the answer is yes, to identify how much money was paid.	
5.	55	210	For Mr. Clydesdale to review his records and identify whether 244 paid Clayton Industrial to carry out any work for any of the 5 companies identified in the receivership – and if the answer is yes, to identify how much money was paid.	
6.	55	213	For Mr. Clydesdale to review his records and identify whether Cummins Power Generation, Estate Group and ORTECH Environmental did any work for any of the 5 identified companies identified in the receivership – and if the answer is yes, to identify how much money was paid.	
7.	77/78	298/302	To produce a copy of the bank records reflecting where the 244 loan advances by Crystal Wealth went and to produce bank account records reflecting the disbursement of those funds in the course of 244's business.	
8.	82	314	To produce the bank account statement showing where the money went to build the cogen unit.	
9.	93	357	To advise if 244 owns the software that is used to run the cogen plant at Leaside facility.	
10.	110	414	Best Efforts - To produce any licenses that 244 maintains for the running of the cogen facility at Leaside.	
11.	112	419	Best Efforts – to produce any other documents other than licenses and manuals that speak to the intellectual property associated with the cogen unit.	
12.	112	421	Best Efforts – To advise if any aspect of the intellectual property for the cogen unit is owned by a different OOM company.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
13.	144	539	Best Efforts – To advise if Toronto Hydro came on site on June 9, 2016 and put a lock on the cogen unit.	
14.	150	562	With reference to the letter dated July 19, 2017 page 2, to advise if Mr. Clydesdale has any recollection of this event.	
15.	163	613	To produce the letter/note showing that Ben T. Cole was no longer going to be the accountant.	
16.	166	624	To advise if and when 244 retains a new accountant – and make inquiries every 3 months with respect to same.	
17.	167	625	To produce the 2017 financial statements once they are prepared and the tax return for 2017 for all 5 companies identified in the receivership – and make inquiries every 3 months with respect to same.	
18.	174	660	To provide a list of the different pieces of equipment and software that make up the cogen unit.	
19.	180	683	Best Efforts - To advise who is paid the \$20,000 every month and to produce the documentary backup showing how those payments were arrived at.	
20.	187	715	With reference to Tab 5, page 4, to advise whether there are other insurance policies that might exist other than Aon and to produce same.	
21.	197	750/751	With reference to Tab 2, page 4, to define the term “due diligence” and to produce copies of any documentation provided to Crystal Wealth in that capacity.	
22.	200	762	With reference to Tab 2, page 4 regarding “utilization of loan”, to advise if St. Marys paid monies to 244 into a blocked account.	
23.	203	771	Best Efforts - To advise where St. Marys paid the payment every month to 244 and to provide evidence of those payments being made.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
24.	207	786	To advise if 244 stopped making payments to Crystal Wealth after March 2017.	
25.	219	825	To produce bank statements showing the disbursements of the 1.8 million or thereabouts advanced by Crystal Wealth encompassing any accounts that 244 holds.	
26.	219	827	Best Efforts – With reference to Tab 5 under “Liabilities”, to produce the loan agreements in respect of the inter-company loans – and if the amounts reflected were actually advanced.	
27.	221	834	To advise if 244 has another source of income.	
28.	226	862/863	To advise if any amount is currently owing to 2363265 Ontario Inc., and if so, what amount is owing.	
29.	228	869	With reference to Tab 5 page 3, to advise what the deposit of \$450,000 relates to.	
30.	234	900	With reference to Tab 7 page 3, to produce copies of the loan agreements between 240 and 236.	
31.	235	901	With reference to Tab 7 page 3, “Liabilities”, to produce the loan agreements in respect to Magnitude CS Energy Inc. and MCSnoxrecovery Inc.	
32.	238/239	919/924	To advise if MCSnoxrecovery Inc. is being paid by anyone to do anything, with whom it is contracted, how much they are receiving as a result of that contract and to produce a copy of the contract.	
33.	251	970	With respect to the licensing agreement between MCSnoxrecovery Inc. and Pond Biofuels, to produce the bank statements showing the receipt of the advances from Crystal Wealth, if any, together with bank statements that reflect the disbursements of these amounts.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
34.	260	1007	With reference to Tab 8, page 3 regarding the letter dated March 8 item 2, to confirm that MCSnoxrecovery Inc. does not own any patents.	
35.	269	1043	With reference to Tab 9, to produce bank statements showing the receipt and disbursement of the loan for \$2 million.	
36.	278	1076	With reference to Tab 10, to confirm if the financial statements for the year end dating July 31, 2016 for MCSnoxrecovery Inc. are the most recent financial statements available.	
37.	279	1078	To produce the financial statements that may be prepared for the year end 2017 for MCSnoxrecovery Inc. and the tax returns for the 2017 year.	
38.	280	1081	With reference to Tab 10, page 3, under "assets" to produce copies of the loan agreements of 244 and 240 showing the \$2.5 million paid from Crystal Wealth.	
39.	283	1092	With reference to the bioreactor worth just under \$1 million, to provide the accounting entries relating the this disbursement.	
40.	294	1127	To produce any documentation showing the advances and loan agreement showing that MCSnoxrecovery owes Spectrum \$500,000.	
41.	304	1167	To confirm that 2445958 Ontario Inc. is now known as Magnitude CS Energy Inc.	
42.	311	1200	To advise how much money Magnitude CS Energy Inc. received under the factoring agreement from Crystal Wealth, and to produce bank records reflecting those receipts.	
43.	321	1238	With reference to the factoring agreement, to advise what Magnitude CS Energy Inc. did to get receivables.	
44.	322	1241	With reference to the factoring agreement, to advise what Magnitude CS Energy Inc. was supposed to be doing.	

**UNDER ADVISEMENTS GIVEN DURING THE EXAMINATION OF CRAIG CLYDESDALE
PURSUANT TO THE RECEIVERSHIP ORDER, HELD ON MARCH 12, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Under Advisements</u>	<u>Response</u>
1.	56	217	For Mr. Clydesdale to review his records and identify whether Clayton Industrial, Cummins Power Generation, Estate Group and ORTECH Environmental did any work for any of the 5 companies identified in the receivership – and if the answer is yes, to produce the documentation reflecting those payments.	
2.	105	398	To advise how 244 runs the cogen unit, how it employs people who know how to do that, is there an individual that knows how to do it and if so, who are those individuals and if there is a manual, to produce same.	
3.	123	454	To provide a list of the names of the individuals who were involved with running the cogen unit.	
4.	150	567	With reference to the letter dated July 19, 2017 page 2, to advise why 244 removed the Toronto Hydro lock.	

**REFUSALS GIVEN DURING THE EXAMINATION OF CRAIG CLYDESDALE PURSUANT
THE RECEIVERSHIP ORDER, HELD ON MARCH 12, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Refusals</u>	<u>Response</u>
1.	12	30	To advise where Mr. Clydesdale resides.	
2.	12	32	To advise if Mr. Clydesdale resides at 1237 Beechgrove Crescent in Oakville.	
3.	13	33	To advise if Mr. Clydesdale or his spouse own any real estate.	
4.	18	60	To advise if MCS Solutions is a corporation or a trade name.	
5.	19	64	To identify any other companies that fall under the OOM group of companies umbrella other than the 5 identified in the receivership.	
6.	20	66	To advise if 2404873 Ontario Corp also forms part of the OOM group.	
7.	20	67	To advise if 2363265 Ontario Inc., 2518394 Ontario Inc., Gen Fix Corporation, MCS 7 Energy Inc. and MCS Solutions belong in the OOM group of companies.	
8.	22	71	To describe the structure of the OOM corporate group and advise how the companies are structured.	
9.	24	81	To produce an org chart of the OOM companies.	
10.	25	82	To advise how Mr. Clydesdale would describe OOM's business.	
11.	42	160	To advise if Mr. Clydesdale would identify Magnitude CS Energy Inc. as the main operating company within the OOM group.	
12.	44	168	To advise if the companies that Mr. Clydesdale operates including the ones being discussed at examination operate under the trade name OOM Energy.	
13.	64	251	To advise if Mr. Clydesdale is aware of whether he has retained IP counsel.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Refusals</u>	<u>Response</u>
14.	78	303	To advise if Mr. Clydesdale is the sole shareholder of 244.	
15.	87	327	To advise if Mr. Clydesdale knows somebody at St. Marys Cement.	
16.	106	403	To advise how the cogen is run by 244 on a day by day basis.	Answered Q. 404
17.	132	496	To produce a copy of the confidentiality agreement and inquire with Catherine Weiler as to what restrains Mr. Clydesdale from answering questions.	
18.	155	585	With reference to Tab 4 of the Document Brief, to advise if it is correct that this case involved a company, Buttcon Energy Inc., of which Mr. Clydesdale was an officer and director at the time.	
19.	156	588	With reference to Tab 4 of the Document Brief, to advise if a lawsuit was initiated against Buttcon Energy Inc. because the electricity generation facility could not be connected to the local grid.	
20.	156	589	With reference to Tab 4 of the Document Brief, to advise if commissioning a cogeneration facility and then not being able to connect to the local power grid is a problem that Mr. Clydesdale and his companies have experienced before.	
21.	156	590	With reference to Tab 4 of the Document Brief, to advise if this is the first time that Mr. Clydesdale has been through this.	
22.	213	805	To advise which lenders Mr. Clydesdale has shared the investor presentation with.	
23.	231	881	To advise if Mr. Clydesdale is the sole shareholder of 240.	
24.	259	1000	To advise if Mr. Clydesdale is engaged in any R&D or nay development of any company that use algae.	
25.	267	1033	To advise who would be the second in command who would be authorized to speak on Mr. Clydesdale's behalf of Pond.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Refusals</u>	<u>Response</u>
26.	296	1137	To advise why Mr. Clydesdale stopped making interest payments on the MCSnoxrecovery loan for \$2 million.	

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Lawyers for Grant Thornton Limited in its capacity
 and Court-Appointed Receiver of the Crystal
 Wealth Group

TAB 19

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH,
CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH
MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH
MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL WEALTH
BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE
SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE
FUND, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL
WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**REFUSALS/OBJECTIONS GIVEN DURING THE EXAMINATION OF DARCY PAHL
PURSUANT TO THE RECEIVERSHIP ORDER, HELD ON MARCH 21, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
1.	5	To confirm if Mr. Pahl provided his driver's license as part of the request to obtain funds through the factoring funds that has been provided by Mr. Froese that was given to Frontline Factoring.	
2.	5	To advise where Mr. Pahl currently resides.	
3.	5	To advise what level of education Mr. Pahl has.	
4.	6/7	To advise in the past 25 years Mr. Pahl's various work experience in the mining industry.	
5.	7	To advise if Mr. Pahl has reviewed the first and second reports of the receiver in this proceeding.	
6.	12	To provide the share certificates for Dome Mountain.	

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
7.	13	To advise how Mr. Pahl knew Robert Maljaars and David DenHollander at the time Dome Mountain was incorporated.	
8.	13	To advise if prior to the incorporation of Dome Mountain, if Mr. Pahl had business dealings with Mr. Maljaars and Mr. DenHollander.	
9.	15	To answer questions regarding Mr. Pahl's understanding that Crystal Wealth had factoring agreements with 647 B.C., a numbered company of which Mr. DenHollander is the principal and his dealings with Mr. DenHollander with respect to same.	
10.	17	To produce copies of the 43-101 mining reports in connection with Gavin Mines that gave Dome Mountain interest in investing in same.	
11.	17	To advise if Mr. Pahl had any business dealings with anyone affiliated with Gavin Mines Inc. at the time Dome Mountain was incorporated.	
12.	20	To advise how Mr. Pahl learnt of Gavin Mines.	
13.	21	To advise what Mr. Pahl's current residence is.	
14.	21	To advise if Mr. Pahl has updated the corporate profile for Dome Mountain Resources of Canada Inc. to reflect his new address.	
15.	22	To advise of the directors' current address for Dome Mountain Resources of Canada Inc.	
16.	23	To provide Dome Mountain Resources of Canada Inc.'s registered address.	
17.	25	To advise who introduced Mr. DenHollander to Mr. Pahl and to advise how they met.	
18.	29	To advise what dealings Mr. Pahl's had with Frontline Factoring, which would include Mr. Froese leading up to the execution of the agreement.	
19.	33	To produce banking records pursuant to which Dome Mountain received in finding in connection with the factoring of Crystal Wealth Funds, either directly or through Frontline Factoring Inc.	

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
20.	34	To produce the full statements and bank records for the Dome Mountain TD bank account from the time of the initial advance to Dome Mountain up until present.	
21.	39	To advise how Frontline would know where to disburse the proceeds of the Crystal Wealth financing for Dome Mountain's operations.	
22.	39	To advise how Frontline would know for the drilling operations, who to send money to and how much.	
23.	44	To produce any due diligence materials in Dome Mountain's possession in the 43-101s and all of the background information on the mine.	
24.	45	To provide a list of the entities and the individuals and their contact information who were the recipients of the proceeds of the monies received by Dome Mountain through the Crystal Wealth Funds at issue.	
25.	49	To produce the email updates from Mr. Tattersal concerning the status of Gavin Mines.	
26.	51	To advise the names of Lloyd Tattersal's accountants and lawyers.	
27.	53	To produce whatever financial statements, case flow projections, balance sheets and profit and loss statements that Dome Mountain would have received at any time from Gavin Mines.	
28.	54	To advise if there could be other potential shareholders in Gavin Mines in addition to Mr. Clark.	
29.	58	To provide the agreements entered into between Dome Mountain with Gavin Mines.	
30.	79	To produce any confirmation received with respect to payment of the insurance policy.	
31.	83	To advise if Mr. Pahl agrees that it sounds commercially absurd that Crystal Wealth would have agreed to give an extension while losing the insurance policy that would back the funding.	

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
32.	90	To produce new 43-101s using the Crystal Wealth funding to Dome Mountain to provide a valuation of the asset.	
33.	95	For Mr. Pahl to confirm that the funding received from Crystal Wealth funds was bridge funding and the investors are not likely going to get repaid.	
34.	99	To advise if factually, Dome Mountain says that it has met the requirements of the mandate letter and term sheet to obtain financing.	
35.	103	To advise when the last time Mr. Pahl spoke with or has any communications with Mr. DenHollander.	
36.	104	To advise if Mr. Pahl knows Mr. DenHollander on a personal level.	
37.	105	To advise if Mr. Pahl has a personal relationship with Robert Maljaars, Jeffrey Maljaars, David DenHollander, Al Housego, Jerry Froese, Stephen Bandola or Clayton Smith.	
38.	105	To advise if Mr. Pahl has ever vacationed with Robert Maljaars, Jeffrey Maljaars, David DenHollander, Al Housego, Jerry Froese, Stephen Bandola or Clayton Smith.	
39.	106	To advise if based on Dome Resources' current operations, that there is no prospect of repayment of the amounts which have been advanced by the Crystal Wealth funds.	
40.	106	To advise if it is Dome Mountain Resources' intention to repay the amount owing to Crystal Wealth.	
41.	107	To advise if the monies advanced to Dome Mountain by the Crystal Wealth funds is going to be repaid.	
42.	108	To advise if there are any current operations being undertaken to still attempt to acquire additional shares of Gavin Mines.	
43.	109/110	To advise when the last time Mr. Pahl had any communications with Stephen Miller from MGE Corporation.	

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
44.	110	To confirm that it is Mr. Pahl's evidence that he factored invoices from Dome Mountain to MGE Corporation.	
45.	111	To advise what lawyers were involved on behalf of Dome Mountain Resources in the negotiations with MGE in the Crystal Wealth funds that resulted in more than \$13 million being advanced to Dome Mountain.	
46.	112	To advise if Dome Mountain Resources had a lawyer involved on its behalf in dealing with any of the agreements or lending agreements that have been discussed at this examination.	
47.	118	With reference to Exhibit 8, to advise if Mr. Pahl had any involvement in the renegotiations of these agreements.	
48.	120	To provide the last known contact information for Mr. McBean.	
49.	123	To advise how Mr. Pahl became to learn of Mr. McBean.	
50.	123	To advise if Mr. Pahl had ever read any of the Crystal Wealth offering memorandums prior to entering into the arrangements in November 2015 and 2016.	
51.	123	To advise if Mr. Pahl knew what the investment purposes was of any of the Crystal Wealth funds.	
52.	123	To advise how Dome Mountain ever utilized the services of an accountant.	
53.	124	To advise the branch location of the TD bank that Mr. Pahl deposited the \$10,000 he received from the money disbursed by the Crystal Wealth funds to Dome Mountain Resources.	
54.	124	To advise if Mr. Pahl has always lived in Alberta as opposed to British Columbia.	

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Lawyers for Grant Thornton Limited in its capacity
and Court-Appointed Receiver of the Crystal
Wealth Group

TAB 20

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH,
CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH
MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH
MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL WEALTH
BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE
SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE
FUND, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL
WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**REFUSALS/OBJECTIONS GIVEN DURING THE EXAMINATION OF ROBERT MALJAARS
PURSUANT TO THE RECEIVERSHIP ORDER, HELD ON MARCH 22, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
1.	4	Blanket refusal – That no question will be answered regarding personal information and no undertakings will be provided.	
2.	4	To advise why Mr. DenHollander advised that Mr. Maljaars resides in Lethbridge.	
3.	4	To confirm that Mr. Maljaars resides at 222014 Twin 9 Fork, Coalhurst.	
4.	5	To advise how Mr. Maljaars knows Darcy Pahl.	
5.	5/6	To advise how Mr. Maljaars met Darcy Pahl.	
6.	6	To advise if Mr. Maljaars was introduced by someone to Darcy Pahl.	

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
7.	6	To confirm that Mr. Maljaars introduced Mr. Pahl to Jeffrey Froese at Frontline Factoring Inc.	
8.	7	To advise how Mr. Maljaars knows Jerry.	
9.	7	To advise what Mr. Maljaars' experience is in the mining industry from 2000 to present.	
10.	9	To advise what experience Mr. Maljaars has in the mining industry from 2000 moving forward to obtain the background of Mr. Maljaars providing consulting services with Dome Mountain mine.	
11.	9	To advise if Mr. Maljaars has read the receiver's first or second report to the court in this proceeding.	
12.	17	To advise when the first meeting occurred with Mr. McBean and Mr. Pahl.	
13.	19	To advise the actual company or entity names of the individuals involved in the five groups that were dealt with about a potential acquisition involving an equity in Gavin Mines.	
14.	21	To advise what Mr. Maljaars email address is.	
15.	23	To advise the name of the lawyer that was given to Mr. Pahl.	
16.	25	To produce the agreement between Mr. Pahl and Mr. Tattersal.	
17.	42	To advise why Mr. Maljaars said that Jeff is friends with Jerry Froese.	
18.	54	To advise what project Mr. Maljaars and Mr. DenHollander started where they needed to raise money from investors.	
19.	55	To advise who the investors were that were tied to Mr. Maljaars at the time that Lloyd was looking to sell Gavin Mines.	
20.	57	To advise where Mr. Maljaars income came from between 2010 and 2014.	

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
21.	69	To produce copies of the bank statements for the bank account from 156 Alberta to which funds were always transferred as a result of its arrangements with Frontline and Crystal Wealth from February 2015 onwards.	
22.	70	To advise the current balance of 156 Alberta's TD bank account in West Lethbridge.	
23.	77	To produce whatever accounting or reporting Lloyd gave concerning how the \$7 million he received from the Crustal Wealth Financing was deployed and utilized on the mine or to pay payables.	
24.	106	To advise what Mr. Maljaars specific efforts are towards taking out Crystal's indebtedness.	
25.	115	To advise if Mr. Maljaars would get a set fee for each client that he brought to Jerry Froese.	
26.	116	To advise if Mr. Maljaars and Mr. DenHollander were involved on any mutual projects where they both invested in.	
27.	116	To advise of the investments that Mr. Maljaars made with Darcy Pahl.	
28.	116	To advise if Mr. Van Dyke has an office he operates out of in Lethbridge.	
29.	117	To produce the financial statements for 156 Alberta since January 2014.	
30.	118	To advise how Mr. Maljaars knows Chuck Pinnell.	
31.	119	With reference to Exhibit 12, to answer any questions with respect to investments with Mr. Housego, Mr. Froese or Mr. DenHollander and the property in Chili called Laguna Torca.	
32.	120	For Mr. Maljaars to answer questions regarding where the money came from to purchase the property of Laguna Torca or whether or not Mr. Housego, Mr. Froese or Mr. DenHollander invested in it.	

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Lawyers for Grant Thornton Limited in its capacity
and Court-Appointed Receiver of the Crystal
Wealth Group

TAB 21

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH,
CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH
MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH
MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL WEALTH
BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE
SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE
FUND, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL
WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**REFUSALS/OBJECTIONS GIVEN DURING THE EXAMINATION OF DAVID
DENHOLLANDER PURSUANT TO THE RECEIVERSHIP ORDER,
HELD ON MARCH 21, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
1.	3	To advise Mr. DenHollander's date of birth.	
2.	3	To confirm that Mr. DenHollander's date of birth is March 22, 1963.	
3.	3	Blanket refusal – That no questions will be answered regarding personal information and no undertakings will be provided.	
4.	5	To advise if Mr. DenHollander's wife's address still remains as the registered address as the Turner Road property.	
5.	6	To advise if the Turner Road property is a house.	

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
6.	6	To advise if Mr. DenHollander lives at the Turner Road address.	
7.	8	To advise why Mr. DenHollander says there was no risk to pledge his residence as security for obligations on Zomongo Inc.	
8.	14	To advise where Mr. DenHollander was doing his banking at the time he was getting paid by Frontline.	
9.	15	To produce the bank statements associated with the account where the 1 percent would have been received.	
10.	18	For Mr. DenHollander to explain why he believes 647 B.C. was incorporated in 2002 to deal with a development that he was working on.	
11.	20	To advise if between 2008 and the factoring agreements between 647 B.C., and the Crystal Wealth funds which Frontline was involved in, if Mr. DenHollander or his company ever had any factoring or business arrangements with Mr. Froese's company, Frontline Factoring Inc.	
12.	31	To advise if any of the defendants in the lawsuit concerning the share of Gavin Mines are represented by counsel.	
13.	34	To advise if Mr. DenHollander read the receiver's first or second reports to court in this proceeding.	
14.	45	To advise who the accountant is that prepares 647 B.C.'s financial statements.	
15.	48	To advise how Mr. DenHollander would get to Dome Mountain mine.	
16.	59	To advise if 647 B.C. has a plan in place to repay the amount owing.	
17.	60	To advise what Mr. DenHollander's last communications with Mr. Froese were concerning.	
18.	62	To advise Mr. DenHollander nature of his recent communications with Frontline.	

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
19.	62	With reference to Appendix 33 of the second report, Email from Mr. DenHollander to Mr. Froese dated November 7, 2017, to advise where Mr. DenHollander was.	
20.	64	To advise how much of Mr. DenHollander's mother's money remains invested with Frontline.	
21.	64	To advise if Mr. DenHollander is aware from the factoring agreement that he signed, that one of the issues that concerns the receiver is whether or not there was a conflict in the relationships between Frontline and the merchants who they did business with.	
22.	65	To advise if aside from the investment with Frontline Factoring Inc., does Mr. DenHollander, or his family members, have any other investments with Mr. Froese or Frontline Factoring.	
23.	65	To advise if Mr. DenHollander or his companies that he is affiliated with have any investments with Mr. Al Housego.	
24.	65	To advise if Mr. DenHollander or his companies that he is affiliated with have any investments with Bob Maljaars or any of his companies.	
25.	68	To explain how Mr. DenHollander met Chuck and Al.	
26.	70	To advise how Mr. DenHollander knows Jeff Normando.	
27.	74	With reference to Exhibit 12, page 3, when Mr. DenHollander stated that his investments were now at a minimum secured by the equity off the property – if Mr. DenHollander agrees that this states that these individuals have made investments.	
28.	74	With reference to Exhibit 12, page 3, to advise when Mr. Froese referred to Mr. DenHollander as a "prior client", if it had anything to do with this particular property or investment.	
29.	74	To advise who Paul Dick is.	
30.	74	To advise who Ryan Waechter is.	

<u>No.</u>	<u>Pg. #</u>	<u>Refusals/Objections</u>	<u>Response</u>
31.	75	With reference to Exhibit 12, page 3, to advise how the investment of Laguna Torca Farm with the recipients of this letter came about.	
32.	75	With reference to Exhibit 12, page 3, to advise if the January 2018 payment was made.	
33.	75	With reference to Exhibit 12, to advise if the property has been sold since Mr. DenHollander sent this email.	
34.	75	To advise if Rebecca is still managing the European ... *question not completed*	
35.	75	To advise if Juan Manual is always down at the property operating it.	
36.	76	To advise of Mr. DenHollander's children's (Marion, Astro, James, Hannah and Benjamin) last known contact information and their involvement at the property.	
37.	76	To advise if there have been any more recent email updates on the Laguna Torca project.	

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Lawyers for Grant Thornton Limited in its capacity
and Court-Appointed Receiver of the Crystal
Wealth Group

TAB 22

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH,
CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH
MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH
MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING
STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH
HIGH YIELD MORTGAGE STRATEGY, CRYSTAL WEALTH
BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE
SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE
FUND, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL
WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**OBJECTIONS GIVEN DURING THE EXAMINATION OF JEFFREY MALJAARS PURSUANT
TO THE RECEIVERSHIP ORDER, HELD ON MARCH 22, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Objections</u>	<u>Response</u>
1.	3	Blanket Refusal – For any requests for personal information or matters that aren't relevant into the factoring arrangement.	
2.	4	To advise where Mr. Maljaars resides in British Columbia.	
3.	4	For Mr. Maljaars to advise where he resides.	
4.	6/7	To advise if Mr. Maljaars has ever been to 156 Alberta's registered office located at 600, 220 – 4 th Street, South Lethbridge.	
5.	9	With reference to page 15 of the factoring agreement, to advise where Mr. Maljaars signed this document.	

<u>No.</u>	<u>Pg. #</u>	<u>Objections</u>	<u>Response</u>
6.	10	To advise if Mr. Maljaars has been to 156 Alberta's registered office and advise of the ownership of that office.	
7.	12	To advise if Mr. Maljaars has been to the registered office of his company 156 Alberta.	
8.	12	To advise what property or assets of Mr. Maljaars company 156 Alberta are stored at its registered office.	
9.	12	To advise if any of 156 Alberta's assets are stored at its registered office.	
10.	12	To advise what is kept at 156 Alberta's registered office.	
11.	16	To advise how long Mr. Maljaars has known Jerry Froese.	
12.	19	To advise if Mr. Maljaars cuts firewood from his land.	
13.	21	To advise if Mr. Maljaars has ever received a payment of in excess of a thousand dollars from either his father, 156 Alberta or from Frontline Factoring Inc.	
14.	24	To advise what TD branch and address Mr. Maljaars has his account at.	
15.	24	To advise if Mr. Maljaars' TD account is located in British Columbia or Alberta.	
16.	24	To advise how long Mr. DenHollander has been a family friend.	
17.	25	To advise how long Mr. Pahl has been a family friend.	
18.	26	To advise how long Mr. Housego has been a family friend.	
19.	26	To advise how long to Mr. Maljaars' knowledge has his father known Mr. Housego.	
20.	29	With reference to Exhibit 12, to advise if Mr. Maljaars knew anything about the olive oil farm in Chili called Laguna Torca.	

<u>No.</u>	<u>Pg. #</u>	<u>Objections</u>	<u>Response</u>
21.	29	Blanket Refusals – to answer any questions about Laguna Torca.	
22.	30	The money that 156 Alberta received through its factoring agreements that Mr. Maljaars executed and signed with Crystal Enlightened Income Fund, to advise where that money went and to advise if it was used to purchase Laguna Torca.	
23.	32	To advise how good of a friend Mr. Pinnell is.	
24.	33	To advise if Mr. Waechter became a family friend through your family's business dealings with him.	

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Lawyers for Grant Thornton Limited in its capacity
 and Court-Appointed Receiver of the Crystal
 Wealth Group

TAB 23

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL WEALTH BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**UNDERTAKINGS GIVEN DURING THE EXAMINATION OF
ALBERT HOUSEGO, HELD ON APRIL 12, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
23.	217	1292	To provide a form of statutory declaration setting out Mr. Housego's assets and liabilities (Form of declaration sent to A. Crabtree May 23, 2018 by A&B)	

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Lawyers for Grant Thornton Limited in its capacity
and Court-Appointed Receiver of the Crystal
Wealth Group

TAB 24

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL WEALTH BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

UNDERTAKINGS GIVEN DURING THE EXAMINATION PURSUANT TO COURT ORDER OF JERRY FROESE ON BEHALF OF FRONTLINE FACTORING INC., HELD ON APRIL 18, 2018

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
1.	4	7	To provide the address where Mr. Froese resides in Lethbridge.	
2.	5	8	Best Efforts – to answer all undertakings within two weeks of this examination.	
3.	9	38	To produce any documents that shows the loan from 126 Alberta to Frontline.	
4.	10	42	To produce the title documents associated with the properties that 126 Alberta owns in Kansas.	
5.	10	45	To advise if 126 Alberta has any other assets further to the ones disclosed at this examination.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
6.	13	61	To advise of the full name of the 185 company.	
7.	13	66	To produce the financial statements for 185 and advise whether they have any assets.	
8.	14	69/70	To provide the address for the rental property in Lethbridge and the purchase and sale documentation associated with the property.	
9.	22	121/122	To advise where the records of Frontline Factoring will be stored if they are being moved anywhere other than Mr. Froese's house and to advise in advance of them being moved.	
10.	25	138	To produce the supplementary list of documents and productions from the dropbox that have yet to be produced.	
11.	27	152	To provide the institution, branch and account number for the TD bank where the funds received directly from Frontline Factoring went to.	
12.	28	155	To produce the particulars of the U.S. TD Canada Trust accounts.	
13.	28	156	To produce the monthly statements for all of Frontline's bank accounts since the commencement as it relates to Frontline's business with Crystal Wealth.	
14.	34	186	To provide the address for the company Virtual and the contact information for Mr. Bandola.	
15.	39	211	To advise how much in revenues Frontline Factoring generates approximately on a yearly basis.	
16.	68	353	To provide the telephone number for Bob Maljaars.	
17.	71	375	To advise if there were any other investments that Mr. Froese made with Bob Maljaars or David DenHollander.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
18.	119	611	To produce a full accounting of every payment that Frontline Factoring Inc. has received or Mr. Froese's company has received as a result of its dealing with Crystal Wealth and merchants and debtors associated with Crystal Wealth, whether for fees, interest, principal or otherwise, since the inception of the dealings with the Crystal Wealth Funds.	
19.	120	616/617	To advise how much Frontline has been paid in past arrangements not reflected in the summary at Appendix 44 and to produce the backup source documents supporting this.	
20.	125	642	With reference to Appendix 44, to produce an accounting of all payments sent back to Crustal Wealth by Frontline, their merchants or debtors and the source of documentation, bank records supporting those payments back.	
21.	126	644	With reference to Appendix 44 page 8, to confirm if the figure that Mr. Froese advised of the Frontline revenue that was paid was the \$34,296.00 figure.	
22.	126	649	With reference to Appendix 44 page 8, to advise what the \$239,767.66 figure is for.	
23.	129	669	To produce all due diligence that was done on Zomongo.	
24.	134	690	To advise of the name of the person who Jordan McBean introduced Mr. Froese to from Nesbitt Burns.	
25.	146	744	To produce all of the agreements that Mr. McBean gave to Mr. Froese that confirmed that the factoring agreements of 156 Alberta and 647 BC were to proceed.	
26.	150	762	To produce all the agreements given by J. McBean regarding GIC Capital and IC Commerce and the particulars, if any, of the fee(s) given to J. McBean regarding same.	
27.	152	771	To advise what the fee was that Mr. McBean received to finance Dome Mountain.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
28.	174	872	To produce the wire instructions that were provided to Mr. Froese to wire the funds directly to Gavin Mines.	
29.	183	908	To produce the completed NI43101.	
30.	183	909	To produce copies of any of the agreements referred to in the press release at Exhibit 6.	
31.	185/186	919/921	To produce a copy of the scripting software for the program on USB drive or hard drive for the Crystal Wealth clients, if possible.	
32.	205	995	With reference to paragraph 146(f) of Mr. Froese's productions, to produce any further documents regarding the deliverables concerning the drilling progress.	
33.	238	1139	To advise the reduction of share and share price for the Nature Zone Company.	
34.	246	1181	With reference to Tab 165 of Mr. Froese's productions, to produce the factoring proposal dated November 4, 2016.	
35.	248	1189	With reference to Appendix 24, to advise why the \$90,000.00 is different from the \$78,024.80 figure in Appendix 44.	
36.	262	1259	To produce any paperwork to support that Mr. Froese has done prior factoring arrangements for 647 BC.	
37.	263	1261	With reference to Appendix 38, to advise what other large projects Mr. Froese is referring to that 647 BC did project management for.	
38.	264	1266	To produce the bank records and agreements that support that Mr. Froese factored over \$10,000,000 in receivables over the course of 18 months as set out in the December 22, 2014 report.	
39.	265	1272	To produce any documentation to show what Mr. Froese gave to Crystal Wealth to split the equity regarding the land development Recline Ridge.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
40.	267	1278	To advise if there was a written agreement for what DenHollander and Maljaars' reported fees were that they were supposed to get from the financing for 156 and 647.	
41.	289	1396/1397	To produce a chart that shows what money Frontline deployed out to any merchants or debtors involved in the Crystal Wealth arrangements, as well as back to Crystal Wealth and to advise whether it was a loan or investment – and to produce any underlying support and bank records and agreements with respect to these advances.	
42.	301	1459	To provide a breakdown as to what amount of the payments to mortgage security holders went to DenHollander versus Paragon.	
43.	303	1467	To provide the particulars of the banking information for all of the merchants and debtors that Mr. Froese dealt with on behalf of Crystal Wealth.	
44.	306	1484	To produce all of the signed acknowledgement forms for all of the debtors.	
45.	312	1515	To provide the last known contact information for Jeremy Ostrowski.	
46.	313	1521	To provide the municipal address for the land used as security in Zomongo in Lethbridge County.	
47.	322	1567	To produce the updated appraisal of land from Darren Smits.	
48.	336	1625	To produce a copy of the asset list and equipment list with respect to payments being made by the Lotus indebtedness to Frontline regarding Advanced Metal .	
49.	337	1630/1634	To advise of the company name and the name and contact information of the person that wanted to potentially buy the Advanced Metal debt from the factoring fund in exchange for an assignment of the security.	
50.	341	1652	To advise where Single Source is located in Edmonton.	

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Undertakings</u>	<u>Response</u>
51.	346	1688	To provide the contact information, email address and phone number for Everett Duerksen.	
52.	348	1699	To preserve all computers, hard drives and hardware of Frontline Factoring on Mr. Froese's personal computers.	
53.			To produce a complete set of records in the possession and control of Mr. Froese as it relates to Crystal Wealth.	

**UNDER ADVISEMENTS GIVEN DURING THE EXAMINATION PURSUANT TO COURT
ORDER OF JERRY FROESE ON BEHALF OF FRONTLINE FACTORING INC.,
HELD ON APRIL 18, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Under Advisements</u>	<u>Response</u>
1.	40	214	To provide a list of the dozen or so clients that remain with Frontline Factoring.	
2.	275	1320	To produce any emails that Mr. Froese has had with Bob Maljaars, David Den Hollander., Darcy Paul or any other merchants or debtors since the receiver's appointment.	
3.	348	1697	To provide the hard drives of the desktop computers and laptops from the current Frontline Factoring office.	

**REFUSALS GIVEN DURING THE EXAMINATION PURSUANT TO COURT ORDER OF
JERRY FROESE ON BEHALF OF FRONTLINE FACTORING INC., HELD ON APRIL 18, 2018**

<u>No.</u>	<u>Pg. #</u>	<u>Q. #</u>	<u>Refusals</u>	<u>Response</u>
1.	19	101	To provide the identity of the people who invested in Frontline Factoring.	
2.	19	102	To provide a list of the individual investors in Frontline Factoring from inception to present.	
3.	201	978	To advise if it is Mr. Froese's understanding that the nature of the advance by Crystal Wealth was a bridge for the purpose of providing bridge funding until the bridge funding would take it out.	
4.	202	984	To advise in Mr. Froese's assessment of being the administrator of the money advanced by Crystal Wealth for Dome Mountain, if it was in fact bridge financing until financing came through to repay it.	
5.	202	986	To advise if Mr. Froese is afraid he is going to implicate himself in something if he answers Refusal No. 4.	

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Lawyers for Grant Thornton Limited in its capacity
and Court-Appointed Receiver of the Crystal
Wealth Group

TAB 25

District of Ontario
Division – 09 - Toronto
Court File No.: CV-17-11779-00CL

**IN THE MATTER OF THE RECEIVERSHIP OF
CRYSTAL WEALTH MANAGEMENT SYSTEMS LIMITED AND THE CRYSTAL WEALTH FUNDS
RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDING MAY 31, 2018**

	CAD				USD		
	Receiver Trust Accounts	NBIN Accounts	Interactive Brokers Accounts	Combined	NBCN Accounts	Interactive Brokers Accounts	Combined
OPENING BALANCE	\$ 193,260	\$ 4,426,035	\$ 656,289	\$ 5,275,584	\$ (224,991)	\$ (17,148)	\$ (242,139)
CASH RECEIPTS							
Sale of Equities	-	9,321,439	214,321	9,535,760	4,228,221	-	4,228,221
Sale of Media Loans	14,375,000	-	-	14,375,000	-	-	-
Collection of Residential Mortgage Interest & Principal	30,000	11,065,979	-	11,095,979	-	-	-
USD Account to CAD Account Transfers	-	7,958,368	672,906	8,631,274	(6,089,591)	(517,620)	(6,607,211)
Collection of Media Loan Principal & Interest	6,640,124	239,006	-	6,879,130	229,690	-	229,690
Redemption of Units in External Mutual Funds	50,205	5,045,702	-	5,095,907	-	-	-
Sale of Mount Nemo Property	2,100,000	-	-	2,100,000	-	-	-
Collection of Commercial Loan Principal & Interest	1,737,854	23,935	-	1,761,789	-	-	-
Inter-fund Investor Distribution [January 18, 2018]	-	1,676,498	-	1,676,498	-	-	-
Sale/Settlement of Medical Factoring Contracts	-	-	-	-	1,134,313	-	1,134,313
Repayment of NFL Participation Agreements	-	-	-	-	714,687	-	714,687
Proceeds from USD Futures	-	-	-	-	-	535,172	535,172
Redemption of GIC	525,311	-	-	525,311	-	-	-
Sale of Squire Mortgages	-	197,526	-	197,526	-	-	-
Interest	25,263	57,630	472	83,365	6,565	52	6,617
Collection of Factoring Contract Interest	-	53,094	-	53,094	-	-	-
Dividend Income	3,615	6,986	-	10,601	13,496	-	13,496
Mount Nemo - Reimbursement of Realty Taxes	1,834	-	-	1,834	-	-	-
Account Transfers	(20,752,402)	22,295,346	(1,542,944)	-	-	-	-
TOTAL CASH RECEIPTS	4,736,804	57,941,509	(655,245)	62,023,068	237,381	17,604	254,985
CASH DISBURSEMENTS							
Interim Distribution [January 18, 2018]	11,810	31,395,200	-	31,407,010	-	-	-
Mount Nemo - Payment of Secured Mortgage	1,394,080	-	-	1,394,080	-	-	-
Consulting Fees - Quiver	1,023,114	-	-	1,023,114	-	-	-
Purchase of Shares from Exercising Warrants	-	589,844	-	589,844	-	-	-
Mount Nemo - Realtor Commissions	94,500	-	-	94,500	-	-	-
Custodial & Bank Charges	864	86,298	1,044	88,206	842	456	1,298
Commissions	-	63,940	-	63,940	11,561	-	11,561
Mount Nemo - Insurance	56,308	-	-	56,308	-	-	-
HST Paid	28,993	-	-	28,993	-	-	-
Mount Nemo - Property Maintenance	24,194	-	-	24,194	-	-	-
Preparation of Tax Slips	22,290	-	-	22,290	-	-	-
Wages & Source Deductions	22,124	-	-	22,124	-	-	-
Rent and Utilities	17,106	-	-	17,106	-	-	-
Security, Storage, and Moving	13,716	-	-	13,716	-	-	-
Advertising and Notices	12,475	-	-	12,475	-	-	-
Mount Nemo - HST Paid on Realtor Commissions	12,285	-	-	12,285	-	-	-
Computer Services	10,055	-	-	10,055	-	-	-
Receiver Fees	834,560	-	-	834,560	-	-	-
HST Paid on Receiver Fees	108,493	-	-	108,493	-	-	-
Legal Fees	488,181	-	-	488,181	-	-	-
HST Paid on Legal Fees	62,934	-	-	62,934	-	-	-
TOTAL CASH DISBURSEMENTS	4,238,082	32,135,282	1,044	36,374,408	12,403	456	12,859
ENDING BALANCE	\$ 691,982	\$ 30,232,262	\$ -	\$ 30,924,244	\$ (13)	\$ -	\$ (13)
ACCRUALS							
Receiver Fees - May 31, 2018	481,814	-	-	481,814	-	-	-
HST Accruals on Receiver Fees	62,636	-	-	62,636	-	-	-
Legal Fees - May 31, 2018	630,051	-	-	630,051	-	-	-
HST Accruals on Legal Fees	81,342	-	-	81,342	-	-	-
Account Transfers	(750,000)	750,000	-	-	-	-	-
TOTAL ACCRUALS	505,843	750,000	-	1,255,843	-	-	-
ADJUSTED ENDING BALANCE	\$ 186,139	\$ 29,482,262	\$ -	\$ 29,668,401	\$ (13)	\$ -	\$ (13)

TAB 26

Crystal Wealth Management System Limited
Mortgage Fund

USD to CAD - Apr 20/17

1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
Cash	\$ 1,217,989	\$ 5,939,546
External Mutual Funds (CIG)	522,765	-
Inter-fund Investments	2,055,599	2,055,599
	3,796,353	7,995,146
Off-Book Investments		
Residential Mortgages	14,072,477	8,038,851
Commercial Loans - Principal	8,497,365	7,841,744
Commercial Loans - Interest	597,497	77,140
Prepaid Fees	65,261	-
Accruals	53,982	-
	23,286,582	15,955,736
Recorded Value	\$ 27,082,935	\$ 23,950,881
Units	2,682,424	2,682,424
Recorded Value per Unit	\$ 10.10	\$ 8.93

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 1,217,989	\$ -
Receipts		
Collection of Mortgage Interest	1,044,823	-
Collection of Mortgage Principal	6,035,625	-
Proceeds from GIC	525,311	-
Collection of Commercial Loan Principal	655,621	-
Collection of Commercial Loan Interest	520,357	-
Inter-fund Investor Distribution [Jan 18, 2018]	241,451	-
Funds Held in Trust	377,943	-
Interest Income	12,585	-
	9,413,716	-
Disbursements		
Interim Distribution [Jan 18, 2018]	3,855,919	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	205,000	-
Advances to Receiver's Trust Account	617,854	-
Bank Charges & Fees	13,386	-
	4,692,158	-
Cash Balance - May 31, 2018	\$ 5,939,546	\$ -

ON-BOOK INVESTMENTS											
GIC [CAD]											
							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
HSCB	GIC	GIC 0.35 24	CAD	5,228	\$ 522,765	\$ 522,765	(5,228)	\$ 525,311	\$ -	\$ 525,311	\$ -
Inter-fund Investments [CAD]											
							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q050E	Inter-fund Investment - Media Fund	AAG300	CAD	204,475	\$ 2,072,643	\$ 2,055,599	0	\$ -	\$ -	\$ -	\$ 2,055,599

OFF-BOOK INVESTMENTS											
Residential Mortgages [CAD]											
Mortgage ID	Borrower	Rate	Principal	Balance	Funding Date	Type of Mortgage	Status	Repaid Date	Payment	Principal	Remaining Recorded Value
Squire_01	Mortgagor #1	12.50%	74,000	74,411	31-Mar-15	First	Repaid	22-Apr-17	82,697	74,000	-
Squire_02	Mortgagor #2	13.00%	76,000	76,439	10-Apr-15	First	Repaid	22-Apr-17	84,697	76,000	-
10416	Mortgagor #3	10.95%	210,000	109,093	18-Nov-16	Second	Repaid	26-Apr-17	112,829	210,000	-
4466	Mortgagor #4	9.00%	559,417	565,504	1-Jan-17	First	Repaid	9-May-17	578,961	559,417	-
10365	Mortgagor #5	12.35%	30,012	30,257	30-Dec-16	Second	Repaid	10-May-17	30,669	30,012	-
4766	Mortgagor #6	13.50%	64,507	64,792	1-Jul-16	Second	Repaid	16-May-17	65,117	64,507	-
4651	Mortgagor #7	10.50%	54,989	55,239	17-Apr-17	Second	Repaid	1-Jun-17	55,432	54,989	-
4517	Mortgagor #8	11.25%	20,613	20,851	1-Feb-17	Second	Repaid	6-Jun-17	21,059	20,613	-
4760	Mortgagor #9	10.99%	40,014	40,276	30-Jun-16	Second	Repaid	9-Jun-17	40,393	40,014	-
4377	Mortgagor #10	12.75%	376,366	375,532	1-Oct-16	Third	Repaid	1-Aug-17	375,469	376,366	-
4807	Mortgagor #11	11.65%	41,774	42,017	1-Sep-16	Second	Repaid	23-Aug-17	42,290	41,774	-
4563	Mortgagor #12	11.25%	23,302	23,556	1-Mar-17	Second	Repaid	1-Sep-17	23,764	23,302	-
4635	Mortgagor #13	12.75%	57,321	57,917	15-Apr-16	Second	Repaid	1-Sep-17	60,565	57,321	-
4827	Mortgagor #14	10.75%	99,489	99,821	3-Sep-16	Second	Repaid	1-Sep-17	100,518	99,489	-
10442	Mortgagor #15	12.00%	256,080	257,181	20-Jan-17	Second	Repaid	1-Sep-17	258,424	256,080	-
4576	Mortgagor #16	8.75%	104,037	105,281	23-Mar-17	First	Repaid	6-Sep-17	106,321	104,037	-
4848	Mortgagor #17	6.00%	69,132	52,586	17-Sep-15	First	Repaid	15-Sep-17	25,866	69,132	-

OFF-BOOK INVESTMENTS
Residential Mortgages [CAD]

Mortgage ID	Borrower	Rate	Principal	Balance	Funding Date	Type of Mortgage	Status	Repaid Date	Payment	Principal	Remaining Recorded Value
4371	Mortgagor #18	10.75%	26,294	26,536	1-Nov-16	Second	Repaid	22-Sep-17	26,528	26,294	-
4689	Mortgagor #19	10.75%	174,451	179,537	17-May-16	Second	Repaid	26-Sep-17	181,581	174,451	-
4418	Mortgagor #20	13.50%	197,955	203,352	6-Feb-17	Second	Repaid	29-Sep-17	202,413	197,955	-
4482	Mortgagor #21	12.50%	62,815	63,000	1-Jan-17	Second	Repaid	11-Oct-17	63,127	62,815	-
4858	Mortgagor #22	9.95%	54,826	55,280	26-Sep-16	Second	Repaid	13-Oct-17	55,796	54,826	-
4649	Mortgagor #23	9.00%	148,797	148,797	17-Apr-17	First	Repaid	27-Oct-17	148,729	148,797	-
10308	Mortgagor #24	11.75%	55,072	55,082	23-Oct-16	Second	Repaid	3-Nov-17	55,699	55,072	-
4757	Mortgagor #25	12.25%	39,937	40,154	1-Jul-16	Second	Repaid	9-Nov-17	40,224	39,937	-
4425	Mortgagor #26	9.75%	333,868	334,013	1-Dec-16	First	Repaid	15-Nov-17	334,412	333,868	-
4198	Mortgagor #27	9.85%	70,305	70,534	15-Nov-16	First	Repaid	16-Nov-17	70,481	70,305	-
4483	Mortgagor #28	14.50%	143,367	143,761	3-Jan-17	Second	Repaid	20-Nov-17	144,761	143,367	-
10421	Mortgagor #29	11.99%	55,000	54,969	30-Nov-16	Second	Repaid	30-Nov-17	55,501	55,000	-
10347	Mortgagor #30	10.95%	29,909	30,202	7-Dec-16	Second	Repaid	1-Dec-17	30,546	29,909	-
10409	Mortgagor #31	10.95%	140,000	139,809	27-Oct-16	Second	Repaid	15-Dec-17	140,764	140,000	-
10472	Mortgagor #32	9.95%	160,000	160,000	30-Mar-17	Second	Repaid	15-Dec-17	161,703	160,000	-
4659	Mortgagor #33	10.25%	59,820	59,891	20-Apr-16	Second	Repaid	22-Dec-17	60,514	59,820	-
10433	Mortgagor #34	12.50%	45,500	44,499	22-Dec-16	Second	Repaid	25-Dec-17	41,423	45,500	-
10434	Mortgagor #35	11.99%	32,000	31,987	23-Dec-16	Second	Repaid	25-Dec-17	32,313	32,000	-
10474	Mortgagor #36	11.00%	72,000	72,000	31-Mar-17	Second	Repaid	27-Dec-17	72,425	72,000	-
4862	Mortgagor #37	9.00%	106,332	106,484	29-Sep-16	First	Repaid	29-Dec-17	81,955	106,332	-
10425	Mortgagor #38	13.00%	30,000	29,993	7-Dec-16	Second	Repaid	8-Jan-18	30,329	30,000	-
10441	Mortgagor #39	10.50%	40,000	35,711	19-Jan-17	Second	Repaid	9-Jan-18	39,134	40,000	-
10466	Mortgagor #40	11.75%	40,000	39,995	15-Mar-17	Second	Repaid	11-Jan-18	40,223	40,000	-
10481	Mortgagor #41	9.50%	66,000	66,000	31-Mar-17	Second	Repaid	12-Jan-18	66,203	66,000	-
4496	Mortgagor #42	9.00%	129,318	129,434	15-Jan-17	First	Repaid	29-Jan-18	129,883	129,318	-
10473	Mortgagor #43	11.99%	35,000	35,000	27-Mar-17	Second	Repaid	2-Feb-18	34,986	35,000	-
10478	Mortgagor #44	8.25%	160,000	160,000	31-Mar-17	Second	Repaid	9-Feb-18	159,292	160,000	-
10414	Mortgagor #45	12.98%	78,000	78,115	10-Nov-16	Second	Repaid	12-Feb-18	79,604	78,000	-
4833	Mortgagor #46	12.00%	21,532	22,043	1-Sep-16	Second	Repaid	8-Mar-18	22,353	21,532	-
4350	Mortgagor #47	9.25%	169,204	168,748	1-Sep-16	First	Repaid	13-Mar-18	170,013	169,204	-
10470	Mortgagor #48	10.50%	76,000	76,000	28-Mar-17	Second	Repaid	23-Mar-18	76,559	76,000	-
4881	Mortgagor #49	10.95%	35,043	35,555	28-Sep-16	Second	Repaid	29-Mar-18	35,844	35,043	-
4697	Mortgagor #50	9.50%	140,514	135,928	1-Jun-16	First	Repaid	30-Mar-18	142,924	140,514	-
10485	Mortgagor #51	11.99%	40,000	40,000	10-Apr-17	Second	Repaid	3-Apr-18	40,148	40,000	-
4215	Mortgagor #52	10.75%	27,838	27,781	1-Jun-16	Second	Repaid	6-Apr-18	27,928	27,838	-
4462	Mortgagor #53	9.25%	109,015	109,224	11-Dec-16	First	Repaid	16-Apr-18	109,968	109,015	-
4762	Mortgagor #54	12.50%	85,800	85,811	3-Jul-15	Second	Repaid	17-Apr-18	86,872	85,800	-
10471	Mortgagor #55	10.95%	40,000	40,000	29-Mar-17	Second	Repaid	24-Apr-18	40,180	40,000	-
4734	Mortgagor #56	11.50%	33,000	19,743	8-Jun-15	First	Repaid	25-Apr-18	11,290	33,000	-
4414	Mortgagor #57	12.50%	80,022	80,254	1-Dec-16	Second	Repaid	1-May-18	80,490	80,022	-
10378	Mortgagor #58	10.50%	53,000	52,851	29-Apr-16	Second	Repaid	15-May-18	53,579	53,000	-
Squire_03	Mortgagor #59	13.00%	70,000	70,404	31-Mar-15	First	Repaid	23-Jun-18	70,573	70,000	-
Squire_04	Mortgagor #60	12.00%	126,000	126,756	21-Jul-15	First	Repaid	23-Jun-18	126,953	126,000	-
4455	Mortgagor #61	9.25%	155,040	159,008	3-Dec-14	First	Repaid	Jul 14/Aug 21	163,094	155,040	-
4132	Mortgagor #62	8.00%	57,205	57,455	15-Apr-17	Second	Outstanding	6-May-18	30,000	30,000	27,205
4178	Mortgagor #63	9.00%	55,037	55,013	1-Nov-16	Second	Outstanding	N/A	-	-	55,037
4391	Mortgagor #64	11.50%	20,560	20,515	31-Oct-16	Second	Outstanding	N/A	-	-	20,560
4440	Mortgagor #65	10.50%	59,187	59,081	8-Dec-16	First	Outstanding	N/A	-	-	59,187
4443	Mortgagor #66	9.25%	84,636	84,748	30-Nov-16	First	Outstanding	N/A	-	-	84,636
4446	Mortgagor #67	12.50%	174,785	175,402	1-Dec-16	Second	Outstanding	N/A	-	-	174,785
4449	Mortgagor #68	11.20%	39,518	39,769	1-Dec-16	Second	Outstanding	N/A	-	-	39,518
4456	Mortgagor #69	9.50%	74,717	74,843	5-Dec-16	First	Outstanding	N/A	-	-	74,717
4485	Mortgagor #70	11.00%	11,161	11,144	8-Jan-17	Second	Outstanding	N/A	-	-	11,161
4489	Mortgagor #71	9.25%	104,482	104,779	2-Jan-17	First	Outstanding	N/A	-	-	104,482
4502	Mortgagor #72	9.25%	112,273	120,905	23-Jan-17	First	Outstanding	N/A	-	-	112,273
4510	Mortgagor #73	10.00%	65,649	66,083	3-Feb-17	First	Outstanding	N/A	-	-	65,649
4535	Mortgagor #74	9.75%	87,360	86,836	17-Feb-17	First	Outstanding	N/A	-	-	87,360
4544	Mortgagor #75	10.50%	25,383	25,875	15-Mar-17	Second	Outstanding	N/A	-	-	25,383
4548	Mortgagor #76	9.50%	183,196	185,134	16-Feb-17	First	Outstanding	N/A	-	-	183,196
4550	Mortgagor #77	9.50%	124,106	125,439	15-Feb-17	First	Outstanding	N/A	-	-	124,106
4559	Mortgagor #78	9.50%	39,759	39,857	27-Dec-16	Second	Outstanding	N/A	-	-	39,759
4571	Mortgagor #79	13.00%	51,736	51,941	28-Feb-17	Second	Outstanding	N/A	-	-	51,736
4573	Mortgagor #80	11.00%	35,731	35,987	1-Mar-17	Second	Outstanding	N/A	-	-	35,731
4574	Mortgagor #81	11.00%	23,367	23,592	1-Mar-17	Second	Outstanding	N/A	-	-	23,367
4609	Mortgagor #82	10.50%	77,557	77,897	27-Mar-17	First	Outstanding	N/A	-	-	77,557
4614	Mortgagor #83	8.50%	280,775	281,425	31-Mar-17	First	Outstanding	N/A	-	-	280,775
4627	Mortgagor #84	9.75%	46,656	46,907	4-Apr-17	First	Outstanding	N/A	-	-	46,656
4630	Mortgagor #85	12.75%	30,602	30,852	5-Apr-17	Second	Outstanding	N/A	-	-	30,602
4643	Mortgagor #86	24.50%	65,500	81,750	16-Apr-15	Second	Outstanding	N/A	-	-	65,500
4663	Mortgagor #87	12.50%	77,103	77,566	24-Oct-16	Second	Outstanding	N/A	-	-	77,103
4664	Mortgagor #88	12.25%	39,937	40,137	24-Apr-16	Second	Outstanding	N/A	-	-	39,937
4677	Mortgagor #89	10.75%	80,854	80,854	1-May-16	Second	Outstanding	N/A	-	-	80,854
4692	Mortgagor #90	9.25%	159,316	159,404	13-May-16	First	Outstanding	N/A	-	-	159,316
4712	Mortgagor #91	11.00%	68,148	67,889	15-May-16	Second	Outstanding	N/A	-	-	68,148
4718	Mortgagor #92	8.50%	110,923	111,402	20-Jun-16	First	Outstanding	N/A	-	-	110,923
4719	Mortgagor #93	8.50%	115,797	116,276	15-Jun-16	First	Outstanding	N/A	-	-	115,797
4733	Mortgagor #94	12.35%	49,931	47,551	1-Jul-16	Second	Outstanding	N/A	-	-	49,931

OFF-BOOK INVESTMENTS

Residential Mortgages [CAD]

Mortgage ID	Borrower	Rate	Principal	Balance	Funding Date	Type of Mortgage	Status	Repaid Date	Payment	Principal	Remaining Recorded Value
4766	Mortgagor #95	9.00%	50,014	50,007	26-Jun-16	First	Outstanding	N/A	-	-	50,014
4769	Mortgagor #96	8.95%	134,314	134,255	27-Jun-16	First	Outstanding	N/A	-	-	134,314
4779	Mortgagor #97	11.00%	95,936	93,678	3-Jun-16	Second	Outstanding	N/A	-	-	95,936
4783	Mortgagor #98	9.00%	294,243	294,268	31-Jul-16	First	Outstanding	N/A	-	-	294,243
4784	Mortgagor #99	11.99%	74,685	75,092	1-Aug-16	Second	Outstanding	N/A	-	-	74,685
4785	Mortgagor #100	10.50%	39,763	40,297	31-Jul-16	Second	Outstanding	N/A	-	-	39,763
4796	Mortgagor #101	16.00%	260,603	259,393	3-Aug-16	Third	Outstanding	N/A	-	-	260,603
4797	Mortgagor #102	18.00%	62,915	63,045	3-Aug-16	Second	Outstanding	N/A	-	-	62,915
4798	Mortgagor #103	12.00%	20,380	20,919	13-Aug-16	Second	Outstanding	N/A	-	-	20,380
4804	Mortgagor #104	9.75%	182,153	184,337	15-Aug-16	First	Outstanding	N/A	-	-	182,153
4809	Mortgagor #105	9.25%	163,990	164,596	24-Aug-16	Second	Outstanding	N/A	-	-	163,990
4823	Mortgagor #106	10.50%	55,054	55,555	1-Sep-16	Second	Outstanding	N/A	-	-	55,054
4824	Mortgagor #107	7.15%	539,926	540,868	1-Sep-16	First	Outstanding	N/A	-	-	539,926
4836	Mortgagor #108	13.00%	386,055	387,374	9-Sep-15	Second	Outstanding	N/A	-	-	386,055
4839	Mortgagor #109	8.50%	286,522	287,213	10-Mar-17	First	Outstanding	N/A	-	-	286,522
4849	Mortgagor #110	10.00%	126,760	128,081	30-Sep-16	First	Outstanding	N/A	-	-	126,760
4856	Mortgagor #111	10.50%	46,877	47,060	1-Oct-16	Second	Outstanding	N/A	-	-	46,877
10311	Mortgagor #112	9.75%	74,806	79,499	28-Oct-16	First	Outstanding	N/A	-	-	74,806
10324	Mortgagor #113	8.99%	95,340	95,823	24-Nov-16	First	Outstanding	N/A	-	-	95,340
10330	Mortgagor #114	9.00%	49,798	49,698	26-Nov-16	Second	Outstanding	N/A	-	-	49,798
10332	Mortgagor #115	10.00%	99,675	99,769	30-Nov-16	First	Outstanding	N/A	-	-	99,675
10350	Mortgagor #116	11.50%	46,911	47,113	11-Dec-16	Second	Outstanding	N/A	-	-	46,911
10353	Mortgagor #117	12.00%	139,706	140,035	16-Dec-16	Second	Outstanding	N/A	-	-	139,706
10383	Mortgagor #118	10.50%	330,000	329,647	28-Jul-16	Second	Outstanding	N/A	-	-	330,000
10404	Mortgagor #119	6.00%	70,000	69,740	21-Oct-16	First	Outstanding	N/A	-	-	70,000
10417	Mortgagor #120	13.25%	85,000	84,948	21-Nov-16	Second	Outstanding	N/A	-	-	85,000
10418	Mortgagor #121	11.85%	65,000	64,920	21-Nov-16	Second	Outstanding	N/A	-	-	65,000
10419	Mortgagor #122	13.00%	30,000	29,969	24-Nov-16	Second	Outstanding	N/A	-	-	30,000
10423	Mortgagor #123	10.99%	37,000	36,962	15-Dec-16	Second	Outstanding	N/A	-	-	37,000
10429	Mortgagor #124	9.50%	100,000	90,141	16-Dec-16	Second	Outstanding	N/A	-	-	100,000
10431	Mortgagor #125	11.99%	170,000	149,617	16-Dec-16	Second	Outstanding	N/A	-	-	170,000
10432	Mortgagor #126	9.50%	65,000	64,859	16-Dec-16	Second	Outstanding	N/A	-	-	65,000
10435	Mortgagor #127	11.50%	37,000	36,966	23-Dec-16	Second	Outstanding	N/A	-	-	37,000
10436	Mortgagor #128	10.99%	159,500	159,488	29-Dec-16	Second	Outstanding	N/A	-	-	159,500
10437	Mortgagor #129	10.50%	60,000	59,978	3-Jan-17	Second	Outstanding	N/A	-	-	60,000
10456	Mortgagor #130	10.50%	60,000	59,958	23-Feb-17	Second	Outstanding	N/A	-	-	60,000
10457	Mortgagor #131	12.50%	159,000	158,827	27-Feb-17	Second	Outstanding	N/A	-	-	159,000
10476	Mortgagor #132	10.50%	190,000	190,000	29-Mar-17	Second	Outstanding	N/A	-	-	190,000
10480	Mortgagor #133	12.99%	56,000	56,000	31-Mar-17	Second	Outstanding	N/A	-	-	56,000
10482	Mortgagor #134	9.99%	129,000	129,070	11-Apr-17	Second	Outstanding	N/A	-	-	129,000
10483	Mortgagor #135	10.99%	185,000	185,000	5-Apr-17	Second	Outstanding	N/A	-	-	185,000
10488	Mortgagor #136	11.25%	120,000	120,000	13-Apr-17	Second	Outstanding	N/A	-	-	120,000
			\$ 14,072,477	\$ 13,973,145				\$ 5,934,387	\$ 6,035,625	\$ 8,036,851	

Commercial Loans [CAD]

Commercial Loans (CAD)											
Cur	Borrower	Interest	Advance Date	Maturity	Principal Apr 20/17	Accrued Int Apr 20/17	Principal Payments	Interest Payments	Remaining Principal	Remaining Interest	Remaining Recorded Value
CAD	MCSnozrecovery Inc.	11.00%	02-Nov-16	02-Nov-26	\$ 2,550,000	\$ 73,685	\$ -	\$ -	\$ 2,550,000	\$ 73,685	\$ 2,623,685
CAD	Kanwal Development Inc.	13.50%	17-Jun-08	On Demand	166,667	62,030	-	-	166,667	62,030	228,697
CAD	2441472 Ontario Inc.	13.00%	04-Dec-14	07-Nov-29	1,697,199	76,743	-	61,047	1,697,199	15,696	1,712,894
CAD	Pond Technologies Inc.	11.00%	15-Dec-15	06-Apr-18	2,950,000	344,482	655,621	459,310	2,294,379	(114,827)	2,179,552
CAD	Magnitude CS Energy Inc.	13.00%	15-Dec-15	06-Jul-21	1,133,500	40,557	-	-	1,133,500	40,557	1,174,057
					\$ 8,497,365	\$ 597,497	\$ 655,621	\$ 520,357	\$ 7,841,744	\$ 77,140	\$ 7,918,884

TAB 27

Crystal Wealth Management System Limited
Resource Fund

USD to CAD - Apr 20/17 1.3481001
AUD to CAD - Apr 20/17 1.0152000

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
Cash	\$ 145,662	\$ 1,308,347
USD Cash [In CAD]	40,000	-
AUD Cash [In CAD]	(172)	-
Convertible Debentures	50,000	50,000
CAD Equities	1,539,885	91,459
USD Equities [In CAD]	12,052	12,052
AUD Equities [In CAD]	25,883	-
Warrants	22,879	14,545
USD Futures	(4,718)	-
Inter-fund Investments	262,171	262,171
	2,093,640	1,738,575
Off-Book Investments		
Accrued Expenses and Fees	(5,833)	-
	(5,833)	-
Recorded Value	\$ 2,087,807	\$ 1,738,575
Units	604,501	604,501
Recorded Value per Unit	\$ 3.45	\$ 2.88

CASH	CAD	USD	AUD
Cash Balance - April 20, 2017	\$ 145,662	\$ 29,671	\$ (170)
Receipts			
Sale of Equities	1,215,586	-	26,260
Sale of Equities from Warrants	2,251,541	-	-
Inter-fund Investor Distribution [Jan 18, 2018]	42,315	-	-
Proceeds from USD Futures	809	-	-
Interest Income	3,841	-	-
Transfer from AUD Account	26,465	-	-
Transfer from USD Account	36,172	-	-
	3,576,728	-	26,260
Disbursements			
Interim Distribution [Jan 18, 2018]	1,770,689	-	-
Commissions	11,866	-	21
Purchase of Shares from Warrants	594,778	-	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	34,503	-	-
Bank Charges & Fees	2,208	-	26,069
Transfer to CAD Account	-	29,671	-
	2,414,044	29,671	26,090
Cash Balance - May 31, 2018	\$ 1,308,347	\$ -	\$ -

ON-BOOK INVESTMENTS											
Convertible Debentures [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q070E	NORTHRN CV RD RST5%31MY21	V88390	CAD	50,000	\$ 50,000	\$ 50,000	0	\$ -	\$ -	\$ -	\$ 50,000
Equities [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q070E	ANGKOR GOLD CORP	ANK	CAD	62,500	\$ 25,000	\$ 20,625	(62,500)	\$ 17,554	\$ 176	\$ 17,378	\$ -
27Q070E	CENTURION MINERALS LT-NEW	CTN	CAD	357,143	25,000	22,321	(357,143)	19,142	191	18,951	-
27Q070E	COLORADO RESOURCES LTD	CXO	CAD	71,429	25,001	19,286	(71,429)	17,636	176	17,459	-
27Q070E	GOLDCLIFF RES CORP	GCN	CAD	131,600	25,004	24,346	(131,600)	19,269	193	19,076	-
27Q070E	GOLDEN RIDGE RES LTD	GLD	CAD	250,000	20,000	36,250	(250,000)	51,010	510	50,500	-
27Q070E	GREATBANKS RES LTD	GTB	CAD	363,637	20,000	43,636	(363,637)	10,910	110	10,800	-
27Q070E	HEMPCO FOOD AND FIBER INC	HEMP	CAD	50,000	25,000	23,250	(50,000)	16,860	169	16,691	-
27Q070E	KLONDIKE GOLD CORP SAUG17	37619K	CAD	100,000	20,000	25,500	(100,000)	30,000	300	29,700	-
27Q070E	INCA ONE GOLD CORP	IO	CAD	609,975	198,447	91,496	(609,975)	51,865	516	51,150	-
27Q070E	LATIN AMERICAN MNLS INC	LAT	CAD	155,500	15,550	23,325	(155,500)	16,889	169	16,720	-
27Q070E	MEXICAN GOLD CORP	MEX	CAD	166,665	25,000	50,000	(166,665)	62,441	624	61,817	-
27Q070E	MONTAN MINING CORP	MNY	CAD	1,801,140	105,415	144,091	(1,801,140)	40,485	402	40,083	-
27Q070E	MX GOLD CORP	MXL	CAD	100,000	25,025	15,500	(100,000)	14,000	140	13,860	-
27Q070E	NORTHERN VERTEX MNG CORP	NEE	CAD	2,516	1,205	1,308	(2,516)	1,258	83	1,175	-
27Q070E	NOVO RESOURCES CORP	NVO	CAD	662,760	559,220	523,580	(662,760)	554,949	5,550	549,400	-
27Q070E	NUGLACY GOLD CORP	NUG	CAD	56,000	25,200	15,400	(56,000)	14,080	141	13,909	-
27Q070E	PACIFIC BOOKER MINERALS INC	BKM	CAD	3,500	24,546	2,835	(3,500)	2,275	23	2,252	-
27Q070E	ROCKHAVEN RESOURCES LTD	RK	CAD	150,000	25,500	24,000	(150,000)	24,850	249	24,601	-
27Q070E	TRIUMPH GOLD CORP	TIG	CAD	100,000	25,000	63,000	(100,000)	33,850	339	33,511	-
27Q070E	WALLBRIDGE MINING CO	WM	CAD	400,000	31,996	48,000	(400,000)	26,433	264	26,169	-
U4804316	INCA ONE GOLD CORP	IO	CAD	25,392	8,261	3,809	(25,392)	2,337	528	1,810	-
U4804316	PACIFIC BOOKER MINERALS INC	BKM	CAD	44,000	308,577	35,640	(44,000)	25,055	131	24,924	-

Crystal Wealth Management System Limited
Resource Fund

USD to CAD - Apr 20/17 1.3481001
AUD to CAD - Apr 20/17 1.0152000

ON-BOOK INVESTMENTS											
Equities [CAD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
U4804316	ALMADEX MINERALS LTD	AMZ	CAD	8,400	-	9,660	(8,400)	8,921	47	8,874	-
U4804316	ASTORIUS RESOURCES LTD	ASQ	CAD	69,500	10,770	10,773	(69,500)	7,138	40	7,097	-
U4804316	FIRST MINING FINANCE CORP	FF	CAD	34,700	25,357	24,290	(34,700)	22,902	115	22,787	-
U4804316	ICONIC MINERALS LTD	ICM	CAD	201,700	60,548	15,128	(201,700)	12,102	66	12,036	-
U4804316	LARGO RESOURCES LTD	LGO	CAD	8,000	20,320	4,080	(8,000)	3,550	18	3,532	-
U4804316	LION ONE METALS LIMITED	LIO	CAD	60,000	54,565	45,600	(60,000)	34,900	178	34,722	-
U4804316	MIRANDA GOLD CORP	MAD	CAD	347,735	51,429	31,296	(347,735)	26,080	130	25,950	-
U4804316	PILOT GOLD INC	PLG	CAD	33,640	34,663	18,166	(33,640)	15,095	117	14,978	-
U4804316	RESOURCE CAPITAL GOLD CORP	RCG	CAD	37,700	10,045	6,409	(37,700)	6,710	35	6,674	-
U4804316	RIVERSIDE RESOURCES INC	RRI	CAD	57,250	22,284	25,476	(57,250)	22,938	117	22,821	-
U4804316	RUBICON MINERALS CORP	RMX	CAD	208	29,518	349	(208)	335	2	333	-
27Q070E	MOUNTAINSTAR GOLD INC	MSX	CAD	333,833	50,048	3,338	0	-	-	-	3,338
27Q070E	CHIEFTAIN METALS INC	CFB.H	CAD	69,351	19,831	3,121	0	-	-	-	3,121
27Q070E	GARMATEX TECHS INC RSTD	27304A	CAD	70,000	35,000	35,000	0	-	-	-	35,000
27Q070E	PALISADE RESOURCES CORP		CAD	125,000	50,000	50,000	0	-	-	-	50,000
					\$ 2,038,326	\$ 1,539,885					
							\$ 1,215,586	\$ 11,866	\$ 1,203,721	\$ 91,459	
Equities [AUD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
U4804316	Silver Lake Resources Ltd	SLR	AUD	50,990	\$ 153,554	\$ 25,495	(50,990)	\$ 26,260	\$ 21	\$ 26,239	\$ -
Equities [USD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q070F	ADVANCED VOICE RECOG'33L	AVOI	USD	1,788,000	\$ 95,357	\$ 8,940	0	\$ -	\$ -	\$ -	\$ 8,940
Warrants [CAD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Cost of Equities	Net Proceeds	Remaining Recorded Value
27Q070E	MONTAN MINING CORP 14AG17	45090H	CAD	363,640	\$ -	\$ -	(363,640)	\$ 5,455	\$ 65	\$ 5,400	\$ -
27Q070E	WTS-HEMPCO FD&FBR 30NOV17	89371B	CAD	25,000	-	-	(25,000)	53,190	16,750	36,440	-
27Q070E	WTS-KLONDIKE GOLD 4APR20	89933K	CAD	100,000	-	-	(100,000)	31,500	30,000	1,500	-
27Q070E	WTS-MOUNTAINSTAR 31AUG17	904096	CAD	166,667	-	-	(166,667)	Expired	-	-	-
27Q070E	WTS-NOVO RES CORP 8MAR18	90589J	CAD	500,000	313,533	-	(500,000)	1,381,902	427,456	954,446	-
27Q070E	WTS-NOVO RES CORP 24JUL17	90589E	CAD	96,160	-	-	(96,160)	728,787	78,851	649,936	-
27Q070E	WTS-ROCKHAVEN RES 23DEC17	91143N	CAD	75,000	-	-	(75,000)	Expired	-	-	-
27Q070E	WTS-SOURCE EXPLOR 3MAR19	91344E	CAD	166,665	-	8,333	(166,665)	50,708	41,666	9,042	-
27Q070E	WTS-COLORADO RES 18MAY18	88242B	CAD	71,429	-	-	(71,429)	Expired	-	-	-
27Q070E	WTS-NULEGACY GOLD 17MAY18	90601M	CAD	56,000	-	-	(56,000)	Expired	-	-	-
27Q070E	GARMATEX TECHS INC RSTD	27304A	CAD	70,000	-	-	0	-	-	-	-
27Q070E	WTS-88 CAP CORP-A 17AG19	88990L	CAD	125,000	-	-	0	-	-	-	-
27Q070E	WTS-ANGKOR GOLD 29JUL18	87653B	CAD	31,250	-	-	0	-	-	-	-
27Q070E	WTS-CENTURION MN31AG17/18	88191M	CAD	357,143	-	-	0	-	-	-	-
27Q070E	WTS-GOLDCLIFF RES 16SEP18	89242A	CAD	65,800	-	-	0	-	-	-	-
27Q070E	WTS-GREATBANKS RES 22MR19	89282A	CAD	363,637	-	14,545	0	-	-	-	14,545
27Q070E	WTS-INCA ONE GOLD 30AUG19	90543C	CAD	760,404	-	-	0	-	-	-	-
27Q070E	WTS-INCA ONE-NEW 22DEC20	90543G	CAD	28,571	-	-	0	-	-	-	-
27Q070E	WTS-LATIN AMER MNLS10JN18	90047B	CAD	250,000	-	-	0	-	-	-	-
27Q070E	WTS-MONTAN MNG CRP 13AP19	90403R	CAD	181,820	-	-	0	-	-	-	-
27Q070E	WTS-MONTAN MNG CRP 25AG18	90403M	CAD	500,000	-	-	0	-	-	-	-
27Q070E	WTS-MONTAN MNG CRP 27OC21	90403N	CAD	500,000	-	-	0	-	-	-	-
27Q070E	WTS-MX GOLD CORP 12AUG19	90211W	CAD	100,000	-	-	0	-	-	-	-
27Q070E	WTS-NORTHERN FREE 9NOV20	90604B	CAD	100,000	-	-	0	-	-	-	-
27Q070E	WTS-WALLBRIDGE MNG 4OCT19	91998D	CAD	400,000	4	-	0	-	-	-	-
					\$ 313,537	\$ 22,879					
							\$ 2,251,541	\$ 594,778	\$ 1,656,763	\$ 14,545	
USD Futures [USD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
U4804316	JNUG US 01/19/18 P2.7	JNUG1	USD	5,000	\$ (9,588)	\$ (3,500)	(5,000)	\$ 600	\$ -	\$ 600	\$ -
Inter-fund Investments [CAD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q070E	CRYS WLTH MTG STGYN/FRAC	AAG210A	CAD	0	\$ 0	\$ 0	0	\$ -	\$ -	\$ -	\$ 0
27Q070E	CRYS WLTH EN F/S-AN/FRAC	AAG240	CAD	50	499	528	0	-	-	-	528
27Q070E	CRYS BULLION /N/FRAC	AAG270	CAD	20,937	214,669	261,643		-	-	-	261,643
					\$ 215,168	\$ 262,171					
							\$ -	\$ -	\$ -	\$ -	\$ 262,171

TAB 28

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
CAD Cash	\$ 421,643	\$ 609,857
USD Cash [In CAD]	(9,937)	-
External Mutual Funds	67,405	67,405
Convertible Debenture	30,000	30,000
CAD Equities	313,383	100,000
USD Equities [In CAD]	610,608	610,608
CAD Warrants	-	-
USD Warrants [In CAD]	64,035	-
USD Future	(8,233)	-
Inter-fund Investments	2,952,804	2,952,804
CAD Gold Loans	2,207,280	2,207,280
USD Gold Loans [In CAD]	4,789,374	4,789,374
	11,438,362	11,367,328
Off-Book Investments		
Factoring Contracts - Principal	22,821,205	22,821,205
Factoring Contracts - Interest	1,641,268	1,641,268
US Real Estate LP - Principal [In CAD]	2,898,415	2,898,415
US Real Estate LP - Accrued Interest [In CAD]	201,151	201,151
Commercial Loan	209,649	209,649
Accrued Loss Provision	(1,011,670)	-
Accrued Expenses and Fees	(74,211)	-
	26,685,807	27,771,688
Recorded Value	\$ 38,124,169	\$ 39,139,016
Units	3,608,683	3,608,683
Recorded Value per Unit	\$ 10.56	\$ 10.85

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 421,643	\$ (7,371)
Receipts		
Sale of Equities	138,866	-
Proceeds from USD Futures	128,334	-
External Mutual Fund Dividends	3,615	-
Factoring Contract Payments	53,094	-
Inter-fund Investor Distribution [Jan 18, 2018]	33,261	-
Interest Income	1,584	-
Transfer from CAD Account	-	7,371
	358,754	7,371
Disbursements		
Commissions	1,382	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	147,086	-
Bank Charges & Fees	13,140	-
Transfer to USD Account	8,931	-
	170,540	-
Cash Balance - May 31, 2018	\$ 609,857	\$ -

ON-BOOK INVESTMENTS											
External Mutual Funds [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
	WESTERN HEALTH CAPITAL LP SUB A	WWC SUB	USD	50,000	67,115	50,000	0	\$ -	\$ -	\$ -	\$ 50,000
Convertible Debentures [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q090E	GARMATEX RST CV 10%2BJA16	T55426	CAD	30,000	30,000	30,000	0	\$ -	\$ -	\$ -	\$ 30,000
Equities [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q090E	3D SIGNATURES INC.	DXD	CAD	285,700	\$ 99,995	\$ 197,133	(285,700)	\$ 125,961	\$ 1,255	\$ 124,706	\$ -
27Q090E	URBAN COMMUNICATIONS INC.	UBN	CAD	250,000	25,000	16,250	(250,000)	12,905	127	12,778	-
27Q090E	GARMATEX TECHS INC RTSD	27304A	CAD	200,000	100,000	100,000	0	-	-	-	100,000
					\$ 224,995	\$ 313,383		\$ 138,866	\$ 1,382	\$ 137,484	\$ 100,000
Equities [USD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q090F	DSG GLOBAL INC'33L	21295B	USD	580,000	\$ 198,200	\$ 203,000	0	-	-	\$ -	\$ 203,000
27Q090F	GARMATEX HOLDINGS LTD'33L	27304D	USD	250,000	74,500	245,000	0	-	-	-	245,000
27Q090F	Advanced Voice Recognition'33L	006238	USD	988,000	49,339	4,940	0	-	-	-	4,940
					\$ 322,039	\$ 452,940		\$ -	\$ -	\$ -	\$ 452,940

ON-BOOK INVESTMENTS											
Warrants (CAD)											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
27Q090E	WTS-GARMATEX TECH 16JUN17	GARMATEX-W	CAD	60,000	\$ -	\$ -	(60,000)	\$ -	\$ -	\$ -	\$ -
27Q090E	WTS - URBAN COMMS 24AUG18	91779K	CAD	250,000	-	-	0	-	-	-	-
					\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Warrants (USD)											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
27Q090F	WTS-GARMATEX TECH 16MAY18	GRMX-0.60	USD	125,000	-	47,500	(125,000)	\$ -	\$ -	\$ -	\$ -
USD Futures (USD)											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
U4897984	CDM7 C\$ CURRENCY FUTURE 20JUN17 CDM7		USD	33	-	(6,107)	(33)	\$ 95,196	\$ -	\$ 95,196	\$ -
Inter-fund Investments (CAD)											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
27Q090E	CRYS ENLGTND /NLN/FRAC	AAG340	CAD	265,775	\$ 2,888,113	\$ 2,951,950	0	-	-	\$ -	\$ 2,951,950
27Q090E	CRYS WLTH MEDIS-A /N/FRAC	AAG300A	CAD	85	857	853	0	-	-	-	853
27Q090E	CRYS WLTH MTG STGY/N/FRAC	AAG210A	CAD	0	0	0	0	-	-	-	0
					\$ 2,888,970	\$ 2,952,804		\$ -	\$ -	\$ -	\$ 2,952,804
Gold Loans (CAD)											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
	611802 BC LTD Four	BC 4	CAD	336	\$ 548,528	\$ 555,244	0	\$ -	\$ -	\$ -	\$ 555,244
	GOLD Onstar Exploration Three	STAR 3	CAD	1,000	500,000	1,318,720	0	-	-	-	1,318,720
	SOLID HOLDINGS	SH 1	CAD	198	331,861	333,316	0	-	-	-	333,316
					\$ 1,380,489	\$ 2,207,280		\$ -	\$ -	\$ -	\$ 2,207,280
Gold Loans (USD)											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
	GOLD Onstar Exploration One	STAR 1	USD	2,000	\$ 2,000,000	\$ 2,545,620	0	\$ -	\$ -	\$ -	\$ 2,545,620
	GOLD Onstar Exploration Two	STAR 2	USD	800	760,000	1,007,064	0	-	-	-	1,007,064
					\$ 2,760,000	\$ 3,552,684		\$ -	\$ -	\$ -	\$ 3,552,684
OFF-BOOK INVESTMENTS											
Factoring Contracts (CAD)											
Cur	Borrower	Daily Interest	Invoices	Maturity	Principal Apr 2017	Accrued Int Apr 2017	Principal Payments	Interest Payments	A Remaining Principal	B Remaining Interest	A + B Remaining Recorded Value
CAD	Zomongo TV Corp	\$ 3,102		N/A	\$ 6,204,373	\$ 262,182	\$ -	\$ -	\$ 6,204,373	\$ 262,182	\$ 6,466,555
CAD	Dome Mountain	6,300		N/A	12,600,607	1,014,348	-	-	12,600,607	1,014,348	13,614,955
CAD	Advanced Metal	628		N/A	1,256,311	183,029	-	-	1,256,311	183,029	1,439,340
CAD	1566496 Alberta Ltd.	412		N/A	824,039	62,859	-	-	824,039	62,859	886,897
CAD	647497 Bc Ltd	220		N/A	439,698	67,931	-	-	439,698	67,931	507,629
CAD	Restoration Energy	-		N/A	1,402,193	39,548	-	-	1,402,193	39,548	1,441,741
CAD	Single Source Services	47		N/A	93,985	11,372	-	-	93,985	11,372	105,356
					\$ 22,821,205	\$ 1,641,268	\$ -	\$ -	\$ 22,821,205	\$ 1,641,268	\$ 24,462,473
US Real Estate LP (USD)											
Cur	Borrower	Interest	Currency	Units	Principal Apr 2017	Accrued Int Apr 2017	Principal Payments	Interest Payments	A Remaining Principal	B Remaining Interest	A + B Remaining Recorded Value
USD	US Real Estate LP	N/A	USD	2,150,000	\$ 2,150,000	\$ 149,211	\$ -	\$ -	\$ 2,150,000	\$ 149,211	\$ 2,299,211
Commercial Loan (USD)											
Cur	Borrower	Interest	Advance Date	Maturity	Principal Apr 2017	Accrued Int Apr 2017	Principal Payments	Interest Payments	A Remaining Principal	B Remaining Interest	A + B Remaining Recorded Value
USD	1092545 BC Ltd.	10.00%	02-Nov-16	02-Nov-17	\$ 125,000	\$ 30,514	\$ -	\$ -	\$ 125,000	\$ 30,514	\$ 155,514

TAB 29

Crystal Wealth Management System Limited
Medical Fund

USD to CAD - Apr 20/17 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
Cash	\$ 421,542	\$ 1,198,454
USD Cash [In CAD]	28,228	-
External Mutual Funds	25,288	-
USD Equities [In CAD]	7,846	7,846
USD Futures [In CAD]	(18,812)	-
Inter-fund Investments	1,526,605	1,526,605
	1,990,697	2,732,905
Off-Book Investments		
Medical Factoring Contracts - Principal [In CAD]	1,643,621	-
Medical Factoring Contracts - Fees [In CAD]	178,488	-
NFL Participation Agreements - Principal [In CAD]	4,855,472	4,013,065
NFL Participation Agreements - Fees [In CAD]	599,973	498,554
Accrued Expenses and Fees	1,840	-
	7,279,393	4,511,619
Recorded Value	\$ 9,270,090	\$ 7,244,524
Units	683,071	683,071
Recorded Value per Unit	\$ 13.57	\$ 10.61

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 421,542	\$ 20,939
Receipts		
Sale of Geodata & SSI Medical Factoring Contracts	-	906,434
Repayment of NFL Participation Agreements	-	714,687
Settlement of Medical Factoring Agreement	-	123,995
Release of Medical Factoring Contract Cash	-	103,885
Proceeds from USD Futures	192,159	-
Inter-fund Investor Distribution [Jan 18, 2018]	179,315	-
Redemption of Units in External Mutual Fund	25,345	-
Interest Income	2,084	6,535
Transfer from USD Account	2,395,717	-
	2,794,621	1,855,535
Disbursements		
Interim Distribution [Jan 18, 2018]	1,952,185	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	61,641	-
Bank Charges & Fees	3,985	647
Transfer to CAD Account	-	1,875,827
	2,017,709	1,876,474
Cash Balance - May 31, 2018	\$ 1,198,454	\$ -

ON-BOOK INVESTMENTS											
External Mutual Funds [CAD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q080E	HOL INV S/A-F	DYN550	CAD	2,529	\$ 25,288	\$ 25,288	2,529	\$ 25,345	\$ -	\$ 25,345	\$ -
Equities [CAD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q080F	Advanced Voice Recognition/33L	006238	USD	1,164,000	\$ 58,898	\$ 5,820	0	\$ -	\$ -	\$ -	\$ 5,820
USD Futures [USD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
U4895282	CDM7 C\$ Currency Future 20JUN17	CDM7	CAD	73	\$ -	\$ (13,954)	73	\$ 142,541	\$ -	\$ 142,541	\$ -
Inter-fund Investments [CAD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q080E	CRY5 ENLIGHT RES&PMN/FRAC	AAG230	CAD	0	\$ 0	\$ 0	0	\$ -	\$ -	\$ -	\$ 0
27Q080E	CRY5 WLTH MED/SA/IN/FRAC	AAG300A	CAD	151,855	\$ 1,537,291	\$ 1,526,605	0	\$ -	\$ -	\$ -	\$ 1,526,605
					\$ 1,537,292	\$ 1,526,605		\$ -	\$ -	\$ -	\$ 1,526,605

OFF-BOOK INVESTMENTS											
Medical Factoring Agreements [USD]							A	B	A + B		
Client	Balance	Xynergy's Fees	Principal	Accrued Fees	Cash Reserves		Status	Proceeds from Sale	Principal	Accrued Fees	Remaining Recorded Value
GeodataPR International, Inc - XMC (GEOXMC)	\$ 827,761	\$ (39,053)	\$ 788,708	\$ (175,425)	\$ -		Sold	\$ 684,313	\$ -	\$ -	\$ -
Servicios de Salud Integrada, CSP (SSIXMC)	234,588	(12,075.10)	222,513	(22,154)	419,022		Sold	222,121	-	-	-
Unlimited Prosthetics, Inc - XMC (UNLIMIXMC01)	248,237	(40,245.46)	207,992	75,419	(164,462)		Sold	123,995	-	-	-
	\$ 1,310,586	\$ (91,373)	\$ 1,219,213	\$ (122,161)	\$ 254,560			\$ 1,030,428	\$ -	\$ -	\$ -

OFF-BOOK INVESTMENTS										
NFL Participation Agreements [USD]										
	A	B	A + B							
Client	Balance	Xynergy's Fees	Principal	Accrued Fees	Cash Reserves	Status	Proceeds from Sale	Balance	Accrued Fees	Remaining Recorded Value
NFL - Christopher Washington (CHRISWASH01)	\$ 265,000	\$ (11,300)	\$ 253,700	\$ 22,601	\$ -	Sold	\$ 282,404	\$ -	\$ -	\$ -
NFL - Patrick J. Bates (PBATES01)	132,500	(6,452)	124,048	16,903	-	Sold	144,105	-	-	-
NFL - William J. Frizzelle (FRIZZELLE01)	53,000	(2,548)	50,452	5,096	-	Sold	56,707	-	-	-
NFL - Willie B. Jackson Jr. (JACKSONW01)	212,000	(15,315)	196,685	30,631	-	Sold	231,471	-	-	-
NFL - Andrew Jordan Jr. (JORDANA01)	159,000	(11,486)	147,514	22,973	-	Outstanding	-	147,514	22,973	170,486
NFL - Anthony D. Phillips (APHILLIPS01)	159,000	(7,845)	151,355	15,289	-	Outstanding	-	151,355	15,289	166,645
NFL - Donnell Woolford (WOOLFORD001)	143,100	(6,880)	136,220	13,760	-	Outstanding	-	136,220	13,760	149,980
NFL - Edward L. West III (EDWEST01)	162,000	(8,816)	153,184	17,633	-	Outstanding	-	153,184	17,633	170,816
NFL - Elbert E. Foules Jr. (FOULESE01)	238,500	(17,230)	221,270	34,459	-	Outstanding	-	221,270	34,459	255,730
NFL - Eric F. Kelly (ERICKELLY01)	121,900	(4,940)	116,960	9,881	-	Outstanding	-	116,960	9,881	126,840
NFL - Eric L. Downing (EDOWNING01)	148,400	(7,135)	141,265	14,270	-	Outstanding	-	141,265	14,270	155,535
NFL - Jonathan T. Carter (CARTERJ01)	233,200	(16,847)	216,353	33,694	-	Outstanding	-	216,353	33,694	250,047
NFL - Kenneth M. Clarke (KCLARKE01)	106,000	(4,872)	101,128	9,745	-	Outstanding	-	101,128	9,745	110,872
NFL - Kerwin R. Ellis (ELLISK01)	162,000	(11,410)	150,590	22,819	-	Outstanding	-	150,590	22,819	173,410
NFL - Lamar L. Lathon (LATHONL01)	243,000	(17,114)	225,886	34,229	-	Outstanding	-	225,886	34,229	260,114
NFL - Mark S. Nichols (MNICHOLS01)	212,000	(2,317)	209,683	4,634	-	Outstanding	-	209,683	4,634	214,317
NFL - Maurice A. Morris (MORRIS01)	159,000	(11,486)	147,514	22,973	-	Outstanding	-	147,514	22,973	170,486
NFL - Michael C. Richardson (MRICHARDS01)	159,000	(10,142)	148,858	20,284	-	Outstanding	-	148,858	20,284	169,142
NFL - Michael S. Lush (MIKELUSH01)	79,500	(4,447)	75,053	8,893	-	Outstanding	-	75,053	8,893	83,947
NFL - Phillip E. Freeman III (FREEMANP01)	79,500	(5,743)	73,757	11,486	-	Outstanding	-	73,757	11,486	85,243
NFL - Robert E. Young (ROBYOUNG01)	79,500	(3,654)	75,846	7,309	-	Outstanding	-	75,846	7,309	83,154
NFL - Roderick D. Manuel (MANUELRO1)	86,400	(6,085)	80,315	12,170	-	Outstanding	-	80,315	12,170	92,485
NFL - Terry L. Wright (TWRIGHT01)	148,400	(9,466)	138,934	18,931	-	Outstanding	-	138,934	18,931	157,866
NFL - Theodore Wheeler III (TWEELERO1)	41,340	(2,837)	38,703	5,274	-	Outstanding	-	38,703	5,274	43,977
NFL - Thomas T. Tapeh (TTTAPEH01)	135,000	(8,898)	128,102	13,797	-	Outstanding	-	128,102	13,797	141,898
NFL - Zachary B. Valentine (VALENTINEZ01)	106,000	(7,658)	98,342	15,315	-	Outstanding	-	98,342	15,315	113,658
	\$ 3,824,240	\$ (222,525)	\$ 3,601,715	\$ 445,050	\$ -		\$ 714,687	\$ 2,976,830	\$ 369,819	\$ 3,346,650

TAB 30

Crystal Wealth Management System Limited
Bullion Fund

USD to CAD - Apr 2017 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
CAD Cash	\$ 271,161	\$ 87,123
Gold Loans	763,006	763,006
	1,034,166	850,129
Off-Book Investments		
Accrued Expenses and Fees	(4,611)	-
	(4,611)	-
Recorded Value	\$ 1,029,555	\$ 850,129
Units	82,387	82,387
Recorded Value per Unit	\$ 12.50	\$ 10.32

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 279,763	\$ (6,381)
Receipts		
Interest Income	614	-
Transfer from CAD Account	-	6,605
	614	6,605
Disbursements		
Interim Distribution [Jan 18, 2018]	166,507	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	17,441	-
Bank Charges & Fees	696	238
Transfer to USD Account	8,592	-
	193,235	238
Cash Balance - May 31, 2018	\$ 87,141	\$ (13)

ON-BOOK INVESTMENTS											
Gold Loans [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
	611802 BC LTD Two	BC 2	CAD	101	\$ 160,166	\$ 166,421	0	\$ -	\$ -	\$ -	\$ 166,421
	Inco One Gold Purchase Ag 1	IOG 1	CAD	365	584,533	596,585	0	-	-	-	596,585
					<u>\$ 744,699</u>	<u>\$ 763,006</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,006</u>

TAB 31

Crystal Wealth Management System Limited
Media Fund

USD to CAD - Apr 20/17 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
CAD Cash	\$ 307,817	\$ 15,966,126
USD Cash [In CAD]	423,488	-
External Mutual Funds	1,042,228	-
USD Futures [In CAD]	(23,509)	-
Inter-fund Investments	-	-
	1,750,024	15,966,126
Off-Book Investments		
Media Loans - Principal	33,649,859	-
USD Media Loans - Principal [In CAD]	5,325,456	-
Media Loans - Interest	11,873,156	-
USD Media Loans - Interest [In CAD]	2,671,968	-
Accrued Loss Provision	(803,721)	-
	52,716,818	-
Recorded Value	\$ 54,466,842	\$ 15,966,126
Units	5,406,129	5,406,129
Recorded Value per Unit	\$ 10.08	\$ 2.95

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 307,817	\$ 314,137
Receipts		
Redemption of Units in External Mutual Funds	1,044,604	-
Inter-fund Investor Distribution [Jan 18, 2018]	0	-
Repayment of Loans	6,883,087	229,690
Sale of Media Fund	14,375,000	-
Proceeds from USD Futures	232,970	-
Interest Income	31,058	193
Transfer from USD Account	676,719	-
	23,243,439	229,883
Disbursements		
Interim Distribution [Jan 18, 2018]	6,358,649	-
Consulting Fees	889,875	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	315,145	-
Bank Charges & Fees	21,460	101
Transfer to CAD Account	-	543,919
	7,585,130	544,020
Cash Balance - May 31, 2018	\$ 15,966,126	-

ON-BOOK INVESTMENTS											
External Mutual Funds [CAD]							A		B	A - B	
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27QA24E	DUNDEE INV SVG ACCT F-NL	DYN550	CAD	104,223	\$ 1,042,264	\$ 1,042,228	(104,223)	\$ 1,044,604	\$ -	\$ 1,044,604	\$ -
USD Futures [USD]							A		B	A - B	
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
U4657920	CDM7 C\$ CURRENCY FUTURE 20JUN17	CDM7	CAD	49	\$ -	\$ (23,509)	(49)	\$ 172,814	\$ -	\$ 172,814	\$ -
Inter-fund Investments [CAD]							A		B	A - B	
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27Q003E	CRYS MEDICAL STGY /NFRAC	AAG250A	CAD	0	\$ 1	\$ 1	0	\$ -	\$ -	\$ -	\$ 1

Crystal Wealth Management System Limited
Media Fund

USD to CAD - Apr 2017 1.3481001

OFF-BOOK INVESTMENTS						
Media Loans [CAD]						
Type	Name of Film	Principal	Accrued Interest	Total	Collections	Remaining RV
CAD	SOAG	\$ 1,457,853	\$ -	\$ 1,457,853	\$ 1,457,853	\$ -
CAD	ELECTRIC SLIDE	2,619,496	-	2,619,496	952,411	-
CAD	KINGDOM (COLLARD)	2,897,000	-	2,897,000	2,897,000	-
CAD	FOREVERLAND	990,131	-	990,131		-
CAD	GINGER AND ROSA	182,570	278,361	460,931		-
CAD	SINGLE SHOT	2,215,855	1,859,221	4,075,075		-
CAD	SILENT NIGHT	1,000,000	1,076,343	2,076,343		-
CAD	LULLABY (2')	2,488,134	2,254,865	4,742,999		-
CAD	SUPREMACY (2')	589,660	-	589,660		-
CAD	ELSA AND FRED	1,752,602	1,025,673	2,778,274		-
CAD	MISS JULIE	1,283,336	890,222	2,173,558	Included in	-
CAD	HENCHMEN	2,390,000	1,538,727	3,928,727	Media Fund	-
CAD	WELCOME TO ME	1,296,451	-	1,296,451	Sale	-
CAD	KILL ME 3 TIMES	1,811,784	-	1,811,784		-
CAD	MERCY	4,347,200	1,611,950	5,959,150		-
CAD	HAVANA	77,778	-	77,778		-
CAD	PHENOM	1,033,189	70,338	1,103,527		-
CAD	VINCENT N ROXXY	1,435,624	128,045	1,563,669		-
CAD	CHILDHOOD OF A LEADER	2,031,299	657,740	2,689,039		-
CAD	A GOOD DAY'S WORK	1,750,000	461,671	2,231,671		-
		\$ 33,649,959	\$ 11,873,156	\$ 45,523,115	\$ 5,307,264	\$ -
Media Loans [USD]						
Type	Name of Film	Principal	Accrued Interest	Total	Collections	Remaining RV
USD	THE ENGLISH TEACHER	486,054	345,953	832,006	Included in	-
USD	HENCHMEN	750,000	547,376	1,297,376	Media Fund	-
USD	HUNTERS OF THE STARS	1,648,000	678,964	2,326,964	Sale	-
USD	MIGHTY MONSTERS	1,066,288	409,732	1,476,020	1,066,288	-
		3,950,342	1,982,025	5,932,366	1,066,288	-

TAB 32

Crystal Wealth Management System Limited
High Yield Mortgage Fund

USD to CAD - Apr 20/17 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
Cash	\$ 760,006	\$ 1,426,614
Inter-fund Investments	1,378,911	1,378,911
	2,138,917	2,805,525
Off-Book Investments		
Residential Mortgages	2,457,789	614,720
Commercial Loans - Principal	550,000	427,766
Commercial Loans - Interest	53,238	(32,396)
Inter-fund Loan - Principal	274,000	274,000
Inter-fund Loan - Interest	2,897	2,897
Accrued Loss Provision	(34,675)	-
	3,303,249	1,486,987
Recorded Value	\$ 5,442,166	\$ 4,292,512
Units	542,310	542,310
Recorded Value per Unit	\$ 10.04	\$ 7.92

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 760,006	\$ -
Receipts		
Collection of Mortgage Interest	280,057	-
Collection of Mortgage Principal	1,643,069	-
Collection of Commercial Loan Principal	122,234	-
Collection of Commercial Loan Interest	85,634	-
Inter-fund Investor Distribution (Jan 18, 2018)	184,333	-
Interest Income	4,160	-
	2,319,488	-
Disbursements		
Interim Distribution (Jan 18, 2018)	1,585,219	-
Professional Fees (Apr 26, 2017 to Sep 30, 2017)	63,658	-
Bank Charges & Fees	4,003	-
	1,652,879	-
Cash Balance - May 31, 2018	\$ 1,426,614	\$ -

ON-BOOK INVESTMENTS											
Inter-fund Investments (CAD)							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27QB26E	CRYSTAL MEDIA /NFRAC	AAG300	CAD	51,409	\$ 521,098	\$ 516,818	0	\$ -	\$ -	\$ -	516,818
27QB26E	CRYSTAL MORTGAGE /NFRAC	AAG210	CAD	85,542	862,042	862,093	0	-	-	-	862,093
					<u>\$ 1,383,140</u>	<u>\$ 1,378,911</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,378,911</u>

OFF-BOOK INVESTMENTS											
Residential Mortgages (CAD)											
Mortgage ID	Borrower	Rate	Principal	Balance	Funding Date	Type of Mortgage	Status	Repaid Date	Payment	Principal	Remaining Recorded Value
4526	Mortgagor #1	15.00%	39,593	38,279	1-Jan-17	Second	Outstanding	N/A	-	-	39,593
4530	Mortgagor #2	14.00%	35,224	35,576	1-Feb-17	Second	Outstanding	N/A	-	-	35,224
4588	Mortgagor #3	13.99%	45,333	45,585	18-Mar-17	Second	Outstanding	N/A	-	-	45,333
4625	Mortgagor #4	14.95%	41,240	41,501	20-Mar-17	Second	Outstanding	N/A	-	-	41,240
4656	Mortgagor #5	14.50%	35,313	35,564	8-Apr-17	Second	Outstanding	N/A	-	-	35,313
4703	Mortgagor #6	15.50%	22,994	22,990	1-May-16	Second	Outstanding	N/A	-	-	22,994
4744	Mortgagor #7	14.25%	35,938	35,867	29-May-16	Second	Outstanding	N/A	-	-	35,938
4806	Mortgagor #8	15.00%	26,569	27,052	1-Sep-16	Second	Outstanding	N/A	-	-	26,569
4854	Mortgagor #9	14.50%	59,818	60,286	25-Sep-16	Second	Outstanding	N/A	-	-	59,818
10352	Mortgagor #10	14.99%	36,120	36,361	23-Dec-16	Second	Outstanding	N/A	-	-	36,120
10369	Mortgagor #11	15.00%	40,077	40,862	16-Feb-17	Second	Outstanding	N/A	-	-	40,077
10399	Mortgagor #12	15.50%	50,000	49,949	29-Sep-16	Second	Outstanding	N/A	-	-	50,000
10405	Mortgagor #13	13.46%	43,000	42,960	21-Oct-16	Second	Outstanding	N/A	-	-	43,000
10410	Mortgagor #14	13.95%	36,000	35,969	28-Oct-16	Second	Outstanding	N/A	-	-	36,000
10438	Mortgagor #15	11.50%	63,500	63,475	11-Jan-17	Second	Outstanding	N/A	-	-	63,500
10446	Mortgagor #16	14.50%	30,000	30,014	31-Jan-17	Second	Outstanding	N/A	-	-	30,000
10454	Mortgagor #17	12.00%	60,000	59,963	15-Feb-17	Second	Outstanding	N/A	-	-	60,000
10458	Mortgagor #18	14.75%	28,000	27,973	27-Feb-17	Second	Outstanding	N/A	-	-	28,000
10461	Mortgagor #19	10.95%	40,000	39,652	8-Mar-17	Second	Outstanding	N/A	-	-	40,000
10401	Mortgagor #20	13.99%	19,000	18,975	6-Oct-16	Second	Repaid	N/A	-	-	19,000
10453	Mortgagor #21	13.95%	27,000	26,983	14-Feb-17	Second	Repaid	N/A	-	-	27,000
10314	Mortgagor #22	14.99%	36,622	37,502	2-Nov-16	Second	Repaid	21-Apr-17	37,496	36,622	-
4523	Mortgagor #23	10.00%	50,317	49,996	7-Nov-16	Second	Repaid	28-Apr-17	50,254	50,317	-
10455	Mortgagor #24	13.95%	60,000	59,944	23-Feb-17	Second	Repaid	19-May-17	60,510	60,000	-
10305	Mortgagor #25	13.99%	60,026	60,283	16-Oct-16	Second	Repaid	29-May-17	60,554	60,026	-

OFF-BOOK INVESTMENTS											
Residential Mortgages [CAD]											
Mortgage ID	Borrower	Rate	Principal	Balance	Funding Date	Type of Mortgage	Status	Repaid Date	Payment	Principal	Remaining Recorded Value
10406	Mortgagor #26	14.50%	44,000	44,214	24-Oct-16	Second	Repaid	30-May-17	44,449	44,000	-
10394	Mortgagor #27	14.00%	55,000	54,944	2-Sep-16	Second	Repaid	01-Jun-17	55,517	55,000	-
10462	Mortgagor #28	14.65%	40,000	40,006	13-Mar-17	Second	Repaid	09-Jun-17	40,400	40,000	-
10451	Mortgagor #29	6.00%	60,000	59,982	10-Feb-17	Second	Repaid	11-Aug-17	60,242	60,000	-
10397	Mortgagor #30	14.50%	26,000	25,972	28-Sep-16	Second	Repaid	18-Aug-17	26,167	26,000	-
10407	Mortgagor #31	15.00%	20,207	20,056	28-Oct-16	Second	Repaid	22-Aug-17	20,206	20,207	-
4794	Mortgagor #32	14.00%	52,077	52,352	1-Aug-16	Second	Repaid	29-Aug-17	53,166	52,077	-
10390	Mortgagor #33	13.99%	36,000	35,988	26-Aug-16	Second	Repaid	01-Sep-17	36,077	36,000	-
4840	Mortgagor #34	14.99%	36,500	36,267	11-Sep-15	Second	Repaid	05-Sep-17	36,319	36,500	-
10400	Mortgagor #35	13.00%	46,500	46,441	29-Sep-16	Second	Repaid	15-Sep-17	46,684	46,500	-
10403	Mortgagor #36	12.95%	32,000	31,971	7-Oct-16	Second	Repaid	17-Oct-17	32,379	32,000	-
10452	Mortgagor #37	11.95%	60,000	59,963	14-Feb-17	Second	Repaid	17-Oct-17	60,555	60,000	-
10486	Mortgagor #38	12.50%	28,000	28,010	12-Apr-17	Second	Repaid	25-Oct-17	28,389	28,000	-
10398	Mortgagor #39	12.50%	44,000	43,940	30-Sep-16	Second	Repaid	27-Oct-17	44,319	44,000	-
10402	Mortgagor #40	14.99%	60,000	59,988	7-Oct-16	Second	Repaid	27-Oct-17	61,165	60,000	-
10439	Mortgagor #41	11.95%	135,000	134,879	12-Jan-17	Second	Repaid	01-Dec-17	135,532	135,000	-
4593	Mortgagor #42	14.50%	40,304	40,514	27-Feb-17	Second	Repaid	15-Feb-18	40,825	40,304	-
10363	Mortgagor #43	13.99%	35,016	35,262	23-Dec-16	Second	Repaid	24-Jan-18	35,999	35,016	-
10415	Mortgagor #44	13.99%	57,500	57,476	16-Nov-16	Second	Repaid	12-Jan-18	58,316	57,500	-
10443	Mortgagor #45	11.99%	60,000	52,858	20-Jan-17	Second	Repaid	22-Feb-18	59,360	60,000	-
10448	Mortgagor #46	11.65%	65,000	64,940	3-Feb-17	Second	Repaid	09-Apr-18	65,503	65,000	-
10460	Mortgagor #47	12.50%	80,000	79,933	28-Feb-17	Second	Repaid	29-Mar-18	81,035	80,000	-
10463	Mortgagor #48	15.90%	25,000	25,005	10-Mar-17	Second	Repaid	13-Feb-18	25,355	25,000	-
10465	Mortgagor #49	12.75%	28,000	28,002	14-Mar-17	Second	Repaid	14-Mar-18	28,236	28,000	-
10467	Mortgagor #50	15.00%	45,000	45,064	17-Mar-17	Second	Repaid	29-Mar-18	45,779	45,000	-
10475	Mortgagor #51	14.50%	31,000	31,000	28-Mar-17	Second	Repaid	29-Mar-18	31,336	31,000	-
10477	Mortgagor #52	12.00%	50,000	50,000	31-Mar-17	Second	Repaid	01-May-18	50,466	50,000	-
10479	Mortgagor #53	15.65%	48,000	48,000	29-Mar-17	Second	Repaid	29-Mar-18	48,591	48,000	-
Squire_01	Mortgagor #54	12.00%	40,000	40,213	6-Apr-15	Second	Repaid	22-Apr-17	40,000	40,000	-
Squire_02	Mortgagor #55	12.00%	56,000	56,224	9-Apr-15	Second	Repaid	22-Apr-17	56,000	56,000	-
			\$ 2,457,789	\$ 2,453,029							
Commercial Loans											
Cur	Borrower	Interest	Advance Date	Maturity	Principal Apr 20/17	Accrued Int Apr 20/17	Principal Payments	Interest Payments	Remaining Principal	Remaining Interest	Remaining Recorded Value
CAD	Pond Technologies Inc.	11.00%	15-Dec-15	06-Apr-18	\$ 550,000	\$ 53,238	\$ 122,234	\$ 85,634	\$ 427,766	\$ (32,396)	\$ 395,369
Inter-Fund loan											
Cur	Borrower	Interest	Advance Date	Maturity	Principal Apr 20/17	Accrued Int Apr 20/17	Principal Payments	Interest Payments	Remaining Principal	Remaining Interest	Remaining Recorded Value
CAD	Conscious Capital Fund	Prime + 1%	01-Dec-15	N/A	\$ 274,000	\$ 2,897	\$ -	\$ -	\$ 274,000	\$ 2,897	\$ 276,897

TAB 33

Crystal Wealth Management System Limited
Infrastructure Fund

USD to CAD - Apr 20/17 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
Cash	\$ 2,087,302	\$ 391,108
	2,087,302	391,108
Off-Book Investments		
Commercial Loans - Principal	5,469,571	5,469,571
Commercial Loans - Interest	207,728	207,728
	5,677,300	5,677,300
Recorded Value	\$ 7,764,601	\$ 6,068,408
Units	767,622	767,622
Recorded Value per Unit	\$ 10.12	\$ 7.91

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 2,087,300	\$ 1
Receipts		
Interest Income	3,665	-
Transfer from USD Account	1	-
	3,666	-
Disbursements		
Interim Distribution [Jan 18, 2018]	1,664,590	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	32,803	-
Bank Charges & Fees	2,465	-
Transfer to CAD Account	-	1
	1,699,858	1
Cash Balance - May 31, 2018	\$ 391,108	\$ -

OFF-BOOK INVESTMENTS											
Commercial Loans [CAD]											
Cur	Borrower	Interest	Advance Date	Maturity	Principal Apr 20/17	Accrued Int Apr 20/17			A	B	A + B
							Principal Payments	Interest Payments	Remaining Principal	Remaining Interest	Remaining Recorded Value
CAD	Magnitude CS Energy Inc.	13%	2016 - 2017	On Demand	\$ 5,154,571	\$ 193,782	\$ -	\$ -	\$ 5,154,571	\$ 193,782	\$ 5,348,353
CAD	Cinnos Mission Critical Incorporated	8%	30-Sep-16	28-Sep-18	\$ 315,000	\$ 13,946	\$ -	\$ -	\$ 315,000	\$ 13,946	\$ 328,946
					<u>\$ 5,469,571</u>	<u>\$ 207,728</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,469,571</u>	<u>\$ 207,728</u>	<u>\$ 5,677,300</u>

TAB 34

Crystal Wealth Management System Limited
Hedge Fund

USD to CAD - Apr 2017 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
CAD Cash	\$ 531,127	\$ 453,873
USD Cash [In CAD]	66	-
External Mutual Fund	52,991	-
Equities	172,506	-
Private Equities	100,002	100,002
Warrants	-	-
CAD Gold Loans	896,367	896,367
USD Gold Loans [In CAD]	339,406	339,406
	2,092,464	1,789,648
Off-Book Investments		
Factoring Contracts - Principal	2,992,362	2,992,362
Factoring Contracts - Interest	574,676	574,676
US Real Estate LP - Principal [In CAD]	7,751,576	7,751,576
US Real Estate LP - Accrued Interest [In CAD]	503,909	503,909
Loan to Real Estate LP	46,000	46,000
Accrued Fees and Expenses	(42,036)	-
	11,826,486	11,868,522
Recorded Value	\$ 13,918,950	\$ 13,658,170
Units	1,253,175	1,253,175
Recorded Value per Unit	\$ 11.11	\$ 10.90

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 531,127	\$ 49
Receipts		
Sale of Equities	119,624	-
Redemption of Units in External Mutual Funds	50,205	-
Interest Income	1,441	-
Transfer from USD Account	63	-
	171,332	-
Disbursements		
Interim Distribution [Jan 18, 2018]	158,358	-
Commissions	1,196	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	86,693	-
Bank Charges & Fees	4,338	-
Transfer to CAD Account	-	49
	248,586	49
Cash Balance - May 31, 2018	\$ 453,873	\$ -

ON-BOOK INVESTMENTS											
External Mutual Funds [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
Private	COLUMBIA STREET CAPITAL FUND LP	COL	CAD	4,282	\$ 50,000	\$ 52,991	(4,282)	\$ 50,205	\$ -	\$ 50,205	\$ -
Equities [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
27QF14E	APIA ENERGY CORP	API	CAD	125,000	\$ 25,000	\$ 31,875	(125,000)	\$ 19,162	\$ 192	\$ 18,970	\$ -
27QF14E	HEALTH SPACE DATA SYSTEMS LTD	HS	CAD	799,400	62,514	47,964	(799,400)	38,499	385	38,114	-
27QF14E	3D SIGNATURES INC.	DXD	CAD	134,300	100,725	92,667	(134,300)	61,963	620	61,343	-
					\$ 188,239	\$ 172,506		\$ 119,624	\$ 1,196	\$ 118,428	\$ -
Private Equities [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
Private	RONIN8 TECHNOLOGIES	R08 SUB	CAD	4,762	\$ 100,002	\$ 100,002	0	\$ -	\$ -	\$ -	\$ 100,002
Warrants [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
27QF14E	WTS-APIA ENERGY CORP 31JAN22	87549A	CAD	125,000	\$ -	\$ -	0	\$ -	\$ -	\$ -	\$ -
27QF14E	WTS - 3D SIGNATURES 16DEC18	91528F	CAD	134,300	-	-	0	-	-	-	-
					\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Gold Loans [CAD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
Gold	611802 BC LTD Two	BC 2	CAD	162	\$ 257,837	\$ 267,906	0	\$ -	\$ -	\$ -	\$ 267,906
Gold	611802 BC LTD Three	BC 3	CAD	162	264,394	266,248	0	-	-	-	266,248
Gold	INCA ONE GOLD Purchase Ag 2	IOG 2	CAD	221	354,895	362,212	0	-	-	-	362,212
					\$ 877,126	\$ 896,367		\$ -	\$ -	\$ -	\$ 896,367

Crystal Wealth Management System Limited
Hedge Fund

USD to CAD - Apr 20/17 1.3481001

ON-BOOK INVESTMENTS											
Gold Loans [USD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	A Gross Proceeds	B Com	A - B Net Proceeds	Remaining Recorded Value
Gold	GOLD Onstar Exploration	STAR 2	USD	200	\$ 190,000	\$ 251,766	0	\$ -	\$ -	\$ -	\$ 251,766

OFF-BOOK INVESTMENTS											
Factoring Loans [CAD]											
Cur	Borrower	Daily Interest	Invoices	Maturity	Principal Apr 20/17	Accrued Int Apr 20/17	Principal Payments	Interest Payments	A Remaining Principal	B Remaining Interest	A + B Remaining Recorded Value
CAD	Zomongo TV Corp	\$ 1,245		N/A	\$ 1,494,737	\$ 426,226	\$ -	\$ -	\$ 1,494,737	\$ 426,226	\$ 1,920,963
CAD	Dome Mountain	498		N/A	996,625	80,228	-	-	996,625	80,228	1,076,853
CAD	Restoration Energy	417		N/A	501,000	68,222	-	-	501,000	68,222	569,222
					\$ 2,992,362	\$ 574,676	\$ -	\$ -	\$ 2,992,362	\$ 574,676	\$ 3,567,038

US Real Estate LP [USD]											
Cur	Borrower	Interest	Currency	Units	Principal Apr 20/17	Accrued Int Apr 20/17	Principal Payments	Interest Payments	A Remaining Principal	B Remaining Interest	A + B Remaining Recorded Value
USD	US Real Estate LP	N/A	USD	5,750,000	\$ 5,750,000	\$ 373,792	\$ -	\$ -	\$ 5,750,000	\$ 373,792	\$ 6,123,792

US Real Estate LP Promissory Note [USD]											
Cur	Borrower	Interest	Currency	Maturity	Principal Apr 20/17	Accrued Int Apr 20/17	Principal Payments	Interest Payments	A Remaining Principal	B Remaining Interest	A + B Remaining Recorded Value
CAD	US Real Estate LP	0%	CAD	N/A	\$ 46,000	\$ -	\$ -	\$ -	\$ 46,000	\$ -	\$ 46,000

TAB 35

Crystal Wealth Management System Limited
Conscious Capital Fund

USD to CAD - Apr 20/17 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
CAD Cash	\$ 27,905	\$ 25,806
	27,905	25,806
Off-Book Investments		
Private Equities	632,753	632,753
Private Warrants	25,445	25,445
Inter-fund Loan - Principal	(274,000)	(274,000)
Inter-fund Loan - Interest	(2,897)	(2,897)
	381,301	381,301
Recorded Value	\$ 409,206	\$ 407,107
Units	27,767	27,767
Recorded Value per Unit	\$ 14.74	\$ 14.66

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 27,905	\$ -
Receipts		
Interest Income	67	-
	67	-
Disbursements		
Interim Distribution (Jan 18, 2018)	-	-
Professional Fees (Apr 26, 2017 to Sep 30, 2017)	2,039	-
Bank Charges & Fees	127	-
	2,166	-
Cash Balance - May 31, 2018	\$ 25,806	\$ -

OFF-BOOK INVESTMENTS												
Private Equities [CAD]							A		B		A - B	
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value	
N/A	POND TECHNOLOGIES INC.	POND	CAD	336,571	\$ 448,986	\$ 632,753	0	\$ -	\$ -	\$ -	\$ 632,753	
Private Warrants [CAD]							A		B		A - B	
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value	
N/A	POND TECHNOLOGIES INC 1NOV18	POND-2.50	CAD	212,040	\$ -	\$ 25,445	0	\$ -	\$ -	\$ -	\$ 25,445	

OFF-BOOK LIABILITIES											
Inter-fund Loan [CAD]											
Cur	Borrower	Interest	Currency	Maturity	Principal Apr 20/17	Accrued Int Apr 20/17	Principal Payments	Interest Payments	A Remaining Principal	B Remaining Interest	A + B Remaining Recorded Value
CAD	Conscious Capital Fund	Prime + 1%	CAD	Prime + 1%	\$ (274,000)	\$ (2,897)	\$ -	\$ -	\$ (274,000)	\$ (2,897)	\$ (276,897)

TAB 36

Crystal Wealth Management System Limited
ACM Income Fund

USD to CAD - Apr 20/17 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
CAD Cash	\$ 368,113	\$ 1,137,084
USD Cash [In CAD]	2,940	-
External Mutual Funds	560,025	-
Inter-fund Investments	9,898,493	9,898,493
	10,829,570	11,035,577
Off-Book Investments		
Accrued Expenses and Fees	(14,153)	-
	(14,153)	-
Recorded Value	\$ 10,815,417	\$ 11,035,577
Units	1,056,201	1,056,201
Recorded Value per Unit	\$ 10.24	\$ 10.45

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 368,113	\$ 2,180
Receipts		
Redemption of Units in External Mutual Funds	564,897	-
Inter-fund Investor Distribution [Jan 18, 2018]	894,903	-
Interest Income	3,287	-
Transfer from USD Account	2,810	-
	1,465,898	-
Disbursements		
Interim Distribution [Jan 18, 2018]	657,534	-
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	32,480	-
Bank Charges & Fees	6,913	-
Transfer to CAD Account	-	2,180
	696,927	2,180
Cash Balance - May 31, 2018	\$ 1,137,084	\$ -

ON-BOOK INVESTMENTS											
External Mutual Funds [CAD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27QA24E	MLY YLD OPP-F	MMF4624	CAD	49,895	\$ 553,894	\$ 560,025	(49,895)	\$ 564,897	\$ -	\$ 564,897	\$ -
Inter-fund Investments [CAD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27QA24E	ENLIGHT HEDGE /NFRAC	AAG340	CAD	28,570	\$ 294,150	\$ 317,328	0	\$ -	\$ -	\$ -	\$ 317,328
27QA24E	CRYSTAL MEDICAL /NFRAC	AAG250	CAD	40,849	538,728	560,297	0	-	-	-	560,297
27QA24E	ENLIGHT FACTORING /NFRAC	AAG240	CAD	229,668	2,293,477	2,426,339	0	-	-	-	2,426,339
27QA24E	CRYSTAL MEDIA /NFRAC	AAG300	CAD	655,974	6,641,141	6,594,529	0	-	-	-	6,594,529
					\$ 9,767,496	\$ 9,898,493		\$ -	\$ -	\$ -	\$ 9,898,493

TAB 37

Crystal Wealth Management System Limited
ACM Growth Fund

USD to CAD - Apr 20/17 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
CAD Cash	\$ (1,739,873)	\$ 356,667
USD Cash [In CAD]	(303,820)	-
CAD Equities	4,875,430	-
USD Equities [In CAD]	576,972	-
External Mutual Funds	3,482,518	-
Inter-fund Investments	4,739,753	4,739,753
	11,630,980	5,096,420
Off-Book Investments		
Accrued Expenses and Fees	(21,916)	-
	(21,916)	-
Recorded Value	\$ 11,609,064	\$ 5,096,420
Units	1,195,161	1,195,161
Recorded Value per Unit	\$ 9.71	\$ 4.26

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ (1,739,873)	\$ (225,369)
Receipts		
Sale of Equities	4,304,672	398,394
Redemption of Units in External Mutual Funds	3,410,855	-
Inter-fund Investor Distribution [Jan 18, 2018]	85,869	-
Interest Income	6,232	-
Transfer from USD Account	209,234	-
	8,016,861	398,394
Disbursements		
Interim Distribution [Jan 18, 2018]	5,834,281	-
Commissions	45,151	9,420
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	31,366	-
Bank Charges & Fees	9,523	93
Interest Expense	-	1,151
Transfer to CAD Account	-	162,380
	5,920,321	173,025
Cash Balance - May 31, 2018	\$ 356,667	\$ -

2,096,540

ON-BOOK INVESTMENTS											
Equities (CAD)							A		B	A - B	
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27QA23E	NEXGEN ENERGY LTD	NXE	CAD	249,700	\$ 573,329	\$ 776,567	(249,700)	\$ 664,903	\$ 5,260	\$ 659,644	\$ -
27QA23E	CONTINENTAL GOLD INC	CNL	CAD	25,000	100,250	83,250	(25,000)	87,600	645	86,955	-
27QA23E	DENISON MINES CORP	DML	CAD	400,000	251,581	320,000	(400,000)	224,043	2,240	221,803	-
27QA23E	FISSION URANIUM CORP	FCU	CAD	200,000	194,000	158,000	(200,000)	114,186	3,046	111,140	-
27QA23E	FISSION URANIUM CORP	FCU	CAD	0	-	-	300,000	(210,000)	-	(210,000)	-
27QA23E	FISSION URANIUM CORP	FCU	CAD	300,000	-	-	(300,000)	171,279	4,569	166,710	-
27QA23E	IVANHOE MINES LTD	IVN	CAD	150,000	626,500	759,000	(150,000)	734,550	3,770	730,780	-
27QA23E	LEADING EDGE MATLS CORP	LEM	CAD	343,500	227,100	219,840	(343,500)	244,097	2,680	241,418	-
27QA23E	NORBORD INC	OSB	CAD	5,000	198,900	201,000	(5,000)	206,639	-	206,639	-
27QA23E	PACIFIC BOOKER MINLS INC	BKM	CAD	73,300	301,494	59,373	(73,300)	34,783	348	34,445	-
27QA23E	UEX CORPORATION	UEX	CAD	2,500,000	613,333	725,000	(2,500,000)	476,854	4,769	472,085	-
27QA23E	EMBLEM CORP	EMC	CAD	250,000	911,217	660,000	(250,000)	424,523	5,381	419,143	-
27QA23E	PATIENT HOME MONITORING	PHM	CAD	1,000,000	250,000	235,000	(1,000,000)	442,532	4,425	438,106	-
27QA23E	PROMETIC LIFE SCIENCES	PLI	CAD	320,000	698,900	678,400	(320,000)	688,672	8,020	680,652	-
					\$ 4,946,605	\$ 4,875,430		\$ 4,304,672	\$ 45,151	\$ 4,259,521	\$ -
Equities (USD)							B		B - A	C	B - C
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27QA23E	TORCHLIGHT ENERGY RESOURCES INC.	TRCH	USD	266,543	\$ 381,690	\$ 421,138	(266,543)	\$ 389,251	\$ 9,329	\$ 379,922	\$ -
27QA23F	PACIFIC BOOKER MINLS INC	PBMLF	USD	11,390	67,406	6,851	(11,390)	9,143	91	9,052	-
					\$ 449,096	\$ 427,989		\$ 398,394	\$ 9,420	\$ 388,974	\$ -
External Mutual Funds (CAD)							B		B - A	C	B - C
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27QA23E	SEN MNY MKT-I /NLNFRAC	NCE819	CAD	125,089	\$ 1,250,889	\$ 1,250,889	(125,089)	\$ 1,251,796	\$ -	\$ 1,252,610	\$ -
27QA23E	SEN PRC MTL-I /NLNFRAC	NCE803	CAD	18,559	984,065	944,995	(18,559)	899,381	-	901,740	-
27QA23E	SPR SIL EQ-F /NLNFRAC	SPR423	CAD	112,783	800,609	792,978	(112,783)	750,639	-	750,639	-
27QA23E	NBI WW EM-F /NLNFRAC	NBC769	CAD	37,313	500,015	493,657	(37,313)	509,039	-	508,955	-
					\$ 3,535,578	\$ 3,482,518		\$ 3,410,855	\$ -	\$ 3,413,943	\$ -

Crystal Wealth Management System Limited
ACM Growth Fund

USD to CAD - Apr 20/17 1.3481001

ON-BOOK INVESTMENTS											
Inter-fund Investments (CAD)											
						B	B - A	C	B - C		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27QA23E	ENLIGHT HEDGE /NFRAC	AAG340	CAD	149,011	\$ 1,508,439	\$ 1,655,059	0	\$ -	\$ -	\$ -	\$ 1,655,059
27QA23E	ENLIGHT FACTORING /NFRAC	AAG240	CAD	237,770	2,354,851	2,511,933	0	-	-	-	2,511,933
27QA23E	CRYSTAL MEDIA /NFRAC	AAG300	CAD	56,974	576,764	572,761	0	-	-	-	572,761
27QA23E	CRYSTAL MORTGAGE /NFRAC	AAG210	CAD	0	1	1	0	-	-	-	1
					\$ 4,440,055	\$ 4,739,753		\$ -	\$ -	\$ -	\$ 4,739,753

TAB 38

Crystal Wealth Management System Limited
Sustainable Dividend Fund

USD to CAD - Apr 20/17 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
CAD Cash	\$ 115,376	\$ 135,791
USD Cash [In CAD]	5,964	-
CAD Equities	1,440,897	-
USD Equities [In CAD]	5,008,398	-
Inter-fund Investments	75,693	75,693
	6,646,327	211,484
Off-Book Investments		
Accrued Dividends	3,475	-
Accrued Fees and Expenses	(19,628)	-
	(16,153)	-
Recorded Value	\$ 6,630,174	\$ 211,484
Units	604,117	604,117
Recorded Value per Unit	\$ 10.97	\$ 0.35

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 115,376	\$ 4,424
Receipts		
Sale of Equities	1,478,092	3,829,828
Dividends	7,364	13,496
Inter-fund Investor Distribution [Jan 18, 2018]	16,060	-
Transfer from USD Account	5,060,724	-
	6,561,230	3,843,324
Disbursements		
Interim Distribution [Jan 18, 2018]	6,500,807	-
Commissions	924	2,140
Professional Fees [Apr 26, 2017 to Sep 30, 2017]	37,021	-
Bank Charges & Fees	2,062	-
Transfer to CAD Account	-	3,845,608
	6,540,815	3,847,749
Cash Balance - May 31, 2018	\$ 135,791	\$ -

ON-BOOK INVESTMENTS											
Equities [CAD]							A	B	A - B		
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27QD93A	CANADIAN NATIONAL RAILWAY	CNR	CAD	2,860	\$ 247,532	\$ 287,030	(2,860)	\$ 302,442	\$ 92	\$ 302,350	\$ -
27QD93A	DOLLARAMA INC	DOL	CAD	1,150	108,764	136,850	(1,150)	140,462	49	140,413	-
27QD93A	ENBRIDGE INCOME FD HLDGS	ENF	CAD	3,720	113,902	125,327	(3,720)	118,625	113	118,512	-
27QD93A	GILDAN ACTIVEWEAR INC	GIL	CAD	2,000	70,855	74,840	(2,000)	81,610	70	81,540	-
27QD93A	MAGNA INTL INC	MG	CAD	2,905	161,248	160,966	(2,905)	167,127	78	167,049	-
27QD93A	PEMBINA PIPELINE CORP	PPL	CAD	2,000	77,930	88,380	(2,000)	86,490	70	86,420	-
27QD93A	SILVER WHEATON CORP	SLW	CAD	4,000	105,874	114,520	(4,000)	101,585	120	101,465	-
27QD93A	SLEEP COUNTRY CDA HLD INC	ZZZ	CAD	8,200	242,968	293,478	(8,200)	318,135	225	317,910	-
27QD93A	TOROMONT INDUSTRIES LTD	TIH	CAD	3,525	127,151	159,506	(3,525)	161,616	108	161,508	-
					\$ 1,256,220	\$ 1,440,897		\$ 1,478,092	\$ 924	\$ 1,477,168	\$ -
Equities [USD]											
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value
27QD93B	ADOBE SYS INC	ADBE	USD	750	\$ 96,909	\$ 98,565	(750)	\$ 102,851	\$ 46	\$ 102,804	\$ -
27QD93B	ALPHABET INC CL-C	GOOG	USD	280	208,669	235,662	(280)	263,036	30	263,006	-
27QD93B	APPLE INC	AAPL	USD	1,950	222,375	277,758	(1,950)	280,150	88	280,062	-
27QD93B	APPLIED MATERIALS INC	AMAT	USD	8,135	243,468	324,505	(8,135)	353,382	305	353,077	-
27QD93B	BROADCOM LTD	AVGO	USD	550	96,837	120,016	(550)	130,964	39	130,924	-
27QD93B	CVS HEALTH CORP	CVS	USD	2,835	262,145	225,184	(2,835)	218,183	119	218,063	-
27QD93B	CELGENE CORP	CELG	USD	750	88,249	92,452	(750)	91,266	46	91,220	-
27QD93B	FACEBOOK INC CL-A	FB	USD	1,500	177,967	215,700	(1,500)	224,761	73	224,688	-
27QD93B	GILEAD SCIENCES INC	GILD	USD	1,300	95,370	86,450	(1,300)	83,558	66	83,492	-
27QD93B	GLAXO SMITHKLINE-PLC-ADR	GSK	USD	2,500	96,324	101,775	(2,500)	108,987	108	108,880	-
27QD93B	ILLINOIS TOOL WORKS	ITW	USD	1,120	124,243	150,730	(1,120)	165,936	59	165,876	-
27QD93B	JOHNSON & JOHNSON	JNJ	USD	1,805	200,450	219,975	(1,805)	240,042	83	239,859	-
27QD93B	ELI LILLY & CO	LLY	USD	1,175	93,946	96,279	(1,175)	96,418	61	96,357	-
27QD93B	MICROSOFT CORP	MSFT	USD	1,500	97,926	98,250	(1,500)	104,873	73	104,800	-
27QD93B	NIKE INC CL-B	NKE	USD	3,260	179,436	183,864	(3,260)	167,073	134	166,939	-
27QD93B	NOVO-NORDISK A/S-ADR	NVO	USD	2,320	112,807	84,448	(2,320)	98,830	101	98,729	-
27QD93B	PEPSICO INC	PEP	USD	1,015	101,741	115,294	(1,015)	118,915	56	118,859	-

Crystal Wealth Management System Limited
Sustainable Dividend Fund

USD to CAD - Apr 20/17 1.3481001

ON-BOOK INVESTMENTS												
Equities [CAD]							A		B		A - B	
27QD93B	PFIZER INC	PFE	USD	5,390	166,867	181,859	(5,390)	176,788	209	176,579	-	-
27QD93B	P P G INDUSTRIES	PPG	USD	830	81,999	88,287	(830)	92,394	49	92,345	-	-
27QD93B	PROCTER & GAMBLE CO.	PG	USD	1,245	99,574	111,216	(1,245)	111,201	64	111,137	-	-
27QD93B	SNAP-ON INC	SNA	USD	720	122,556	124,654	(720)	112,404	45	112,359	-	-
27QD93B	SPLUNK INC	SPLK	USD	2,200	122,315	136,466	(2,200)	127,111	97	127,014	-	-
27QD93B	TJX COMPANIES INC	TJX	USD	1,320	99,998	103,184	(1,320)	95,088	66	95,022	-	-
27QD93B	3M COMPANY	MMM	USD	860	153,871	164,398	(860)	161,611	50	161,561	-	-
27QD93B	UNILEVER PLC ADR	UL	USD	1,550	66,641	78,182	(1,550)	64,008	74	83,934	-	-
					\$ 3,412,682	\$ 3,715,153	\$ 3,829,828		\$ 2,140	\$ 3,827,688	\$ -	-
Inter-fund Investments [CAD]							A		B		A - B	
Account	Description	Symbol	Currency	Quantity	Recorded Cost	Recorded Value	Qty Sold	Gross Proceeds	Com	Net Proceeds	Remaining Recorded Value	
27QD93A	ABSOLUTE PROPERTY /NFRAC	AAG786	CAD	7,548	\$ 75,690	\$ 75,693	0	\$ -	\$ -	\$ -	\$ -	\$ 75,693

TAB 39

Crystal Wealth Management System Limited
Sustainable Property Fund

USD to CAD - Apr 20/17 1.3481001

FUND SUMMARY	April 20th Package	May 31, 2018
On-Book Investments		
Cash	\$ 245,796	\$ 1,215,846
	245,796	1,215,846
Off-Book Investments		
Residential Mortgages	2,220,592	390,000
Commercial Loans - Principal	2,000,000	2,000,000
Commercial Loans - Interest	94,027	94,027
Accrued Loss Provision	(12,480)	-
	4,302,139	2,484,027
Recorded Value	\$ 4,547,935	\$ 3,699,874
Units	453,503	604,117
Recorded Value per Unit	\$ 10.03	\$ 6.12

CASH	CAD	USD
Cash Balance - April 20, 2017	\$ 245,796	\$ -
Receipts		
Collection of Mortgage Interest	82,450	-
Collection of Mortgage Principal	1,834,000	-
	1,916,450	-
Disbursements		
Interim Distribution (Jan 18, 2018)	904,265	-
Professional Fees (Apr 26, 2017 to Sep 30, 2017)	40,370	-
Bank Charges & Fees	1,764	-
	946,399	-
Cash Balance - May 31, 2018	\$ 1,215,846	\$ -

OFF-BOOK INVESTMENTS												
Residential Mortgages (CAD)												
Mortgage ID	Borrower	Rate	Principal	Balance	Funding Date	Type of Mortgage	Status	Repaid Date	Payment	Principal	Remaining Recorded Value	
10408	Mortgagor #1	5.75%	\$ 528,000	\$ 527,055	27-Oct-16	First	Repaid	18-Jul-17	\$ 524,989	\$ 528,000	\$ -	
10392	Mortgagor #2	5.50%	282,000	282,800	31-Aug-16	First	Repaid	31-Aug-17	283,152	282,000	-	
10440	Mortgagor #3	5.00%	750,000	747,031	17-Jan-17	First	Repaid	30-Mar-18	752,547	750,000	-	
10445	Mortgagor #4	6.40%	274,000	274,100	31-Jan-17	First	Repaid	14-May-18	268,604	274,000	-	
10395	Mortgagor #5	6.00%	165,000	164,084	9-Sep-16	First	Outstanding	N/A	-	-	165,000	
10459	Mortgagor #6	5.99%	225,000	225,521	28-Feb-17	First	Outstanding	N/A	-	-	225,000	
			\$ 2,224,000	\$ 2,220,592					\$ 1,829,292	\$ 1,834,000	\$ 390,000	
Commercial Loans (CAD)												
Cur	Borrower	User Fee	Advance Date	Term	Principal Apr 20/17	Accrued Int Apr 20/17	Principal Payments	Interest Payments	Remaining Principal	Remaining Interest	Remaining Recorded Value	
CAD	MCSAB10 Inc.	13.00%	09-Dec-16	28-Jun-00	\$ 2,000,000	\$ 94,027	\$ -	\$ -	\$ 2,000,000	\$ 94,027	\$ 2,094,027	

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From: [David Denhollander](#)
To: [Al Housgo](#); [Jeff N](#); [Chuck](#); [Bob Maljaars](#); [Jerry Froese](#); [Paul Dick](#); [David DenHollander](#); [Ryan Waechter](#)
Subject: Laguna Torca Update
Date: Thursday, April 20, 2017 6:36:01 PM

Hey Guys,

I trust you have all received the pictures I sent earlier. Harvest officially kicked off today. We were scheduled to start yesterday but it was official census day in Chile. Everyone had to stay home until a census agent came to their door and completed the census. We currently have 2 full time workers taking care of the farm and 1/2 a person per month for domestic/gardening help and help during harvest time who I don't mind paying while we are here, she costs around \$500 a month. Juan Manuel splits his time between managing the farm and focusing on oil sales. I have reduced his monthly wage to \$400,000 clp from \$600,000 clp and am paying him commission on sales. We as a family have put in a ton of time and energy (and money) into the farm which we are not compensated for, other than getting to enjoy the farm, weather, food etc. I really feel good about all the value we have added to the farm since we took it over in Nov of 2015 (16 months ago). Other than major improvements in the water system, including a new well, and improvements to irrigation systems and contouring of the land in and around the lake and trees we have undertaken other major improvements including upgrading the worker house as well as adding a new apartment and upgrading the pond so it will retain water. We have spent \$130,000 CAD in the last 6 months on capital expenditures including a tractor/mower/wagon and building materials and equipment rentals to accomplish all the upgrades. The water system upgrade has proven to be most valuable and seems to have addressed all the water issues on the farm. The new well supplies copious amounts of water and the new well in conjunction with new and replaced irrigation lines has made a noticeable difference in the volume and size of the olives. This fall after the harvest we will embark on another major round of pruning of the trees.

We have also made great strides towards laying the ground work to generate revenue to offset some our monthly expenses. We have addressed a number of infrastructure problems and crop management issues which should yield us with a much higher production this year and even greater the next. We have been working on the marketing and have established a much higher price for our oil than the previous owners. My biggest concern this year is that we do not have enough oil to meet the demand we have fostered.

The annual harvest introduces a cost above our normal monthly operating costs. I estimate that it will cost us around \$4-5k USD for the harvest which should be completed over a 2 month period. We have hired 5 temporary workers to help with the harvest. Apparently the seasonal workers are amazed at how good the farm, trees, fruit, terrain all look compared to previous years. Most of the workers have been working in the harvest for over 5 years and are very complimentary on the current state of the farm. My family are all participating in the harvest for a couple of weeks before we go home May 5th, no charge.

We are selling the Olive oil now for \$6000 clp per 500ml bottle, the previous owners sold the oil for \$4,000 pesos per 500ml retail. We are selling wholesale for \$6000 pesos, retailers are selling it for over \$8000 pesos. We are working on a new contract that will require a minimum of 50 liters a month during slow months and 100 liters during high season. This means a minimum of 600-800 liters annually for this one customer. We are selling the oil for \$12,000 clp a liter now (roughly \$24 CAD).

Last year the harvest was abysmal, the production was less than 200 liters. There were a number of factors which contributed to this, primarily a lack of care for the trees, lack of pruning, fertilizing, pesticides, watering etc resulting in a blight which devastated production. The previous owners were over their heads with the volume of work and the fact they were getting older and suffering some health issues. The changes we have made this past 6 months I hope will result in 800 liters of oil this year, but it is hard to say. In 2014 the farm produced 1200 liters. I am praying that we will be exceeding those levels next season. Other than optimizing the current olive tree production the only other way that we can increase our output is to purchase olives from other farms and run through our press. We are not sure of the quality of this type of oil. We will try to experiment with a batch this year to see if it is viable for next year sales.

Just want to mention here how thankful and proud I am of my family for all the effort and the quality of the work they have put into this farm. David Jr has done an amazing job with the olive orchard and fixing and improving the water system, fencing and all aspects of the infrastructure on the farm, all those years of working at the tree farm in BC came in handy. I also appreciate his continued commitment to operational management of the farm. My son-in-law Byron was invaluable on all the construction projects and did an amazing job along with my daughter Rebecca in developing and implementing the retail strategy including the re-branding and pricing of the product. The retail stand Byron built is amazing and sets a new standard for retail shelving in Llico. The new logo and product branding that Rebecca spear headed was remarkable, and has met with critical acclaim in the local market. Not to forget about all the work around the farm that the other family members including my wife Marion and my children, Esther, Miriam, James, Anna and Benjamin helped with also. Everything from Gardening to yard work, to picking fruit and taking care of animals etc. We would not be at the place we are without all of their help, thanks.

Update on the financial status of the farm.

We are still hoping to be able to honor the original deal but we have run into a number of delays which seem to be continually making things difficult. I am very pleased to announce that we originally paid \$1,080,00 USD for the farm and have paid a total of \$810,000 off and the balance owing is \$270,000 USD. We made a bulk payment a few months ago and do not have to make another payment till Jan of next year. If we are able we will hope to pay it off before then. Your investments are now at a minimum secured by the equity in the property.

Typical Monthly expenses

Legal and Accounting	- \$1500
Electricity & fuel	- \$ 500
Wages	-\$2500
Social Benefits	-\$1000
Maintenance & Misc	- \$1000

I personally have been subsidizing the farm on a monthly basis above the \$5,000 contributed. This is mostly due to legal bills and accounting costs which tend to run around \$1500+ a month combined. I am learning that this country is over run by lawyers who do nothing but push paper to keep the bureaucrats happy. Creating no value and keeping the Chileans in check.

To date I personally have contributed \$130,000 CAD to the farm to pay for the monthly overruns, improvements, tractor, sprayer, equipment rentals etc. I am in the process of negotiating with a party to log the pine trees from the property so we can re-coup some funds and plant indigenous trees on the property. I will take the first \$50,000 which comes in from the sale of the trees to repay the funds I have invested and I will take an additional 10% ownership in the property in exchange for the other \$80k I have put into the farm. These funds (80K) will only be repaid to me when/if the farm or my shares are sold. I am assured that there is at least \$50k worth of logs for us from the property. There are many benefits to cutting down the pines. Primarily fire hazard being the biggest, after this last fire season we can't cut them down fast enough from my perspective. The trees create super dry conditions and suck all the water out of the ground and burn like crazy. The indigenous trees use much less water, grow much more slowly and are not as susceptible to burning.

In terms of ownership of the farm this is how it looks:

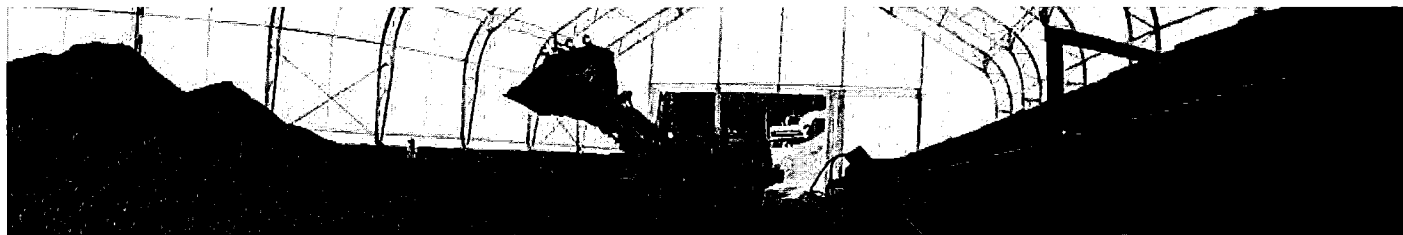
A.H - 10%
J.N - 10%
P.D - 10%
B.M - 10%
DDH - 20%
J.F - 10%
C.P. - 10%
R.W. - 10%
D/B - 10%

My family and I plan on coming back in the fall for an extended stay again. I trust that we will be seeing some of you next year. Please let us know if you are planning to come so we can make arrangements for accommodations. If the cascade is not going to be occupied very much I will make it available on Airbnb to try generate additional income.

Take care, hope to see you soon.

David

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DOME MOUNTAIN MINE

Metal Mountain Resources Inc.

The Dome Mountain Mine is located approximately 38 kilometres due east of the Town of Smithers in northwest British Columbia, Canada. The property consists of 42 contiguous mineral claims and one mining lease comprising a total area of over 11,000 hectares. The claims are road accessible from Smithers by 64 kilometres of mostly gravel all-weather roads.

The Town of Smithers, with a regional population of approximately 15,000, is a major centre for resource industries operating in northwest British Columbia. It is located approximately 400 kilometres from deep water ocean ports in Prince Rupert, Kitimat and Stewart, has an airport with daily service to Vancouver, and has access to the CN rail-line. Several exploration companies and diamond drill contractors have offices in the town. Smithers has readily available, skilled mine and construction labour as well as connections to electric power and natural gas.

Metal Mountain acquired mineral tenures that cover the past-producing Dome Mountain Mine with the intention of reopening the mine and exploring for additional gold-silver resources. Since acquiring the property, Metal Mountain has completed 9,631 metres of in-fill and exploration drilling, a NI 43-101 resource estimate, and a NI 43-101 prefeasibility study in addition to baseline environmental and engineering studies.

In June of 2011, Metal Mountain sold its interest in the Dome Mountain Mine to its subsidiary Gavin Mines Inc. Metal Mountain owns 63% of Gavin Mines Inc.

Dome Mountain Mine Permits

In August 2010, Mines Act Permit M-237 and Environmental Management Act Permit 104869 were issued, in the name of Gavin Mines Inc. Gavin Mines Inc. named to honour the late Gavin Tattersall, former President, CEO and Senior Founder of Metal Mountain which is the operating company for the Dome Mountain Mine.

The Company is currently (January 2013) preparing an application to amend our existing Mines Act and Environmental Management Act permits to include on site milling and tailings disposal. The application will be submitted to the Provincial Government of British Columbia early in 2013.

Infrastructure Construction & Underground Development (2010-2012)

As of January 2013, seventy-five percent of the underground development required to achieve full-scale production at the Dome Mountain Mine has been completed. The following summarizes the infrastructure and underground development completed to date (to view pictures see [photo gallery](#)):

- 24 by 60 foot mine dry/office building
- Electrocoagulation water treatment plant
- Water and sewer for all surface facilities
- 100 by 70 foot building for ore crushing and load-out
- Extensive pipelines system designed to direct mine water to the sediment control pond and to recycle water to the mine for drilling
- A 40 by 54 foot mechanics shop
- Electrical work into the mine
- Fuel storage and distribution system
- Major earthwork projects completed include:



**METAL MOUNTAIN'S
PROPERTIES MAP**

[View the map](#)

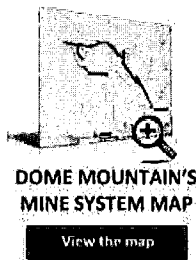


**METAL MOUNTAIN'S
DOME CLAIMS MAP**

[View the map](#)

- Sediment control pond
- Load-out building site and the access road
- Turnaround for the highway trucks at the ore load-out and the pull-outs on the Chapman and Michelle Bay Forest Service Roads
- Underground development completed includes:
 - Installation of compressed air, water and ventilation services into the mine
 - Two underground portals rebuilt
 - Stabilization of a major fault
 - Construction safety bays
 - Installation of underground ventilation fan
 - Sump to collect and recycle mine water
 - Advanced underground workings to the entrance of the first cut and fill stope on the 1290 level
 - Commenced mining and ore stockpiling (approx. 6000 tonnes)
 - Commenced work on the vent raise from the 1290 to the 1370 level, a key component of the ventilation system

Onsite Ore Processing



Management has determined that the most feasible means of processing the ore from the Dome Mountain Mine is to build an on site mill. The Company is in an excellent position to resume mining activities at the Dome Mountain Mine as the underground development work required to achieve full-scale production has been 75% completed. Resumption of mining activities are anticipated to commence two months before the completion of the on site mill.

We are working diligently toward obtaining funding to construct facilities for on site concentrating of the gold-silver ore from the Dome Mountain Mine. The Company is in discussions with private and institutional sources that have expressed interest in financing the project.

Historical Exploration, Development and Production

The Dome Mountain area has a long history of exploration that resulted in the discovery of numerous gold bearing quartz-sulphide veins. Gold mineralization was first located on the property in the late 1800s and considerable surface and underground work was done in 1923-24. Resumption of exploration in the 1980s led to the discovery of the Boulder Vein system in 1985.

Underground mining was initiated in August 1991 by Timmins Nickel Inc. and its joint venture partner, Habsburg Resources Inc. and ceased in May 1993. During this period 43,900 tonnes at an average grade of 12.0 grams per tonne gold were reportedly mined from shrinkage stopes accessed from trackless drift developments on the 1290 and 1370 levels. The ore was shipped off-site to either the Equity Silver mill near Houston, BC or to the Westmin Premier mill near Stewart, BC for toll milling.

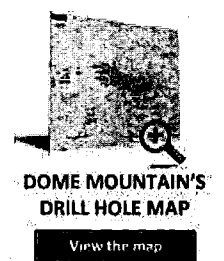
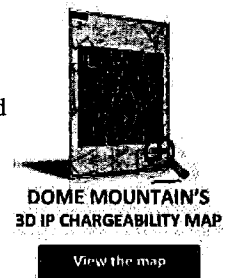
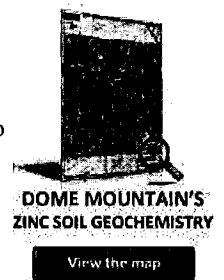
Exploration (2008-2009)

Prior to Metal Mountain's acquisition of the Dome Mountain Mine, Eagle Peak Resources Inc. conducted the following exploration and development on the property from 2008-2009:

- In 2008, Eagle Peak Resources Inc. conducted soil geochemistry, 3D induced polarization and magnetic surveys over the Boulder Vein system and its projected extension to the east. These surveys were designed as an orientation of the geochemical and geophysical signatures related to the known veins and structures as an aid to further exploration.
- Between July 28 and September 24, 2009, Eagle Peak Resources Inc. conducted a drill program of 46 HQ holes totaling 5,705 metres. Most of the drilling was conducted on the Boulder Vein system to in-fill the existing drill pattern and to confirm the results from the pre-2009 drilling.
- Exploration drilling of coincident soil geochemistry and 3D induced polarization anomalies by Eagle Peak Resources Inc. in 2009 intersected a quartz vein that assayed 19.07 grams per tonne gold over the 0.6 metre interval from 49.4 to 50.0 (Drill hole DM09-046). This intersection is located approximately 400 metres northeast of the 1290 portal and may represent the discovery of a new vein.
- In addition to diamond drilling, Eagle Peak Resources Inc. conducted considerable underground sampling. The vein exposures in the stopes accessed from the 1290 level were washed, mapped and chip sampled. Samples were taken from the quartzcarbonate-sulphide veins and the surrounding wall rock alteration at right angles to the vein. A total of 193 chip samples were collected for analysis.

Exploration 2010

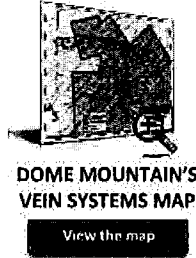
Metal Mountain conducted a small diamond drill program (10 holes) in February 2010. 2 holes (DM-10-055 and DM-10-056) were planned as condemnation drilling in the area of a proposed tailings pond, approximately 1300m northeast of 1290m (Lower) Portal.



The other 8 holes (DM-10-047 to DM-10-054) were exploration holes, designed to test for the extension of the Boulder Footwall Vein structure found in Dome Mountain Mine. For more information on the 2010 drilling, see the [Dome March 15, 2010 news release](#).

Results from exploration drilling indicate a 400-metre horizontal extension of the Boulder Footwall Vein from mine workings, over a vertical extent of 140 metres. High gold assays indicate the grade potential within the vein structure. Additional drilling is recommended to follow up on these results. For more information on the 2010 drilling, including assay results, see the [April 13, 2010 news release](#).

Exploration Potential



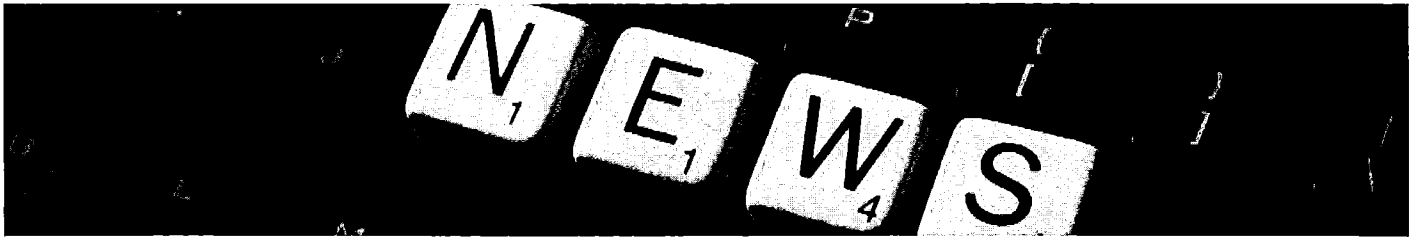
Management of the Company believes there is considerable opportunity to increase the mineral resources of the Dome Mountain Mine through additional infill drilling on the Boulder Vein system and further exploration drilling.

In addition to the Boulder Vein system, the project is host to the Cabin, Elk, Forks, 9800, Free Gold, Ptarmigan, Eagle, Gem, Raven, Hawk, Chance, Hoopes, Jane and Pioneer Veins. The Cabin Vein is interpreted as the westward extension of the Boulder Vein. The other veins mentioned are separate from the Boulder Vein system.

The veins occur in a roughly northwest-southeast 12 km trend from southeast of Dome Mountain to Mt. McKendrick. This trend may reflect the presence of a deep-seated structure. Based on the results of exploration to date and on the deposit model, there is significant potential to develop mineral resources on the Forks, Elk, Free Gold and 9800 Veins and to discover new veins.

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NEWS RELEASES

Metal Mountain Resources Inc.
Gavin Mines Inc.

July 6, 2016
Vancouver, British Columbia

NEWS RELEASE

Metal Mountain Resources Inc. ("MMR") regrets to announce that at this time MMR is unable to pay dividends as earlier planned. The reasons for the delay, as well as plans for Gavin Mines Inc ("GMI") moving forward, are explained in more detail below.

Section 4.2(a) and (b) of the Share Purchase and Shareholder's Agreement dated November 27, 2015 between GMI, the then existing shareholder's of GMI, and Dome Mountain Resources of Canada Inc ("DMRC"), states "if the Company does not have the permit and drilling results specified under this Section 4.2 by June 30, 2016 this Agreement shall be terminated except for the provisions of Sections 3.1 and Article 8 of this Agreement which will continue in full force and effect". DMRC has purchased 14.48% of GMI's issued shares under the terms of the Shareholder's Agreement. Section 3.1 and Article 8 set out the terms of the Shareholder's Agreement among all the shareholders of GMI.

Notwithstanding that the drilling results "condition" of the Agreement were fulfilled by the Company (we are awaiting the NI43-101 report from Steve Cutler of Rough Stock Mining Services), however, GMI was not able to obtain the amended permit for the mill and tailings management facility from the BC government by June 30, 2016. The government ministries responsible for issuing such permits are under intense stress and scrutiny as a result of changing regulations brought on by serious problems (i.e. major tailings dam breaches at other mines in the Province). As a result, the government has brought into effect higher mandatory environmental protection requirements at the engineering and design level for all tailings management facilities to be permitted in the Province, which has created a backlog of old and new applications for permitting.

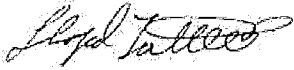
Notwithstanding, while the permitting climate in BC has changed significantly since the major breaches of tailings dams in the Province, (commencing in August 2014), GMI submitted our Amended Permit Application in February 2014 and remains confident that by making some changes to our tailings disposal plan, amended permits will be issued to GMI. Falkirk Resource Consultants of Vancouver have been recently engaged to help communicate with the government of BC on sensitive issues surrounding the permit amendments.

In the meantime, GMI has entered into negotiations with Nicola Mining Inc (Nicola) to ship to and process ore from the Dome Mine site at Nicola's facility located approximately 15 km outside of Merritt, BC. GMI is presently permitted to mine ore from the Dome Mine and plans to put the Dome Mine back into Stage 1 production at a rate of 100 tonnes per day, after addressing a few minor government requirements.

Nicola, under agreement with GMI and as a test run for a proposed future milling and smelting agreement is currently processing 4,700 tonnes of GMI ore that was stockpiled at Quesnel, BC. Initial indications are that recoveries are in line with our metallurgical projections. Nicola will ship the concentrates to a smelter after GMI has reviewed and approved the proposed smelter agreement. Nicola has expressed interest in pursuing a longer-term contract with GMI to process ore directly from the mine at a rate of 100 tonnes per day.

For GMI's Mines Act permit amendment regarding the installation of a 250 tonne per day mill and tailings disposal for Stage 2, GMI is required to complete an engineering study on the feasibility of different BAT (Best Available Technology) and best engineering study for the feasibility of acceptable tailings disposal options, before the application for an amended permit can be updated and resubmitted. In addition, the company will need to update the kinetic test water quality effects model for the site and the new proposed discharge limits.

The cash flow from Stage 1 mining of the Dome Mine and the milling at the Nicola mill in Merritt will produce cash flow that is expected to enable GMI to fund the Stage 2 permit amendment requirements. It is also GMI's plan to continue to meet our present obligations and to use any excess funds generated from the above activity to drill and establish additional resources at the Dome Mine. All of the aforementioned programs are expected to increase the value of the Dome Mine.



Lloyd Tattersall

For further information please contact:

Curtis Brazeau

VP of Communications

P: 778-846-4907

E: cb@metalmountainresources.com

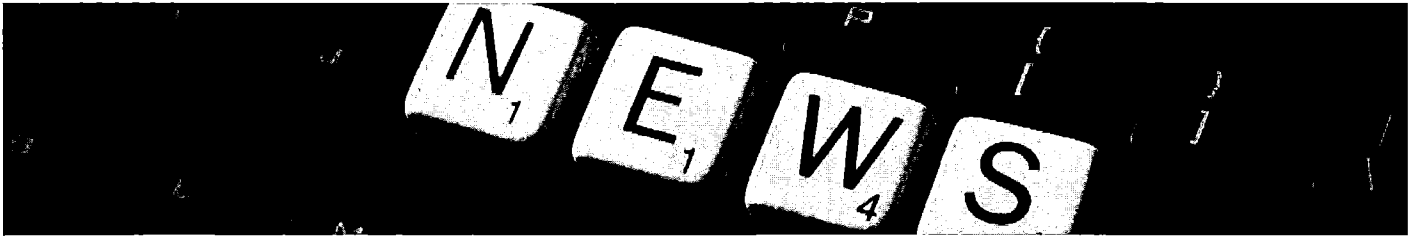
FORWARD LOOKING STATEMENTS:

The information contained in this website is provided solely for the reader's general knowledge. The information is not intended to be a comprehensive review of all matters and developments concerning Metal Mountain Resources Inc. All information is offered on a "best intentions" basis. No securities commission or other regulatory authority in Canada or any other country or jurisdiction has in any way passed upon this information and no representation or warranty is made by the Company to that effect.

This website includes "forward looking statements". Other than statements of historical fact, all statements included in this document, including without limitation, statements regarding exploration results, future plans and objectives of the Company may be forward looking statements. These statements may reflect management's current beliefs and are based on information currently available to management. Forward looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements, including, but not limited to, general economic conditions, changes arising as drilling results unfold, changes in regulatory environments affecting the Company and the availability and terms of subsequent financings. Although the forward looking statements included in this document are based upon what management believes to be reasonable assumptions, there can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

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NEWS RELEASES

Metal Mountain Resources Inc.
Gavin Mines Inc.

February 9, 2017
Vancouver, British Columbia

NEWS RELEASE

Management of Metal Mountain Resources Inc. and Gavin Mines Inc. (the "Company") are pleased to provide the following update on the progress at the Dome Mountain gold-silver mine near Smithers, British Columbia.

The "Company" under the terms of a 50-50 Profit Share Agreement dated May 12, 2016 with Nicola Mining Inc (Nicola). The "Company" shipped 5,700 tonnes of Dome Mine ore to the Nicola toll mill in Merritt, BC. The information garnered from processing a small amount of ore represented a trial run to determine recovery and profitability. Nicola's operations managed a gold recovery grade upwards of 94% and 85% recovery for silver, the standard set by our metallurgical consultant for Dome Mine ore.

The "Company" is presently negotiating a longer term Profit Share (37.5% Nicola and 62.5% the "Company") Agreement with Nicola to process 100 tonnes per operating day of Dome Mine ore. This would enable the "Company" to meet the necessary requirements to continue the permit process with the BC government (For details, please see Metal Mountain News Release dated July 6, 2016). This positive cash flow would also allow for further exploration drilling on the Dome Mine property with the goal of increasing the overall tonnes, grade and ounces of gold and silver. The "Company" is working diligently to complete negotiations on this agreement.

In an effort to reduce costs and provide direct management for the Dome Mine, the "Company" has relocated head office from Vancouver, BC to Smithers, BC. The "Company" maintained an office for the accounting department in Vancouver. All correspondence must be sent to the Head Office in Smithers.

Lloyd Tattersall

Head Office Contact:
3431 19th Avenue
PO Box 2080
Smithers, British Columbia
VOJ 2N0

250-847-0066

For further information please contact:

Curtis Brazeau
VP of Communications
P: 778-846-4907
E: cb@metalmountainresources.com

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March 17th, 2015

Dome Mountain Resources of Canada Ltd.
112 Cranston Drive SE
Calgary, Alberta T3M 1A8
Canada

Attention: Mr. Darcy Pahl

Commitment Letter

Based on your representations and the information provided to The McBean Group Ltd ("TMGL") through the Dome Mountain Resource Fund and Dome Mountain Resource Series II Fund, TMGL as Fund Managers, subject to the successful completion of legal documentation, due diligence, Fund licensing, banking applications and subject to the conditions set out herein, TMGL is pleased to outline the terms of a Term Facility (the "*Term Facility*") that TMGL would be willing to extend to Dome Mountain Resources of Canada Inc. (the "*Borrower*").

- | | |
|---|--|
| 1. BORROWER: | Dome Mountain Resources of Canada Inc.
(" <i>Borrower</i> ") |
| 2. TYPE OF FACILITY | Term Facility in the amount of 50% of the subscribed Funds with full subscription of the Funds at \$200 MM. |
| 3. PURPOSE: | Mortgage financing to facilitate the refinancing of the Dome Mountain Mining project (" <i>Project</i> ") in Smithers, BC |
| 4. INTEREST RATE/
GROSS OVER-RIDING
ROYALTY: | 8% per annum on the advanced amount of the Term Facility. Based on an 8% coupon rate and 2% GORR.

Interest shall be calculated monthly in arrears as well after as before maturity, default and judgment, with interest on overdue interest at the same rate as on principal, computed on a daily balance outstanding at the aforementioned rates based on the actual number of days lapsed divided by 365, and shall be payable as herein set forth. |

*Suite 350, Southcentre Executive Tower,
11012 Macleod Trail SE, Calgary, AB. T2J 6A5
Telephone: 403 771-0731 Email: JM@TMGL.ca
www.TMGL.ca*



Interest shall be payable quarterly, due on the last business day of each calendar quarter on the balance outstanding under the Term Facility and on any other monies due and payable hereunder, both before and after maturity, default or judgment at the interest rate set forth herein. The first payment on account of interest shall be on the last business day of the quarter of the first advance under the Term Facility.

5. TERM:

60 month facility with a minimum term (interest commitment) of 12 months. Fully open facility after 12 months. The facility is renewable upon maturity upon negotiation of mutually agreeable terms and conditions at TMGL's discretion.

6. PAYMENT:

Interest payments quarterly, principal due at maturity or as negotiated with TMGL.

**7. DOCUMENTATION
AND SECURITY:**

The liability and obligation herein and any future obligations of any nature and kind of the Borrower shall be evidenced, governed and secured, as the case may be, by the following documents (collectively, the "Security"), completed in form and manner satisfactory to TMGL's lawyers:

- a) Mortgages registered in 1st position on each title of the Project lands (see Schedule A);
- b) Promissory Note
- c) General Security Agreement, registered in 1st position;
- d) Corporate Guarantee from the Borrower;
- e) Assignment of any rent or sales pertaining to the revenues derived from the Project;
- f) Priority/Subordination Agreements or Discharges as Applicable, with existing secured creditors (if required);
- g) Adequate insurance coverage (if required);
- h) All supporting authorizations, certificates, acknowledgements and legal opinions as TMGL may reasonably require including, without



limitation, satisfactory legal opinion(s) relating to the existence of the Borrower and Guarantor (if applicable) and the due authorization, execution and delivery and enforceability of the documents executed pursuant to this Commitment Letter or the Facilities, and to the priority of the security;

- i) Such further security and other documentation that TMGL and its solicitor may reasonably require;

8. CONDITIONS:

The obligation of TMGL to make the Facility available is subject to and conditional upon each of the following:

- a) Acceptance by the Borrower of this Commitment Letter;
- b) A sinking fund provision, whereby the Borrower, assigns 75% of all revenues derived by the Borrower from the Project to TMGL and any receipts above the minimum interest commitment will be held in trust by TMGL until the end of the minimum term;
- c) Delivery and registration of the Security in a form acceptable to TMGL;
- d) TMGL's security interest under the Security ranking first with respect to all present and future property, assets and undertaking of the Borrower, including without limitation, accounts, inventory, equipment, reserves, intellectual property and securities, subject to disclosed prior ranking liens on equipment / accounts, as agreed to by TMGL in writing;
- e) the Borrower having paid statutory liens, trust and other Crown Claims including employee source deductions, GST, PST, HST, EHT, amounts due under Wage Earner Protection Plan Act ("WEPPA") and Workplace Safety and Insurance Board ("WSIB") premiums and any other amounts owing to the Crown that could



rank in priority to the first charge to be granted to TMGL under the Security;

- f) TMGL to be provided upon acceptance hereof with the following:
- copy of the Articles of Incorporation/Amalgamation or other documents of Borrower;
 - last three months' bank statements for Borrower;
 - full details of ownership of Borrower.

9. ONGOING REPORTING:

The Borrower is to provide such financial and other information as TMGL may reasonably request, from time to time. Including, but not limited to:

- quarterly internally prepared financial statements
- monthly revenue report on the Royalty Interests
- evidence of payment of all government priority payables within 15 days of their respective due dates
- monthly reconciliations and quantity surveys conducted by TMGL

10. ONGOING COVENANTS:

In addition to those covenants set out in the security, the Borrowers agree as follows:

- a) The Borrower may not pledge assets, acquire or merge with other companies, without TMGL prior written consent, which will not be unreasonably withheld.
- b) The Borrower may not make loans to or investments in, or give guarantees on behalf of others without the written consent of TMGL, which consent will not be unreasonably withheld.
- c) The Borrower shall pay when due all statutory liens, trust and other Crown claims including



employee source deductions, GST, PST, HST,
EHT, WEPPA and WSIB premiums.

11. FACILITY FEE:

Borrower shall pay to Pay2Z International a Facility Fee of 0.5% the Term Facility on closing, such payment to be deducted from the initial advance and subsequent advances to the Borrower.

12. DUE DILIGENCE FEE:

Paid.

13. FACSIMILE:

Facsimile, pdf and other electronic documents pertaining to this transaction are to be considered and treated the same as original documents.

Yours truly,
The McBean Group Ltd.

Jordan McBean

Managing Director – Fund Manager

TAB 45

AIRD BERLIS

Mark van Zandvoort
 Direct: 416.865.4742
 E-mail: mvanzandvoort@airdberlis.com

April 27, 2018

BY REGISTERED MAIL AND EMAIL

Dome Mountain Resources of Canada Inc.
 112 Cranston Drive, SE
 Calgary AB, T3M 1A8

400 – 725 Granville Street, PO Box 10325
 Vancouver, BC V7Y 1G5

Attention: Darcy Dean Pahl, President and Robert Maljaars

Dear Sirs:

**Re: Receivership of Crystal Wealth Group, Ontario Superior Court of Justice
 Court File No. CV-17-1179-00CL
 and Re: Dome Mountain Resources of Canada Inc.**

As you know, we are the lawyers for Grant Thornton Limited in its capacity as the Court-appointed Receiver and Manager (in such capacity, the "Receiver") of the Crystal Wealth Group.

We refer to the Receiver's letter to Dome Mountain Resources of Canada Inc. ("Dome") dated November 22, 2017 (the "**November 22nd Letter**"), enclosed. All capitalised terms not otherwise defined herein are intended to have the meaning ascribed to them in the November 22nd Letter.

Despite the Receiver's November 22nd Letter, Dome has failed to repurchase the Receivables, and to otherwise make any payments to the Receiver toward discharging the Indebtedness. The failure to repurchase the Receivables as demanded in the November 22nd Letter constitutes an event of default under the Factoring Agreement.

The Indebtedness is secured by, among other things, a Security Agreement dated November 4, 2016 granted by Dome. On behalf of the Receiver, we enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (the "**BIA Notice**").

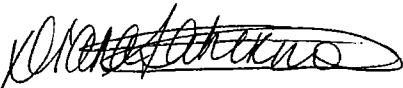
If payment of the Indebtedness, as described in the November 22nd Letter and as is further particularized in the BIA Notice, enclosed, is not received immediately by the Receiver, the Receiver will take all steps to collect the Indebtedness and to enforce its security.

We encourage that you, or your counsel Christian Popowich (copied here), contact the undersigned immediately to confirm payment arrangements and to discuss this matter, including to arrange for the surrender of Dome's share certificates in Gavin Mines Inc.

Page 2

Yours truly,

AIRD & BERLIS LLP



per: Mark van Zandvoort

MVZ/ds

Encls.

cc: Grant Thornton Limited, the Court-Appointed Receiver
Christian J. Popowich, Code Hunter Barristers, Lawyers for Dome Mountain
Resources of Canada Inc., by email at cpopowich@codehunterllp.com

32120357.1

AIRD BERLIS

AIRD BERLIS

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))
 By Registered Mail and Email

TO: Dome Mountain Resources of Canada Inc.
 112 Cranston Drive, SE
 Calgary AB, T3M 1A8

400 – 725 Granville Street, PO Box 10325
 Vancouver, BC V7Y 1G5

Attention: Darcy Dean Pahl, President and Robert Maljaars

an insolvent company

TAKE NOTICE that:

1. Grant Thornton Limited in its capacity as the Court-appointed Receiver and Manager of the secured party, Crystal Wealth Management System Limited ("**Crystal Wealth**"), as trustee of the Crystal Wealth Enlightened Factoring Strategy (the "**Factoring Fund**") and Crystal Wealth Enlightened Hedge Fund (the "**Hedge Fund**", together, the "**Funds**"), intends to enforce its security on the property of the insolvent company/person described below:
 - (a) all present and after-acquired undertakings, property and assets of Dome Mountain Resources of Canada Inc. (the "**Debtor**"), including, all rights, titles, interest, and benefits of the Debtor in all property including but not limited to the Debtor's shares in Gavin Mines Inc.
2. The security that is to be enforced is in the form of a Security Agreement dated November 4, 2016 granted in favour of Crystal Wealth, as trustee of the Funds, by the Debtor.
3. The amount of indebtedness secured by the security is \$19,147,764.18 as of April 19, 2018, together with additional costs of the secured party, and with additional interest, details of which are below:

Crystal Wealth Enlightened Factoring Strategy (Factoring Fund)			
MGE Corporation Ltd.	Principal Outstanding:	\$12,793,174.87	
	Interest Outstanding as at April 19, 2018:	\$3,424,156.60	
1566496 Alberta Ltd.	Principal Outstanding:	\$824,038.65	

	Interest Outstanding as at April 19, 2018:	\$212,421.92
647497 BC Ltd.	Principal Outstanding:	\$439,698
	Interest Outstanding as at April 19, 2018:	\$147,732.48
Dome Mountain Indebtedness to Factoring Fund as at April 19, 2018:	\$17,841,222.52	
Crystal Wealth Enlightened Hedge Fund (Hedge Fund)		
MGE Corporation Ltd.	Principal Outstanding:	\$1,015,660.35
	Interest Outstanding as at April 19, 2018:	\$271,845.96
Dome Mountain Indebtedness to Hedge Fund as at April 19, 2018:	\$1,306,541.66	
Total Secured Indebtedness owing by Dome Mountain as at April 19, 2018	\$19,147,764.18	

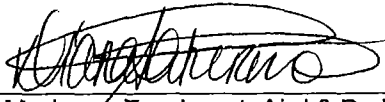
together with any other amounts owing, all fees for which the Debtor is responsible and any and all costs and expenses incurred by or on behalf of Crystal Wealth, the Factoring Fund, and Hedge Fund (including, without limitation, legal and other professional fees).

4. The secured party will not have the right to enforce the security until after the expiry of the ten-day period after this notice is sent, unless the insolvent company/person consents to an earlier enforcement.

AIRD BERLIS

DATED at Toronto this 27th day of April, 2018.

GRANT THORNTON LIMITED,
in its capacity as the Court-appointed Receiver
and Manager of Crystal Wealth Management
System Limited, Crystal Wealth Enlightened
Factoring Strategy, and Crystal Wealth
Enlightened Hedge Fund, by its lawyers, Aird &
Berlis LLP

Per: 
per: Mark van Zandvoort, Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street, Box 754
Toronto, ON M5J 2T9
Tel: 416-863-1500
Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.
32324732.1

AIRD BERLIS



November 22, 2017

BY REGISTERED MAIL AND EMAIL

Dome Mountain Resources of Canada Inc.
112 Cranston Drive, SE
Calgary AB, T3M 1A8

Grant Thornton Limited
11 Floor, 200 King Street West
Box 11
Toronto, ON
M5H 3T4
T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

-and-

Dome Mountain Resources of Canada Inc.
400 – 725 Granville Street, PO Box 10325
Vancouver, BC V7Y 1G5

Attention: Darcy Dean Pahl, President

Dear Sirs;

Re: Receivership of Crystal Wealth Enlightened Factoring Strategy
(formerly Crystal Enlightened Income Fund) and Crystal Wealth
Enlightened Hedge Fund

As you are aware, Grant Thornton Limited was appointed as receiver and manager of the assets, undertakings, and properties of Crystal Wealth Management System Limited (the "Company"), and of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund) and Crystal Wealth Enlightened Hedge Fund (together, the "Funds") (in such capacity, the "Receiver"), pursuant to the Order (Appointing Receiver) (the "Appointment Order") issued by the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) on April 26, 2017. The Appointment Order can be found on the Receiver's Case Website: www.grantthornton.ca/crystalwealth. As is evident in the Appointment Order, the Court has provided broad powers to the Receiver in furtherance of its mandate, in order to augment and ensure that the highest possible recovery can be achieved for the benefit of investors of the Funds.

We refer you to the factoring agreement made between the Company (in trust for the Funds) and Dome Mountain Resources of Canada Inc. ("Dome") dated November 4, 2016 (the "Factoring Agreement"). Unless otherwise defined, all capitalised terms used herein are intended to have the meaning ascribed to them in the Factoring Agreement.

As you are aware, Frontline Factoring Inc. ("Frontline") administered the Funds' factoring arrangements with Dome, including the tracking of Receivables on behalf of the Funds.



As reported by Frontline, as at November 17, 2017, the following Debtor Receivables are outstanding for principal and interest:

Crystal Wealth Enlightened Factoring Strategy			
MGE Corporation Ltd.	Invoice number 206	Interest Outstanding:	\$2,424,355.15
		Principal Outstanding:	\$12,793,174.88
Crystal Wealth Enlightened Factoring Strategy Total:		\$15,217,530.03	
Crystal Wealth Enlightened Hedge Fund			
MGE Corporation Ltd.	Invoice number 206	Interest Outstanding:	\$192,471.09
		Principal Outstanding:	\$1,015,660.35
Crystal Wealth Enlightened Hedge Fund Total:		\$1,208,131.44	
Total		\$16,425,661.47 (collectively, the "Indebtedness")	

The Receiver has reason to believe that the monies advanced to Dome by the Funds were in fact used by Dome as bridge financing, and that the invoices to MGE Corporation Ltd. noted above were created by Dome in order to be consistent with the Factoring Agreement.

We hereby provide Dome with written notice that the above-noted Receivables are more than 90 days in arrears based upon Frontline's records, and that pursuant to section 7.1 of the Factoring Agreement, the Receiver hereby requires that you immediately repurchase these Receivable from the Funds. Please contact the undersigned to make immediate arrangements for payment, as all payments are to be remitted directly to the Receiver. Under the terms of the Factoring Agreement, the repurchase price is the aggregate of the amount of the Indebtedness owing, plus interest, at the rates established by the Factoring Agreement. Interest continues to accrue on the Indebtedness at the rates established by the Factoring Agreement.

In addition, based upon Frontline's books and records, Dome is indebted to the Factoring Fund for additional amounts as set out below pursuant to the Factoring Fund's factoring agreements with 1566496 Alberta Ltd. and 647497 B.C. Ltd., as follows:



Crystal Wealth Enlightened Factoring Strategy			
1566496 Alberta Ltd.	Invoice to Dome No. 221	Interest Outstanding:	\$41,448.66
		Principal Outstanding:	\$262,838.65
	Invoice to Dome No. 222	Interest Outstanding:	\$82,534.20
		Principal Outstanding:	\$361,200.00
Total Owing by Dome to the Factoring Fund on account of invoices issued by 1566496 Alberta Ltd		\$748,021.51	
647497 B.C. Ltd.	Invoice to Dome No. 335	Interest Outstanding:	\$79,868.91
		Principal Outstanding:	\$307,788.60
	Invoice to Dome No. 336	Interest Outstanding:	\$34,228.05
		Principal Outstanding:	\$131,909.40
Total Owing by Dome to the Factoring Fund on account of invoices issued by 647497 B.C. Ltd.		\$553,794.96	
Total Owing by Dome to the Factoring Fund per Factored Invoice Indebtedness from 1566496 Alberta Ltd and 647497 B.C. Ltd.		\$1,301,816.47 (hereinafter included in references to, the "Indebtedness")	

Please contact the undersigned to make immediate arrangements for Dome's payment of the Indebtedness, and Dome's repurchase of the Receivables pursuant to the Factoring Agreement.

If payment of the Indebtedness is not received by the Receiver immediately, the Receiver shall take whatever steps it considers necessary or appropriate to collect and recover the Indebtedness owing to the Funds, including enforcing the security provided by Dome pursuant to the Factoring Agreement. All costs, including legal fees, incurred by the Receiver in enforcing the Funds' rights under the Factoring Agreement will be sought from Dome.

GRANT THORNTON LIMITED,

In its capacity as the Court-appointed Receiver and Manager of the Funds,
and not in its personal or corporate capacity

Jason Knight, CPA, CA
Manager

TAB 46



November 24, 2017

Delivered Via Email: Jason.Knight@ca.gt.com

Grant Thornton Limited, Receiver for:
Crystal Enlightened Income Fund
3385 Harvester Road
Burlington, ON L7N 3N2

Greg P. Shannon, Q.C.
Direct +1 403 298 1899
Direct Fax +1 403 695 3535
greg.shannon@gowlingwlg.com
File no. A154794

**Attention: Jason Knight, CPA, CA, Manager of
Recovery and Reorganization**

Dear Sir:

Re: Zomongo / Crystal Wealth Matters - Follow-up

Please be advised that we have been retained by Zomongo.tv Corp. ("Zomongo") with respect to certain factoring facilities that were entered into by Zomongo with Crystal Wealth Enlightened Factoring Strategy (formerly, the Crystal Enlightened Income Fund) (the "**Factoring Fund**") and Crystal Wealth Enlightened Hedge Fund (the "**Hedge Fund**"). At this time, we respectfully request a complete Consolidated Running Balance Statement to include advances, payments as applied to the associated invoices, interest accrual, and how said payments and advances were received by the Factoring Fund and the Hedge Fund, respectively. We understand that our client may have had previous discussions with yourselves and also with its financial agent, Mr. Timothy P. Barnes of BFF Ventures, and we understand that no formal non-binding Letter of Intent or Letter of Intent has been entered into with respect to the restructuring of said indebtedness.

To this end, we are respectfully requesting the exact amount of the indebtedness due and the per diem interest charges, so that we may consider preparing a binding Letter of Intent for a proposal to restructure the indebtedness.

We look forward to your prompt response, and until then we remain,

Yours very truly,

Gowling WLG (Canada) LLP

Greg P. Shannon, Q.C.

GPS:rp

cc: Jeremy Ostrowski (Via Email)

GOWLING WLG (CANADA) LLP
1600, 421 7th Avenue SW, Calgary, Alberta
T2P 4K9 Canada
CAL_LAW 28785891

T +1 (403) 298 1000
gowlingwlg.com

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at www.gowlingwlg.com/legal

TAB 47



December 4, 2017

Delivered Via Email: greg.shannon@gowlingwlg.com

Gowling WLC (Canada) LLP
1600, 421 7th Avenue SW
Calgary, Alberta
T2P 4K9

Grant Thornton Limited
11 Floor, 200 King Street West
Box 11
Toronto, ON
M5H 3T4
T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

Attention: Greg P. Shannon

Dear Mr. Shannon:

**Re: Crystal Wealth Enlightened Factoring Strategy (formerly Crystal
Enlightened Income Fund) and Crystal Wealth Enlightened Hedge Fund**

As you are aware, Grant Thornton Limited was appointed as receiver and manager of the assets, undertakings and properties of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund) (the “**Factoring Fund**”) and Crystal Wealth Enlightened Hedge Fund (the “**Hedge Fund**”) (together, the “**Funds**”) (in such capacity, the “**Receiver**”), pursuant to the Order (Appointing Receiver) (the “**Appointment Order**”) issued by the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) on April 26, 2017. The Appointment Order, among other documents, can be found on the Receiver’s Case Website www.GrantThornton.ca/CrystalWealth. As is evident in the Appointment Order, the Court has provided broad powers to the Receiver in furtherance of its mandate, in order to augment and ensure that the highest possible recovery can be achieved for the benefit of investors of the Funds.

In your letter dated November 24, 2017, as part of your engagement by Zomongo.tv Corp (“**Zomongo**”) you had requested that the Receiver provide to you a “...*complete Consolidated Running Balance Statement to include advances, payments as applied to the associated invoices, interest accrual, and how said payments and advances were received by the Factoring Fund and Hedge Fund, respectively*”.

Included with this letter are two spreadsheets, prepared by the Receiver based on information obtained from the Funds’ books and records, that include a complete account of the advances made to Zomongo by the Funds, payments made by Zomongo and the allocation of such payments, and accrued interest on all outstanding balances (the “**Zomongo Loan Schedules**”).

The Zomongo Loan Schedules demonstrate that, as at November 30, 2017, Zomongo had total indebtedness of \$9,356,939.50 owing to the Funds consisting of:

- **Principal** – \$7,699,109.91 (consisting of \$6,204,373.05 and \$1,494,736.86 owing to the Factoring Fund and Hedge Fund respectively); and
- **Interest** – \$1,657,829.59 (consisting of \$953,655.17 and \$704,174.42 owing to the Factoring Fund and Hedge Fund respectively).

The following table outlines the principal and interest owing to the Funds from Zomongo for each of the invoices factored by same:

Crystal Wealth Enlightened Factoring Strategy			
Accent Marketing	AC-2015-08-27a	Interest Outstanding:	\$8,004.76
		Principal Outstanding:	\$63,777.64
Accent Marketing	AC-2015-08-27b	Interest Outstanding:	\$47,880.38
		Principal Outstanding:	\$315,000.00
Accent Marketing	AC-2016-02-08a	Interest Outstanding:	\$63,999.26
		Principal Outstanding:	\$421,052.63
Eyeconic.tv	EC-12-15b-2015	Interest Outstanding:	\$100,548.70
		Principal Outstanding:	\$661,500.00
Eyeconic.tv	EC-01-12-2016	Interest Outstanding:	\$92,168.76
		Principal Outstanding:	\$606,375.00
Eyeconic.tv	EC-01-18-2016	Interest Outstanding:	\$67,032.45
		Principal Outstanding:	\$441,000.00
Eyeconic.tv	EC-05-19-2016	Interest Outstanding:	\$96,187.09
		Principal Outstanding:	\$632,812.50
Eyeconic.tv	EC-05-21-2016	Interest Outstanding:	\$80,028.45
		Principal Outstanding:	\$526,500.00
Eyeconic.tv	EC-06-16-2016	Interest Outstanding:	\$96,613.93
		Principal Outstanding:	\$635,625.00
Eyeconic.tv	EC-06-29-2016	Interest Outstanding:	\$96,613.93
		Principal Outstanding:	\$635,625.00
Vanus Consulting Inc.	VA-2016-04-4a	Interest Outstanding:	\$64,002.22
		Principal Outstanding:	\$421,052.64
Vanus Consulting Inc.	VA-2016-04-4b	Interest Outstanding:	\$64,002.22
		Principal Outstanding:	\$421,052.64
Mobility Media & TV	MM-2016-17-8a	Interest Outstanding:	\$31,840.63
		Principal Outstanding:	\$211,500.00
Mobility Media & TV	MM-2016-17-8b	Interest Outstanding:	\$44,732.39
		Principal Outstanding:	\$211,500.00
Crystal Wealth Enlightened Factoring Strategy Total		Interest Outstanding:	\$953,655.17
		Principal Outstanding:	\$6,204,373.05
		Total Outstanding:	\$7,158,028.22

Crystal Wealth Enlightened Hedge Fund			
Eyeconic.tv	EC-01-18-2016	Interest Outstanding:	\$54,298.51
		Principal Outstanding:	\$105,263.16
Accent Marketing	AC-2016-02-08a	Interest Outstanding:	\$73,184.56
		Principal Outstanding:	\$142,105.26
Golden Shores Enterprises Inc.	GS-2016-04-4a	Interest Outstanding:	\$320,220.40
		Principal Outstanding:	\$473,684.22
Golden Shores Enterprises Inc.	GS-2016-04-4b	Interest Outstanding:	\$320,220.40
		Principal Outstanding:	\$473,684.22
Mobility Media & TV	MM-2016-17-8a	Interest Outstanding:	\$58,125.28
		Principal Outstanding:	\$150,000.00
Mobility Media & TV	MM-2016-17-8b	Interest Outstanding:	\$58,125.28
		Principal Outstanding:	\$150,000.00
Crystal Wealth Enlightened Hedge Fund Total		Interest Outstanding:	\$704,174.42
		Principal Outstanding:	\$1,494,736.86
		Total Outstanding:	\$2,198,911.28
Total		\$9,356,939.50 (collectively, the “Indebtedness”)	

Please contact the undersigned at Jason.Knight@ca.gt.com should you have any further questions regarding the material contained in this letter.

Yours truly,

GRANT THORNTON LIMITED,

In its capacity as the Court-appointed Receiver and Manager of the Funds,
and not in its personal or corporate capacity and without personal or corporate liability



Jason Knight, CPA, CA
Manager

TAB 48

From: Tim Barnes
To: Steve Graff
Cc: Greg Shannon; Mark van Zandvoort; Timothy Jones; Pulkinen, Reena; Knight, Jason; Bando, Bruce; Patrick Primavera; Stephen Faucetta; Jeremy Ostrowski; Donna Silverman
Subject: Re: Zomongo / Crystal Wealth Matters - Follow-up
Date: Sunday, December 31, 2017 12:25:17 PM

Good morning Steve and all.

I am on holidays until Wednesday, and just noticed the emails back and forth this morning.

I will be speaking with Zomongo at that time, review all recent communication, and speak with TCA. As Jeremy stated, TCA as Senior Secured Lender and ongoing financier, has also assumed a role of Advisory to Zomongo, and one of their items to attend to is the factored debt situation with Crystal Wealth. As it is the holiday season and year end, I do not expect they have addressed this in order to respond to you directly.

With regards to Greg Shannon, he responded accordingly several weeks ago as directed, and at this time I do not know the result of those communications. Mr. Shannon has no further direction from Zomongo or TCA to act or respond to your recent inquiries as he has stated.

Further communication should be to the addresses you have for Zomongo, TCA, and appreciate if you include me for now.

I will do my best to have the appropriate party get back to you after Wednesday this week.

Best wishes for a Happy New Year.

Timothy P. Barnes
tel./text: 604-809-1919
email: tim@bffventures.com
connect: <https://ca.linkedin.com/in/timothypharnes>

CONFIDENTIALITY NOTICE: The contents of this email message and any attachments are intended solely for the addressee(s) and may contain confidential and/or privileged information and may be legally protected from disclosure. If you are not the intended recipient of this message or their agent, or if this message has been addressed to you in error, please immediately alert the sender by reply email and then delete this message and any attachments. If you are not the intended recipient, you are hereby notified that any use, dissemination, copying, or storage of this message or its attachments is strictly prohibited.

On Dec 31, 2017, at 3:16 AM, Steve Graff <sgraff@airdberlis.com> wrote:

Greg;

You and your client were the one who advised us that you were dealing with this and that we should be communicating with you; so who has misdirected us and for what purpose? Is this now back in Tim's hands? Tim, can you advise? Absent a satisfactory response by Tuesday, we will take the course that we feel is necessary in the circumstances despite the mixed communications we have received from Zumongo and Gowlings now for several months.

Steve Graff
 Cell 416 894-5090
 Office 416 865-7726
 Email sgraff@airdberlis.com<<mailto:sgraff@airdberlis.com>>

Sent from my iPhone

On Dec 31, 2017, at 12:24 AM, Shannon, Greg P. QC
 <Greg.Shannon@gowlingwlg.com<<mailto:Greg.Shannon@gowlingwlg.com>>>
 wrote:

Stop.
 We are not engaged and have no instructions -
 Thanks

Greg P. Shannon, Q.C., ICD.D, TEP
 Partner
 Gowling WLG
 1600, 421 7th Avenue S.W.
 Calgary, AB
 T2P 4K9
 T+1 403 298 1899
 M+1 403 613 0507
 F+ 1 403 695 3535
greg.shannon@gowlingwlg.com<<mailto:greg.shannon@gowlingwlg.com>>

On Dec 30, 2017, at 8:28 PM, Steve Graff
 <sgraff@airdberlis.com<<mailto:sgraff@airdberlis.com>>> wrote:

Not really Greg. I think you have an obligation to clarify what is meant when you say that it is being dealt with by TCA.

Steve Graff
 Cell 416 894-5090
 Office 416 865-7726
 Email sgraff@airdberlis.com<<mailto:sgraff@airdberlis.com>>
 <<mailto:sgraff@airdberlis.com>>

Sent from my iPhone

On Dec 30, 2017, at 11:06 PM, Shannon, Greg P. QC
 <Greg.Shannon@gowlingwlg.com<<mailto:Greg.Shannon@gowlingwlg.com>>
 <<mailto:Greg.Shannon@gowlingwlg.com>>> wrote:

Steve- not sure, ... all I know is we are not engaged to act on that matter and have no instructions. Ok

Thanks

Greg P. Shannon, Q.C., ICD.D, TEP
 Partner
 Gowling WLG
 1600, 421 7th Avenue S.W.
 Calgary, AB
 T2P 4K9
 T+1 403 298 1899
 M+1 403 613 0507
 F+ 1 403 695 3535
greg.shannon@gowlingwlg.com <<mailto:greg.shannon@gowlingwlg.com>>
 <<mailto:greg.shannon@gowlingwlg.com>>

On Dec 30, 2017, at 7:04 PM, Steve Graff
 <sgraff@airdberlis.com <<mailto:sgraff@airdberlis.com>>
 <<mailto:sgraff@airdberlis.com>>> wrote:

How can it be dealt with by TCA? Please advise.

Steve Graff
 Cell 416 894-5090
 Office 416 865-7726
 Email sgraff@airdberlis.com <<mailto:sgraff@airdberlis.com>>
 <<mailto:sgraff@airdberlis.com>> <<mailto:sgraff@airdberlis.com>>

Sent from my iPhone

On Dec 30, 2017, at 3:46 PM, Shannon, Greg P. QC
 <Greg.Shannon@gowlingwlg.com <<mailto:Greg.Shannon@gowlingwlg.com>>
 <<mailto:Greg.Shannon@gowlingwlg.com>>
 <<mailto:Greg.Shannon@gowlingwlg.com>>> wrote:

Dear Steve:

I am out of the office and at this time I have no instructions to act on this matter from our client . They have confirmed this matter is being dealt with by TCA.

Many thanks ,

Greg P. Shannon, Q.C., ICD.D, TEP
 Partner
 Gowling WLG
 1600, 421 7th Avenue S.W.
 Calgary, AB
 T2P 4K9
 T+1 403 298 1899
 M+1 403 613 0507

F+ 1 403 695 3535

greg.shannon@gowlingwlg.com <<mailto:greg.shannon@gowlingwlg.com>>
 <<mailto:greg.shannon@gowlingwlg.com>>
 <<mailto:greg.shannon@gowlingwlg.com>>

On Dec 30, 2017, at 7:46 AM, Steve Graff

<sgraff@airdberlis.com <<mailto:sgraff@airdberlis.com>>
 <<mailto:sgraff@airdberlis.com>> <<mailto:sgraff@airdberlis.com>>> wrote:

Greg;

Should we expect to hear from you on this. Please advise ASAP.

Steve Graff

Cell 416 894-5090

Office 416 865-7726

Email sgraff@airdberlis.com <<mailto:sgraff@airdberlis.com>>
 <<mailto:sgraff@airdberlis.com>> <<mailto:sgraff@airdberlis.com>>
 <<mailto:sgraff@airdberlis.com>>

Sent from my iPhone

On Dec 27, 2017, at 2:52 PM, J.O.. Ostrowski

<JOstrowski@Zomongo.com <<mailto:JOstrowski@Zomongo.com>>
 <<mailto:JOstrowski@Zomongo.com>> <<mailto:JOstrowski@Zomongo.com>>
 <<mailto:JOstrowski@Zomongo.com>>> wrote:

Morning,

TCA is ZOMONGO's senior secured lender and investment bank advisors.
 Please direct all further inquiries to them.

Sincerely,

Jeremy Ostrowski

Jeremy Ostrowski

President/CEO

t. 800.964.9691 | c.403.796.4803

www.poweredbyzomongo.com

From: Mark van Zandvoort [<mailto:mvanzandvoort@airdberlis.com>]
 Sent: December 17, 2017 4:50 PM
 To: 'Shannon, Greg P. QC'
 <Greg.Shannon@gowlingwlg.com<<mailto:Greg.Shannon@gowlingwlg.com>>
 <<mailto:Greg.Shannon@gowlingwlg.com>>
 <<mailto:Greg.Shannon@gowlingwlg.com>>
 <<mailto:Greg.Shannon@gowlingwlg.com>>>
 Cc: Steve Graff <sgraff@airdberlis.com<<mailto:sgraff@airdberlis.com>>
 <<mailto:sgraff@airdberlis.com>><<mailto:sgraff@airdberlis.com>>
 <<mailto:sgraff@airdberlis.com>>>; Timothy Jones
 <tjones@airdberlis.com<<mailto:tjones@airdberlis.com>>
 <<mailto:tjones@airdberlis.com>><<mailto:tjones@airdberlis.com>>
 <<mailto:tjones@airdberlis.com>>>;
 jostrowski@zomongo.com<<mailto:jostrowski@zomongo.com>>
 <<mailto:jostrowski@zomongo.com>><<mailto:jostrowski@zomongo.com>>
 <<mailto:jostrowski@zomongo.com>>; Pulkinen, Reena
 <Reena.Pulkinen@gowlingwlg.com<<mailto:Reena.Pulkinen@gowlingwlg.com>>
 <<mailto:Reena.Pulkinen@gowlingwlg.com>>
 <<mailto:Reena.Pulkinen@gowlingwlg.com>>
 <<mailto:Reena.Pulkinen@gowlingwlg.com>>>; Knight, Jason
 <Jason.Knight@ca.gt.com<<mailto:Jason.Knight@ca.gt.com>>
 <<mailto:Jason.Knight@ca.gt.com>><<mailto:Jason.Knight@ca.gt.com>>
 <<mailto:Jason.Knight@ca.gt.com>>>; Bando, Bruce
 <Bruce.Bando@ca.gt.com<<mailto:Bruce.Bando@ca.gt.com>>
 <<mailto:Bruce.Bando@ca.gt.com>><<mailto:Bruce.Bando@ca.gt.com>>
 <<mailto:Bruce.Bando@ca.gt.com>>>
 Subject: RE: Zomongo / Crystal Wealth Matters - Follow-up Importance: High

Greg,

The Receiver provided the information requested two weeks ago, and requires that Zomongo submit the proposed Letter of Intent to the Receiver for its consideration by no later than December 28th, which provides Zomongo with more than enough time to prepare the proposal. This matter should be at the top of Zomongo's priority list, and we look forward to receiving the proposal from Zomongo shortly for the Receiver's consideration. Please confirm that this deadline will be met.

Regards,

Mark van Zandvoort

T 416.865.4742

F 416.863.1515

E mvanzandvoort@airdberlis.com<<mailto:mvanzandvoort@airdberlis.com>>
 <<mailto:mvanzandvoort@airdberlis.com>>
 <<mailto:mvanzandvoort@airdberlis.com>>
 <<mailto:mvanzandvoort@airdberlis.com>>

From: Shannon, Greg P. QC [<mailto:Greg.Shannon@gowlingwlg.com>]
 Sent: Wednesday, December 13, 2017 2:43 PM
 To: Knight, Jason <Jason.Knight@ca.gt.com<<mailto:Jason.Knight@ca.gt.com>>
 <<mailto:Jason.Knight@ca.gt.com>><<mailto:Jason.Knight@ca.gt.com>>
 <<mailto:Jason.Knight@ca.gt.com>>>; Steve Graff
 <sgraff@airdberlis.com<<mailto:sgraff@airdberlis.com>>
 <<mailto:sgraff@airdberlis.com>><<mailto:sgraff@airdberlis.com>>
 <<mailto:sgraff@airdberlis.com>>>
 Cc: jostrowski@zomongo.com<<mailto:jostrowski@zomongo.com>>
 <<mailto:jostrowski@zomongo.com>><<mailto:jostrowski@zomongo.com>>
 <<mailto:jostrowski@zomongo.com>>; Pulkinen, Reena
 <Reena.Pulkinen@gowlingwlg.com<<mailto:Reena.Pulkinen@gowlingwlg.com>>
 <<mailto:Reena.Pulkinen@gowlingwlg.com>>
 <<mailto:Reena.Pulkinen@gowlingwlg.com>>>; Mark van Zandvoort
 <mvanzandvoort@airdberlis.com<<mailto:mvanzandvoort@airdberlis.com>>
 <<mailto:mvanzandvoort@airdberlis.com>>
 <<mailto:mvanzandvoort@airdberlis.com>>>; Timothy Jones
 <tjones@airdberlis.com<<mailto:tjones@airdberlis.com>>
 <<mailto:tjones@airdberlis.com>><<mailto:tjones@airdberlis.com>>
 <<mailto:tjones@airdberlis.com>>>; Bando, Bruce
 <Bruce.Bando@ca.gt.com<<mailto:Bruce.Bando@ca.gt.com>>
 <<mailto:Bruce.Bando@ca.gt.com>><<mailto:Bruce.Bando@ca.gt.com>>
 <<mailto:Bruce.Bando@ca.gt.com>>>
 Subject: RE: Zomongo / Crystal Wealth Matters - Follow-up

I understand that the our client is jammed up on business and year end matters
 and I will not be able to reply until week of Dec 28th approx.

many thanks ,

Greg P. Shannon, Q.C., ICD.D., TEP

Partner

T +1 403 298 1899

M +1 403-613-0507

F +1 403 695 3535

greg.shannon@gowlingwlg.com<<mailto:greg.shannon@gowlingwlg.com>>
 <<mailto:greg.shannon@gowlingwlg.com>>
 <<mailto:greg.shannon@gowlingwlg.com>>
 <<mailto:greg.shannon@gowlingwlg.com>>

[<http://www.gowlings.com/images/signature/wlglogo.png>]
 <<http://www.gowlingwlg.com/>>

TAB 49

From: Mark van Zandvoort <mvanzandvoort@airdberlis.com>
Sent: Tuesday, January 9, 2018 1:43 PM
To: Donna Silverman; Patrick Primavera; Stephen Faucetta; Jeremy Ostrowski
Cc: Steve Graff; Timothy Jones; Knight, Jason; Bando, Bruce; Tim Barnes
Subject: RE: Zomongo / Crystal Wealth Matters - Follow-up

Importance: High

Ms. Silverman, Mr. Primavera, Mr. Faucetta, and Mr. Ostrowski:

Please advise as to why you have not responded to our correspondence below. As a lender to Zomongo that is aware of the indebtedness owing to the Funds and their status as secured parties, we would have expected that a response to our correspondence would have been provided by TCA (and given that the Receiver is a Court-Appointed officer). Please advise today – we would like the call convened for tomorrow as requested.

Regards,

Mark van Zandvoort

T 416.865.4742
 F 416.863.1515
 E mvanzandvoort@airdberlis.com

Aird & Berlis LLP | Lawyers
 Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Canada M5J 2T9 | airdberlis.com

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From: Mark van Zandvoort
Sent: January-08-18 4:53 PM
To: Donna Silverman <dsilverman@tcaglobalfund.com>; Jeremy Ostrowski <JOstrowski@Zomongo.com>; Patrick Primavera <pprimavera@tcaintl.com>; Stephen Faucetta <sfaucetta@tcaintl.com>
Cc: Steve Graff <sgraff@airdberlis.com>; Timothy Jones <tjones@airdberlis.com>; Knight, Jason <Jason.Knight@ca.gt.com>; Bando, Bruce <Bruce.Bando@ca.gt.com>; Tim Barnes <tim@bffventures.com>
Subject: RE: Zomongo / Crystal Wealth Matters - Follow-up
Importance: High

Mr. Ostrowski, Ms. Silverman, Mr. Primavera, and Mr. Faucetta:

In response to my email below, we received an email from Mr. Barnes this afternoon advising that he is no longer involved with this file. Similar to Gowling WLG's sudden and unexplained withdrawal from its brief representation of Zomongo in this matter, the unexplained development of Mr. Barnes' withdrawal compounds our existing concerns, as it appears that Zomongo is actively attempting to suppress information from the Receiver concerning the current status of matters as it pertains to Zomongo's activities and financing arrangements with TCA. We remind you that Grant Thornton Limited, in its capacity as Receiver of Crystal

Wealth Management System Limited and of the Factoring and Hedge Funds, is a Court-Appointed Officer, and is entitled to your full cooperation pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) issued April 26, 2017, attached. It is imperative that our requested conference call this week be confirmed by you without further delay, and that a response be provided to this email by no later than noon EST tomorrow.

We trust that we will hear from you shortly.

Regards,

Mark van Zandvoort

T 416.865.4742

F 416.863.1515

E mvanzandvoort@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com



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From: Mark van Zandvoort
Sent: Monday, January 8, 2018 9:59 AM
To: Tim Barnes ; Donna Silverman ; Jeremy Ostrowski ; Patrick Primavera ; Stephen Faucetta
Cc: Steve Graff ; Timothy Jones ; Knight, Jason ; Bando, Bruce
Subject: Re: Zomongo / Crystal Wealth Matters - Follow-up

Good morning,

I have not received a response to my email below. Please confirm your availability for Wednesday's call today.

Regards,

Mark van Zandvoort
Aird & Berlis LLP
Tel: 416.865.4742
Fax: 416.863.1515
Email: mvanzandvoort@airdberlis.com

From: mvanzandvoort@airdberlis.com

Sent: January 5, 2018 11:06 AM

To: tim@bffventures.com; dsilverman@tcaglobalfund.com; JOstrowski@Zomongo.com; pprimavera@tcaintl.com; sfaucetta@tcaintl.com

Cc: sgraff@airdberlis.com; tjones@airdberlis.com; Jason.Knight@ca.gt.com; Bruce.Bando@ca.gt.com

Subject: RE: Zomongo / Crystal Wealth Matters - Follow-up

Good morning,

We are of the view, and are concerned, that Zomongo has not advanced matters expeditiously and in accordance with ordinary commercial practice with respect to submitting its restructuring proposal to the Receiver. As you know, on November 19, 2017, the Receiver requested, on a without prejudice basis, that Zomongo deliver its proposed form of amendment agreements for the Receiver's consideration by which to effect a restructuring of the indebtedness owing by Zomongo. Gowling WLG was then retained to act for Zomongo, and requested information from the Receiver on November 24, 2017, with an expressed view to permitting Zomongo to proceed with preparing a proposal to the Receiver. While the Receiver acted diligently in furnishing Gowling WLG with the information requested, no proposal or proposed form of amending agreements have been provided to date, and after our repeated follow-up with Gowling WLG, Gowling WLG advised on December 30, 2017, without explanation, that it no longer had instructions to act on behalf of Zomongo.

It is imperative that a conference call be convened forthwith amongst the Receiver, its counsel, Zomongo's representatives, Mr. Barnes, and Ms. Silverman and her team at TCA, so that the Receiver may be advised as to the present status of affairs, including: (i) when Zomongo's proposal to restructure the indebtedness will be delivered; and (ii) the status of TCA's financing to Zomongo and the nature of TCA's advisory role to Zomongo moving forward, as advised by Mr. Barnes on December 31, 2017. We also remain at a loss as to why Gowling WLG was engaged by Zomongo, and withdrew its representation nearly a month and a half later after receiving information from the Receiver, while having not otherwise taken any steps to advance a proposal by Zomongo. Without further explanation, the brief engagement of Gowling WLG seemed to solely serve to delay matters.

We propose that the conference call be convened at **2:30 p.m. EST on Wednesday, January 10, 2018.**

Please confirm each of your availability as soon as possible, and we will circulate conference call in particulars for the call.

Thank you.

Regards,

Mark van Zandvoort

T 416.865.4742

F 416.863.1515

E mvanzandvoort@airdberlis.com

Aird & Berlis LLP | Lawyers

Brookfield Place, 181 Bay Street, Suite 1800

Toronto, Canada M5J 2T9 | airdberlis.com

AIRD BERLIS

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TAB 50

Dec 23, 2016

Agreement to Transfer Assets and Receivables

RE: ZOMONGO INC & ZOMONGO.TV agrees transfer to ZOMONGO. TV Holdings Corp, of all current assets associated with Crystal Wealth and Frontline Factoring funding.

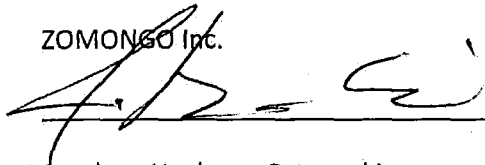
This agreement is confirming the transfer of ownership of assets and Invoices from ZOMONGO Inc. and ZOMONGO. TV Corp to ZOMONGO.TV Holdings Corp, with invoices in Schedule "A", and serial numbers of assets in schedule "B"

ZOMONGO.TV Holdings Corp confirms the transferred receivables will be paid directly to Frontline Factoring and Crystal Wealth and as per the new agreements with ZOMONGO.TV Holdings Corp.

All ZOMONGO.TV Holdings Corp. credit payments for beacons and screens will be paid directly to Frontline.

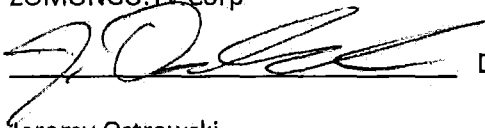
ZOMONGO.TV Holdings Corp will be making a payment of \$1,000,000 to be applied to the rollover of these invoices.

ZOMONGO Inc.

Date: December 28, 2016

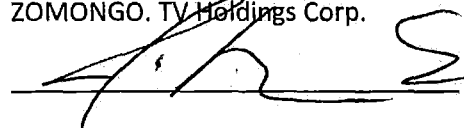
Jocelyne Hughes - Ostrowski

ZOMONGO.TV Corp

Date: December 28, 2016

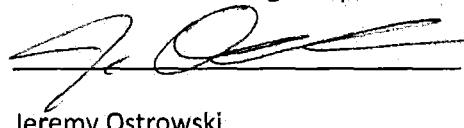
Jeremy Ostrowski

ZOMONGO. TV Holdings Corp.

Date: December 28, 2016

Jocelyne Hughes - Ostrowski

ZOMONGO.TV Holdings Corp.

Date: December 28, 2016

Jeremy Ostrowski

TAB 51

From: J.O. Ostrowski
To: Pulkinen, Reena; Greg Shannon; Jerry Froese
Subject: Invoices
Date: January 11, 2017 4:47:51 AM
Attachments: ZOMONGO.TV%20-%20LOGO2(3).jpg
 ZOMONGO%20INC%20-%20LOGO4(13).jpg
 Google%20Play%20Store%20H36(3).png
 iTunes(3).jpg
 DoMedia-Logo(3).jpg
 PVFI-SO-2017-01-06.pdf
 PVFI-Hotels-2017-01-06.pdf
 PVFI-AP-2017-01-06.pdf

Here are the 3 invoices

J.O. Ostrowski
 President/CEO
 t. 800.964.9691 | c.403.796.4803
www.zomongo.tv
www.zomongo.com

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Deliver Your Message At The Right Time and Place With ZOMONGO.TV



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With 63,000+ locations pinned to our ZOMONGO.TV Mobile App, commanding over 28,000,000+ Daily Impressions. Our retail locations include: convenience stores, gas stations, mobile stores, fast food restaurants, professional offices, coffee houses, cafes and other public facilities – The ZOMONGO.TV APP will provide one of the best shopping experiences with GREAT OFFERS or Public Service Announcements from our Brand Partners - sent directly to your smart device.

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From: Pulkinen, Reena
Sent: Tuesday, January 10, 2017 4:53 PM
To: jdyk@millertthomson.com
Cc: jerry@frontlinefactoring.com ; claytons@crystalwealth.com ; alh@crystalwealth.com ; jillv@crystalwealth.com ; J.O. Ostrowski ; Shannon, Greg P. QC
Subject: Zomongo.tv Corp. Financing - Closing Matters

Dear Jonathan:

Please be advised that we represent the Zomongo Group of Companies and Jeremy Ostrowski with respect to the TCA Fund Management financing, which is closed in escrow pending delivery of final documents which include the Subordination of Loans Agreement made between Crystal Enlightened Income Fund (the "Loan Holder"), TCA Global Credit Investor Fund, LP (the "Lender"), Zomongo.tv USA Inc., a Delaware corporation and also Zomongo Inc. and Zomongo.tv Corp., both Alberta corporations (collectively, the "Credit Parties").

We understand that Crystal Wealth is not quite ready to sign the Subordination of Loans Agreement (copy attached hereto) and to this end, we are advising you, as legal counsel to Crystal Wealth (after my recent phone call with you explaining the situation), that an affiliated company, namely Zomongo.tv Holdings Corp. (constituting documents attached hereto) is ready, willing and able to deliver first charge GSA security to Crystal Wealth, which includes: over \$1,000,000 worth of over Air beacons, namely 10,000 beacons at \$100.00 per beacon for \$1,000,000 fair market value, serial number A00000112-A0010113; the Invoices as attached hereto, which were previously provided to Jerry Froese; and additional serial number goods and assets which were previously delivered to Jerry Froese as attached hereto.

This additional security offered by Zomongo.tv Holdings Corp. to Crystal Wealth is additional consideration that will far exceed the consideration that it is giving up in the other Zomongo companies pursuant to its GSA previously signed by the other Zomongo companies. Jerry Froese has discussed this matter with our client extensively and also provides his recommendation with regard to same. We have been advised by our client that fair market value of the addition security totals \$4,065,550, namely:

- \$1,000,000 in beacons;
- \$1,650,000 in new tv screens; and
- \$1,415,550 in invoices representing future month invoices (please see the one invoice attached, with the rest to follow tomorrow).

This should provide added comfort to Crystal Wealth and significantly bolster its security position with respect to entering into the Subordination of Loans Agreement.

Gowling WLG has been advised by TCA and its counsel that they will not be attending any conference call and that their legal documentation for the TCA loan has been prepared, finalized and delivered (99% executed) and they have funded Gowling WLG in trust and are awaiting delivery of final executed documents (the Crystal Wealth Subordination of Loans Agreement) to release us from trust conditions so that we can disburse the net proceeds to our client forthwith. To this end, we respectfully request a short conference call at 10:00 am (MST) (noon Eastern time) on Wednesday, January 11th using the Gowling WLG call-in information as follows:

Dial-in Number: 1-866-201-0079
Conference Code: 987213

Greg P. Shannon, Q.C. will be the moderator of said call. Please confirm your attendance as it is urgent and necessary to have a "meeting of the minds" in order to have the Subordination of Loans Agreement and any new GSA reflecting the above matters signed this week.

Jonathan, could you be so kind as to prepare your client's form of first charge GSA that you would want Zomongo.tv Holdings Corp. to execute and we will review same for the call tomorrow.

Yours very truly,

Per: Sent on Behalf of Greg P. Shannon, Q.C.

Attachments – as stated above

Reena Pulkinen
Legal Administrative Assistant
T +1 403 298 1896
reena.pulkinen@gowlingwlg.com



Gowling WLG (Canada) LLP
Suite 1600, 421 7th Avenue SW
Calgary AB T2P 4K9
Canada

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www.avast.com

ZOMONGO.TV Holdings Corp

Box 658
 Cochrane, Alberta
 T4C 1A8
 Canada

Phone: 403-670-4951
 Email: jostrowski@zomongo.com
 Website: http://www.zomongo.tv
 http://www.zomongo.com

ZOMONGO.TV**Invoice****Bill To:**

Pervasive TV
 100 Park Ave Floor 16
 New York, NY 10016
 609-707-5000

Pay To:

CRYSTAL ENLIGHTENED INCOME FUND,
 and mailed to:
 230 719-4th Ave S
 Lethbridge, AB T1J 0P1

Invoice #: PVFL-S0-2017-01-06**Invoice Date: Jan 6, 2017****Customer ID:**

Date	Your Order #	Our Order #	Sales Rep.	FOB	Ship Via	Terms	Tax ID
						Net 30	

Quantity	Item	Units	Description	Discount %	Taxable	Unit Price	Total
10,000			Sony Crackle			\$30	\$ 300,000.00
			C-Stores, Gas Stations, Retail Outlets				
			+ 10 additional Ad Advertising				

Subtotal	\$ 300,000.00
Tax	\$ 0
Shipping	
Miscellaneous	
Balance Due	\$ 300,000.00

GST # 82356388 RT0001

REMITTANCE**Customer ID:****Date:****Amount Due:****Amount Enclosed:**

ZOMONGO.TV Holdings Corp

Box 658
Cochrane, Alberta
T4C 1A8
Canada

Phone: 403-870-4951
Email: jostrowski@zomongo.com
Website: <http://www.zomongo.tv>
<http://www.zomongo.com>

ZOMONGO.TV**Invoice****Bill To:**

Pervasive TV / eStream
100 Park Ave Floor 16
New York, NY 10016
609-707-5000

Pay To:

CRYSTAL ENLIGHTENED INCOME FUND,
and mailed to:
230 719-4th Ave S
Lethbridge, AB T1J 0P1

Invoice #: PVFL-Hotels - 2017 - 01 - 06**Invoice Date: Jan 6, 2017****Customer ID:**

Date	Your Order #	Our Order #	Sales Rep.	FOB	Ship Via	Terms	Tax ID

Quantity	Item	Units	Description	Discount %	Taxable	Unit Price	Total
25,000			Hospitably Rooms			\$10.1	\$ 252,500.00
			+ 10% of all additional Ad Revenue				

Subtotal	\$ 252,500.00
Tax	\$ 0
Shipping	
Miscellaneous	
Balance Due	\$ 252,500.00

GST # 82356388 RT0001

REMITTANCE**Customer ID:****Date:****Amount Due:****Amount Enclosed:**

ZOMONGO.TV Holdings Corp

Box 658
Cochrane, Alberta
T4C 1A8
Canada

Phone: 403-870-4951
Email: jostrowski@zomongo.com
Website <http://www.zomongo.tv>
<http://www.zomongo.com>

ZOMONGO.TV**Invoice****Bill To:**

Pervasive TV
100 Park Ave Floor 16
New York, NY 10016
609-707-5000

Pay To:

CRYSTAL ENLIGHTENED INCOME FUND,
and mailed to:
230 719-4th Ave S
Lethbridge, AB T1J 0P1

Invoice #: PVFL-AP-2017-01-06**Invoice Date: Jan 6, 2017****Customer ID:**

Date	Your Order #	Our Order #	Sales Rep.	FOB	Ship Via	Terms	Tax ID

Quantity	Item	Units	Description	Discount %	Taxable	Unit Price	Total
2753			Airport Screens			\$350	\$ 963,550.00
			+ 10% of all additional Ad Revenue				

Subtotal	\$ 963,550.00
Tax	\$ 0
Shipping	
Miscellaneous	
Balance Due	\$ 963,550.00

GST # 82356388 RT0001

REMITTANCE**Customer ID:****Date:****Amount Due:****Amount Enclosed:**

TAB 52

From: [Bando, Bruce](#)
To: [Ron Burke](#)
Cc: David.Mullen@cordy.ca; [Knight, Jason](#)
Subject: RE: Advanced Metals- Crystal Enlightened Income Fund
Date: Tuesday, April 24, 2018 1:50:02 PM
Attachments: [image002.png](#)

Hi Ron,

Dave and I spoke on March 26th.

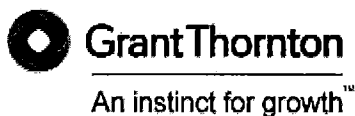
To confirm, in order for the Receiver to consider any offer of settlement, we require a complete set of externally prepared or internally prepared financial statements for the past 2 years. As well, we require a complete details of all assets and liabilities – totals of same are insufficient – as of the most recent date.

I also expressed concern to Dave of why Advanced Metals is paying unsecured creditors ahead of the amounts owing the Crystal Wealth.

Please provide such documentation as soon as possible.

Thanks,

Bruce S. Bando, CPA, CA, CIRP, LIT | Vice President
 Grant Thornton Limited
 11th Floor | 200 King Street West | Box 11 | Toronto | ON | M5H 3T4
 T +1 416 369 6418 | C +1 647 403 9131 | F +1 416 360 4949
 E Bruce.Bando@ca.gt.com | W <http://www.grantthornton.ca/>



Grant Thornton LLP is proud to be recognized as one of Canada's best workplaces for our ninth consecutive year!

From: Ron Burke [mailto:rburke@lyncorp.ca]
Sent: Tuesday, April 24, 2018 1:36 PM
To: Bando, Bruce <Bruce.Bando@ca.gt.com>
Cc: David.Mullen@cordy.ca
Subject: FW: Advanced Metals- Crystal Enlightened Income Fund

Dear Mr. Bando,

I sent you an email yesterday regarding the settlement of the Advanced Metals debt to the Crystal

Enlightened Income Fund.

I am enquiring as to whether you have read the email and when you would be able to respond as Mr. Mullen is only in the office for the next few days.

Mr. Mullen would prefer to begin the process of evaluating the facts of the matter as soon as possible.

Regards

Ron Burke CPA CMA

From: Ron Burke
Sent: Monday, April 23, 2018 10:30 AM
To: 'Bruce.Bando@ca.gt.com' <Bruce.Bando@ca.gt.com>
Cc: David.Mullen@cordy.ca
Subject: Advanced Metals- Crystal Enlightened Income Fund

Dear Mr. Bando,

Mr. David Mullen has asked me to establish contact with you in regards to settlement of the debt between Advanced Metal Concepts and Fabrication Ltd. and the Crystal Enlightened Income Fund. I will be providing support to Mr. Mullen by providing supporting documents and schedules that are required to facilitate the negotiations surrounding settlement of the debt.

Could you please provide an initial list of questions and information required for you to proceed with your evaluation which will hopefully lead to a timely resolution.

Regards

Ron Burke CPA CMA
Contract Accountant

TAB 53

December 10, 2017

Attn: Timothy Jones, Aird & Berlis LLP <tjones@airdberlis.com>

Steve Graff, Aird & Berlis LLP <sgraff@airdberlis.com>,

Mark van Zandvoort, Aird & Berlis LLP <mvanzandvoort@airdberlis.com>,

Bruce Bando, Grant Thornton <Bruce.Bando@ca.gt.com>,

Jason Knight, Grant Thornton <Jason.Knight@ca.gt.com>

DELIVERED VIA EMAIL

Regarding: Restoration Energy Inc. factoring agreement with Crystal Wealth and Personal Guarantee of Yvonne Martin-Morrison.

Dear Gentlemen,

I received correspondence from both of your firms regarding the factoring agreement between my company, Restoration Energy Inc. (REI), as well as the personal guarantee of me, Yvonne Martin-Morrison.

You may be aware that REI had successfully negotiated with Crystal Wealth to exchange the factoring agreement for a long-term debenture with an option to convert to equity shares. The final legal documentation was before the parties' legal counsel at the time that Crystal Wealth went into receivership.

The reason for this negotiation was that REI was not in a position to repay the factored invoices. The product sold in the invoices was never delivered to the customers and REI never collected the sales proceeds. Many issues arose before the product was delivered, and among other things, it became evident that the product, a solid-oxide fuel cell power generator, was critically flawed and had to be re-engineered. This was expected to be a lengthy process, but ultimately a valuable process for REI when completed successfully. The funding for the re-engineering project would be sourced through federal and provincial funding grants available for successful applicants for these kinds of companies and projects. REI was in a position to proceed to source the grant financing once the exchange agreement was finalized.

At that time, as well as at this time, REI is not in a position to repay the factored invoices. All of the funds went to repay interest due on the factored invoices, as well as pay for the manufacture engineering, product parts, salaries and product overhead. REI has no assets. There are no physical assets that can be sold. There is no intellectual property, no patents, and in fact, REI has a number of unpaid bills besides the factoring agreement. As an example, REI still owes engineers over \$100,000 in outstanding fees.

At this time, I, Yvonne Martin-Morrison, am not in a position to pay the agreement, either. I, too, have no assets. Like a lot of business owners, I have not been in a position to save or build assets during the period of start-up. In fact, I have borrowed to the maximum against my home and entered into a consumer proposal for the rest of my unsecured creditors. I borrowed heavily, and my company has not met its milestones in time. My personal finances are in terrible shape.

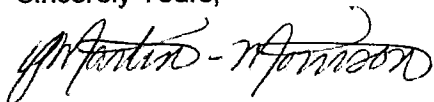
I can provide you with proof that REI has no assets. The company financials will show that the company did not acquire any assets besides the product parts, and all funds have been spent. I imagine you can check the public records to confirm that I entered into a consumer proposal under the bankruptcy and insolvency act of Alberta. However, if you require proof that I have no assets, I can provide you with documentation.

If you proceed with any legal action to get a judgement against REI or myself, you will not be able to realize any value. It will be a costly exercise for you without any gain.

I regret that there is no value to satisfy the factoring agreement. If you wish to go ahead with the exchange agreement that was negotiated with Crystal Wealth prior to it entering into receivership, please contact me.

I understand if you would like documentation to confirm my statements. Please contact me by email or regular mail to follow up on any supporting documentation you may require.

Sincerely Yours,

A handwritten signature in black ink, appearing to read 'Yvonne Martin-Morrison', written in a cursive style.

Yvonne Martin-Morrison

TAB 54

RESTORATION ENERGY

FINANCIAL STATEMENTS

AUGUST 31, 2016

(Unaudited - see Notice to Reader)

DRAFT - August 15, 2017, 10:47 AM

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Restoration Energy as at August 31, 2016 and the statement of loss and deficit for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

CALGARY, ALBERTA
AUGUST 1, 2017

CHARTERED PROFESSIONAL
ACCOUNTANTS

RESTORATION ENERGY
BALANCE SHEET
AUGUST 31, 2016
(Unaudited - see Notice to Reader)

	2016	2015
Assets		
Current		
Cash	\$ 36,888	\$ 256,336
Employee advances	-	5,000
Inventory	13,605	12,263
Prepaid expenses	-	28,976
Goods and services tax receivable	46	46
Due from shareholder	5,588	1
	<u>56,127</u>	<u>302,622</u>
Property and equipment, at net book value	44,428	5,493
	<u>\$ 100,555</u>	<u>\$ 308,115</u>
Liabilities and shareholder's deficit		
Current		
Accounts payable and accrued liabilities	\$ 124,894	\$ 27,760
Salaries payable	-	33,293
	<u>124,894</u>	<u>61,053</u>
Loan payable	<u>2,227,139</u>	<u>887,728</u>
	<u>2,352,033</u>	<u>948,781</u>
Shareholder's deficit		
Share capital	1	1
Deficit	<u>(2,251,479)</u>	<u>(640,667)</u>
	<u>(2,251,478)</u>	<u>(640,666)</u>
	<u>\$ 100,555</u>	<u>\$ 308,115</u>

Approved on behalf of the Board

Director

RESTORATION ENERGY
STATEMENT OF LOSS AND DEFICIT
FOR THE YEAR ENDED AUGUST 31, 2016
(Unaudited - see Notice to Reader)

	2016	2015
Revenue	\$ 75	\$ 192
Expenses		
Interest on long-term debt	806,898	181,540
Research and development consulting	295,726	23,618
Salaries and related benefits	271,512	263,206
Rent	127,835	3,900
Professional fees	24,566	99,485
Insurance	15,475	-
Office	12,168	11,120
Telephone and utilities	11,545	3,140
Consulting fees	7,601	14,588
Subscriptions, permits and licenses	7,571	1,685
Small tools	5,907	641
Interest and bank charges	3,813	846
Repairs and maintenance	3,472	-
Freight	2,241	-
Meals and entertainment	2,069	2,585
Travel	1,191	5,925
Postage and courier	1,141	639
Advertising and promotion	800	1,970
Automotive	-	1,085
Amortization	8,325	2,083
	<u>1,609,856</u>	<u>618,056</u>
Loss from operations	(1,609,781)	(617,864)
Other income (expense)		
Loss on foreign exchange	<u>(1,031)</u>	<u>(22,803)</u>
Net loss for the year	(1,610,812)	(640,667)
Deficit, beginning of year	<u>(640,667)</u>	<u>-</u>
Deficit, end of year	\$ (2,251,479)	\$ (640,667)

TAB 55

District of: Alberta
 Division No: 2
 Court No: 25-2028836, 25-2028837
 Estate No: 25-2028836, 25-2028837

FORM 49

Notice to Creditors of Consumer Proposal

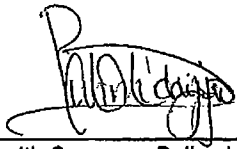
(Paragraph 66.14(b) of the Act)

In the Matter of the Consumer Proposal of Yvonne Kirstie Martin-Morrison and Michael Scott Morrison
 City of Airdrie and Province of Alberta

Take notice that:

1. Yvonne Kirstie Martin-Morrison and Michael Scott Morrison, consumer debtors, made a consumer proposal under section 66.13 of the Act on the 24th day of August, 2015 and a copy of it and the prescribed statement of affairs was filed with the official receiver by me, Smith Cageorge Bailey Inc., the administrator of the consumer proposal, on the 24th day of August, 2015.
2. Attached to this notice are the following documents:
 - (a) a copy of the consumer proposal;
 - (b) a copy of my report on the consumer proposal that was filed with the official receiver on the 24th day of August, 2015; and
 - (c) a copy of the statement of affairs referred to in paragraph 66.13(2)(d) of the Act; and
 - (d) a proof of claim.
3. Any creditor who has proved a claim may indicate assent to or dissent from the consumer proposal at or prior to a meeting of creditors, or prior to the expiration of the 45-day period following the filing of the consumer proposal. (Note: Form 37.1, Voting Letter (Consumer Proposal), may be used by the creditor to indicate assent to or dissent from the consumer proposal and to request that a meeting of creditors be held.)
4. Any dissent I receive, however, is not a request for a meeting of creditors for the purpose of paragraph 66.15(2)(b) of the Act, and will not be counted in a vote on the consumer proposal unless I am required to call a meeting of creditors pursuant to section 66.15 of the Act.
5. I will be required to call a meeting of creditors only if, pursuant to section 66.15 of the Act:
 - (a) I am directed to do so by the official receiver within the 45-day period after the filing of the consumer proposal; or
 - (b) at the expiration of the 45-day period after the filing of the consumer proposal, creditors having in the aggregate at least 25 per cent of the value of proven claims have so requested.
6. If, within the 45-day period mentioned at paragraph 5, I am not required to call a meeting of creditors, the consumer proposal shall, by virtue of subsection 66.18(1) of the Act, be deemed to have been accepted by the creditors, regardless of any dissent(s) I may have received.
7. In the event that the consumer proposal has been accepted or is deemed to have been accepted by the creditors, I will apply to the Court to review the consumer proposal only if, pursuant to section 66.22 of the Act, I am requested to do so by the official receiver or any other interested party within 15 days after the day of acceptance or deemed acceptance of the consumer proposal.
8. If within that 15-day period mentioned at paragraph 7 I am not requested to apply to the court to review the consumer proposal, the consumer proposal is deemed to be approved by the court.

Dated at Calgary, Alberta, this 25th day of August, 2015.



 Smith Cageorge Bailey Inc.
 Administrator of Consumer Proposal

District of: Alberta
 Division No: 2
 Court No:
 Estate No:

FORM 47

Consumer Proposal

(Paragraph 66.13(2)(c) of the Act)

In the Matter of the Consumer Proposal of Yvonne Kirstie Martin-Morrison and Michael Scott Morrison
 City of Airdrie and Province of Alberta

We, Yvonne Kirstie Martin-Morrison and Michael Scott Morrison, consumer debtors, hereby make the following consumer proposal under the Act:

1. That payment of the claims of secured creditors be made in the following manner:

The debtor will maintain payments to Manulife Bank for the mortgage and ATB for the vehicle loans.

2. That payment of all claims directed by the Act to be paid in priority to other claims in the distribution of my property be made in the following manner:

N/A

3. That payment of the fees and expenses of the administrator of the consumer proposal and payment of the fees and expenses of any person in respect of counseling given by such person pursuant to the Act be made in the following manner:

Administrators' fees and costs will come out first from the funds contributed by the debtor to the proposal.

4. That the following payments be made to Smith Cageorge Bailey Inc., the administrator of the consumer proposal, for the benefit of the unsecured creditors:

The debtor will make sixty (60) monthly installments of \$500 each, for a total of \$30,000 in full and final payment of the unsecured debt load.

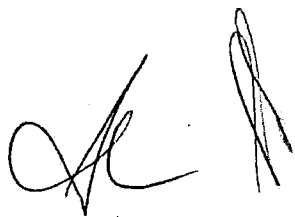
The debtor will attempt to pay out the proposal sooner should circumstances allow, however the maximum amount to be paid into the proposal will remain \$30,000.

5. That the administrator of the consumer proposal distribute the moneys received to the unsecured creditors in accordance with the following schedule:

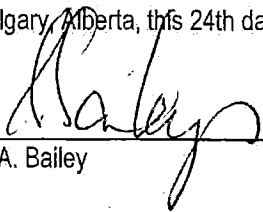
The Administrator will make annual distributions starting approximately one year from the deemed court approval of the proposal, or when sufficient funds become available.

The dividends will be paid net of the Administrators' fees and costs and net of the Superintendents' levy.

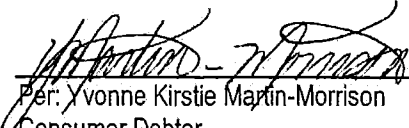
6. That the proposal may include the following additional terms:



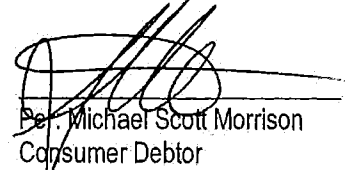

Dated at Calgary, Alberta, this 24th day of August, 2015.



Per: Senga A. Bailey
Witness



Per: Yvonne Kirstie Martin-Morrison
Consumer Debtor



Per: Michael Scott Morrison
Consumer Debtor

District of: Alberta
Division No: 2
Court No: 25-2028836, 25-2028837
Estate No: 25-2028836, 25-2028837

FORM 48

Report of Administrator on Consumer Proposal

(Section 66.14 of the Act)

In the Matter of the Consumer Proposal of Yvonne Kirstie Martin-Morrison and Michael Scott Morrison
City of Airdrie and Province of Alberta

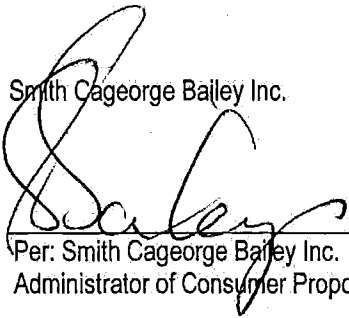
I, Smith Cageorge Bailey Inc. of Smith Cageorge Bailey Inc., the administrator of the consumer proposal of Yvonne Kirstie Martin-Morrison and Michael Scott Morrison, consumer debtors, hereby report to the official receiver as follows:

1. That the consumer debtors made a consumer proposal on the 24th day of August, 2015 and that I filed a copy of it with the official receiver on the 24th day of August, 2015.
2. That I have investigated, or have had investigated, the consumer debtors' property and financial affairs so as to be able to assess with reasonable accuracy the consumer debtors' financial situation and the cause of the consumer debtors' insolvency.
3. That attached to this report is the consumer debtor's statement of affairs and a list of the creditors whose claims exceed \$250.
4. That I am of the opinion that the cause or causes of the consumer debtors' insolvency are as follows:
Business and investment failure, which resulted in loss of personal, social and business relationships. The financial burden of debt has grown too large and they needed to get a fresh start in order to rebuild their financial and business foundation.
5. That I am also of the opinion, for the following reasons, that the consumer proposal is reasonable and fair to both the consumer debtors and the creditors, and that the consumer debtors will be able to perform it:
In a bankruptcy situation, the Trustee would realize on the TFSA and non-exempt equity in the trailer, and the debtors would be required to make surplus income contributions for a twenty-one (21) month period, resulting in dividends to creditors of approximately \$0.03 on the dollar.

By accepting the proposal, the creditors would see a net dividend of \$0.11 on the dollar.

Dated at Calgary, Alberta, this 24th day of August, 2015.

Smith Cageorge Bailey Inc.


Per: Smith Cageorge Bailey Inc.
Administrator of Consumer Proposal

District of: Alberta
 Division No: 2
 Court No:
 Estate No:

FORM 65

Monthly Income and Expense Statement of the Debtor and the Family Unit

(Section 68 and Subsection 102(3) of the Act and Rule 105(4))

In the Matter of the Consumer Proposal of Yvonne Kirstie Martin-Morrison and Michael Scott Morrison
 City of Airdrie and Province of Alberta

☒ Original☐ Amended

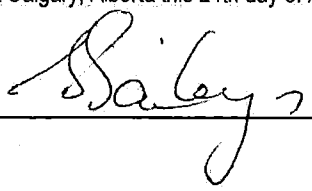
The information concerning the monthly income and expense statement of the Debtors and the family unit, are as follows:

MONTHLY INCOME			
Description	Debtors	Other members of the family unit	Total
Net Employment Income	\$572.00	\$4,321.00	\$4,893.00
Other Net Income - Child Tax Credit	\$150.00	\$0.00	\$150.00
TOTAL MONTHLY INCOME	\$722.00(1)	\$4,321.00(2)*	
TOTAL MONTHLY INCOME OF THE FAMILY UNIT ((1) + (2))			\$5,043.00(3)

MONTHLY NON-DISCRETIONARY EXPENSES			
Description	Debtors	Other members of the family unit	Total
Total Monthly Non-Discretionary Expenses	\$0.00(4)	\$0.00(5)	
Total Monthly Non-Discretionary Expenses of the Family Unit ((4) + (5))			\$0.00(6)
AVAILABLE MONTHLY INCOME OF THE DEBTORS ((1) - (4))			\$722.00(7)
AVAILABLE MONTHLY INCOME OF THE FAMILY UNIT ((3) - (6))			\$5,043.00(8)
DEBTOR'S PORTION OF THE AVAILABLE MONTHLY FAMILY UNIT INCOME((7) / (8) X 100))			14.32 %(9)

MONTHLY DISCRETIONARY EXPENSES: (Family Unit)	
Description	Total
Rent / Mortgage	\$1,300.00
Property Taxes / Condo fees	\$405.00
Telephone	\$40.00
Hydro	\$150.00
Prescriptions	\$15.00
Food / Grocery	\$700.00
Car Lease / Payments	\$756.00
Repair / Maintenance / Gas	\$450.00
Vehicle Insurance	\$120.00
House Insurance	\$120.00
Life Insurance	\$200.00
Other Payments - Trailer	\$264.60
Payment under Proposal	\$500.00
TOTAL MONTHLY DISCRETIONARY EXPENSES (FAMILY UNIT)	\$5,020.60(10)
MONTHLY SURPLUS OR (DEFICIT) FAMILY UNIT ((8)-(10))	\$22.40(11)

Dated at Calgary, Alberta this 24th day of August, 2015.



Trustee

Per: Yvonne Kirstie Martin-Morrison and Michael
Scott Morrison
Debtors

District of: Alberta
 Division No: 2
 Court No: 25-2028836, 25-2028837
 Estate No: 25-2028836, 25-2028837

Voting Letter
 (Paragraph 66.15(3)(c) of the Act)

In the Matter of the Consumer Proposal of Yvonne Kirstie Martin-Morrison and Michael Scott Morrison
 City of Airdrie and Province of Alberta

Check and complete the appropriate statement.

- ☐ I request the administrator of the consumer proposal record my vote FOR the acceptance of the consumer proposal as filed on the 24th day of August, 2015.

Or

- ☐ I request the administrator of the consumer proposal record my vote AGAINST the acceptance of the consumer proposal as filed on the 24th day of August, 2015;

Or

- ☐ I request the administrator of the consumer proposal record my vote AGAINST the acceptance of the consumer proposal as filed on the 24th day of August, 2015 and I REQUEST THAT A MEETING OF CREDITORS BE CONVENED.

Dated at _____, this _____ day of _____.

 Witness

 Individual creditor

 Name of corporate creditor

 Witness

 Per:
 Name and Title of Signing Officer

Proof of Claim

(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1), and Paragraphs 51(1)(e) and 66.14(b) of the Act)
In the Matter of the bankruptcy (Proposal/Notice of Intention/Receivership) of Yvonne Kirstie Martin-Morrison and Michael Scott Morrison (25-2028836, 25-2028837)

All notices or correspondence regarding this claim must be forwarded to the following address:

Creditor Name: _____

Creditor Address: _____

Telephone: _____

Fax: _____

Email: _____

I hereby certify:

1. That I am a creditor of the above named estate (or I am _____ (state position or title), of _____ (name of creditor or representative of the creditor).
2. That I have knowledge of all the circumstances connected with the claim referred to below.
3. That the debtor was, at the date of bankruptcy (or the date of the receivership, or in the case of a proposal, the date of the notice of intention or of the proposal, if no notice of intention was filed), namely the 24th day of August, 2015, and still is, indebted to the creditor in the sum of \$_____, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)
4. Check and Complete the appropriate category
 - ☐ **UNSECURED CLAIM OF \$_____** (other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and

 - ☐ Regarding the amount of \$_____, I claim a right to a priority under section 136 of the Act. (Attach supporting documentation)
 - ☐ Regarding the amount of \$_____, I do not claim a right to a priority.
 - ☐ **CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$_____**

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based)
 - ☐ **SECURED CLAIM OF \$_____**

That in respect of this debt, I hold assets of the debtor valued at \$_____ as security, particulars of which are as follows:
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)
 - ☐ **CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$_____**

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$_____
(Attach a copy of sales agreement and delivery receipts.)
 - ☐ **CLAIM BY WAGE EARNER OF \$_____**
 - ☐ That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$_____.
 - ☐ That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$_____.
 - ☐ **CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$_____**
 - ☐ That I hereby make a claim under subsection 81.5 of the Act in the amount of \$_____.
 - ☐ That I hereby make a claim under subsection 81.6 of the Act in the amount of \$_____.
 - ☐ **CLAIM AGAINST DIRECTOR \$_____**

(To be completed when a proposal provides for the compromise of claims against directors)
That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based)
 - ☐ **CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$_____**

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:
(Give full particulars of the claim, including the calculations upon which the claim is based.)
5. To the best of my knowledge, ☐ I am (or the above-named creditor is) / ☐ am not (or is not) related to the debtor within the meaning of section 4 of the Act, and have (or has) (or have not or has not) dealt with the debtor in a non-arm's-length manner.
6. That the following are the payments that I have received from, the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of subsection 2(1) of the Act: (Provide details of payments, credits and transfers at undervalue.)
7. (Applicable only in the case of the bankruptcy of an individual.)
 - ☐ Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
 - ☐ I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at _____ (City) this _____ (day) of _____ (month), _____ (Year)

Creditor

Witness

Notes: If an affidavit is attached, it must have been made before a person qualified to take affidavits.

Warnings: A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor. Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

PROXY

Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act

IN THE MATTER OF THE BANKRUPTCY / PROPOSAL / RECEIVERSHIP of Yvonne Kirstie Martin-Morrison and Michael Scott Morrison (Debtor)
 I, _____ (Name of Creditor), of _____ (City), in _____ (Province) a creditor in the
 above matter, hereby appoint _____ (Name of Proxy) of _____, to be my proxyholder in the
 above matter except as to the receipt of dividends with / without power to appoint another proxyholder in his / her place

Dated at _____ (City), in the Province of _____, this _____ (day) of _____ (Month),
 _____ (Year)

Individual Creditor

Witness

Name of Corporate Creditor

Witness

Per _____
 Name and Title of Signing Officer

General Proxy Information

The Bankruptcy and Insolvency Act permits a Proof of Claim to be made by a duly authorized agent of a creditor; however, this does not give such a person power to vote at the First Meeting of Creditors or to act as the proxy of the creditors.

GENERAL

- A creditor may vote either in person or by proxy.
- The Trustee may be appointed as a proxy for any creditor.
- A Corporation may vote by an authorized agent at a meeting of creditors.
- Debtors may not be appointed a proxy to vote at any meeting of their creditors.
- In order for a duly authorized person to have a right to vote, they must be a creditor themselves or be the holder of a properly executed proxy, showing the name of the creditor.

Directions to Completing a Proof of Claim Form

The checklist below is provided to assist in the preparation of a Proof of Claim (Form31) and if required a Proxy (form36). Every creditor who does not prove his claim is not entitled to share in any distribution. Claims not completed correctly in every respect will be returned.

GENERAL

- The signature of a witness is required.
- This document must be signed personally by the person completing the Proof of Claim.
- Give the complete address, including postal code, where any notice or correspondence is to be forwarded.
- The amount on the Statement of Account must correspond with the amount indicated on the Proof of Claim.

PARAGRAPH I

- The creditor must state the full and complete legal name of the company or firm.
- If the individual completing the Proof of Claim is not the creditor himself, he must state his position or title.

PARAGRAPH III

- The Schedule A or Statement of Account must be complete and detailed, showing the date, number and amount of all invoices or charges, together with the date, number and amount of all creditors or payments. A Statement of Account is not complete if it begins with an amount brought forward.

PARAGRAPH IV

- An unsecured creditors must specify if they do or do not have a right to a priority. A schedule must be attached to support the priority claim. Details of Section 136 are available from the trustee upon request
- Secured creditors must attach a certified copy of the security documents to the proof of claim for each claim
- For claims arising from a realization of lease the creditor must provide full details of the claim including the relating calculations
- A claim by a farmer, fisherman or aquaculturist must attach a copy of the sales agreement and delivery documents.

PARAGRAPH V

- All claimants must indicate if they are / are not related to the debtor, as defined in Section 4 of the Bankruptcy and Insolvency Act, "If you are related by blood or marriage to the bankrupt, then you should consider yourself to be a related person pursuant to Section 4. If the bankrupt is a corporation, you would be considered to be related to it if you were a shareholder or if your company was controlled by the same shareholders as the bankrupt corporation."

PARAGRAPH VI

- All claimants must attach a detailed list of all payments or credits received or granted as follows:
- Within the three months preceding the bankruptcy / proposal, in the case where the claimant and debtor are not related;
- Within the twelve months preceding the bankruptcy / proposal, in the case where the claimant and debtor are related.

Alberta

674

Registry # 2

25-2028836, 25-2028837

Bankruptcy No. 25-2028836, 25-2028837

In the Matter of the Consumer Proposal of Yvonne Kirstie Martin-Morrison and Michael Scott Morrison
City of Airdrie and Province of Alberta

Proof of Claim/Proxy

Smith Cageorge Bailey Inc.

210, 617 - 11 Avenue SW

Calgary, Alberta T2R 0E1

Tel: (403)261-7779

Fax: (403)452-8187

Website:

Email: sbailey@bankruptcy.ab.ca

TAB 56

Interim Balance Sheet

Restoration Energy Inc.

Asset Type	Aug-16	Jan-18
	Prior Year	Current Year
Current Assets	56,127	14,456
Fixed Assets	44,428	44,428
Other Assets	0	0
Current Liabilities	124,894	124,894
Long-term Liabilities	2,227,139	2,227,139
Owner Equity	1	1
Total Assets	100,555	58,884
Total Liabilities & Stockholder Equity	▶ 2,352,034	▶ 2,352,034
Balance	-2,251,479	-2,293,150

Assets

Asset Type	Description	Aug-16	Aug-16	Jan-18
		Prior Year	Current Year	
Current Assets	Cash		36,888	805
Current Assets	Employee Advances		0	0
Current Assets	Inventories		13,605	13,605
Current Assets	Goods and Services Tax Receivable		46	46
Current Assets	Due from shareholder		5,588	0
Current Assets	Pre-paid expenses		0	0
Fixed Assets	Property and equipment		44,428	44,428
Total Assets			100,555	58,884

Liabilities

Liability Type	Description	Aug-16	Aug-16	Jan-18
		Prior Year	Current Year	
Current Liabilities	Accounts payable and accrued liabilities	124,894	124,894	124,894
Current Liabilities	Salaries payable	0	0	0
Long-term Liabilities	Loan payable ** in negotiation	2,227,139	2,227,139	2,227,139
Owner Equity	Investment capital	1	1	1
Owner Equity	Accumulated retained earnings	0	0	0
Total Liabilities & Stockholder Equity		2,352,034	2,352,034	2,352,034

TAB 57

From: yvonne@restoreenergy.com
 Sent: June 25, 2018 6:25 PM
 To: mvanzandvoort@airdberlis.com
 Subject: Re: Crystal Wealth and Restoration Energy Inc

Hi Mark,

REI has no intellectual property at this time. To make a long story short, and to be specific:

- there were no firsts or unique advancement(s),
- nothing useful, functional or operative,
- no ingenious or inventive process or product including no improvement on any already established process or product, and
- no unique design configuration was created, either.

While effort was expended in these areas, no value was created in the product design that would qualify as intellectual property. It became more of a project that proves what does not work, and there was no IP in those results.

As for the Dionne companies, I cannot speak to that, I had no and continue to have no beneficial interest or relationship with those companies. The only relationship is that Deborah and Marc Dionne pledged the companies' guarantees to help secure financing for REI's commercialization of a generator. I can share my understanding from previous conversations with Deborah and Marc that all previous work done by Dionne companies was contract work where all IP resided with the clients that the Dionne's worked for.

Deborah and Marc Dionne led the product development and commercialization project for REI, qualified by their previous work in the Dionne companies. That is my business connection with them. Also, I have no contact with Deborah and/or Marc Dionne today, nor have since 2016, so cannot speak to their current commercial endeavours.

As for documentation, I expect you are seeking anything related to filing trademark, design trademark, provisional patent or patent filing. With nothing to protect, I have no protection or value documentation.

I trust this answers your questions.

Kind Regards,
 Yvonne Martin-Morrison

> On Jun 25, 2018, at 10:56 AM, Mark van Zandvoort <mvanzandvoort@airdberlis.com> wrote:

>

> Yvonne,

>

> In order to provide meaningful consideration to your proposal, the Receiver requires information with respect to the status of any and all intellectual property ("IP") owned by Restoration Energy. The 2018 interim balance sheet provided only reflects inventory, and does not include IP or the value of it. Please advise, including whether any IP has been retained within DDI Distribution Corp., DDI Energy Inc., Dionne Design Inc., or any of their, or their principals', related entities, with respect to which IP Restoration Energy has a legal or beneficial ownership interest.

Please provide any available documentation in support of your response.

>

> Thank you,

>

> Mark van Zandvoort

>

> T 416.865.4742

> F 416.863.1515

> E mvanzandvoort@airdberlis.com

>

> Aird & Berlis LLP | Lawyers

> Brookfield Place, 181 Bay Street, Suite 1800

> Toronto, Canada M5J 2T9 | [https://protect-eu.mimecast.com/s/UGdNCxkzs104rrI8RvMW?](https://protect-eu.mimecast.com/s/UGdNCxkzs104rrI8RvMW?domain=airdberlis.com)
[domain=airdberlis.com](https://protect-eu.mimecast.com/s/UGdNCxkzs104rrI8RvMW?domain=airdberlis.com)

>

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> If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

>

TAB 58



MILLER THOMSON LLP
MILLERTHOMSON.COM

700 9TH AVENUE SOUTHWEST, SUITE 3000
CALGARY, AB + T2P 3V4 + CANADA

T 403.298.2400
F 403.262.0007

September 30, 2016

PRIVATE AND CONFIDENTIAL

VIA EMAIL: YVONNE@RESTOREENERGY.COM

Restoration Energy Inc.
212, 10301 - 19th Street N.E.
Calgary, AB T3J 0R1

Wayne Logan
Partner
Direct Line: 403.298.2407
Direct Fax: 403.262.0007
wlogan@millerthomson.com

File: 200612.0004

TO WHOM IT MAY CONCERN:

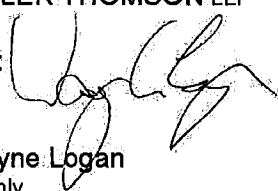
Re: Intellectual Property Advice

This is to confirm that Restoration Energy Inc. has engaged our firm, Miller Thomson LLP, for Intellectual Property legal services. Specifically the writer, Wayne Logan, Partner, has, and will continue to advise Restoration on their valuable patentable technology.

Our firm provides legal advice, consultation and services at the instruction of Restoration Energy Inc. based on the information provided by Restoration regarding their unique product design. Legal services include counsel and advice on all matters related to the patent matter such as questions, consultations, review and evaluation of product design materials, chain of title, what are the preferred jurisdictions in which to file, etc. The typical step by step process is to protect the Restoration intellectual property as it relates to the design and drawings, contracts, marketing, distribution and licensing as well as preparing necessary patent applications for the product design and prototype of their solid oxide fuel cell power generator.

Yours truly,

MILLER THOMSON LLP

Per: 

Wayne Logan
WL/hlv

20446810.1

TAB 59

CORPORATE GUARANTEE

THIS GUARANTEE dated this 18th day of March, 2015.
 From: DDI Distribution Corp. of 1425 Kings Blvd., Airdrie AB, T4A 0A1
 (the "Guarantor")

To: Crystal Enlightened Income Fund, 3385 Harvester Road, Suite 200 Burlington ON,
 L7N 3N2
 (the "Factor")

Re: Restoration Energy Inc
 #234, 203-304 Main Street SE
 Airdrie, AB T4B 3C3

IN CONSIDERATION OF the Factor extending future credit from time to time to the Merchant, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor, guarantees the prompt, full and complete performance of any and all present and future duties, obligations and indebtedness (the "Debt") due to the Factor by the Merchant, up to a limit of \$2,000,000 (TWO MILLION DOLLARS), under the terms of certain factoring agreements (the "Agreement") and under the following terms and conditions:

1. Subject to the above limit, the Guarantor guarantees that the Merchant will promptly pay the full amount of amount forwarded from invoices purchased that remain unpaid plus interest as and when the same will in any manner be or become due, either according to the terms and conditions provided by the Agreement or upon acceleration of the payment under the Agreement by reason of a default.
2. To the extent permitted by law, the Guarantor waives all defenses, counterclaims or offsets that are legally available to the Guarantor with respect to the payment of the Debt of the Merchant.
3. The Factor is hereby authorized at any time, in its sole discretion and without notice, to take, change, release or in any way deal with any security securing the Debt without in any way impairing the obligation of the Guarantor.
4. The Factor will be under no obligation to collect or to protect any such security or the Debt, and its neglect or failure to collect or protect the security or the Debt is excused. Acceptance of the Guarantee is waived.
5. The Factor may grant extensions of time or other indulgences and otherwise deal with the Merchant and with other parties and securities as the Factor may see fit without in any way limiting or lessening the liability of the Guarantor under this Agreement.
6. Any impairment of the security, which the Factor may from time to time hold as security for the Debt, will in no way operate to discharge the Guarantor in whole or in part, it

being specifically agreed that the Factor is not required to exercise diligence to enforce its rights against the Merchant.

7. The Factor may release, surrender, exchange, modify, impair or extend the periods of duration or the time for performance or payment of any collateral securing the obligations of the Merchant to the Factor, and may also settle or compromise any claim of the Factor against the Merchant or against any other person or corporation whose obligation is held by the Factor as collateral security for any obligation of the Merchant or the Factor.
8. This Guarantee is for the use and benefit of the Factor, and will also be for the use and benefit of any subsequent Factor to whom the Factor may assign this Guarantee.
9. The liability of the Guarantor will continue until payment is made of every obligation of the Merchant now or later incurred in connection with the Debt and until payment is made of any loss or damage incurred by the Factor with respect to any matter covered by this Guarantee or any of the Agreement.
10. The Guarantor further waives all rights, by statute or otherwise, to require the Factor to institute suit against the Merchant, and to exercise diligence in enforcing this Guarantee or any other instrument.
11. All present and future indebtedness of the Merchant to the Guarantor is hereby assigned to the Factor. All monies received by the Guarantor from the Merchant will be received in trust for the Factor and upon receipt are to be paid over to the Factor until such time as the Debt owed by the Merchant has been fully paid and satisfied.
12. The Guarantor represents that at the time of the execution and delivery of this Guarantee nothing exists to impair the effectiveness of this Guarantee.
13. All of the Factor's rights, powers and remedies available under this Guarantee and under any other agreement in force now or anytime later between the Factor and the Guarantor will be cumulative and not alternative, and will be in addition to all rights, powers and remedies given to the Factor by law or in equity.
14. The Factor may, at its option, proceed in the first instance against the Guarantor to collect the obligations covered by this Guarantee without first proceeding against any other person, firm or corporation and without resorting to any property held by the Factor as collateral security.
15. All pronouns will include masculine, feminine and/or neuter gender, single or plural number, as the context of this Guarantee may require.
16. This Guarantee is made pursuant to the laws of the Province of Alberta. In the event that this Guarantee must be enforced by the Factor, all reasonable costs and expenses, including attorney's fees, incurred by the Factor will be paid by the Guarantor.

17. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections in this Guarantee will not affect the validity or enforceability of the remaining portions of this Guarantee or any part of this Guarantee.
18. No alteration or waiver of this Guarantee or of any of its terms, provisions or conditions will be binding upon the Factor unless made in writing over the signature of the Factor or its representative.
19. Words of "Guarantee" contained in this Guarantee in no way diminish or impair the absolute liability created in this Guarantee.
20. Any notice to be given to the Guarantor may be sent by mail, telephone, fax, email or otherwise delivered to the address provided below.

DDI Distribution Corp.
 1425 Kings Blvd., Airdrie AB, T4A 0A1
 Phone: 587 582-8556
 Email: d.dionne@ddienergy.com

IN WITNESS WHEREOF the Guarantor has duly affixed its signature under hand and seal on this 8th day of March, 2015.

SIGNED, SEALED OR ATTESTED
 in the presence of:


 Notary Public for the Province of Alberta

Shannon N. Wilson
 Barrister & Solicitor

DDI Distribution Corp.

 (seal)
 Per:

CORPORATE GUARANTEE

THIS GUARANTEE dated this 18th day of March, 2015.

From: Dionne Design Inc. of 1425 Kings Blvd., Airdrie AB, T4A 0A1
(the "Guarantor")

To: Crystal Enlightened Income Fund, 3385 Harvester Road, Suite 200 Burlington ON,
L7N 3N2
(the "Factor")

Re: Restoration Energy Inc.
#234, 203-304 Main Street SE
Airdrie, AB T4B 3C3

IN CONSIDERATION OF the Factor extending future credit from time to time to the Merchant, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor, guarantees the prompt, full and complete performance of any and all present and future duties, obligations and indebtedness (the "Debt") due to the Factor by the Merchant, up to a limit of \$2,000,000 (TWO MILLION DOLLARS), under the terms of certain factoring agreements (the "Agreement") and under the following terms and conditions:

1. Subject to the above limit, the Guarantor guarantees that the Merchant will promptly pay the full amount of amount forwarded from invoices purchased that remain unpaid plus interest as and when the same will in any manner be or become due, either according to the terms and conditions provided by the Agreement or upon acceleration of the payment under the Agreement by reason of a default.
2. To the extent permitted by law, the Guarantor waives all defenses, counterclaims or offsets that are legally available to the Guarantor with respect to the payment of the Debt of the Merchant.
3. The Factor is hereby authorized at any time, in its sole discretion and without notice, to take, change, release or in any way deal with any security securing the Debt without in any way impairing the obligation of the Guarantor.
4. The Factor will be under no obligation to collect or to protect any such security or the Debt, and its neglect or failure to collect or protect the security or the Debt is excused. Acceptance of the Guarantee is waived.
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6. Any impairment of the security, which the Factor may from time to time hold as security for the Debt, will in no way operate to discharge the Guarantor in whole or in part, it

being specifically agreed that the Factor is not required to exercise diligence to enforce its rights against the Merchant.

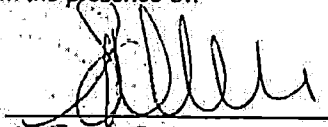
7. The Factor may release, surrender, exchange, modify, impair or extend the periods of duration or the time for performance or payment of any collateral securing the obligations of the Merchant to the Factor, and may also settle or compromise any claim of the Factor against the Merchant or against any other person or corporation whose obligation is held by the Factor as collateral security for any obligation of the Merchant or the Factor.
8. This Guarantee is for the use and benefit of the Factor, and will also be for the use and benefit of any subsequent Factor to whom the Factor may assign this Guarantee.
9. The liability of the Guarantor will continue until payment is made of every obligation of the Merchant now or later incurred in connection with the Debt and until payment is made of any loss or damage incurred by the Factor with respect to any matter covered by this Guarantee or any of the Agreement.
10. The Guarantor further waives all rights, by statute or otherwise, to require the Factor to institute suit against the Merchant, and to exercise diligence in enforcing this Guarantee or any other instrument.
11. All present and future indebtedness of the Merchant to the Guarantor is hereby assigned to the Factor. All monies received by the Guarantor from the Merchant will be received in trust for the Factor and upon receipt are to be paid over to the Factor until such time as the Debt owed by the Merchant has been fully paid and satisfied.
12. The Guarantor represents that at the time of the execution and delivery of this Guarantee nothing exists to impair the effectiveness of this Guarantee.
13. All of the Factor's rights, powers and remedies available under this Guarantee and under any other agreement in force now or anytime later between the Factor and the Guarantor will be cumulative and not alternative, and will be in addition to all rights, powers and remedies given to the Factor by law or in equity.
14. The Factor may, at its option, proceed in the first instance against the Guarantor to collect the obligations covered by this Guarantee without first proceeding against any other person, firm or corporation and without resorting to any property held by the Factor as collateral security.
15. All pronouns will include masculine, feminine and/or neuter gender, single or plural number, as the context of this Guarantee may require.
16. This Guarantee is made pursuant to the laws of the Province of Alberta. In the event that this Guarantee must be enforced by the Factor, all reasonable costs and expenses, including attorney's fees, incurred by the Factor will be paid by the Guarantor.

17. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections in this Guarantee will not affect the validity or enforceability of the remaining portions of this Guarantee or any part of this Guarantee.
18. No alteration or waiver of this Guarantee or of any of its terms, provisions or conditions will be binding upon the Factor unless made in writing over the signature of the Factor or its representative.
19. Words of "Guarantee" contained in this Guarantee in no way diminish or impair the absolute liability created in this Guarantee.
20. Any notice to be given to the Guarantor may be sent by mail, telephone, fax, email or otherwise delivered to the address provided below.

Dionne Design Inc..
 1425 Kings Blvd., Airdrie AB, T4A 0A1
 Phone: 587 582-8556
 Email: d.dionne@ddienergy.com

IN WITNESS WHEREOF the Guarantor has duly affixed its signature under hand and seal on this 8th day of March, 2015.

SIGNED, SEALED OR ATTESTED
 in the presence of:


 Notary Public for the Province of Alberta

Shannon N. Wilson
 Barrister & Solicitor

Dionne Design Inc.

Per:  (seal)

TAB 60

Knight, Jason

From: Timothy Jones <tjones@airdberlis.com>
Sent: Friday, February 23, 2018 3:52 PM
To: 'Deborah Dionne'; Steven Cooke
Cc: Mark van Zandvoort; Steve Graff; Diana Saturno; Knight, Jason; Bando, Bruce
Subject: RE: FW: Dionne Design Inc. & DDI Distribution Corp. re: Receivership of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund)
Attachments: Corporate Guarantee - DDI Distribution Corp..pdf; Corporate Guarantee of Dionne Design Inc..pdf

Ms. Dionne,

Thank you for your emails.

Darren Smits of Miller Thomson LLP, who was counsel to Crystal Wealth on the Restoration Energy financing, provided us the copies of the guarantee.

Mr. Smits also advised us that your counsel on the transaction was Shannon Wilson of the firm of Shea Nerland LLP. As we discussed, Ms. Wilson notarized the signature page that appears to bear your signature.

We would appreciate it if you could copy me, and the others CCed on this message, on any inquiries you might make with either of these lawyers. It will help our client learn more about the context of this transaction.

Timothy Jones

T 416.865.3086
 F 416.863.1515
 E tjones@airdberlis.com

Aird & Berlis LLP | Lawyers
 Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Canada M5J 2T9 | airdberlis.com



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From: Deborah Dionne [mailto:dionnedeborah3@gmail.com]
Sent: February-23-18 2:49 PM
To: Timothy Jones <tjones@airdberlis.com>
Cc: Steven Cooke <Scooke@hudsoninc.ca>
Subject: Re: FW: Dionne Design Inc. & DDI Distribution Corp. re: Receivership of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund)

Hello Timothy

Yes I was put into personal bankruptcy on a personally guaranteed line of credit for DDI Energy and other companies. My shares were seized by the trustee and the companies books and papers were seized by the bank and the companies were made inactive.

That aside I did not sign a guarantee for Restoration Energy Inc. I would not have been able to assign those companies as they were inactive through the personal bankruptcy and I was not the sole owner. I am ccing the gentleman at Hudson and Company who completed our paperwork. Steven could you please verify that our shares were seized and the companies no longer exist.

Further more please forward me the name of the person who provided you with that falsified document so that I may contact the proper authorities.

Sincerely

Deborah Dionne



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On Fri, Feb 23, 2018 at 12:18 PM, Timothy Jones <tjones@airdberlis.com> wrote:

Deborah,

We have spoken to Robert Price. Mr. Price advises that he was not appointed as trustee over Dionne Design Inc. or Dionne Distribution Inc. Mr. Price was only appointed as trustee over your personal estate. Our bankruptcy searches show that neither of these companies entered bankruptcy.

It is our client's position that the guarantees given by each of these companies are enforceable, and that the demands for payment made in our letters dated November 15, 2017 continue to be in effect.

Timothy Jones

T **416.865.3086**
F **416.863.1515**
E **tjones@airdberlis.com**

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com

AIRD BERLIS

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From: Deborah Dionne [mailto:dionnedeborah3@gmail.com]

Sent: February-20-18 9:08 PM

To: Timothy Jones <tjones@airdberlis.com>

Subject: Re: FW: Dionne Design Inc. & DDI Distribution Corp. re: Receivership of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund)

You are very welcome. Have a great night.

Deborah

On Tue, Feb 20, 2018 at 7:05 PM, Timothy Jones <tjones@airdberlis.com> wrote:

Thank you for providing this information, Deborah. We will discuss the below with our client, and we may be back in touch to do a bit more fact-finding on what I think both of us can agree is an unusual matter. We appreciate your cooperation.

Timothy Jones
Aird & Berlis LLP

T **416.865.3086**

E tjones@airdberlis.com

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From: Deborah Dionne [mailto:dionnedeborah3@gmail.com]

Sent: February-20-18 9:02 PM

To: Timothy Jones <tjones@airdberlis.com>

Subject: Re: FW: Dionne Design Inc. & DDI Distribution Corp. re: Receivership of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund)

I have no idea and the date of the documents is just before we started work at Restoration Inc. while we were in bankruptcy. We did not even sign employment contracts with Yvonne. We had applied for a loan through a company out of Lethbridge who used Crystal Wealth but our deal fell through and our companies went into bankruptcy. The owner of Restoration Inc. knew all of that info when she hired us. I have no idea how our company names got on a document for a loan for another company of which we have no ownership. Prior to

the bankruptcy those companies were owned by more than myself and it is suspicious that the guarantees have only one name.

Deb

On Tue, Feb 20, 2018 at 6:48 PM, Timothy Jones <tjones@airdberlis.com> wrote:

Deborah,

We are simply trying to understand how these documents came to be signed with a signature containing your name, if you were not aware that they were signed.

As you may be aware, the notary, Shannon Wilson, would have verified that the person signing these documents was you, before they were signed – that is the purpose of notarization. Are you sure that you did not sign the attached documents?

I hear you about the layoff and the bankruptcy – but it would assist the Receiver's mandate to understand how this signature came to be placed on the copy of the documents that we have seen.

With thanks,

Timothy Jones
Aird & Berlis LLP

T [416.865.3086](tel:416.865.3086)
E tjones@airdberlis.com

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If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Deborah Dionne [mailto:dionnedeborah3@gmail.com]

Sent: February-20-18 8:30 PM

To: Timothy Jones <tjones@airdberlis.com>

Subject: Re: FW: Dionne Design Inc. & DDI Distribution Corp. re: Receivership of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund)

As am I as I find it truly concerning that you have documents that I did not sign or execute. I was an employee of Restoration Energy Inc. during the time of my bankruptcy. Those companies were put into bankruptcy in 2014 and were given over to the trustee. They have been inactive since then. I was laid off from Restoration Energy Inc. with pay owing.

Deborah

On Tue, Feb 20, 2018 at 6:24 PM, Timothy Jones <tjones@airdberlis.com> wrote:

To clarify, Deborah, is it not your signature on each of the two documents attached? We are simply trying to understand the facts.

Thanks,

Timothy Jones
Aird & Berlis LLP

T **416.865.3086**

E **tjones@airdberlis.com**

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From: Deborah Dionne [mailto:dionnedeborah3@gmail.com]

Sent: February-20-18 8:18 PM

To: Timothy Jones <tjones@airdberlis.com>

Subject: Re: FW: Dionne Design Inc. & DDI Distribution Corp. re: Receivership of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund)

Yes these were not executed or delivered by us. We were in bankruptcy and the companies were in the custody of the trustee. We have no ownership in Restoration Energy Inc.

Deborah

On Tue, Feb 20, 2018 at 6:14 PM, Timothy Jones <tjones@airdberlis.com> wrote:

Deborah,

We appreciate your prompt response.

You will have seen copies of the corporate guarantees from Dionne Design Inc. and Dionne Distribution Corp., each of which is dated March 18, 2015, and which are signed with a signature that appears to read your name, and notarized. Each of the attached documents guarantees the indebtedness of Restoration Energy Inc. Copies of these were attached to my earlier email and are attached again hereto.

Is it still your position that these guarantees were not executed and delivered?

Timothy Jones

T [416.865.3086](tel:416.865.3086)
F [416.863.1515](tel:416.863.1515)
E tjones@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, [181 Bay Street, Suite 1800](#)
[Toronto, Canada](#) M5J 2T9 | airdberlis.com

AIRD BERLIS

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Deborah Dionne [<mailto:dionnedeborah3@gmail.com>]

Sent: February-20-18 8:07 PM

To: Timothy Jones <tjones@airdberlis.com>

Subject: Re: FW: Dionne Design Inc. & DDI Distribution Corp. re: Receivership of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund)

Good afternoon

I am afraid that you have been misinformed. Those companies were seized by our trustee in 2014 as part of our bankruptcy. Those companies and ourselves never signed a guarantee for Restoration Energy Inc. That company was owned solely by Yvonne Martin Morrison and we were employees who were laid off.

Our trustee was Robert Price at Hudson and Company in Calgary, Alberta.

Thank you

Deborah Dionne

On Tue, Feb 20, 2018 at 5:57 PM, Timothy Jones <tjones@airdberlis.com> wrote:

Ms. Dionne,

Please see the attached correspondence, which was e-mailed to your d.dionne@ddienergy.com address in November, 2017 as well as sent to you by registered mail. We received a bounce-back from the email, and have not received a response to the registered mail. Kindly confirm receipt of this e-mail.

Timothy Jones

T [416.865.3086](tel:416.865.3086)
F [416.863.1515](tel:416.863.1515)
E tjones@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com

AIRD BERLIS

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Timothy Jones
Sent: November-15-17 1:29 PM
To: 'd.dionne@ddienergy.com' <d.dionne@ddienergy.com>

Cc: Mark van Zandvoort <mvanzandvoort@airdberlis.com>; Steve Graff <sgraff@airdberlis.com>; 'Knight, Jason' <Jason.Knight@ca.gt.com>; 'Bando, Bruce' <Bruce.Bando@ca.gt.com>
Subject: Dionne Design Inc. & DDI Distribution Corp. re: Receivership of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund)
Importance: High

Ms. Dionne,

Please see the attached correspondence from our office, sent to your attention in connection with guarantees of the obligations of Restoration Energy Inc. made by each of DDI Distribution Corp. and Dionne Design Inc..

Copies of the respective guarantee agreements are also attached for your convenience.

Regards,

Timothy Jones

T [416.865.3086](tel:416.865.3086)
F [416.863.1515](tel:416.863.1515)
E tjones@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com

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If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

TAB 61

From: Clayton Smith
To: Jerry Froese; Al Housego
Cc: Clayton Smith; Joanne Bentley
Subject: Update on Restoration Energy Secondary Security (Mortgage) Issue
Date: March 24, 2017 10:52:42 AM

Hi Jerry and Al,

I just got off the phone with Jon Dyck, our legal counsel at Miller Thomson. He spoke with Darren Smits yesterday and Darren agreed that there is a conflict issue on his end because of his personal involvement in the companies and they are going to farm out the legal work to another law firm.

The pressing issue was this court date today where the land might have been sold to the only bidder whose price was less than the first mortgagor is owed so our security would have been extinguished. Darren told Jon that there is no need for us to do anything by today since Darren and his partners have decided to go ahead and pay out the first mortgage at court today so the property won't be sold - our mortgage stays in existence for now and will be in 2nd position because the current 1st mortgage is being replaced by a 1st mortgage by one of the principals of the company and the second mortgage which is a vendor take back is being extinguished in exchange for the vendor getting a few lots in the new development. Darren told Jon that they would still like to come back to us to get us to agree to extinguish our mortgage in exchange for 10% ownership in the development company.

There is no rush to do anything with the conversion to debenture today so I will leave that until next week as I want to make sure everything is documented properly and better understand the transaction.

Thank you,

Clayton Smith, CAIA
Chief Executive Officer
Crystal Wealth
192 Plains Rd. E.
Burlington, ON L7T 2C3
(P) 905-332-4414
(C) 905-517-6172
(F) 905-332-6028
(TF) 877-299-2854

www.crystalwealth.com

If you no longer wish to receive electronic communications from Crystal Wealth, please reply with UNSUBSCRIBE as the subject.

TAB 62

AIRD BERLIS

Mark van Zandvoort
 Direct: 416.865.4742
 E-mail: mvanzandvoort@airdberlis.com

November 29, 2017

BY REGULAR AND REGISTERED MAIL

Single Source Services Ltd.
 2900, 10180 – 101st Street
 Edmonton, Alberta T5J 3V5

- and to –

Single Source Services Ltd.
 503 14032 23rd Ave.
 Edmonton, AB T6R 3L6

Attention: Tanya McCrary-Singh, Chief Financial Officer

Dear Ms. McCrary-Singh:

**Re: Receivership of Crystal Wealth Enlightened Factoring Strategy (formerly
 Crystal Enlightened Income Fund)**

As you are aware, Grant Thornton Limited was appointed as receiver and manager of the assets, undertakings and properties of Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund) (the “**Fund**”) (in such capacity, the “**Receiver**”), pursuant to the Order (Appointing Receiver) (the “**Appointment Order**”) issued by the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List) on April 26, 2017. The Appointment Order can be found on the Receiver’s Case Website www.grantthornton.ca/crystalwealth. As is evident in the Appointment Order, the Court has provided broad powers to the Receiver in furtherance of its mandate, in order to augment and ensure that the highest possible recovery can be achieved for the benefit of investors of the Fund.

We refer to the factoring agreement made between the Fund and Single Source Services Ltd. (“**Single Source**”) dated August 9, 2016 (the “**Factoring Agreement**”). Unless otherwise defined, all capitalised terms used herein are intended to have the meaning ascribed to them in the Factoring Agreement.

Default has occurred under the Factoring Agreement, including as a result of Single Source’s failure to repurchase the Receivable from the Fund, as required by the Receiver’s letter to Single Source dated November 22, 2017, enclosed. On behalf of the Receiver, we hereby make formal demand on Single Source for payment of \$93,984.75 in principal and \$21,239.48 in accrued interest owing to the Fund as at November 17, 2017, together with all

recovery costs of the Receiver (including, without limitation, the Receiver's legal and professional fees) (the "**Indebtedness**"). Interest continues to accrue on the Indebtedness at the rates established by the Factoring Agreement.

Please contact the undersigned to make arrangements for immediate payment, as all payments are to be remitted directly to the Receiver.

The Indebtedness is secured, as applicable and *inter alia*, by a general security agreement granted by Single Source in favour of the Fund, as well as continuing security interests granted by Single Source pursuant to the Factoring Agreement, each of which covers all of Single Source's present and after-acquired undertaking, property and assets, in favour of the Fund and its affiliates.

On behalf of the Receiver, we enclose a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (the "**BIA Notice**").

The Receiver hereby reserves its rights to initiate proceedings within the ten-day period set out in the BIA notice, if circumstances warrant such proceedings.

Payment of the Indebtedness is required to be made immediately to the Receiver. If payment of the Indebtedness is not received immediately, the Receiver shall take whatever steps it may consider necessary or appropriate to recover the Indebtedness, which may include, without limitation, taking steps to appoint an interim receiver, receiver or receiver and/or manager of Single Source, in which case the Receiver will also be seeking all costs incurred in so doing.

Yours truly,

AIRD & BERLIS LLP


Mark van Zandvoort

MVZ/tj

Encl.

c: Grant Thornton Limited

AIRD BERLIS

NOTICE OF INTENTION TO ENFORCE SECURITY
(Bankruptcy and Insolvency Act, Subsection 244(1))

Delivered By Regular and Registered Mail

TO: **Single Source Services Ltd.**
 2900, 10180 – 101st Street
 Edmonton, Alberta T5J 3V5

AND TO: **Single Source Services Ltd.**
 503 14032 23rd Ave.
 Edmonton, AB T6R 3L6
insolvent company / person

TAKE NOTICE that:

1. Grant Thornton Limited, in its capacity as the Court-appointed receiver and manager (in such capacity, the "Receiver") of Crystal Wealth Management System Limited and certain additional persons and entities, including Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund) (the "Fund", and collectively with all of the entities under receivership, the "Crystal Wealth Group"), a secured creditor, intends to enforce its security on the property, assets and undertakings of Single Source Services Ltd. (the "Company"), including, without limiting the generality of the foregoing, all the equipment, accounts, proceeds, books and records, inventory, leaseholds and all other personal property interests of the Company.
2. The security that is to be enforced is in the form of, *inter alia*, a general security agreement between the Crystal Wealth Enlightened Factoring Strategy (under its prior name, Crystal Enlightened Income Fund) and the Company dated August 9, 2016, and/or security granted to the Crystal Wealth Group, or any of them, pursuant to a factoring agreement made on August 9, 2016 (the "Security").
3. As at November 17, 2017, the total amount of the indebtedness secured by the Security is the sum of **\$115,224.23** (\$93,984.75 in principal and \$21,239.48 in accrued interest), plus accruing interest and recovery costs of the Receiver (including, without limitation, the Receiver's legal and other professional fees).
4. The Receiver will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Company consents to an earlier enforcement.

DATED at Toronto this 29th day of November, 2017.

**GRANT THORNTON LIMITED, in its capacity as
 Receiver and Manager of the Crystal Wealth Group,
 and not in its personal or corporate capacity and
 without personal or corporate liability
 by its lawyers, Aird & Berlis LLP**

Per: _____

Mark van Zandvoort
 Brookfield Place, Suite 1800
 181 Bay Street, Box 754 Toronto, ON M5J 2T9
 Tel: 416-863-1500 / Fax: 416-863-1515

Note: This Notice is given for precautionary purposes only and there is no acknowledgement that any person to whom this Notice is delivered is insolvent, or that the provisions of the *Bankruptcy and Insolvency Act* apply to the enforcement of this security.

30719438.3

TAB 63

AIRD BERLIS

Mark van Zandvoort
 Direct: 416.865.4742
 E-mail: mvanzandvoort@airdberlis.com

November 29, 2017

BY REGULAR AND REGISTERED MAIL

Tanya McCrary-Singh
 1041 Carter Crest
 Edmonton AM, T6R 2M6

Dear Ms. McCrary-Singh:

**Re: Receivership of Crystal Wealth Enlightened Factoring Strategy (formerly
 Crystal Enlightened Income Fund)**

We are the lawyers for Grant Thornton Limited (“GTL”), in its capacity as the Court-appointed Receiver and Manager (in such capacity, the “**Receiver**”) of all of the assets, undertakings and properties of Crystal Wealth Enlightened Factoring Strategy (the “**Factoring Fund**” and, together with other related entities, the “**Crystal Wealth Group**”). The Receiver was so appointed pursuant to an Order (Appointing Receiver) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued on April 26, 2017 (the “**Appointment Order**”).

The Court has expressly empowered and authorized the Receiver to, amongst other things: receive and collect all monies and accounts now owed or hereafter owing to the Crystal Wealth Group; to exercise all remedies of the Crystal Wealth Group in collecting such monies; and to initiate, prosecute and continue the prosecution of any and all proceedings instituted with respect to the Crystal Wealth Group. A copy of the Appointment Order is available at www.GrantThornton.ca/CrystalWealth.

We refer to the factoring agreement made between the Factoring Fund and Single Source Services Ltd. (the “**Merchant**”) made August 9, 2016 (the “**Factoring Agreement**”).

In your personal capacity, you guaranteed the prompt, full, and complete performance Merchant’s obligations and indebtedness under the Factoring Agreement (the “**Obligations**”), together with recovery costs of the Receiver in the event of enforcement, under a Personal Guarantee dated August 9, 2016 (the “**Personal Guarantee**”). A copy of the Personal Guarantee is attached.

Default has occurred under the Factoring Agreement, and the Merchant is indebted to the Factoring Fund as at November 17, 2017 in the principal amount of \$93,984.75, and \$21,239.48 in accrued interest, together with recovery costs of the Receiver (including, without limitation, the Receiver’s legal and professional fees).

Accordingly, on behalf of the Receiver, pursuant to the Personal Guarantee, we hereby make formal demand on you for payment of \$115,224.23 in principal and accrued interest pursuant to the Factoring Agreement, together with recovery costs of the Receiver (including, without limitation, the Receiver's legal and professional fees) (the "**Indebtedness**").

Payment of the Indebtedness is required to be made immediately to the Receiver. Interest continues to accrue on the Indebtedness at the rate established by the Factoring Agreement.

If payment of the Indebtedness is not received immediately, the Receiver shall take whatever steps it may consider appropriate to recover the Indebtedness, which may include, without limitation, commencing legal action without further notice to you, in which case the Receiver shall also be seeking all costs incurred in so doing.

Please direct all notices and communications concerning the Personal Guarantee to our firm, to my attention, with a copy to Jason Knight of the Receiver at the address below.

Please govern yourself accordingly.

Yours truly,

AIRD & BERLIS LLP



Mark van Zandvoort

MVZ/tj

c: Jason Knight, Manager, Grant Thornton Limited (Jason.Knight@ca.gt.com)
200 King Street West, 11th floor
Toronto, Ontario M5H 3T4

Encl.

31004654.2

AIRD BERLIS

PERSONAL GUARANTEE

THIS GUARANTEE dated this August 9, 2016

From: Tanya McCrury-Singh
1041 Carter Crest
Edmonton AB, T6R 2M6
(the "Guarantor")

To: Crystal Wealth Enlightened Factoring Strategy
3385 Harvester Road, Suite 200
Burlington, Ontario, L7N 3N2
(the "Factor")

Re: Single Source Services Ltd
503 - 14032 23rd Ave
Edmonton AB, T6R 3L6
(the "Merchant")

IN CONSIDERATION OF the Factor extending future credit from time to time to the Merchant, and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Guarantor, personally guarantees the prompt, full and complete performance of any and all present and future duties, obligations and indebtedness (the "Debt") due to the Factor by the Merchant, under the terms of certain debt agreements (the "Agreement") and under the following terms and conditions:

1. The Guarantor guarantees that the Merchant will promptly pay the full amount of principal and interest of the Debt as and when the same will in any manner be or become due, either according to the terms and conditions provided by the Agreement or upon acceleration of the payment under the Agreement by reason of a default.
2. The Guarantor agrees not to pledge, hypothecate, mortgage, sell or otherwise transfer any of the Guarantor's assets without the prior written consent of the Factor.
3. To the extent permitted by law, the Guarantor waives all defenses, counterclaims or offsets that are legally available to the Guarantor with respect to the payment of the Debt of the Merchant.
4. The Factor is hereby authorized at any time, in its sole discretion and without notice, to take, change, release or in any way deal with any security securing the Debt without in any way impairing the obligation of the Guarantor.
5. The Factor will be under no obligation to collect or to protect any such security or the Debt, and its neglect or failure to collect or protect the security or the Debt is excused. Acceptance of the Guarantee is waived.

6. The Factor may grant extensions of time or other indulgences and otherwise deal with the Merchant and with other parties and securities as the Factor may see fit without in any way limiting or lessening the liability of the Guarantor under this Agreement.
7. Any impairment of the security, which the Factor may from time to time hold as security for the Debt, will in no way operate to discharge the Guarantor in whole or in part, it being specifically agreed that the Factor is not required to exercise diligence to enforce its rights against the Merchant.
8. The Factor may release, surrender, exchange, modify, impair or extend the periods of duration or the time for performance or payment of any collateral securing the obligations of the Merchant to the Factor, and may also settle or compromise any claim of the Factor against the Merchant or against any other person or corporation whose obligation is held by the Factor as collateral security for any obligation of the Merchant or the Factor.
9. This Guarantee is for the use and benefit of the Factor, and will also be for the use and benefit of any subsequent Factor to whom the Factor may assign this Guarantee.
10. The liability of the Guarantor will continue until payment is made of every obligation of the Merchant now or later incurred in connection with the Debt and until payment is made of any loss or damage incurred by the Factor with respect to any matter covered by this Guarantee or any of the Agreement.
11. The Guarantor further waives all rights, by statute or otherwise, to require the Factor to institute suit against the Merchant, and to exercise diligence in enforcing this Guarantee or any other instrument.
12. All present and future indebtedness of the Merchant to the Guarantor is hereby assigned to the Factor. All monies received by the Guarantor from the Merchant will be received in trust for the Factor and upon receipt are to be paid over to the Factor until such time as the Debt owed by the Merchant has been fully paid and satisfied.
13. The Guarantor represents that at the time of the execution and delivery of this Guarantee nothing exists to impair the effectiveness of this Guarantee.
14. All of the Factor's rights, powers and remedies available under this Guarantee and under any other agreement in force now or anytime later between the Factor and the Guarantor will be cumulative and not alternative, and will be in addition to all rights, powers and remedies given to the Factor by law or in equity.
15. The Factor may, at its option, proceed in the first instance against the Guarantor to collect the obligations covered by this Guarantee without first proceeding against any other person, firm or corporation and without resorting to any property held by the Factor as collateral security.
16. All pronouns will include masculine, feminine and/or neuter gender, single or plural number, as the context of this Guarantee may require.

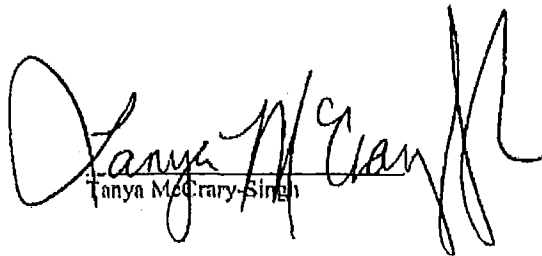
17. This Guarantee is made pursuant to the laws of the Province of Ontario. In the event that this Guarantee must be enforced by the Factor, all reasonable costs and expenses, including attorney's fees, incurred by the Factor will be paid by the Guarantor.
18. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections in this Guarantee will not affect the validity or enforceability of the remaining portions of this Guarantee or any part of this Guarantee.
19. No alteration or waiver of this Guarantee or of any of its terms, provisions or conditions will be binding upon the Factor unless made in writing over the signature of the Factor or its representative.
20. Words of "Guarantee" contained in this Guarantee in no way diminish or impair the absolute liability created in this Guarantee.
21. Any notice to be given to the Guarantor may be sent by mail, telephone, fax, email or otherwise delivered to the address provided below.

Tanya McCrary-Singh
1041 Carter Crest
Edmonton AB, T6R 2M6

IN WITNESS WHEREOF the Guarantor has duly affixed its signature under hand and seal on this August 9, 2016

SIGNED, SEALED OR ATTESTED
in the presence of:

Witness

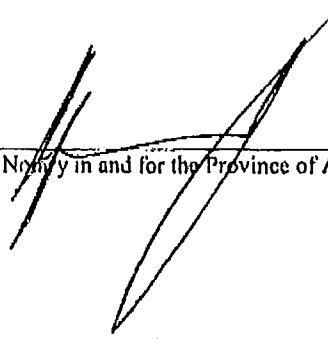

Tanya McCrary-Singh

THE GUARANTEE ACKNOWLEDGEMENT ACT CERTIFICATE OF NOTARY PUBLIC

I HEREBY CERTIFY THAT:

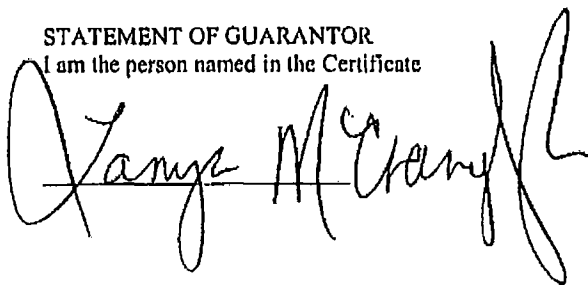
1. Tanya McGarry-Singh, of City of Edmonton, Alberta, Canada, the Guarantor (or one of the Guarantors) in the Guarantee dated the 10th day of Aug, 2016 made between Tanya McGarry-Singh and Crystal Wealth Enlightened Factoring Strategy which this Certificate is attached to or noted upon, appeared in person before me and acknowledged that he/she has executed the Guarantee.
2. I satisfied myself by examination of him/her that he/she is aware of the contents of the Guarantee and understands it.

GIVEN AT Edmonton, Alberta, Canada, this 10th day of August, 2016 under my hand and seal of office,


A Notary in and for the Province of Alberta

STATEMENT OF GUARANTOR

I am the person named in the Certificate


Tanya McGarry-Singh

TAB 64

From: Timothy Jones
Sent: December 8, 2017 9:27 PM
To: solid8@telus.net
Cc: Mark van Zandvoort; Steve Graff
Subject: Crystal Wealth / Solid Holdings

Mr. Spletzer,

We are counsel to Grant Thornton Limited in its capacity as Receiver and Manager of the Crystal Wealth Group (in this capacity, the "Receiver").

We expect that the legal advice that you are obtaining will clarify some of the questions in your email. We cannot answer the questions you asked without giving you legal advice, which we cannot do, since we are the lawyers for the Receiver.

That being said, if you review the Motion Record that you were served with, you will see a Notice of Motion which specifically describes the orders that the Receiver is asking the Ontario Superior Court of Justice (referred to in this email as the "Court") to make as part of the Receiver's motion to the Court that is being heard on Monday. The Notice of Motion begins at page 10 of the attached PDF.

On page 12 of the PDF (page 3 of the Notice of Motion), at paragraph (h), you will see that the only Order the Receiver is requesting which specifically affects you is an order that would direct you to "provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the Crystal Wealth Group." The Receiver's Second Report (also contained in this Motion Record) discusses some of the information that has been requested from you to date – you can find this at pages 118 and 119 of the PDF (pages 80-81 of the Second Report).

On the same page of the Notice of Motion and the page that follows (pages 12-13 of the PDF, 3-4 of the Notice of Motion) at paragraph (j), you will see that the Receiver is requesting an order that directs certain individuals to attend an examination under oath in Toronto, with each such individual bearing the cost of their own attendance. From your email below, it seems that you believe you are one of these individuals. If you review the list of individuals that are referred to, you will see that it does not include you.

The order of the Court that appointed the Receiver (attached) empowers and authorizes the Receiver to, among other things, examine under oath any person who the Receiver reasonably considers to have knowledge of the Crystal Wealth Group. At this time, the Receiver is not asking the Court for an order permitting the Receiver to examine you at your own expense.

Regards,

Timothy Jones

T 416.865.3086
F 416.863.1515
E tjones@airdberlis.com

Aird & Berlis LLP | Lawyers

Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9

From: Stan Spletzer [mailto:solid8@telus.net]
Sent: December-07-17 7:47 PM
To: Colette Dillard <cdillard@airdberlis.com<mailto:cdillard@airdberlis.com>>
Subject: to many ????

Does the receiver have the right to break or modify a contract after it has been signed? I don't know at this moment, but am seeking advice on this presently. I believe I have until February to pay principle and interest and feel I should have the complete amount before Christmas. If I was to pass the February deadline without fulfilling my commitment, wouldn't that be the time when I am served or summoned, or court order placed in my physical hands?
I have never heard of email summons.

Why are we paying for air flights, hotel rooms, and time off work, when all the BC investors could meet with a rep. from the receivers office in a location in BC as per agreement?
I have not done anything wrong.
If you might have already checked I have an excellent credit rating, and I plan to pay this debt on time.
I would be happy to meet with your rep in BC and provide sensitive dialogue, and documentation.

Section 10. General Terms and Conditions:

(e)Jurisdiction: The Parties hereby submit to jurisdiction in the Province of British Columbia for the enforcement of this Contract or any claims hereunder and hereby waive any and all rights under the laws of any foreign jurisdiction to object to such jurisdiction. The Parties hereby waive any and all rights to a trial by jury in any action, suit, and counterclaim arising in connection with, out of or otherwise relating to this Contract or other matters relating thereto. This Contract shall be construed in accordance with the laws of the Province of British Columbia, Canada.

Stan Spletzer

TAB 65

Knight, Jason

From: stan spletzer <solid8@telus.net>
Sent: Wednesday, December 27, 2017 1:51 PM
To: Knight, Jason
Subject: Response from Stan Spletzer
Attachments: Crystal Wealth letter from Jorge (1).docx; To Grant Thorton.docx



Small Patented plant sent to Juneau. Integra 1



New 500 tph plant built in my shop



Lab picture



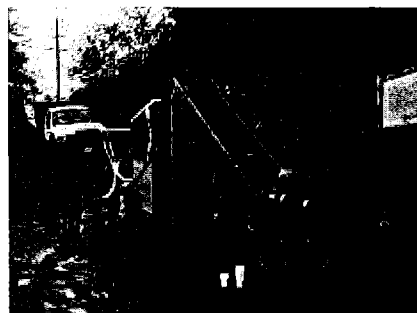
Fire assays done in Lab



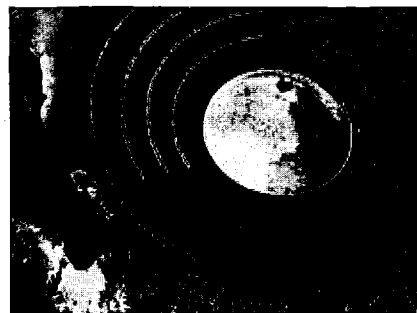
Pour our own bars.



Building the Integra 2 in our other shop



Integra 1 in Juneau for testing



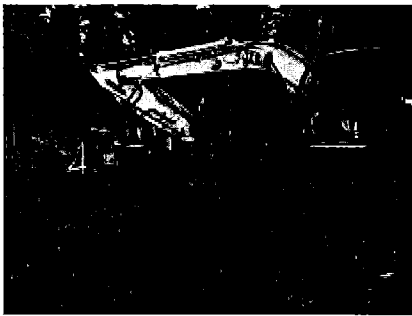
Very fine gold coming off the end of Integra 1



Floating sluice in Juneau



Patented troughs



Testing on one of my properties

TAB 66

December 27, 2017

To Grant Thornton/Jason Knight:

I strongly feel that there are non-compliance issues with Crystal Wealth, with dates and transactions, and with fraudulent parties. Fraudulent certificates were apparently manufactured and presented to Crystal Wealth, and approximately 4-5 million dollars was paid out based on Mr. Lopehandia's Juneau gold, and my Juneau report, without our consent or authority to do so. Crystal wealth owes Mr. Jorge Lopehandia 4-5 million dollars. Crystal Wealth gave money to the fraudsters without doing there due diligence. If we would have received any of this money I would not have come to Crystal wealth for a loan of 300,000 dollars on Feb 13, 2017

We feel that the Crystal Wealth loan was granted easily to me so that "they" could get closer to my partner and our business perhaps, and or, to compensate me a little after the fact, recognizing and sorry that a mistake of moving funds to the wrong party had happened. This contract was made "non- assignable" and causes an issue that supports our growing suspicions. Interesting perhaps that Feb 13th I received my loan and April 26 Crystal Wealth was shut down.

The receiver is over reaching with non-applicable requests for certain information. My debt has not lapsed, it is due in February 2018. I shall repay as stated in the contract by the due date of Feb 13, 2018. There are no marks on my business conduct, banking, and financial dealings, in 42 years of business. My silence to Grant Thornton does not mean I am "hiding something" as the good Judge has indicated, rather it indicates CAUTION as it opens a huge can of worms, as you soon will see.

Solid Holdings Ltd and Mr. Jorge Lopehandia own a vast portfolio of properties, and have a Lab where we do our own fire assays and testing. Our company also has our own patented gold finishing equipment.

Sept 2016 Jorge paid me to take our equipment to Juneau Alaska and test material and write a report. To this date Jorge Lopehandia has not authorized anyone to use this report for gold certificates for Crystal Wealth or anyone, as this report belongs to our private joint venture and was for the purposes of our own understanding of the property to use for the purposes of mining the property.

Unlike most of the gold clients of Crystal Wealth, my partner Mr. Jorge Lopehandia and I are the real deal. We are able sell gold from our own properties, mine our own properties, with our own equipment, and pour our own bars of gold. Jorge has been a Gold Bullion trader, licensed out of Switzerland, and is the one who has the rights to mine Juneau. All cash obligations and physical gold obligations would have been met 100% by us, as the physical gold producers, if the money had gone in the right direction. We have recently pieced together a string of lies and deceit sparked by the closure of Crystal Wealth, fraud perpetrated by certain people we had brought into our confidence.

Crystal Wealth Contract Section 10 (c) At this time I wish to cancel immediately, with 15 days notice, this contract with Crystal Wealth. My partner Mr. Jorge Lopehandia will be a witness to the fact that Crystal wealth paid out approx. 4-5 million dollars to the wrong people, based on unauthorized info, which sabotaged our ability to move forward.

I would be willing to have a teleconference call with the Receiver, from British Columbia, if necessary.

Solid Holdings Ltd / Stan Spletzer

TAB 67

To: Stan Spletzer, Solid Holdings Ltd.

Re: Crystal Wealth, my personal recollections of record.

Dear Mr. Spletzer.

It has come to my attention that Crystal Wealth, has encountered certain problems and is facing intervention and or receivership, which are to be reported to OSC, by Grand Thornton.

https://www.osc.gov.on.ca/documents/en/Securities-Category5-Comments/com_20170921_52-403_grant-thornton.pdf

This is the same OSC that reneged to deliver a straight answer to the RHPM of Canada Paul Martin Junior, in the matters of BARRICK GOLD CORPORATION - ABX - TSX, and have been instrumental against MWR - TSX, Mountain West Resources, TSX, to not succeed against Barrick and its political PORK BARREL at CAYMAN ISLANDS, namely SAN JOSE INC.

Owned and commanded by the top legal officer of Barrick Gold Corporation in Chile, Canadian Lawyer, Laura Phyllis Maria Emery, a.k.a. LAURA EMERY, owner of SAN JOSE INC, CAYMAN ISLANDS, BARRICK CHILE LIMITADA, BARRICK CHILE 2 LIMITADA, MINERA NEVADA SpA, a.k.a. BARRICK GOLD CORPORATION - ABX - TSX, in the matters of TESOROS concessions that are included in PASCUA LAMA PROTOCOL, a fabrication of a public deed. Trading at TSX.

As a miner with a large family and mining concessions portfolio to look after, I welcome the investigation and the cracking down by the powers that be, of the Principals of Crystal Wealth involved; especially, because I am a directly affected party in more ways than one, of the extreme irresponsibility of the Fund and its Chief Compliance Officer, to drop funds left, right and center, with the littlest of regard for basic yet essential considerations. I.e: the Gold, property titles, equipment for extraction and recovery, technology for the final arrival to physical Gold production, after metallurgical recovery of high yielded concentrates, in to pure physical Gold or Dore bar.

It is beyond me how casual conversations years ago, with Al Housego, ends up, years later, with me learning, that my idea of a Gold Fund (which would pay physical Gold dividends) suddenly appeared as a GOLD FUND.

As a responsible Gold miner, we start by proven titles, geological formations, reported resources, before looking for the GOLD FUND money, as I was on the lookout for when I first spoke with Al Housego via a mutual introductory party, well before me learning that Al was representing a Gold Fund.

During my first day of explanation to Al, I clearly proved my point that by starting with reserves in the ground, ample yellow iron and support vehicles, air and terrestrial, technology, know how, personnel, production and exploratory production permitted assets, personally and with my

partner associate STAN SPLETZER, we as miners, well-funded, could back up a PHYSICAL GOLD DIVIDENDS Gold Fund.

In fact, that was the first business, before becoming a private bank of clean technologies and Gold Projects in multiple jurisdictions, all in house projects and technologies, as achieved at this date.

With Mr. Spletzer, we needed the cash when first acquainted with Crystal Wealth, hence we invested time, cash and cash equivalent human and technological resources, to advance and to perfect our existing and available technologies to back up our available documented Gold, that would satisfy any Compliance and or legal Department of a potential Investor, be it private or public Gold Fund (Up to levels of tens of thousands of ounces, with my private mining portfolio alone.)

Mr. Stan Spletzer and Jorge Rodrigo Lopehandia, in my privately legally available and documented Gold, alone, with our patented physical Gold recovery technology, are able to more than meet the February 2018 financial obligation of Stanley Spletzer to Crystal Wealth.

EXHIBIT A: 60,000 ounces of Gold entrusted to Jorge R Lopehandia, by Mr. Howard Lockheart from Juneau, Alaska, as per enclosed documents. (JRL Exhibit A).

The Juneau Gold, was studied, tested and reported by Stan Spletzer to the person that funded the effort, yours truly. This was done for and with its Alaska owner.

After successful scientific and metallurgical results, I was introduced personally to Al Housego, by Alan Braun at the offices of two shady characters ALEX LI and STANLEY LOH, all of whom had previously engaged in business that was totally out of the ordinary with CHINA GOLD VANCOUVER, who was in direct personal house visit contact with John Thornton of Barrick Gold Corporation, all of whom, with full intentions of me participating in an illegal scheme of exporting magnetite from Canada, spiked with one point five kilos of Gold per metric ton of magnetite.

That particular business became known to me as MINER MIKE - 20 Mile Gold, a typical Mark Twain Gold mine scenario of a potential hole in the ground with some liars on top.

The entire business of the magnetite became suspect to me and I desisted of the deal with CHINA GOLD Vancouver.

Alan Braun resurfaced with Al Housego at the offices of ALEX LI and STANLEY LOH in Georgia Street Vancouver, 12th Floor I believe, I was prompted by the Chinese nationals and Alan Braun, to **NOT TALK ABOUT JUNEAU GOLD or any other gold.**

All we were there to discuss was some exceptional Gold assays, in my well studied metallurgical opinion, coming from high concentration of Gold ore. **YET, to my astonishment,** in accordance to PHIL NYLANDER and ALAN BRAUN with BRIAN WALKER, they were picking up and

taking samples from large piles with tens of thousands of metric tons of the same assayed material.

Phil Nylander an associate of Rene Gladu, his son and Alan Braun, legally advised Brent Johnson, my client tied to Juneau Alaska Gold, that he had sold 90 Gold certificates in Europe, claiming that the sole impediment to the transaction, was the fact that the Gold, was documented to me and not to him or a legally third party.

All parties recommended to Brent Johnson that he opens a new Corporation that would engage in the business of selling forward the gold of ALASKA JUNEAU mine tailings, documented to me.

There was one level of security for me over the ounces to be documented. No one knew how to do a Gold deal or to document a real Gold transaction and I did. Swiss procedures.

There was another level of security, the extraction and advanced metallurgical technology that was patented to me and my partner through our private JV company to become a Physical Gold Dividends paying Fund.

I had delivered to Howard Lockheart and Brent Johnson, empirical and scientific results of our Juneau Alaska testing and metallurgical assays on Gold present at the Juneau Tailings, by physical Gold recovery done on site, before the Alaska miner's eyes.

Alan Braun was aware of this event when he invited me to deliver a presentation on the technology that he would finance after Alan Housego gave him and his Chinese associates funds for the 20 Mile Gold contract, Gold production.

Before my eyes, an agreed amount of physical Gold ounces, as samples to Crystal Wealth Gold Fund, were to be produced out of 20 Mile, miner Mike's deposit.

Phil Nylander went to Europe and quickly found out that for physical Gold, he had better have my signature affixed to the offer, and he did not. On record, he contacted a law firm that was mutual to Mr. Brent Johnson and me in the matters of BARRICK GOLD CORPORATION, asking for a letter to be produced by a known lawyer to us all, that I had to sign, assigning authority to complete a Gold deal on my behalf, to Phil Nylander. I did not consent to this.

While Mr. Nylander was in Europe he spent money from ONSTAR, that in accordance to me on record to a Lawyer in Vancouver a mutual acquaintance to Mr. Brent Johnson and myself, was 100% private money and business of Mr. Alana Braun and Al Housego, on 20 Mile Gold.

On record, I admonished the Lawyer of Mr. Brent Johnson for asking particulars of the ONSTAR money delivered to ALAN BRAUN by AL HOUSEGO in my presence, for funding our technology to produce Gold at the rich deposit of 20 Mile Gold.

Phil Nylander, never had legal rights to take cash from Al Housego against 20 Mile project. Alan Braun never did have rights to sell trade or barter gold from 20 Mile Gold project.

I insisted that the parties were going nowhere and that if it was me with my knowledge, I would produce a Gold Certificate against the NI 43101 Gold reserves that were under my control, for which I promised the parties to advise in the text, before forced to surrender the business but not the funds, arising from any business that ONSTAR did with JUENAU GOLD.

I personally advised Mr. Brent Johnson of the meeting with AL HOUSEGO and ALAN BRAUN, whereas I witnessed, that my metallurgical and technological Gold recovery presentation was USED and ABUSED by the Chinese nationals ALEX LI, STANLEY LOH and ALAN BRAUN, as at all times the parties pretended before AL HOUSEGO and me, that 20 MILE PROJECT was the richest thing, since Bre-X.

It took months for PHIL NYLANDER to NOT DELIVER the promised high grade ore Gold sample, from 20 Mile Gold, to our metallurgical lab and physical Gold production and recovery facilities. Finally, STAN SPLETZER had to arrange for his truck and lowbed to travel to the location to load 6 tons of black sands and deliver back to Stan's processing facility.

I insisted to both PHIL NYLANDER and BRIAN WALKER in front of ALAN BRAUN, to tell me the truth regarding the assays delivered to me and to Stan Spletzer, as we under no professional and ethical circumstances, *could validate such results, as legally binding to large piles of material, in accordance to Nylander and Braun - grabbed samples from existing large stockpiles.*

Not, unless such samples were recovered by our own, with GPS, to identify the exact location of such extraordinarily rich Gold containing material, sure to make any untrained Gold Fund Officer, step into the BRE - X rake, getting the stick right in the nose.

After my meeting with LA HOUSEGO, I learned that ONSTAR had gotten funds from CRYSTAL WEALTH to my knowledge and so advised by ALAN BRAUN, exclusively for 20 Mile Gold CONTRACT with ONSTAR waiting for some 90 sold certificates in Europe by PHIL NYLANDER that would release money for JUNEAU and my Chile fight with BARRICK GOLD CORPORATION - ABX - TSX - OSC, who steals the cash from TSX - OSC and sends it to dissipate at SAN JOSE INC CAYMAN ISLANDS. From there to the Munk series of corporations in Canada, OSC, SEC, Europe, Paris Bourse, the racket.

On record, I received a generous loan from ALAN BRAUN while our Gold certificates sold in Europe came to fruition. My understanding is that in the same terms and conditions of devolution of the advance to ALAN BRAUN when the JUNEAU GOLD was sold; I thanked and agreed to take his loan, and so I understand was agreed by Mr. Brent Johnson.

ONSTAR money was fast depleted, with no money delivered to Gold recovery equipment or proven Juneau Gold tested technology, but \$300,000 dollars Canadian allocation granted to Jorge R Lopehandia and Stan Spletzer by ALAN BRAUN to M3 STEEL of BC, who asked for our technology design to build our equipment to specs.

After surrendering our patented technology components blue prints, for M3 STEEL to reproduce our machines, to date, not a single unit has been delivered, let alone any part. What we received though, were threats of CIRCUMVENTION and we have your technology, so be it.

That was before Rene Gladu, his son, and Alan Braun, depleted the till, much to the astonishment of Brent Johnson and me, us assuming that at all time, as on record with our mutual lawyer, that ONSTAR had not yet received funds for JUNEAU Gold tailings job.

ONSTAR to my knowledge and records, then, had received funds for 20 Mile Gold only.

I became aware that in fact the ONSTAR money was actually backed by CRYSTAL WEALTH on a pathetic caricature of a GOLD BOND/GOLD CERTIFICATE. Laughable, as it is clearly shows lack of knowledge of the Gold industry essentials in due diligence.

Mr. Stan Spletzer and I are on written email record that those assays were spiked.

Phil Nylander came back from London defeated because he did not have my signature in order to sell the 90 Bonds, as the Gold circles know of my previous offer. As that I knew metallurgy, I put pressure on Phil Nylander to come clean as to how they arrived to the assays sported by ALAN BRAUN delivered to AL HOUSEGO. He lied in that the concentrates were 50 to one or 100 to one but could be 150 to one. It is like me telling a banker that my phony bill could be 120, 170 or 190 dollars depending on how happy I feel today to lie some more.

Angered at the posturing of Nylander, I objected to my signature affixed to any delegation of my authority to him, for we had fallen victim of their misrepresentation, causing serious harm to our metallurgical business with Mr. Spletzer, tied up, with the 20 mile funds that were depleted from ONSTAR but could never be contracted to our company that conducts the metallurgical services to bring ore to physical Gold.

ONSTAR did not have 90 certificates sold against Juneau, but Mr. Brent Johnson, now of ONSTAR our mutual lawyer and me, were deceived by PHIL NYLANDER, BRIAN WALKER, ALAN BRAUN regarding the legality of their 20 mile offering, title less, contract less, and regarding *the actual veracity of the Gold contained in the grab bags from stockpiles, that had yielded 1.5 kilos of Gold per ton.*

ONSTAR, was invented by Phil Nylander, Rene Gladu and his son, imposed over ALAN BRAUN and Brent Johnson, to kick me out of my own Gold business and hijacked the Juneau Gold business prepared by Stan Spletzer and me for Brent Johnson and CRYSTAL WEALTH, to become a reality after the 20 Mile Gold project was on wheels.

We never got the sample on time. We lost the year 2016 waiting for cash for the promised equipment for 20 Mile Gold and no M3 STEEL equipment manufactured to date.

We never got the cash for JUNEAU as promised however, it came to my attention after the cash was depleted, that JUNEAU GOLD was held as collateral by CRYSTAL WEALTH and which is my Gold and Mr. Spletzer and my technology that our own initiative to be ready at the start

line to get CRYSTAL WEALTH to fund Mr. Brent Johnson and it NEVER HAPPENED TO DATE.

My Juneau Gold, documented to me, paid for by me as required, was accepted in exchange for the “garbage” Gold certificate accepted by the Chief Compliance officer of the Fund without proper due diligence.

Yet, CRYSTAL WEALTH did pay cash to ONSTAR against never disclosed JUNEAU GOLD sales to me, which I take issue with, has placed financial pressure and stress on my partner Mr. Stan Spletzer, so much so, as to fall in the hands of the same entity that sold my Gold but I have yet to receive funds for it, or to comply with PHYSICAL GOLD PRODUCTION the actual business of my JV Corporations with Mr. Spletzer, that comprehends the technical disciplines of mining, geology, geophysics and metallurgy, something alien to corporate paper shufflers, with all due respect.

Mr. Spletzer had no need to borrow under distress and at loan shark rates from CRYSTAL WEALTH, as CRYSTAL WEALTH had not followed my advice delivered in conference calls with Brent Johnson to Al Housego, that to be safe, the CRYSTAL WEALTH FUND had to contract with people like us, able to deliver physical Gold for decades.

My Gold, business, Bonds, technology and ownership were impersonated to CRYSTAL WEALTH and irresponsibly CRYSTAL WEALTH sold 5000 Gold ounces of my property in advance, without proper due diligence, without my knowledge and without my legal consent.

One thing is for sure, AL HOUSEGO and I were set up by the two Chinese nationals above named on the riches of 20 Mile Gold assays and our technology to recover Gold from black sands together.

Another, is for the Chief Compliance officer of the Fund, to fail Al Housego, Mr. Spletzer, all parties involved and me; with improper and irresponsibly conducted due diligence, which if done properly, would have had the CRYSTAL FUND receiving physical Gold from our equipment, technology, logistics and permitted properties, NI 43101 reported, for two consecutive years.

It is clear that OSC is spending time and resources in the investigation and that a miracle has occurred, my Gold was certified to Crystal Wealth and “they”, apparently, have LOST THE CERTIFICATES?

Does that mean I do not get my money to produce the Gold? or that at great loss, Mr. Spletzer does not have to pay a minimal part of my Crystal Wealth money - an advance - sold Gold?

Or does it mean Mr. Johnson and I, do not have to repay my illegally documented and improperly, under substandard business conditions, sold by Crystal Wealth, JUNEAU Gold?

Any which way, the transparency of being able to reconstruct the events as transpired, clearly shows that Mr. Spletzer, my Gold, our base business, our technology, equipment, mining and metallurgical ability to produce physical Gold, was impersonated to CRYSTAL WEALTH and I

for one, take issue with the irresponsible manner that my Gold was documented to and lack of due diligence by Crystal Wealth and its Chief Compliance and Legal Department officers involved.

They were a complete disaster and disservice to the Fund, Al Housego, Stan Spletzer and me.

Mr. Housego had the right players wronged. Was conned and failed before my eyes.

I want CRYSTAL WEALTH to tear my ill certificated and illegally sold Juneau Gold, torn apart and have the guarantor for M3 STEEL and ALAN BRAUN 20 Mile Gold project, pay, as he is tied to RENE GLADU a principal hidden star with his son, in this actor ridden play.

I am prepared to stand all the way to Supreme Court of Canada, for the good name and ethics of my business partner Mr. Stan Spletzer, declaring that he and I, alongside Mr. Al Housego, to the best of my knowledge until proven wrong, were deceived by PHIL NYLANDER and BRIAN WALKER who deceived ALAN BRAUN, who were deceived with RENE GLADU and son, Mr. Brent Johnson and me, of funds against our mutual Juneau Gold project.

It is thereby and therefore that I contest the fact that in a NON MATURED CONTRACT the receiver, is over reaching, without due consideration, with prejudice, measuring an innocent victim of the wrongdoings, castigated as an actual responsible of wrongdoing so to surrender your soul and inner being to the widely cast dragnet of the receivers legal fishing expedition.

As victims of the wrongdoings of CRYSTAL WEALTH TOP MANAGEMENT , Mr. Stan Spletzer of SOLID HOLDINGS LTD my partner at our technology corporation and Mr. Brent Johnson my partner at Juneau tailings and PASCUA mine areas of Chile where BCSC and OSC regulators are called to stand trial in Chile, with PETER MUNK, BCSC regulators and prominent caught Canadian politicians running a political pork Barrel for the PC party of Canada. Peter Munk of Barrick in Cayman Islands, has been caught and is being tried in Chile, for INVESTING USD 1.05 in Chile at PASCUA LAMA, now legally enforced via a contract with SAN JOSE INC of CAYMAN ISLAND the acknowledged PASCUA LAMA owner in Chilean Courts.

This is my testimony and I shall stand to defend it at SUPREME COURT OF CANADA if need be.

I would be willing to have a teleconference call with the Receiver, from British Columbia, if necessary.

Respectfully yours I remain

Jorge Rodrigo Lopehandia

1 778 990 4197

TAB 68



January 8, 2018

DELIVERED VIA E-MAIL (solid8@telus.net)

Solid Holdings Ltd.
P.O. Box 100
Houston, British Columbia
V0J 1Z0

Grant Thornton Limited
11 Floor, 200 King Street West
Box 11
Toronto, ON
M5H 3T4
T (416) 366-0100
F (416) 360-4949
www.GrantThornton.ca

Attention: Stan Spletzer

Mr. Spletzer:

**RE: Receivership of Crystal Wealth Enlightened Factoring Strategy
Ontario Superior Court of Justice Court File No. CV-17-1179-00CL**

As you are aware, Grant Thornton Limited became the receiver and manager (in such capacities, the “**Receiver**”) of all of the assets, undertakings and properties of Crystal Wealth Management System Limited (the “**Company**”) pursuant to an Order (Appointing Receiver) of the Ontario Superior Court of Justice (Commercial List) issued on April 26, 2017 (the “**Appointment Order**”). A copy of the Appointment Order can be found on the Receiver’s case website (www.GrantThornton.ca/CrystalWealth) and is available at the following link: [Appointment Order dated April 26, 2017](#).

Pursuant to the Appointment Order, Grant Thornton Limited also became the Receiver of all of the assets, undertakings, and properties of 15 proprietary open ended mutual fund trusts created and managed by the Company, including the Crystal Wealth Enlightened Factoring Strategy (formerly Crystal Enlightened Income Fund) (the “**Factoring Fund**”) (collectively, the “**Crystal Wealth Funds**”).¹

The Gold Purchase/Sale Agreement

Included with this letter is the Gold Purchase/Sale Agreement between Solid Holdings Ltd (“**Solid Holdings**”) and the Factoring Fund dated February 13, 2017 (the “**Agreement**”) whereby the Factoring Fund advanced \$300,306.40 to Solid Holdings for the purchase of 190 oz. of Gold (as defined in the Agreement) on February 14, 2017. Under the Agreement, the Factoring Fund and Solid Holdings were to enter into 12 consecutive monthly Gold purchase and sale transactions renewing on the 13th day of every month for a period of one (1) year (the “**Purchase Period**”); the final Gold purchase and sale transaction was to occur on February 13, 2018. During the Purchase Period, the ounces purchased by the Factoring Fund for each of the 12 purchases were to cumulatively increase by the 2% rate. Each Gold purchase and sale

¹Pursuant to the Appointment Order, in addition to the Company, Grant Thornton Limited also became the receiver and manager of all of the assets, undertakings, and properties of: (i) Clayton Smith; (ii) CLJ Everest Ltd.; and (iii) 1150752 Ontario Limited (collectively, including the “**Company**” and the “**Crystal Wealth Funds**”, the “**Crystal Wealth Group**”).

transaction was to occur at the current per oz. quoted spot price in Canadian Dollars listed on www.kitco.com as at the transaction dates (i.e. the 13th of each month).

We understand that your letter dated December 27, 2017 served as a notice that Solid Holdings wished to cancel the Agreement pursuant to Section 10(c) of same whereby:

"Either Party may terminate this Agreement with 15 days written notice (the "Termination Notice"), notwithstanding that each Party must fulfill their respective obligation under this Agreement for purchase and sale transactions entered into prior to the Termination Notice date." [emphasis added]

Given the above, the most recent Gold purchase and sale transaction occurred on December 13, 2017 whereby the Factoring Fund purchased a total of 232.57 oz. for a market price of \$1,613.18 less a 2% discount (\$32.26). As such, Solid Holdings is to remit to the Receiver, on behalf of the Factoring Fund, \$367,676.20 for the 232.57 oz. of Gold purchased on December 13, 2017 (the "Indebtedness"). The Receiver has attached to this letter a summary of the 10 Gold purchase and sale transactions since the inception of the Agreement and requests payment of the Indebtedness forthwith.

Requested Information and Non-Compliance with Court Orders

Although you have indicated that Solid Holdings will remit payment to the Receiver for the Indebtedness, the correspondence between yourself and the Receiver questions Solid Holdings' financial ability to do so. In our initial discussion on June 20, 2017, you had indicated that Solid Holdings was undergoing significant financial and operational challenges. Furthermore, in an email to the Receiver dated October 26, 2017 (which the Receiver encloses to this letter), you stated the following:

"RBC has called in all my loans and lines of credit. Can send you proof of this, however I cannot share whats going on because lawyers are involved. I lost almost 3 months of mining my properties because of the horrific fire season in BC. People that owe me money have not paid, almost 2 million owed to me. I am looking at Business debt Consolidation, or a form of bankruptcy I have switched to a new bank while working out things with RBC."

Given the above statements, the Receiver had, and continues to have, concerns with the financial position of Solid Holdings and the ultimate collectability of the Indebtedness. As a result and as you are aware, during a phone conversation with yourself on October 27, 2017, the Receiver stated that it would require certain information from Solid Holdings to determine the collectability of the Indebtedness. A formal listing of required information was sent by the Receiver via email on November 2, 2017, whereby the Receiver requested that you provide certain information (the "Requested Information") (a copy of the November 2, 2017 email and subsequent follow-up correspondence is enclosed in this letter for your reference). As at the date of this letter, despite repeated requests, you have not provided the Receiver with the Requested Information.

In your letter dated December 27, 2017 to the Receiver, you indicate that:

"the receiver is over reaching with non-applicable requests for certain information... [and that your] silence to Grant Thornton does not mean [you are] "hiding something" as the good Judge has indicated, rather it indicates CAUTION as it opens a huge can of worms, as you soon will see"

The Receiver respectively disagrees with this statement. The request was made by the Receiver for Solid Holdings to provide the Requested Information pursuant paragraphs 11 and 12 of the Appointment Order. Furthermore, on December 11, 2017, the Court issued an Order which, among other things, ordered that yourself, Stan Spletzer – Principal of Solid Holdings Ltd., provide the Receiver and its counsel, Aird & Berlis LLP, with all information previous sought by same. A copy of the December 11, 2017 Order is posted to the Receiver's Case Website and available at the following link: [December 11, 2017 Order](#).

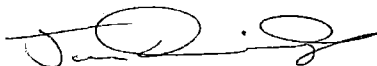
Please provide the Requested Information immediately to the undersigned.

Should you have any questions, you may contact the undersigned at 416-369-7017 and/or Jason.Knight@ca.gt.com.

Kind regards,

GRANT THORNTON LIMITED
solely in its capacity as Court-appointed Receiver and Manager
of the Crystal Wealth Group and not in its personal or corporate capacity

Per:



Jason Knight, CPA, CA
Manager

Encl.

TAB 69

January 25th 2018

Without Prejudice

To Jason Knight for Grant Thornton Receiver and Honorable Frederick L. Myers

This letter or notice is to remind Grant Thornton and to make known to Justice Meyers that Stan Spletzer and Jorge Lopehandia have sent our letters of information and questions to Jason Knight/Grant Thornton on Dec 27th 2018.

1. To Justice Myers, may we act independently, as a friend to the court, and reveal what we know of the Crystal Wealth situation. Upon hearing us, you will hopefully understand why I have not given up information to Grant Thornton. We wish to discuss the response letter received by us from Jason Knight, because we are taking this letter literally, and seriously. In regards to Justice Meyers Court order 17 and 18 we respectfully understand the authority granted to Grant Thornton to receive info on behalf of the court.

2. We are targeted by groups who have a long history of disrupting people's lives, and businesses, all a part of doing Gold business on planet Earth. My gold properties are worth millions, and Jorge's in the billions. Our cash flow has been weak for well documented reasons. Deceptions have been intentional, and eliminating us and our gold plans and objectives, are done with strategies employed by persons of authority in Banks, Corporations and Commissions for 20 years toward my partner, and more recently towards myself. (we make this declaration in confidence with much proof for these allegations).

This whole episode with Stan Spletzer, Jorge Lopehandia and our joint Ltd partnership, with Crystal Wealth and now the Receiver and accountant Jason Knight, is soiled from the start by the presence of parties who have, and will soon be sent subpoenas for crimes against my partner Jorge Lopehandia. I wish to reveal also to the court that the present amount of \$300,000 which I owe to Crystal Wealth is a result of foul play that shorted us of money (approx. \$4.500.000) that would have been paid to us by Crystal Wealth, (circumstances allowing) yet was paid to other parties instead, who used unauthorized incomplete gold certificates based on Jorge's Gold in Juneau Alaska. We have sufficient evidence and knowledge of all the players conning and conned, but seems the receiver is not asking any questions in regards to the statements sent in on Dec 27th; perhaps they have all the answers already.

3. Grant Thornton/Jason, It is not within your job description or anyone's to tell me in writing that I am not able to pay the debt, before the due date, even if it is information I volunteered to you in previous emails. Yes indeed I was unsure of a lot of things as of Oct 17th 2017. However, as of November 20th 2017 my partner Jorge Lopehandia and I have received more than sufficient funds to pay this small amount. In fact, we have much more in our account than all of the Crystal Wealth funds put together. If Justice Myers will permit, we will show proof of funds to the court "only", that is because there is to close a relationship (with members of), between Grant Thornton, OSC/ Aird & Berlis LLP, and Barrick Gold. Barrick Gold Corporation and Ontario Securities Commission are part of my partners trials in Chile and Barrick insiders are to appear in Chile Courts, alongside already called BCSC

insiders and next called will be TSX and OSC insiders in the matters of collusion with Barrick v. Lopehandia at Mina Pascua Prospectus of Barrick TSE 1994-2000 and Pascua Lama Prospectus 2001-2018 at TSX OSC. The courts of Chile have consented that Jorge Lopehandia can subpoena Banks, and Politicians, Corporations and Exchanges, and Security Commissions, who have knowingly participated with this fraud. This is presently being played out in a deliberate manner, even though (at this moment) there is reckless disregard toward the authority of the Chilean Courts, by some of these entities.

4. We wish to state that we were the "Gold Fund" before it was stolen away from us by Crystal Wealth. We have pertinent, strong evidence gathered to prove deception and thievery. Jorge Lopehandia joined with me in a Ltd partnership 2 years ago to start a Gold fund based on our properties and to do Green Mining only. The Gold fund idea was pirated away from Jorge (a licensed Gold Bullion dealer), after he spent much time explaining it all to Crystal Wealth, and they ended up making a mockery of what a true Gold fund is.

5. Grant Thornton letter sent to Solid Holdings Ltd January 8th 2018 contains matters in first to second page on paragraph 3 that are 100% irreconcilable. You are unable to terminate the contract "unless both parties fulfill their part of the Agreement". Meaning Crystal Wealth entered into an agreement they did not have to keep, but myself with a 12th of the funds contracted (12 buy and sell payments), the lack of ability to deliver the balance of 11- 300,000 payments, means that default and damages are sustained and suffered by Stan Spletzer and not the Fund that is still in arrears to Solid Holdings Ltd. Please read again what you wrote to me. Before Solid Holdings Ltd pays to the Reciever the 300,000 with interest as first due payment of the Agreement in cash or Gold, Solid Holdings Ltd ought to receive 11 payments of 300,000 and one year to produce the Gold as contracted as written and understood. Why was Crystal Wealth having me do the paper work each month and email to CW head office. I only did this one or two times until CW was shut down, why didn't you ask me to continue on with this paper work each month, was it not necessary? I was told it was. Why does the contract start out by referring to me as the "Seller is in the business of purchasing unwrought gold for the purpose of refining" this did not apply to me or my partner as we literally own the gold we did not have to go buy it from someone else, which only indicates the sham behind this crazy gold fund.

6. Jason Knight we would like to know on which date did you forward the information (letters we sent to you Dec 27th), to the Court, (Justice Meyers), Grant Thornton your employer and/or their lawyers, Aird & Berlis LLP. Grave material facts of a most serious nature were mentioned without any acknowledgment of receiving the stated crimes committed, and in progress, plus, both Jorge and myself said we were willing to have phone conversations with you and for 28 days we have been wondering when you would acknowledge what we sent you, expecting that you would want to know more.

To Justice Myers. Jorge Lopehandia has fought a 20 year battle against Barrick Gold, with Barrick Gold Corporation supported by the Ontario and BC Security Commission. He has won all the supreme court decisions in Chile and Barrick Gold Corporation cannot file for appeal. (proof available -Chile court documentation). They have been caught "peddling a false prospectus" and raising millions of dollars

from investors worldwide based on the Pascua Lama Mining property in Chile which Barrick had claimed that they own, but in fact proved in the Courts of Chile that Jorge Lopehandia is the rightful owner.

On April 23, Court of appeals in Chile reviewed the evidence against BCSC, and Barrick, they passed the evidence to the 26th Court of Appeals on April 26 2017. On May 2nd the President of the Supreme Court of Chile requested that 5 Supreme Court Judges of Supreme Court of Chile pronounce their decision. Decision was 5-0 in favor of Jorge Lopehandia, and ruled 5-0 against Barrick and BCSC.(court documentation available)

Supreme Court of Chile sent the subpoenas to Canadian Embassy in Chile for Validation - then delivered to the Ministry of Foreign Affairs Chile, then by diplomatic Valise they were delivered to The Chilean Embassy in Ottawa, who delivered it to Global Affairs Canada. They confirmed that it had been delivered to the International Subpoenas offices of the Attorney General of BC. I know this because I was informed of the movement of the subpoenas, and the sheriff had to send the signed copies back to Chilean embassy, and was signed off as being successfully delivered by the Court of Chile, of which we have a copy.

The subpoenas were delivered by the Sheriff to Romolo DiFonso, and Roy Leon on Nov 10th at the offices of BCSC. They must appear in Chile to defend their actions pertaining to supporting the fraud of Barrick and the false prospectus of the Pascua Lama, raising multi millions in Canada alone. Chile has Napolianic law, they have been found guilty, and must prove their innocents. Recently an associate raising legitimate funds for Jorge was targeted to be tortured and left for dead, 3 days later he was found on his kitchen floor barely alive, fortunately the thugs were caught by making a silly mistake, and testified to who paid them and how much they were paid. This will be exposed at the right time, and will be one of several items exposing a powerful racket in Canada, involving our own trusted guardians.

And finally, my good name as a result of this investigation is on the internet in a negative way, whereas my name to this point was untainted. Now I only wish to keep my reputation, and work with, and see that the justice system is acting fairly in the best interest of all involved. Never been in court, never sued, but if court is where this ends up we are more than ready, and amply financed, and laden with evidence.

Stan Spletzer

Solid Holdings Ltd

TAB 70

AIRD BERLIS

Mark van Zandvoort
 Direct: 416.865.4742
 E-mail: mvanzandvoort@airdberlis.com

April 16, 2018

BY EMAIL: solid8@telus.net

SOLID HOLDINGS LTD.

PO Box 100
 Houston, BC V0J 1Z0

Attention: Stan Speltzer

Dear Mr. Speltzer:

**Re: Indebtedness of Solid Holdings Ltd. ("SHL") to Crystal Wealth
 Enlightened Factoring Strategy ("Factoring Fund")**

As you are aware, we are the solicitors for Grant Thornton Limited (in such capacity, the "Receiver"), in its capacity as Court-appointed receiver of, among others, Crystal Wealth Management System Limited and Factoring Fund pursuant to an Order of The Honourable Justice Newbould (as he was then known) dated April 26, 2017 (the "Appointment Order").

We refer to the Gold Sale/Purchase Agreement effective February 13, 2017 between SHL and Factoring Fund (the "Agreement") pursuant to which the parties agreed to enter into monthly (30-day term) gold purchase/sale agreements, renewing on the 13th day of every month, for a period of one year commencing on February 13, 2017. Settlement for each of the purchases was to be paid in cash, with the final settlement 30 days after the final purchase. By letter dated December 27, 2017, SHL delivered written notice that SHL wished to terminate the Agreement pursuant to Section 10(c). The Receiver accepted same resulting in the Termination Notice (as defined in the Agreement) expiring on January 11, 2018, being 15 days from the Termination Notice date. As at January 11, 2018, SHL was indebted to Factoring Fund in the amount of \$397,048.30.

You indicated in writing to the Receiver, on several occasions, that SHL has the financial wherewithal to pay any and all amounts owing to Factoring Fund, including ownership in properties worth millions, and that you had every intention on SHL effecting payment on or before the February expiry date in accordance with the terms of the Agreement. As of today's date, the Receiver has not received the cash payment(s) required pursuant to the terms of the Agreement.

We also refer to the Receiver's letter to SHL dated January 8, 2018, wherein the Receiver sets out, among other things, its requests for certain information from SHL pursuant to the Appointment Order (as defined therein) and the amounts owing by SHL to Factoring Fund under

April 16, 2018

Page 2

the Agreement, a copy of which letter, together with the attachments described therein, is enclosed herewith.

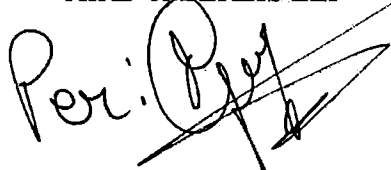
On February 15, 2018, the Receiver reached out to you again requesting a proposal to address the principal amount of \$300,306.40 advanced by the Factoring Fund to SHL for the purchase of 190 oz. of Gold (as defined in the Agreement) on February 14, 2017 and any amounts owing in respect of the subsequent Gold purchases thereafter. To date, the Receiver has received no response from SHL.

As such, on behalf of the Receiver, we hereby demand that SHL fulfill its obligations under the Agreement. The amount owing under the Agreement as at April 15, 2018 is \$422,173.24 (the "**Indebtedness**"). The Receiver has attached hereto a schedule detailing the transactions under the Agreement and corresponding amounts for reference. In that regard, we hereby demand immediate payment of the Indebtedness. If payment of the Indebtedness is not received on or before April 30, 2018, the Receiver shall take whatever steps it may consider appropriate to recover the Indebtedness, including commencing legal proceedings against SHL without further notice, in which case the Receiver will also be seeking all costs incurred in so doing.

Please govern yourself accordingly.

Yours truly,

AIRD & BERLIS LLP

Per: 

Mark van Zandvoort

MVZ/mg

Encls.

cc. *The Client.*

32220842.3

AIRD BERLIS

TAB 71

From: solid8@telus.net [mailto:solid8@telus.net]

Sent: April-30-18 2:02 PM

To: Mark van Zandvoort <mvanzandvoort@airdberlis.com>

Subject: Advice of legal purchase of my financial obligation by a qualified third party involved with the Gold Fund.

Re: Indebtedness of Solid Holdings Ltd. ("SHL") to Crystal Wealth
Enlightened Factoring Strategy ("Factoring Fund")

Attn: Mark van Zandvoort

Dear AIRD BERLIS:

This is to acknowledge receipt of your request for payment dated April 16, 2018.

To that effect, I shall ask you to confirm that Jason Knight has delivered to you the entire file of other BC transactions involving my partner Jorge Lopehandia and his Gold contracted by your clients.,

To the effect of the Agreement I had to cancel it, due to default from your represented Lender, herein my legal counterpart. Due to your client failure to make or to complete the scheduled agreed monthly payments scheduled in the contracted obligation. With one year grace to deliver the Gold as agreed.

I was to receive the Jason Knight mentioned payments extensive to 10 years of continued investment, that way I accepted to be tied up for all my gold production for ten years. You succeeded in tying me up, but where is the promised contractual cash for Gold production for the whole year as agreed?

There has been a huge default in the part of your represented to continue the contracted payments for me to achieve the agreed Gold production during a one year grace period to produce it. We were left with expenses, technology parts and machines to be completed - no money delivered - employees lost and you want your first installment back without damages? Not so fast not that easy, I legally object.

The terms and conditions of what I contracted Re: Indebtedness of Solid Holdings Ltd. ("SHL") to Crystal Wealth Enlightened Factoring Strategy ("Factoring Fund") do not reflect the request for payment back of one quota of the contracted payments with interest.

I am a businessman, not a contractual toy to be used as a fake excuse to raise money for Gold in Ontario and that money was sided to FACTORING FUNDS and perhaps other

sources and insiders, not me..

I am a Gold producer and the Gold is produced with money invested in equipment and technology.

That was the spirit of what we contracted, me to receive funds and one year grace to produce the Gold.

The funding was defaulted at great loss of time and contractually your people tied my Gold at a loss to me.

Whereas you are right to request the one payment I received back. I believe to be right on demanding the rest of the payments I contracted and one year grace to produce the Gold.

That was the spirit and it changed due to a receivership that was the sole responsibility of the contracting parties with me, that originated their default on the scheduled purchase payments.

Jason Knight, was informed by me, that these actions by the FUND gave me fear of the Agreement and legally I had all the rights to cancel it and to demand Jason Knight makes the ten installments for the year and in one year I would produce the Gold, However receivership did not allow for my Agreement to be serviced properly by the FACTORING FUND and such is not my fault.

The FUND lost its money due to negligence of its related companies and not due to my negligence.

Jason knight was informed that my partner Jorge Lopehandia is directly affected by all BC transactions of the FACTORING FUND which also harms me Stan Spletzer.

The damages to us, are indeed more considerable than my debt to you.

I have accepted the offer of my Partner Jorge Lopehandia to buy my obligation with GRANT THORNTON, so he may dispute with CRYSTAL WEALTH THE ENLIGHTENED GOLD FUND the legally responsible tie to the FACTORING FUND, as the Gold business was Jorge Lopehandia and AL HOUSEGO 2015, to start with.

Our BC Gold business, has ended 2018 in a very different way than discussed by Al Housego and Jorge Lopehandia 2016, only to our contractual detriment, which is hereby legally objected.

Without other particulars, I reserve the right to defend the sale of my obligation to Jorge Lopehandia who is owed large amounts of investment and funds plus aggravating false contracts with his Gold, via CRYSTAL WEALTH THE ENLIGHTENED GOLD FUND and Crystal WEALTH Enlightened Factoring Strategy ("Factoring Fund").

In short, Jason Knight and the receiver must be responsible to Canada and to the legal system for the irregularities in BC with Gold business of me and my partner.

Our Gold business has been contractually compromised by Alan Braun to CRYSTAL WEALTH THE ENLIGHTENED GOLD FUND, whereat everyone received the investors money for Gold, kept the exchange from USD to Canadian dollars, gave less money than agreed in high commissions for insiders of the GOLD and FACTORING FUNDS. Alan Braun never invested the cash to Gold production. Re: Gold entrusted to Alan Braun or Al Housego executive of the Gold Fund connected to the factoring deal.

My debt is hereby confirmed to be property of Jorge Lopehandia in BC Canada as of this date in common law Agreement to dispute the acts and actions of CRYSTAL WEALTH THE ENLIGHTENED GOLD FUND and CRYSTAL WEALTH ENLIGHTENED FACTORING FUND.

My Agreement is hereby legally transferred to Jorge Rodrigo Lopehandia, Canadian Citizen.

This is my legal advise that I have been defrauded together with Mr. Lopehandia of our Gold rights and business in British Columbia by irresponsible actions of your legally represented party or parties..

Respectfully submitted.

Stan Spletzer

TAB 72

From: Mark van Zandvoort
To: "solid8@telus.net"; "goldinchile@gmail.com"
Cc: Steve Graff; Bando, Bruce; Knight, Jason
Subject: RE: Solid Holdings Ltd. Indebtedness to the Crystal Wealth Enlightened Factoring Strategy
Date: Wednesday, May 2, 2018 2:29:39 PM
Attachments: [image001.png](#)
[Letter to Solid Holdings Ltd., dated April 16, 2018.pdf](#)

Messrs. Spletzer and Lopehandia,

Further to our conference call earlier this afternoon with the Receiver's representatives, I confirm the following:

1. While you acknowledge the Indebtedness is owing to the Receiver as set out in our letter to Solid Holdings Ltd. dated April 16, 2018, attached, you nevertheless refuse to make a proposal to the Receiver by which to retire the Indebtedness, or some portion thereof, on the basis that you believe you have some form of claim against the Crystal Wealth Group; and
2. We advised you that we disagree with your position and refusal to repay the Indebtedness. Furthermore, no claims were submitted by Solid Holdings Ltd., or by any entities with which you are affiliated, as was required by the Creditor Claims Procedure Order issued June 30, 2017 (available on the Receiver's Case Website at: https://docs.grantthornton.ca/document-folder/viewer/docu18LW5xcWho7J/162806320156563183?_ga=2.104578888.931384103.1525107247-142541137.1492614944). Accordingly, any such claim – even if it exists (which we deny) - is barred.

Should you wish to put forth a repayment proposal to the Receiver for its consideration, please email it to us forthwith. Otherwise, we shall assume no proposal is forthcoming, and the Receiver will proceed accordingly.

Regards,

Mark

Mark van Zandvoort

T 416.865.4742
 F 416.863.1515
 E mvanzandvoort@airdberlis.com

Aird & Berlis LLP | Lawyers
 Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Canada M5J 2T9 | airdberlis.com

AIRD BERLIS

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

TAB 73

June 1, 2018

To Whom It May Concern,

I, Stan Spletzer, of Solid Holdings Ltd, disagree with item number #2. as written by Mark van Zandvoort. (at bottom of letter) I hope the conversation was recorded because we never said, at any point in the conference call, that we *refused* to pay. We find it interesting that you were able to get a Judge to validate that no one can file a claim against Crystal Wealth, hours after we said that Crystal Wealth had defrauded us, Bravo. Not only hours before, but I have also sent emails of the corruption, as did Mr. Lopehandia, months back. We invited Jason Knight to contact us in a previous email and discuss these issues. As it appears, there is no interest in Justice or truth from Grant Thornton toward us, therefore I cancelled the contract on December 27, 2017.

The contract is terribly flawed, and what we wish to see happen is to put this contract before a judge and we will put up the money owed to Crystal Wealth in escrow with our Lawyer.

My decision to cancel the contract within its terms and conditions, was due to default and non-performance of the Agreement and contract, which was onerous in nature when defaulted.

- a) The Agreement impeached me to transfer the debt to a third capable party.
- b) The Agreement was carefully premeditated in its legal intent to tie all of my Gold for ten years, to a non performed Agreement, whereat the non performing party demands the injured party, and its "receiver", manages to hide my evidence to make the offending party not demandable?
- c) The Factoring Fund, not only defaulted to the signed off Agreement, it left me in injurious debt.
- d) Jason Knight gave provisions on record for cancellation of the Agreement, under those terms and conditions of cancellation, if done, I would owe one payment and the fund ten to me plus one year grace to produce the Gold, on our ten years contract.
- e) Jason Knight invited Solid Holdings Ltd to review the terms and conditions of cancelling the Agreement and I did accept those terms, conditions and provisions as presented, which constitutes an affirmation and acceptance of debt on my part.
- f) Jason Knight refuses to understand that there are more damages than just collecting a mere first payment on a defaulted contract by his - non demandable represented. There are direct and indirect damages of restriction of business to Solid Holdings Ltd by intentionally and injuriously enforcing the VALDITY of a defaulted Agreement AS IF it, does not have to be performed.
- g) The largest damage to Solid Holdings Ltd that warrants special investigation as a COVER UP, is the fact that Jason Knight is aware that of the millions (circa or more than ten) in Gold contracts in BC, that they are tied to the metallurgical work of Solid Holdings Ltd and Green Gold Technologies Ltd for the Juneau Alaska Gold as contracted.

The contracts with the Gold Fund on Gold documented in BC for the transactions, ignored and misrepresented the rights of Green Gold Technology Ltd and its associates, the Juneau Gold owners.

The Gold is and was tied to my partner, Jorge R Lopehandia, he who forewarned Jason Knight and Grant Thornton and has been ignored, as I, to date.

If you keep my contract alive, you owe Solid Holdings Ltd \$300,000 monthly since signing to date.

Jason Knight clearly outlined how to cancel our Agreement that it was acknowledged as receipt of my cancellation with cause of default on your side and for reasons of embezzlement of Gold Fund investments syndicated for metallurgical recovery of the physical Gold.

Crystal Wealth Enlightened Gold Fund has, from day one, known that Mr. Lopehandia is the holder of the Juneau Gold, yet he or myself, have not received cash to refine the Alaska Juneau Gold as contracted by the Gold Fund either directly or via the Crystal Wealth Enlightened Factoring Fund, the contracting party to me.

Mr. Lopehandia on record, invested more funds for the Alaska Juneau Gold metallurgy, Positive Production Decision and readiness for physical gold production, than the \$300,000 dollars loaned to me by the irresponsible shark lender Factoring Fund. Irresponsible, for him to leave me apparently tied up to a contractual debt, whereat the offending party wishes to collect from the injured victim? Absolutely rejected, for matters of principles of law.

Stan Spletzer and Jorge Lopehandia are two adult British Columbia business men doing business together in the field of mining since April 2015. On Aug 24, 2016 they decided to join efforts and capabilities to consummate a joint venture, working together with refining gold, metallurgical assays, reports and classifications, prior to any Juneau Gold being contacted with Crystal Wealth. Green Gold Technology Ltd was formed to be the refiners of gold from Juneau, Alaska.

Both Stan Spletzer and Jorge Lopehandia declare to have been injured by the factoring fund, it's mother company and responsible parties contracting cash from Crystal Wealth in exchange for Juneau Alaska gold to be refined by Spletzer and Lopehandia, yet ceded in business to and by the mother company of the factoring fund to the sole detriment of both Stan Spletzer and Jorge Lopehandia.

Therefore, because you have acknowledged the cancellation of this contract, I have transferred the Crystal Wealth Agreement to Jorge Lopehandia, he will be acquiring this debt. (He is financially able to pay this debt and I am not.)

Stan Spletzer, President

Solid Holdings Ltd

From: Mark van Zandvoort [<mailto:mvanzandvoort@airdberlis.com>]
Sent: May 2, 2018 11:26 AM
To: 'solid8@telus.net'; 'goldinchile@gmail.com'
Cc: Steve Graff; 'Bando, Bruce'; 'Knight, Jason'
Subject: RE: Solid Holdings Ltd. Indebtedness to the Crystal Wealth Enlightened Factoring Strategy

Messrs. Spletzer and Lopehandia,

Further to our conference call earlier this afternoon with the Receiver's representatives, I confirm the following:

1. While you acknowledge the Indebtedness is owing to the Receiver as set out in our letter to Solid Holdings Ltd. dated April 16, 2018, attached, you nevertheless refuse to make a proposal to the Receiver by which to retire the Indebtedness, or some portion thereof, on the basis that you believe you have some form of claim against the Crystal Wealth Group; and
2. We advised you that we disagree with your position *and refusal to repay* the Indebtedness. Furthermore, no claims were submitted by Solid Holdings Ltd., or by any entities with which you are affiliated, as was required by the Creditor Claims Procedure Order issued June 30, 2017 (available on the Receiver's Case Website at: https://docs.grantthornton.ca/document-folder/viewer/docul8LWscWho7J/162806320156563183?_ga=2.104578888.931384103.1525107247-142541137.1492614944). Accordingly, any such claim – even if it exists (which we deny) – is barred.

Should you wish to put forth a repayment proposal to the Receiver for its consideration, please email it to us forthwith. Otherwise, we shall assume no proposal is forthcoming, and the Receiver will proceed accordingly.

Regards,

Mark

Mark van Zandvoort

T 416.865.4742

F 416.863.1515

E mvanzandvoort@airdberlis.com

Aird & Berlis LLP | Lawyers
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Canada M5J 2T9 | airdberlis.com

TAB 74

72nd St. 17th Ave

PLACER 1 MINING INC LOAN AGREEMENT

THIS AGREEMENT made as of the 26th day of November 2016

BETWEEN:

PLACER 1 MINING INC. of 211-1015 Austin Avenue, Coquitlam, British Columbia,
CANADA ("Placer1")

AND:

Tom Hughes of 5102 Kipp Rd. Kamloops British Columbia, CANADA
(Guarantor)

AND:

611802 B.C. LTD. of 113-437 MARTIN STREET, SUITE 308, PENTICTON, BC V2A 5L1
(**"CHUCKGroup"**)

WHEREAS:

- A. 611802 BC Ltd will lend Placer 1 (Brain Walker) 325,000 CDN funds for 30 days with an agreed bonus of 50,000 CDN dollars for a total of \$375,000 CDN on or before Dec 30th 2016
- B. 200,000 of the funds will be used to secure an black sand supply agreement with Mike (Miner) on a placer mine property known as the "20 Mile Project" in Mason Creek area of Northern British Columbia near the town of MacKenzie BC.
- C. Payment to Mike McKone will be made in 2 installments, 100,000 immediately upon signing the said agreement and the 2nd installment of 100,000 when Black Sand concentrate of 32 tons or more is delivered to Richmond processing facilities and assays confirming at least 1000 grams.
- D. The balance of the funds 125,000 will be used for equipment purchases and setup of the Richmond BC processing plant owned and run by Brian Walker and Placer 1.
- E. It is expected that there is a minimum of 1,500 grams per ton in the 20 Mile black sand.

- F. The delivery of the first shipment of Black Sand to Burnaby from 20 Mile will be a minimum of 32 tons and is promised on or before Dec 10, 2016.
- G. The acquisition of processing equipment by Placer 1 is expected to be done and processing of the Black Sand is to begin within 2 weeks from the date of this contract, so on or before Dec 12th 2016:
- H. The first delivery of washed-clean and dry gold, with a 3-5% maximum black sand content will be delivered to 611802 BC Ltd on Dec 20th 2016.
- I. The Loan of 325,000 plus bonus of 50,000 will be secured personally and guaranteed by Tom Hughes of Kamloops BC
- J. Placer 1 will deliver cleaned AU for 611802 BC Ltd on or before Dec 30th 2016 at no further charge until said 32 tons are processed and refined and assays complete. The 375,000 will be repaid first from the proceeds after refining, then the agreed percentages will be applied according to previous agreements.
- K. In the event that either the deadline, or the dollar value of cleaned gold is not met, the loan plus agreed bonus will be either paid in full, or in part, made up to meet the whole, via the personal guarantee provided by the Guarantor (Tom Hughes) on or before Jan 28th 2017.
- L. Once loan is repaid all weekly operations will be in accordance with prior contracts.
- M. It is understood and agreed that all production, black sand shipments to Richmond, and all related processing from 20 Mile mine to this contract is to be to 611802BC Ltd.

THEREFORE, THIS AGREEMENT WITNESSES that for valuable consideration including the promises made by each of the parties to the other, the parties agree as follows:

1. ChuckGroup represents and warrants to Placer 1 that it has the legal right and practical ability to delivery on all obligations contained in this agreement. Placer 1 and the Guarantor (Tom Hughes) represents and warrants to ChuckGroup that is has the legal right and practical ability to deliver on all obligations contained in the agreement.
2. Placer 1 will be responsible for all aspects of operating and procuring Product and overseeing all aspects of this project. Placer 1 commits to providing timely communications to

ChuckGroup in regards to all material developments pertaining to this project. Including but not limited to security and ensuring that all local laws are adhered to in all jurisdictions.

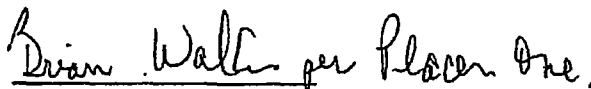
3. Placer 1 covenants and agrees to arrange for the processing of the Product. Placer 1 shall be solely responsible for supervising of this process, and will use its utmost best efforts to ensure the security of the Product at all stages, the integrity of the process, the accuracy of all assay and other reports on the Product and all extracted materials, and the sale of all extracted materials. Placer 1 has responsibility for processing, and will provide ChuckGroup with complete copies of all reports and data, in any media, prepared or received in connection with the Product and any material extracted therefrom.
4. 611802 BC LTD will facilitate the smelting and refining, and the sale of all extracted materials.
5. Placer 1 agrees that all funding provided by ChuckGroup will only be used for the advancement of the 20 Mile black sand supply and the processing projects.
6. \$325,000 CAD loan from ChuckGroup and agreed bonus of 50,000, will be secured by Tom Hughes, the Guarantor.
7. Parties agree that any gold, minerals and/or precious metal stolen or removed without consent of the other party is a breach of contract and the party in default agrees to relinquish all their contacts and agreements so the other party can move forward without the breached party. This is a promise each party with be honest with the other.
8. The parties agree that it is a material term of this Agreement that the parties will keep all of the terms of this Agreement confidential and shall not disclose any of the terms of this Agreement, or the existence of this Agreement, to any person who does not need to know that information for the purposes of performing a necessary service to the disclosing party. The parties will not unreasonably refuse to consent to the disclosure of this Agreement, which may be used to acquire funds or build confidence with other parties.

9. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. The parties agree to keep the contents of this Agreement in strict confidence. This Agreement may not be amended except by mutual consent of the parties in writing.
10. All disputes arising out of or in connection with this Agreement, or in respect of any defined legal relationship associated therewith or derived therefrom, shall be referred to and finally resolved by arbitration administered by the British Columbia International Commercial Arbitration Centre, pursuant to its Rules.
11. In the absence of any written agreement otherwise, the place of arbitration shall be Kelowna, British Columbia.
12. This Agreement shall be governed by the laws of British Columbia.

IN WITNESS WHEREOF the parties have signed this Agreement as of and with effect from the date first above written.

Brian Walker (Placer 1)

Per:

 Brian Walker per Placer One.

Authorized Signatory Brian Walker

Tom Hughes (Guarantor)

Per:

 Authorized Signatory Tom Hughes

611802 B.C. LTD. (CHUCKGroup)

Per:

 Authorized Signatory Chuck Pinnell

Placer One Mining Ltd.
Budget Of Expenses For \$ 325,000 Loan

Payments Mike McKone	Cash	200,000	
	Brandt Tractor	16,000	216,000
Shaker Table			15,000
Management Wages	Phil	20,000	
	Brian	20,000	
	Norm	7,500	
	Jerry	7,500	
	Alan Braun	10,000	
			65,000
Misc Contractors			3,500
Travel Expenses - truck rentals, hotels and food			12,500
Material - Norm's Machines			1,500
Total Expenses and monies needed to cover the above			313,500

PERSONAL GUARANTEE

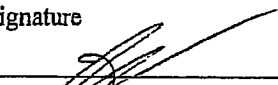
I Tom Hughes residing at 5102 Kipp Rd. Kamloops, British Columbia, CANADA (hereinafter Guarantor), do hereby personally guarantee the performance of PLACER 1 MINING INC. of 211-1015 Austin Avenue, Coquitlam, British Columbia with regard to an agreement (hereinafter Agreement) by and between 611802 B.C. LTD and PLACER 1 MINING INC. (a copy of said Agreement being attached hereto as Exhibit A).

If PLACER 1 MINING INC. fails to make any payment to 611802 B.C. LTD or fails to perform in any manner with regard to said Agreement between the two entities, the Guarantor do hereby promise to make all payments to 611802 B.C. LTD in the same manner as if they were the principals of said Agreement.

And furthermore, the Guarantor does hereby authorize and empower any attorney of any court of record of the province of British Columbia or elsewhere to appear for and to enter judgment against us, or any of us, in favor of 611802 B.C. LTD for any sums due under the Agreement plus interest with costs of suit, release of errors, without stay of execution, and with thirty-three and one-third percent (33 1/3%) as a reasonable attorney's fee, and the Guarantor hereby waive and release all benefit and relief from any and all appraisement, stay or exemption laws of any state now in force or hereafter to be passed.

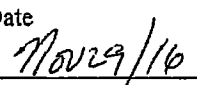
IN WITNESS WHEREOF, this personal guaranty is entered into this day of 25th of November, 2016.

Signature



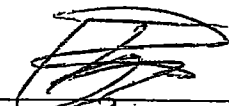
Tom Hughes

Date



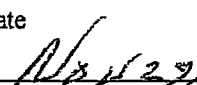
Nov 29/16

Witness



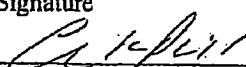
Print Name K. GARDY

Date



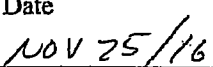
Nov 29/16

Signature



Chuck Pinnell

Date



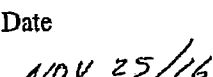
Nov 25/16

Witness



Print Name ERIN SMITH

Date



Nov 25/16

TAB 75

Two Contracts in Default as of Nov. 28th, 2017

Hi Jason,

Dec 08, 2017

The contracts for 125,000 and 200,000 are now in default, as of November 28th, 2017.

All efforts to collect from such parties have been exhausted; my communication attempts are not returned, with the exception of Alan Braun, who continues to assure me that there is major financing coming, very soon. A communication I have been hearing, since before the washed-gold delivery agreement was signed.

There was, secured, a personal guarantee on both loans, for a total of 325,000 plus 50,000 bonus—for a total of 375,000—from Tom Hughes, a business partner of Alan Braun.

The loan agreement is between 611802 BC LTD and Placer One Mining Inc.

Given 611802 BC LTD can not pay these loans back to CW, and does not have the funds to hire a lawyer for recovery, 611 has become a conduit for the loan security and obligations, to be paid to CW receivers.

Please find, included, the personal guarantee and the contracts related to the matter.

I include the original contracts for the gold supply agreement between Blacksand Gold Inc. and the related contract between Blacksand Gold Inc. and the borrower, Placer One Mining Inc., of which Brian Walker is principal, and Phil Nerland the CEO; And the one with the signature of Mike McKone, President and Operator of 20 Mile mine and principal of New North Construction Ltd.

I have not had any communication from Brian Walker, nor from Phil Nerland in months, and the last attempts to contact them were not successful.

Alan Braun arranged the loan; he has been the only responsive one, but only because of my efforts to communicate with him.

I trust your lawyers can collect, on behalf of the CW Investors. I tried to do what I could to protect the loaned monies.

Sincerely, 
Chuck Pinnell

Mailed in Fedex package to CW Receivers, attention: Jason Knight. Dec. 09, 2017

TAB 76

From: Chuck
To: Knight, Jason
Subject: RE: July 01st 2018 Update from 611 BC
Date: Sunday, July 1, 2018 8:57:52 PM

Hi Jason,

Happy Canada Day to you, and your's.

In regards to the oil Investment, we are making daily efforts to raise the necessary funds to advance the project. Unfortunately a large funding that we had worked on for months fell apart in late May.

We were successful, however, in raising enough funds to extend the land leases and do some maintenance work on 2 wells.

We are presently engaged (early stage) with another company and are hoping to put together a JV for equity in the project.

Given President Trump's regulation changes, there is much optimism in the oil and gas world and money seems to be coming into the sector of late.

We have no timelines on production numbers presently, but we continue to work to that end.

The Columbia Investment is a little less clear at this point, but, according to our partners, there is some new interest in our zinc processing contract, which has real value but requires funding to fill a 6-week pipeline of shipments to Malaysia. We are continuing to seek the needed funding.

The gold-tailings opportunity also needs funding, but we are also delayed by government permitting.

The 20mile gold contract with BlackSand Gold Inc. has had zero progress to my knowledge.

I hope you were successful with the personal guarantee that was provided.

Cheers,

TAB 77

COLUMBIA GOLD AGREEMENT

THIS AGREEMENT made as of the 28thth day of September 2016

BETWEEN:

PETRA CAPITAL CORPORATION, OFFICES AT 555 WEST GEORGIA ST. VANCOUVER, BC
CANADA ("JUPEGroup")

AND:

611802 B.C. LTD. of 113-437 MARTIN STREET, SUITE 308, PENTICTON, BC V2A 5L1
("CHUCKGroup")

WHEREAS:

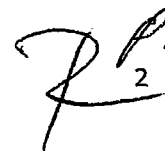
- A. 611802 BC Ltd will lend Rob Jupe 200,000 CDN funds for the purpose of purchasing the shares of a Columbian company that already has bank accounts and assets in the country of Columbia, of which 611802 will be an equal shareholder with JupeGroup.
- B. The funds will be used to acquire a farm of approximately 10 acres, to acquire or lease necessary equipment to process gold bearing tailing to dory bar form, for shipment to Miami FL, USA
- C. The tailings will be acquired at approximately \$1 USD per ton with an estimated 60,000 tons available. Payment for the tonnage will be done in stages.
- D. It is expected that there is approximately 21 grams per ton.
- E. JupeGroup has an individual living in Columbia who will oversee the operations who will take all the other credits such as platinum group metals etc. and will provide all the gold content to the JupeGroup at the cost of Tonnage.
- F. The processed gold would be shipped to a Miami refinery, where the product will be sold for spot less 1% for refining. The payout will occur as following:
 - a. 25% to Nick Boatright who will relocate to Columbia from Houston to run operations.
 - b. 75% will be paid to ChuckGroup until the total of loan has been repaid after which the 75% will be split 50%-50% between ChuckGroup and JupeGroup.


1

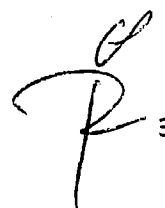
- G. JupeGroup shall provide \$200,000 worth of founder stock in the new public company which is being setup to take advantage of the portable mill opportunity. Once all the loaned money is paid back ChuckGroup will relinquish all rights to the stock.
- H. JupeGroup also agrees that all business in Columbia or with any contacts from this opportunity will be handled through this relationship and will give ChuckGroup first right of refusal on all deals under the same terms that JupeGroup receives.

THEREFORE, THIS AGREEMENT WITNESSES that for valuable consideration including the promises made by each of the parties to the other, the parties agree as follows:

1. ChuckGroup represents and warrants to JupeGroup that it has the legal right and practical ability to delivery on all obligations contained in this agreement. JupeGroup represents and warrants to ChuckGroup that is has the legal right and practical ability to deliver on all obligations contained in the agreement.
2. JupeGroup will be responsible for all aspects of operating and procuring Product and overseeing all aspects of this project. JupeGroup commits to providing timely communications to ChuckGroup in regards to all material developments pertaining to this project. Including but not limited to security and ensuring that all local laws are adhered to in all jurisdictions.
3. JupeGroup covenants and agrees to arrange for the processing of the Product by a qualified processor for the further processing of the product. JupeGroup shall be solely responsible for supervising of this process, and will use its utmost best efforts to ensure the security of the Product at all stages, the integrity of the process, the accuracy of all assay and other reports on the Product and all extracted materials, and the sale of all extracted materials. JupeGroup has responsibility for processing and will provide ChuckGroup with complete copies of all reports and data, in any media, prepared or received in connection with the Product and any material extracted therefrom.
4. JupeGroup agrees that all funding provided by ChuckGroup will only be used for the advancement of the Columbia Gold project.



5. \$200,000 CAD loan from ChuckGroup will be secured by JupeGroup with founder stock in the new public Company at the price of the original founder price of \$.05 a share. Relinquished when the loan is repaid in full.
6. Parties agree that any gold, minerals and/or precious metal stolen or removed without consent of the other party is a breach of contract and the party in default agrees to relinquish all their contacts and agreements so the other party can move forward without the breached party. This is a promise each party will be honest with the other.
7. The parties agree that it is a material term of this Agreement that the parties will keep all of the terms of this Agreement confidential and shall not disclose any of the terms of this Agreement, or the existence of this Agreement, to any person who does not need to know that information for the purposes of performing a necessary service to the disclosing party. The parties will not unreasonably refuse to consent to the disclosure of this Agreement, which may be used to acquire funds or build confidence with other parties.
8. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof. The parties agree to keep the contents of this Agreement in strict confidence. This Agreement may not be amended except by mutual consent of the parties in writing.
9. All disputes arising out of or in connection with this Agreement, or in respect of any defined legal relationship associated therewith or derived therefrom, shall be referred to and finally resolved by arbitration administered by the British Columbia International Commercial Arbitration Centre, pursuant to its Rules.
10. In the absence of any written agreement otherwise, the place of arbitration shall be Vancouver, British Columbia.
11. This Agreement shall be governed by the laws of British Columbia.

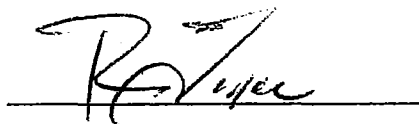


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IN WITNESS WHEREOF the parties have signed this Agreement as of and with effect from the date first above written.

PETRA CAPITAL CORPORATION (JUPEGroup)

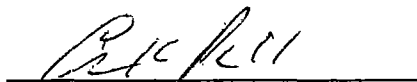
Per:

A handwritten signature in dark ink, appearing to be "R. Tupper", is written over a horizontal line.

Authorized Signatory

611802 B.C. LTD. (CHUCKGroup)

Per:

A handwritten signature in dark ink, appearing to be "B. K. H.", is written over a horizontal line.

Authorized Signatory

TAB 78

728 53 2016

LETTER AGREEMENT

BETWEEN Seminole Enterprises Group, Inc / Seminole Group Colombia CI, SAS
(hereinafter called, "Seminole")

THE PARTY OF THE FIRST PART

AND Mineros Sistemas Eticos S.A. (hereinafter called, "Mineros")

THE PARTY OF THE SECOND PART

AND 611802 BC Ltd (hereinafter called, "611 BC")

THE PARTY OF THE THIRD PART

AND Petra Capital Corp (hereinafter called, "PCC")

THE PARTY OF THE FOURTH PART

WHEREAS

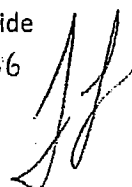
A/ Seminole Group Colombia CI, SAS is a Colombia South America corporation directly affiliated with Seminole Enterprise Group, Inc as a producer of metallic ore minerals involved with "eco-friendly" mining activities in Colombia, S.A. and social economic development projects (employment, education, medical facilities, agriculture) involving indigenous communities in the vicinities of our mining and processing operations.

B/ Mineros, 611 BC and PCC and Seminole have agreed to work together to implement Seminole's vision as expressed in A/ above.

NOW THEREFORE IN CONSIDERATION OF the mutual premises and covenants contained herein the Parties hereto agree:

1. This document has been prepared without any of the Parties hereto having benefit of legal counsel and all Parties agree to do all things necessary to lend full binding legal authority in Colombia, Canada and the United States of America to its content when and if this becomes necessary;
2. This Letter Agreement represents a Memorandum of Understanding between the Parties and is intended to provide a guideline for future activities which will provide commercial benefits to all Parties;

11/10/2016



3. Mineros has been formed to facilitate and implement business activities of all Parties in Colombia;
4. Seminole has worked with 611 BC and PCC to establish a legally viable enterprise in Colombia and will continue to do so on a best efforts basis;
5. The intent of all Parties is to develop a profitable, equitable business relationship through acquisition, processing and marketing natural resources obtained from mining activities primarily located in Colombia;
6. The implementation of the intent expressed in 5, above, has the effect of creating a unified commercial entity with a common purpose;
7. To protect the "unified commercial entity" described in 6, above all Parties agree not to compete, directly nor indirectly with one another for a period of ten (10) years from the date of this Agreement;
8. To protect all Parties "Key" personnel including all signatories to this memorandum shall do any and all things necessary to protect the financial interest of the Parties hereto, their beneficiaries and legal assign;
9. We will process ore tailings to recover gold at a facility located near the town of Andes;
10. We will establish a "trading post" at Puerto Carreno to acquire ore, precious metals, including rough diamond and emerald material;
11. To facilitate the activities described in 10, above 611 BC has agreed to acquire and provide to Seminole sophisticated analytical equipment for the mutual benefit of our enterprise (namely, an XL3t 985 Ultra mineral analyser from Koved Technical LLC);
12. Seminole owns and controls 27 mineral claims in the Guiana Shield near Puerto Carreno;
13. In consideration of funds needed to exploit their value Seminole will do all things necessary to ensure that Mineros will obtain fifty percent (50%) of the value/ownership of the claims described in 12, above;
14. Seminole will provide personnel in a timely manner needed to ensure optimal values are obtained from the activities of the "enterprise" embraced by this agreement;
15. Mineros and its Canadian affiliates, 611 BC and PCC will advance funds necessary to establish the trading post at Puerto Carreno, the processing plant at Andes and a warehouse / office in Bogota;
16. Seminole and Mineros will share profits from "enterprise" activities equally after the costs of "start-up" including, but not limited to, legal, accounting, travel, processing equipment, rent and the XL3t 985 Ultra unit have been recovered;
17. Before cost recovery described in 16, above seventy-five percent (75%) of gross profits will accrue to Mineros;
18. Seminole will provide Mineros a weekly accounting (by E mail) of all income and expense of the activities embraced by our enterprise;

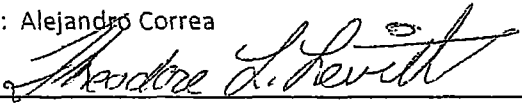
11/10/2016


19. After "Break Even Point" has been reached Seminole and Mineros will contribute equally to further costs. If either Party does not wish to participate, the other Party may elect to proceed on its own and the risk and profit from this activity will accrue solely to the Party advancing funds. This to be done on a Limited Partnership basis which will not affect the other Party in any way;
20. Time is of the essence of this Agreement;
21. This Agreement will bind and benefit the Parties hereto, including their legal assigns, beneficiaries and estates;
22. In the event of a dispute such dispute will be settled by Arbitration in British Columbia;
23. This document may be signed in counterpart in Canada, the USA and Colombia;
24. This Agreement represents the entire understanding between the Parties hereto and supercedes and renders nul and void any previous Agreements whether written or oral.

Signed on this 10th day of November, 2016

Seminole Enterprises Group, Inc / Seminole Group Colombia CI, SAS

Per: Alejandro Correa

 11/10/2016

Per: Theodore Levitt

Mineros Sistemas Eticos S.A.

Per: Robert Jupe

611802 BC Ltd.

Per: Chuck Pinnell

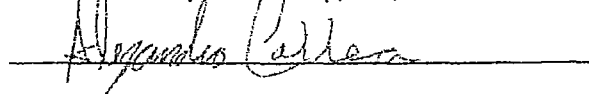
Petra Capital Corp

Per: Robert Jupe

19. After "Break Even Point" has been reached Seminole and Mineros will contribute equally to further costs. If either Party does not wish to participate, the other Party may elect to proceed on its own and the risk and profit from this activity will accrue solely to the Party advancing funds. This to be done on a Limited Partnership basis which will not affect the other Party in any way;
20. Time is of the essence of this Agreement;
21. This Agreement will bind and benefit the Parties hereto, including their legal assigns, beneficiaries and estates;
22. In the event of a dispute such dispute will be settled by Arbitration in British Columbia;
23. This document may be signed in counterpart in Canada, the USA and Colombia;
24. This Agreement represents the entire understanding between the Parties hereto and supercedes and renders nul and void any previous Agreements whether written or oral.

Signed on this 10th day of November, 2016

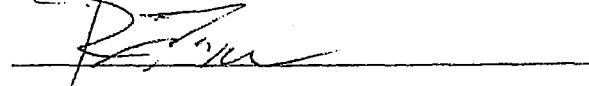
Seminole Enterprises Group, Inc / Seminole Group Colombia CI, SAS



Per: Alejandro Correa

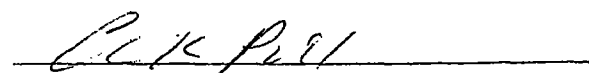
Per: Theodore Levitt

Mineros Sistemas Eticos S.A.



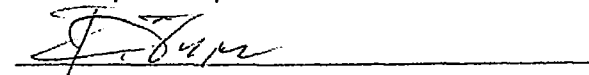
Per: Robert Jupe

611802 BC Ltd.



Per: Chuck Pinnell

Petra Capital Corp



Per: Robert Jupe

TAB 79

Colombia Gold and Mineral Acquisition, brokerage, properties, plant,



Inbox x

**Rob Jupe**

Nov 27 (12 days ago) ★



to me ↕

Hi Chuck,

Further to our recent communications the following summary encapsulates past and ongoing activities designed to establish a viable natural resource based business in Colombia:

Initially we planned to extract gold from tailings and divide the proceeds with Seminole Group LLC, a Florida based enterprise with ongoing activities in Colombia. A plant was rented near Medellin, Antioquia and equipment purchased and manufactured to this end. However attempts to sell the resulting concentrate failed despite showing commercial values of platinum group metals and iridium. Essentially values shown by XRF analysis were not realized by independent laboratories such as Johnson Matthey. CVMR, Toronto, a private manufacturer of advanced refining equipment remain the only company that identified the same elements as ourselves. Unfortunately, they do not provide refining services on a toll basis. Their solution requires an expensive \$120,000 usd study (over 6 months) and eventually the purchase and construction of a small refinery of their design estimated at \$12 million usd. Ideally, this facility would be built and operate in Colombia near Medellin.

Tin ore was made available at the same time as we began establishing the concentrating plant. We shipped some of it to the Malaysia Smelting Company at Panang and secured a 600 tonne (annual) contract from MSC. At current prices a profit of \$1.5 million is possible provided enough working capital is available to purchase minimum 20 tonne loads (\$7,000 per tonne - \$140,000) with FMV of \$12,500 per tonne. This capital is currently not available.

Tantalite ore is also available and can be sold to H.C. Starke, Germany. Tantalum (30%) is contained in the ore which costs \$90,000 and sells at \$128,000 per tonne today. Again, capital to purchase the ore is not available at this time.

Gold and Platinum can be purchased in dore form at a reasonable discount (12%) to market and sold to refineries abroad. At present 100 kilos can be traded per month at a cost close to \$3.9 million with an expected profit of 1% per month. Capital is not available for this trade. In a best case scenario the same capital (\$1.3 million) could be used several times within one month thereby pushing profit to 3% or 36% annually. We are currently seeking capital for this trade as well.

...

Rob

TAB 80

Joint Venture
Memorandum of Understanding

THIS AGREEMENT made as of the 18th day of February, 2017

BETWEEN:

HRC EOSEWRIGHT, Black Gold Exploration and Production LLC. of Houston, Texas USA

("Black Gold")

AND:

611802 B.C. LTD. of 113-437 Martin Street Porticton, BC Canada

("CHUCKGroup")

WHEREAS:

- A. ChuckGroup will lend and undertake to raise funds for various oil and gas well work-over projects with Black Gold.
- B. Black Gold will use funds to execute various methods of oil well remediation.
- C. Black Gold will act as the operator and be responsible for all aspects of the work-overs.
- D. Black Gold will provide CHUCKGroup with use of proceeds report for each project prior to commencement of any project and obtain the approval of CHUCKGroup for any projects.
- E. All funds (\$500,000 USD as of this signing date) plus cost of capital of 2%/month (effective February 02, 2017) provided by CHUCKGroup, will be repaid from 60% of the cash-flow from 3 wells namely, Read Well, Kinder Canal Well, and Vachries Two Well) plus another \$500,000 USD will be paid at 60%-540% to CHUCKGroup as bonus.
- F. Once all loans and capital costs, and the bonuses, are repaid and paid, then payments will revert to 50%-50% from the Read Well, 10% on the Kinder Canal Well, and 10% on the Vachries Two Well, to CHUCKGroup from Black Gold, for the life of the said wells.

18
00

- C. Black Gold will assume that all business with any contacts from this opportunity will be handled through this relationship and will give CARLTON Group first right of refusal on all future deals under the same terms that CARLTON Group receives.
- H. Black Gold will receive its management fee from its share of the proceeds. That is the 40% of cash flow less fixed and variable costs, and bonuses are repaid, and then the 50% when all costs are repaid.

2
NB
CS

THEREFORE THIS AGREEMENT WITNESSES that for valuable consideration, including the promises made by each of the parties to the other, the parties agree as follows:

1. CHUCK Group represents and warrants to Black Gold that it has the legal right and practical ability to deliver on all obligations contained in this agreement. Black Gold represents and warrants to CHUCK Group that it has the legal right and practical ability to deliver on all obligations contained in this agreement.
2. Black Gold will be responsible for all aspects of operating and procuring Product and overseeing all aspects of this project. Black Gold commits to providing timely communications to CHUCK Group in regards to all material developments pertaining to this project, including but not limited to security and ensuring that all local laws are adhered to in all jurisdictions.
3. Black Gold covenants and agrees to be solely responsible for supervising of this process, and will use its utmost best efforts to ensure the security of the Product at all stages, the integrity of the process, the accuracy of all sales and other reports on the Product and all extracted products, and the sale of all extracted products. Black Gold will provide CHUCK Group with complete copies of all reports and data, in any media, prepared or received in connection with the Product and any material extracted therefrom.
4. Black Gold agrees that all funding provided by CHUCK Group will only be used for the advancement of the well work over.
5. The loans from CHUCK Group will be secured by Hic Boatwright's interest in the Colombijn mining projects relinquished when the loans are repaid in full.
6. The parties agree that it is a material term of this Agreement that the parties will keep all the terms of this Agreement confidential and shall not disclose any of the terms of this Agreement, or the existence of this Agreement, to any person who does not need to know that information for the purposes of performing a necessary service to the disclosing party. The parties will not unreasonably refuse to consent to the disclosure of this Agreement, when may be used to acquire funds or build confidence with other parties.

AB
CR

7. This Agreement constitutes the entire agreement of the parties with respect to the subject matter herein. The parties agree to keep the contents of this Agreement in strict confidence. This Agreement may not be amended except by mutual consent of the parties executing.
8. All disputes arising out of or in connection with this Agreement, or in respect of any defined legal relationship associated therewith or derived therefrom, shall be referred to and finally resolved by arbitration administered by the British Columbia International Commercial Arbitration Centre, pursuant to its Rules.
9. In the absence of any written agreement otherwise, the place of arbitration shall be Vancouver, British Columbia.
10. This Agreement shall be governed by the laws of British Columbia.

IN WITNESS WHEREOF the parties have signed this Agreement as of and with effect from the date first above written.

Nic Roobright (Black Gold)

Per



February 18th, 2017

Authorized Signatory

611807 B.C. LTD. (CHUCK Group)

Per



February 18th, 2017

Authorized Signatory

TAB 81

Louisiana Orphan Well Program - Operator: Black Gold Exploration and Development LLC

Inbox x



Rob Jupe

to me ▾

Nov 27 (12 days ago) ★



Hi Chuck,

Further to our recent work on the Read Well we have seen the oil price steadily improving - now near \$60 per bbl vs \$48 (20%) over the past few months. This increase flows to our bottom line. We continue efforts to move the project forward and I communicate with Nic Boatwright regularly. The idea is to spend as little as possible to get production started. a) Read Well b) Hayes c) Kinder would be the first wells. Please see profitability estimates below and costs to achieve production:

Rob as discussed here is a quick summary of the south La shallow oil play..

Read bills	\$35k
------------	-------

Read recompletion	\$75k
-------------------	-------

Hayes testing, landman, legal	\$35k
-------------------------------	-------

Hayes lease	\$50k
-------------	-------

Hayes facility and meter for sales	\$100k
------------------------------------	--------

Kinder canal recompleiteion	\$150k
-----------------------------	--------

Voochries 1 recompleiteion	\$200k
----------------------------	--------

Shallow well completions	\$300k
--------------------------	--------

Total	\$895K
-------	--------

Thanks,

Nic Boatwright

Thanks,

755

Nic Boatwright

FIELD BUDGET (Phase I)

WELL NAME	AMOUNT	DESCRIPTION	DAILY CASHFLOW \$48 oil / \$2.90 gas	
HAYES 11-1	\$100,000	(land lease, repairs and meter)		
expected production		oil 130 bopd and gas 1.8 mmcf	\$ 6,240 + 20% = \$7,488	
side track	\$900,000	oil 300 bopd	2,900 3,480	
			14,400	17,280
KINDER CANAL	\$180,000	(drill out plugs, re-complete lower zone)		
expected production		2 mmcf gas	5,800	5,800
READ B-1	80,000	(radial drill)		
Anticipated reserve		1.1 MM bbls oil		
Expected production		oil 80 bopd	3,840	4,608
CHARINGTON*	\$350,000	2 well completions; shallow field, low risk +200 wells with 84% success on new drills		
Anticipated reserves		80,000 bo per well		
Expected production		25 bopd		
		lot of data on this field	<u>2,400</u>	<u>2,880</u>
Total	\$1,610,000		\$ 35,580	\$41,536
less				
Lifting cost (38%)			<u>13,520</u>	
Net daily cashflow			\$28,016	
Annual @ 85% efficiency			\$ 8,691,964	
Twenty percent working interest			\$ 1,738,392	

NOTE: Charington Field participation is expected to be greater than twenty percent

[Click here to Reply or Forward](#)

TAB 82

From: Knight, Jason

Sent: Wednesday, February 7, 2018 4:30 PM

To: 'Kevin Hart' <khart@incaone.com>

Cc: Edward Kelly <ekelly@incaone.com>; Bando, Bruce <Bruce.Bando@ca.gt.com>

Subject: RE: Crystal Wealth Management System Limited (the "Company") - Gold Sale/Purchase Agreements

Hi Kevin,

Inca One Gold Corp ("**Inca**") entered into two Gold Purchase/Sale Agreements with the following Crystal Wealth Funds:

- a) one (1) Gold Purchase/Sale Agreement dated December 28, 2015 with the Crystal Enlightened Bullion Fund consisting of three tranches of funding – expiring January 1, 2017, April 1, 2017, and June 1, 2017 (the "**Inca 1 Loan**"); and
- b) one (1) Gold Purchase/Sale Agreement with the Crystal Wealth Enlightened Hedge Fund dated December 5, 2016 – expiring on December 1, 2017 (the "**Inca 2 Loan**", and together, the "**Inca Loans**").

As you are aware, under the Gold Purchase/Sale Agreement, the final settlement (to be made in cash) was to be received within 30 days upon expiry of the respective Gold Purchase/Sale Agreements. As at the date of this email, the Receiver has not received any payments for the amounts outstanding under the Inca Loans.

Absent of the required payments, Inca has failed to deliver to the Receiver a proposal outlining how Inca will be repaying the amounts owing under the Inca Loans; the Receiver requests that Inca deliver to the Receiver such a proposal by **no later than 5:00 pm EST on Friday, February 9, 2018.**

If Inca fails to deliver a proposal to the Receiver by the above mentioned date, the Receiver shall take whatever steps it considers necessary or appropriate to collect and recover the amounts owing under the Inca Loans.

Regards,

- Jason

Jason Knight, CPA, CA | Manager
 Recovery & Reorganization
 Grant Thornton Limited
 T +1 416 369 7017 | C +1 416 434 8074

TAB 83

AMENDMENT TO LOAN AGREEMENT

THIS AGREEMENT is made as of the 16th day of November, 2017

BETWEEN:

GRANT THORNTON LIMITED in its capacity as the court-appointed receiver and manager of
Crystal Wealth Management System Limited

(the "Receiver")

- and -

POND TECHNOLOGIES INC., formerly Pond Biofuels Inc.

(the "Borrower")

RECITALS

- A. Crystal Wealth Management System Limited (the "Lender") and the Borrower entered into a loan agreement dated as of December 15, 2015 (the "Loan Agreement"), pursuant to which the Lender provided certain credit facilities to the Borrower.
- B. Pursuant to amendments dated October 5, 2016, October 20, 2016, October 26, 2016, and February 8, 2017 (the "Prior Amendments"), the Lender agreed to defer but not waive the payment of interest by the Borrower pursuant to the Loan Agreement;
- C. The Receiver was appointed as, and continues to be, the Court-appointed receiver and manager of all of the assets, undertakings and properties of the Lender pursuant to an order of the Ontario Superior Court of Justice (Commercial List) issued on April 26, 2017.
- D. The Borrower and the Receiver entered into an Amendment to Loan Agreement dated as of August 11, 2017 (the "August Amending Agreement").
- E. The Borrower has requested, and the Receiver has agreed, to amend certain terms of the Loan Agreement, as amended by the Prior Amendments and the August Amending Agreement, as set out in this agreement.

AGREEMENTS

NOW THEREFORE in consideration of the respective covenants of the parties as herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The date of the First Interest Payment, as set out in paragraph 3(d) and Schedule B of the August Amending Agreement, is changed from November 30, 2017, to December 21, 2017.
2. The Borrower agrees to pay the Receiver an extension fee of \$10,000, payable with the First Interest Payment.

7/11

- 2 -

3. Except as expressly amended by this agreement, all of the terms and conditions of the Loan Agreement, as amended by the Prior Amendments and the August Amending Agreement, remain in full force and effect, un-amended.
4. This agreement may be executed in any number of counterparts and delivered by PDF or other electronic method, each of which when so executed and delivered shall be deemed an original and all of which counterparts, taken together, shall constitute one and the same agreement.
5. All references in the Loan Agreement to "this agreement" shall be deemed to refer to the Loan Agreement, as amended by the Prior Amendments, the August Amending Agreement and this agreement.

IN WITNESS WHEREOF the parties hereto have entered into this agreement as of the date first written above.

GRANT THORNTON LIMITED in its capacity as the Court-appointed receiver and manager of Crystal Wealth Management System Limited, and not in its corporate or personal capacity.

By: _____

Name: _____

Title: _____

Bruce S. Bando
Vice-President

POND TECHNOLOGIES INC.

By: _____

Name: _____

Title: _____

Thomas W. Asmen
CFO

30975930.2

LEGAL*44794499.2

TAB 84

AMENDMENT TO LOAN AGREEMENT

THIS AGREEMENT is made as of the 19th day of December, 2017

BETWEEN:

GRANT THORNTON LIMITED in its capacity as the court-appointed receiver and manager of
Crystal Wealth Management System Limited

(the "**Receiver**")

- and -

POND TECHNOLOGIES INC., formerly Pond Biofuels Inc.

(the "**Borrower**")

RECITALS

- A. Crystal Wealth Management System Limited (the "**Lender**") and the Borrower entered into a loan agreement dated as of December 15, 2015 (the "**Loan Agreement**"), pursuant to which the Lender provided certain credit facilities to the Borrower.
- B. Pursuant to amendments dated October 5, 2016, October 20, 2016, October 26, 2016, and February 8, 2017 (the "**Prior Amendments**"), the Lender agreed to defer but not waive the payment of interest by the Borrower pursuant to the Loan Agreement;
- C. The Receiver was appointed as, and continues to be, the Court-appointed receiver and manager of all of the assets, undertakings and properties of the Lender pursuant to an order of the Ontario Superior Court of Justice (Commercial List) issued on April 26, 2017.
- D. The Borrower and the Receiver entered into an Amendment to Loan Agreement dated as of August 11, 2017 (the "**August Amending Agreement**"), which was amended by a further Amendment to Loan Agreement dated November 16, 2017 (the "**November Amending Agreement**").
- E. The Borrower has requested, and the Receiver has agreed, to amend certain terms of the Loan Agreement, as amended by the Prior Amendments, the August Amending Agreement and the November Amending Agreement, as set out in this agreement.

AGREEMENTS

NOW THEREFORE in consideration of the respective covenants of the parties as herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Section 3(a)(i) of the August Amending Agreement shall be amended by deleting this section and replacing it with the following:

“(i) \$1,000,000 by January 31, 2018”.

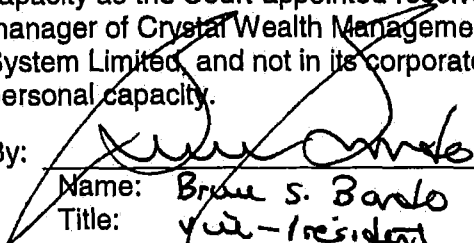
2. The date of the \$1,000,000 principal repayment, as set out in Schedule B of the August Amending Agreement, is changed from December 31, 2017 to January 31, 2018.
3. The date of the First Interest Payment, as set out in paragraph 3(d) and Schedule B of the August Amending Agreement, as amended by the November Amending Agreement, is changed from December 21, 2017 to January 31, 2018.
4. Section 3(d) of the August Amending Agreement shall be amended by deleting the paragraph immediately under “Quarterly Interest Payments” and replacing it with the following:

“The Borrower shall make quarterly interest payments to Crystal Wealth commencing January 31, 2018 and thereafter on the last day of March, June, September and December of each year (or such other day of the quarter as may be agreed to in writing from time to time), on the basis of the then-current calendar year for the actual number of days elapsed, with interest on all overdue interest calculated as aforesaid and compounded quarterly at the rate of 8.00% per annum from the due date thereof without necessity of notice or demand, the whole before as well as after maturity, demand, default or judgment, until all amounts owing under the Loan are paid in full.”

5. The first date set out at item 3 under Quarterly Interest Payments, as set out in Schedule B of the August Amending Agreement, is changed from December 31, 2017 to January 31, 2018.
6. The Borrower agrees to pay the Receiver an extension fee of \$10,000, payable in cash upon execution of this amending agreement.
7. The Borrower reaffirms its obligation to pay the Receiver a further extension fee of \$10,000, payable with the First Interest Payment, in connection with the November Amending Agreement.
8. Except as expressly amended by this agreement, all of the terms and conditions of the Loan Agreement, as amended by the Prior Amendments, the August Amending Agreement and the November Amending Agreement remain in full force and effect, un-amended.
9. This agreement may be executed in any number of counterparts and delivered by PDF or other electronic method, each of which when so executed and delivered shall be deemed an original and all of which counterparts, taken together, shall constitute one and the same agreement.
10. All references in the Loan Agreement to “this agreement” shall be deemed to refer to the Loan Agreement, as amended by the Prior Amendments, the August Amending Agreement, the November Amending Agreement and this agreement.

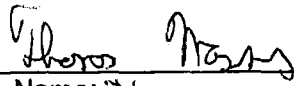
IN WITNESS WHEREOF the parties hereto have entered into this agreement as of the date first written above.

GRANT THORNTON LIMITED in its capacity as the Court-appointed receiver and manager of Crystal Wealth Management System Limited, and not in its corporate or personal capacity.

By: 

Name: Brian S. Bardo
Title: Vice-President

POND TECHNOLOGIES INC.

By: 

Name: Thomas Mashe
Title: CFO

31280314.2

ONTARIO SECURITIES COMMISSION

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, *ET AL.*

Applicant

Respondents
Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at TORONTO**

MOTION RECORD

Volume 2 of 3

AIRD & BERLIS LLP

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Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

Application under Section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended

**MOTION RECORD
Volume 3 of 3**

Date: July 20, 2018

AIRD & BERLIS LLP
Barristers & Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, Ontario M5J 2T9

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Tel: (416) 865-4742
Fax: (416) 863-1515
E-mail: mvanzandvoort@airdberlis.com

*Lawyers for Grant Thornton Limited, in its
capacity as Court-Appointed Receiver of the
Crystal Wealth Group*

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

Application under Section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended

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From: [Steve Graff](#)
To: ["Bill McKenzie"](#)
Cc: [Mark van Zandvoort](#); [Timothy Jones](#); [Krieger, Jonathan](#); [Bando, Bruce](#); [Knight, Jason](#)
Subject: RE: Motion Record returnable December 11, 2017 - Receivership of Crystal Wealth Group - CV-17-11779-00CL
Date: Tuesday, December 5, 2017 1:13:45 PM
Attachments: [image001.png](#)

Bill,

The Receiver's history of correspondence with you, its requests for documentation and other information, and the lack of co-operation from you and your client, are set out very specifically by the Receiver in its Second Report at pages 91-99, which was served on you two weeks in advance of the return date of the upcoming motion.

The Second Report also describes how each of the four entities controlled by your client, as borrowers under applicable credit arrangements with Crystal Wealth, has defaulted under the applicable loan agreements (the "**Loan Agreements**"). On behalf of the Receiver, we gave you notice of these defaults, in compliance with the applicable notice and cure periods in the Loan Agreements. Your client missed these cure periods. We made demands on the entire Indebtedness against all borrower and guarantor entities, and provided 10-day notices of intention to enforce security. All of this was done according to the timelines stipulated in the applicable loan agreements and under applicable legislation. All of this is outlined in detail in the Second Report.

The Receiver's requests for (without limitation) relevant documentation, background information and financial statements from your client remain in effect. Your client is already required to provide such information and documentation pursuant to the Appointment Order and pursuant to the Loan Agreements. Furthermore, the Receiver already has the right pursuant to the Appointment Order to examine your client. There is accordingly no reasonable basis for your adjournment request.

If your client would like to meet with the Receiver, as you stated in an email of November 10th, 2017, you should seek to schedule this immediately, and the Receiver will consider the request without prejudice to its existing rights. Our client is in a position to enforce Crystal Wealth's security, and it does not need to wait for your co-operation with our requests before doing so.

Thank you.

Steven L. Graff

T 416.865.7726
 M 416.894.5090
 F 416.863.1515
 E sgraff@airdberlis.com

Aird & Berlis LLP | Lawyers
 Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Canada M5J 2T9 | airdberlis.com

AIRD BERLIS

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error. If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Bill McKenzie [mailto:lawyerbill@rogers.com]
Sent: December-05-17 6:15 AM
To: Steve Graff <sgraff@airdberlis.com>
Cc: Mark van Zandvoort <mvanzandvoort@airdberlis.com>; Timothy Jones <tjones@airdberlis.com>; 'Jonathan Krieger' <jonathan.krieger@ca.gt.com>; bruce.bando@ca.gt.com; 'Knight, Jason' <Jason.Knight@ca.gt.com>
Subject: RE: Motion Record returnable December 11, 2017 - Receivership of Crystal Wealth Group - CV-17-11779-00CL

Good morning. Yes we did receive a large number of documents from your firm just prior to being served with this latest motion record. This seems to show that the receiver already has documents that the receiver has requested from my client. I am not clear what you mean by 'ample time to respond'. In the meantime I still have not received answers to some requests which I have made since last June. All I am asking is that you adjourn the part of the motion that concerns my client until a mutually convenient date in 2018 which will allow me to attend and make submissions since I am not available on December 11th.

Regards, Bill McKenzie

KWM LAW PROFESSIONAL CORPORATION

Suite 203
 82 Colborne Street East
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 Canada
 L3V 1T7
 Phone 705-323-5833
 Fax 705-482-0648
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From: Steve Graff [mailto:sgraff@airdberlis.com]
Sent: November-29-17 11:01 AM
To: 'Bill McKenzie'
Cc: Mark van Zandvoort; Timothy Jones; Jonathan Krieger (jonathan.krieger@ca.gt.com); bruce.bando@ca.gt.com; Knight, Jason
Subject: RE: Motion Record returnable December 11, 2017 - Receivership of Crystal Wealth Group - CV-17-11779-00CL

Mr. McKenzie,

th

We write on behalf of the Receiver in response to your e-mail of November 28 , 2017.

As you know, we have made multiple efforts to receive information from you regarding the loan arrangements between various entities controlled by your client (referred to in the Second Report as the “OOM Energy Group”), and the entities over which our client is Receiver (individually or collectively, as applicable, “Crystal Wealth”). We have also provided notice of defaults, and subsequent demands, on an aggregate indebtedness of roughly \$13,820,956, and have abided by the notice and cure periods set out in the relevant loan documentation. We have given you and your client ample time to respond. The Receiver will accordingly not agree to adjourn any part of the motion, including with respect to the relief sought against your clients.

Steven L. Graff

T 416.865.7726
M 416.894.5090
F 416.863.1515
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AIRD BERLIS

This email is intended only for the individual or entity named in the message. Please let us know if you have received this email in error.
If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

From: Bill McKenzie [<mailto:lawyerbill@rogers.com>]

Sent: November-28-17 6:15 AM

To: Colette Dillard <cdillard@airdberlis.com>; cweiler@osc.gov.on.ca; yehisholm@osc.gov.on.ca; jonathan.krieger@ca.gt.com; bruce.bando@cagt.com; Steve Graff <sgraff@airdberlis.com>; Mark van Zandvoort <mvanzandvoort@airdberlis.com>; Timothy Jones <tjones@airdberlis.com>; catalystrising99@gmail.com; sbieber@wdbblaw.ca; mfinley@wdbblaw.ca; p.f.cummings604@gmail.com; bprentice@blaney.com; dullmann@blaney.com; Whitney@vdplaw.ca; BCowper-Smith@Omers.Com; linc.rogers@blakes.com; nigel.campbell@blakes.com; james@campadvocacy.com; alberto.storelli@gmail.com; KChan@jsitp.com; stephenmiller06@outlook.com; jerry@frontlinefactoring.com; bandola.steven@gmail.com; alan.g.braun@gmail.com; chiron.returns@gmail.com; kgillespie@libertymortgage.ca; brian@peoplesfunding.com; jharker@ariampartners.com; crp52els@gmail.com; solid8@telus.net; enlightenedalh@gmail.com; diane.winters@justice.gc.ca; kevin.ohara@fin.gov.on.ca; denhollander98@gmail.com; jillian.vanosch@gmail.com; mikkilvr@hotmail.com; Shanine@chrysalisyoga.ca; paco@forwardmotionent.com; nbarreca@ipcsecurities.com; eSCOTTWhale@gmail.com; Robert.ebel@fundserv.com;

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 bobnet33@gmail.com

Subject: RE: Motion Record returnable December 11, 2017 - Receivership of Crystal Wealth Group - CV-17-11779-00CL

All,

I am not available on December 11th so please adjourn for my client to 2018 – pls suggest some dates-as I want to make submissions. This should not create any inconvenience given that it is only just recently that I received documents which I had requested from the receiver in June. Or maybe there are more coming e.g. where are my client's shares?

Regards, Bill McKenzie

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82 Colborne Street East

Orillia, Ontario

Canada

L3V 1T7

Phone 705-323-5833

Fax 705-482-0648

<http://www.kwmckenzielaw.com/>

From: Colette Dillard [mailto:cdillard@airdberlis.com]

Sent: November-24-17 3:00 PM

To: 'cweiler@osc.gov.on.ca'; 'ychisholm@osc.gov.on.ca'; 'jonathan.krieger@ca.gt.com';
 'bruce.bando@ca.gt.com'; Steve Graff; Mark van Zandvoort; Timothy Jones;
 'catalystrising99@gmail.com'; 'sbieber@wdbblaw.ca'; 'mfinley@wdbblaw.ca';
 'p.f.cummings604@gmail.com'; 'bprentice@blaney.com'; 'dullmann@blaney.com'; 'Whitney@vdpplaw.ca';
 'BCowper-Smith@Omers.Com'; 'linc.rogers@blakes.com'; 'nigel.campbell@blakes.com';
 'lawyerbill@rogers.com'; 'james@campadvocacy.com'; 'alberto.storelli@gmail.com'; 'KChan@jsitsp.com';
 'stephenmiller06@outlook.com'; 'jerry@frontlinefactoring.com'; 'bandola.steven@gmail.com';
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 'brian@peoplesfunding.com'; 'jharker@ariampartners.com'; 'crp52els@gmail.com'; 'solid8@telus.net';
 'enlightenedalh@gmail.com'; 'diane.winters@justice.gc.ca'; 'kevin.ohara@fin.gov.on.ca';
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 'eSCOTTWhale@gmail.com'; 'Robert.ebel@fundserv.com'; 'gtdallen@gmail.com';
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 'timj.johnston@sympatico.ca'; 'chantal.maillet@xerox.com'; 'ReceiptsTOR@blg.com';
 'scardinali@burlingtonhydro.com'; 'ddpicc@gmail.com'; 'jeffmaljaars@live.ca'; 'bobnet33@gmail.com'

Subject: Motion Record returnable December 11, 2017 - Receivership of Crystal Wealth Group - CV-17-11779-00CL

Importance: High

Please find attached the Motion Record of Grant Thornton Limited in its capacity as the Court-Appointed receiver and manager of the Crystal Wealth Group, returnable December

11, 2017, which is hereby served on you pursuant to the Rules of Civil Procedure.

The Motion Record is attached in 3 volumes. Due to the size of these attachments, they are sent to you by way of download link, below.

Aird & Berlis LLP Attachments		Expires December 24, 2017
Motion Record vol 1 of 3 re Second Report ...th).PDF		10.2 MB
Motion Record vol 2 of 3 re Second Report ...th).PDF		8.5 MB
Motion Record vol 3 of 3 re Second Report ...th).PDF		12.9 MB

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Colette Dillard

Assistant to Sam Billard and Timothy Jones

T 416.863.1500 x4121

F 416.863.1515

E cdillard@airdberlis.com

Aird & Berlis LLP | Lawyers

Brookfield Place, 181 Bay Street, Suite 1800

Toronto, Canada M5J 2T9 | airdberlis.com

AIRD BERLIS

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TAB 86

AIRD BERLIS

Steven L. Graff
 Direct: 416.865.7726
 E-mail: sgraff@airdberlis.com

December 12, 2017

BY COURIER AND E-MAIL (jamalicki@vcsmc.com / rmsousa@vcsmc.com)

St. Mary's Cement Inc. (Canada)

55 Industrial St. 4th Floor
 Toronto, Ontario M4G 3W9

ATTN: Jolanta Malicki (General Counsel) & Ross Sousa

RE: Energy Services Agreement between St. Mary's Cement Inc. (Canada) and 2363265 Ontario Inc. o/a MCS Energy, as assigned to 2441472 Ontario Inc.

AND RE: Receivership of the Crystal Wealth group (Court File No CV-17-11779-00CL)

Dear Madam and Sir:

We are the lawyers for Grant Thornton Limited, in its capacity as the Court-appointed Receiver and Manager (in such capacity, the "**Receiver**") of all of the assets, undertakings and properties of Crystal Wealth Management System Limited ("**CWMSL**"), together with Crystal Wealth Mortgage Strategy (prior name Crystal Enhanced Mortgage Fund) (the "**Mortgage Fund**") and, among other related individuals and entities, fourteen other open-ended mutual fund trusts controlled by CWMSL (all of which entities under receivership are referred to in this letter, individually or collectively, as "**Crystal Wealth**").

The Receiver was so appointed pursuant to an Order (Appointing Receiver) of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued on April 26, 2017 (the "**Appointment Order**"). A copy of the Appointment Order is available from the Receiver's case website at www.GrantThornton.ca/CrystalWealth.

The Court has expressly empowered and authorized the Receiver to, amongst other things: receive and collect all monies and accounts now owed or hereafter owing to Crystal Wealth; to exercise all remedies of Crystal Wealth in collecting such monies; and to initiate, prosecute and continue the prosecution of any and all proceedings instituted with respect to Crystal Wealth.

This letter concerns commercial arrangements between St. Mary's Cement Inc. (Canada) ("**SMC**") and certain companies owned and controlled by Mr. Craig Clydesdale, which have been doing business as, variously, "MCS Energy" and/or "OOM Energy".

In this letter, we refer to an Energy Services Agreement dated November 27, 2013 (as may have been amended from time to time, including without limitation on July 17, 2014, and September 22, 2014, the "**ESA**"), made between SMC and 2363265 Ontario Inc. (the "**Original Supplier**").

December 12, 2017

Page 2

The Original Supplier, together with a related entity, 2404873 Ontario Corp., assigned the ESA to a further related entity under the OOM Energy umbrella, being 2441472 Ontario Inc. (the "**Supplier**"), by way of an Assignment of Energy Services Agreement made November 20, 2014. This assignment was consented to by Mr. Martin Vroegh, then the Director of Environmental Affairs of SMC, on the same date in a letter agreement (the "**Consent Letter**"). All of these documents are enclosed.

Crystal Wealth entered into credit arrangements with the Supplier for the purpose of financing and installing the MCS Cogen Mark 6 CoEnergy PoD (the "**MCS PoD**") on SMC's premises at 55 Industrial St. in Toronto. Mr. Vroegh consented to this in the Consent Letter.

These credit arrangements were secured by, amongst other things, a general security agreement dated November 20, 2014, by which the Supplier granted the Mortgage Fund a security interest in all of the Supplier's present and after-acquired property (which would include the MCS PoD), as well as a further Assignment of the ESA made between the Supplier and the Mortgage Fund, November 20, 2014, each of which was granted as security for obligations under Crystal Wealth's credit arrangements with the Supplier (the "**Assignment of ESA**"). To the extent that these security documents have not been provided to SMC (as originally required by paragraph 10.1(b) of the ESA, which requirement was waived in the Consent Letter), we have attached them hereto.

As noted in the Consent Letter, SMC is obligated to remit all payments due to the Supplier under the ESA into a segregated account as directed by the Supplier. The payment direction in this regard (the "**Direction**") is included with the Consent Letter. The intention appears to have been that such segregated account would be a blocked account jointly controlled by Crystal Wealth and the Supplier. The Receiver has investigated the status of the bank account listed in the Direction. TD Canada Trust has confirmed to the Receiver that no account exists with those particulars.

Accordingly, the Receiver would like to confirm where SMC has been sending the required monthly payments due under the ESA between November 20, 2014 and the present time.

The Receiver is also requesting that all future payments under the ESA be directed to the Receiver, effective immediately.

Pursuant to paragraph 10.1(c) of the ESA, if the Supplier is in default under Crystal Wealth's security and Crystal Wealth intends to exercise any rights afforded to the Secured Lender under this Agreement, Crystal Wealth shall give notice of such default to SMC at least five business days prior to exercising such rights. Accordingly, this letter is formal notice that the Supplier has defaulted and that the Receiver is in a position to enforce its security.

Please contact the undersigned at your earliest convenience to discuss this matter.

AIRD BERLIS

December 12, 2017
Page 3

Regards,

AIRD & BERLIS LLP

Steven L. Graff

SG/TJ
Encl.

CC: Jason Knight, Grant Thornton Limited (Jason.Knight@ca.gt.com)
Bill McKenzie, counsel to Craig Clydesdale/OOM Energy (lawyerbill@rogers.com)

31163431.2

AIRD BERLIS

TAB 87

From: Steve Graff

Sent: December-14-17 7:30 PM

To: 'Bill McKenzie' <lawyerbill@rogers.com>

Cc: Mark van Zandvoort <mvanzandvoort@airdberlis.com>; Timothy Jones <tjones@airdberlis.com>

Subject: RE: Energy Services Agreement between St. Mary's Cement Inc. (Canada) and 2441472 Inc., o/a MCS Energy or OOM Energy

Bill,

With the greatest of respect, it is difficult for us to interpret your emails as anything other than a delay tactic. We have demanded on \$13.8 million of your clients' outstanding debts to Crystal Wealth group entities. Interest continues to accrue on your client's account.

A face-to-face meeting in January could be one step in a settlement or disclosure process. Otherwise, the Receiver has been put in a position where it has no option but to take enforcement and other recovery measures. A meeting in January is not the first step. I think the first step is for you to call me to relay to me what it is you wish for me to know or for me to understand what the significance of a meeting may be. My direct line is 416-865-7726.

When you call me, perhaps you can tell me what has transpired between your client and Crystal Wealth prior to the Receiver's appointment. After that, I will discuss with the Receiver whether we should schedule a date for a without prejudice meeting.

In his Order of Monday, December 11th (served on you, and attached), Myers J. of the Ontario Superior Court authorized the Receiver to examine your client under oath pursuant to a summons. You will notice His Honour's comment that "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."

As you know, pursuant to Paragraph 10 of the Appointment Order, both you and your client have a continuing duty to advise the Receiver of information and documents of any kind that relate to the business and affairs of the Crystal Wealth Group. In addition, the Order issued Monday specifically directed Mr. Clydesdale to provide the Receiver and its counsel with all previously requested information. This would include the documents and information requested in writing by the Receiver on June 8th, 2017, as well as the financial statements for each of Magnitude CS Energy Inc., MCSnoxrecovery Inc., 2441472 Ontario Inc., MCSAB10 Inc., and 2404873 Ontario Corp., requested in writing on October 26th, 2017. Pursuant to the Appointment Order, your client has an obligation to provide other information and transactional documents related to MCSAB10 Inc. and Magnitude CS Energy Inc. to the extent that they involve Crystal Wealth. We require you and/or your client to deliver all of this forthwith.

I look forward to speaking with you.

Steven L. Graff

T 416.865.7726

M 416.894.5090

F 416.863.1515

E sgraff@airdberlis.com

Aird & Berlis LLP | Lawyers

Brookfield Place, 181 Bay Street, Suite 1800

Toronto, Canada M5J 2T9 | airdberlis.com

AIRD BERLIS

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If you did receive this email in error, the information in this email may be confidential and must not be disclosed to anyone.

-----Original Message-----

From: Bill McKenzie [<mailto:lawyerbill@rogers.com>]

Sent: December-14-17 6:50 AM

To: Steve Graff <sgraff@airdberlis.com>

Cc: Timothy Jones <tjones@airdberlis.com>; Miranda Spence <mspence@airdberlis.com>;
bruce.bando@ca.gt.com; 'Knight, Jason' <Jason.Knight@ca.gt.com>;
jonathan.krieger@ca.gt.com

Subject: RE: Energy Services Agreement between St. Mary's Cement Inc. (Canada) and 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group

Hi Steve: We can certainly agree about unproductive emails. A call to you has been done: I called Miranda in June and it has not produced much progress. The only way we are going to move toward settling this soon between my clients and the Receiver is a face to face meeting. Bruce Bando and Jonathan Krieger have to be there. This would be a without prejudice and off the record meeting to make it more productive.

I am not prepared to do this via a telephone call with several people on the line as I have found that to be unproductive and confusing. I recently had the same thing happen in a multi-party matter with Justice Marcus Koehnen when he said this never works unless you can see everyone's faces. He was right: we met in person and got it settled.

I'm holidaying with my family now out of the country so if you can provide some January dates we can probably work that out.

In the meantime I strongly suggest that the Receiver take no further action lest the wrong things get done that will just make this more difficult.

Best regards and seasons greetings to all concerned.

Regards, Bill McKenzie
 KWM LAW PROFESSIONAL CORPORATION
 Suite 203
 82 Colborne Street East
 Orillia, Ontario
 Canada
 L3V 1T7
 Phone 705-323-5833
 Fax 705-482-0648
<http://www.kwmckenzielaw.com/>

-----Original Message-----

From: Steve Graff [<mailto:sgraff@airdberlis.com>]
 Sent: December-13-17 10:30 AM
 To: Bill McKenzie
 Cc: Timothy Jones; jamalicki@vcsmc.com; rmsousa@vcscmc.com; Miranda Spence;
bruce.bando@ca.gt.com; Knight, Jason
 Subject: Re: Energy Services Agreement between St. Mary's Cement Inc. (Canada) and
 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group

Bill;

Please refrain from unproductive emails. What is the purpose of a meeting? Feel free to call us any time if there is anything substantive that you wish to convey.

Steve Graff
 Cell 416 894-5090
 Office 416 865-7726
 Email sgraff@airdberlis.com<<mailto:sgraff@airdberlis.com>>

Sent from my iPhone

On Dec 13, 2017, at 8:59 AM, Bill McKenzie
 <lawyerbill@rogers.com<<mailto:lawyerbill@rogers.com>>> wrote:

Hmmm! I have been asking for a meeting about this since June not to mention information which I have not received.

I am off for the holidays now until January when I would be happy to discuss.

Have a happy holiday.

Regards, Bill McKenzie
 KWM LAW PROFESSIONAL CORPORATION
 Suite 203
 82 Colborne Street East
 Orillia, Ontario

Canada
 L3V 1T7
 Phone 705-323-5833
 Fax 705-482-0648

<http://www.kwmckenzielaw.com/>

From: Timothy Jones [<mailto:tjones@airdberlis.com>]
 Sent: December-12-17 3:24 PM
 To: 'jamalicki@vcsmc.com<<mailto:jamalicki@vcsmc.com>>';
 'rmsousa@vcsmc.com<<mailto:rmsousa@vcsmc.com>>'
 Cc: Steve Graff; Miranda Spence;
bruce.bando@ca.gt.com<<mailto:bruce.bando@ca.gt.com>>; Knight, Jason;
 'lawyerbill@rogers.com<<mailto:lawyerbill@rogers.com>>'
 Subject: Energy Services Agreement between St. Mary's Cement Inc. (Canada) and
 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group

Ms. Malicki / Mr. Sousa,

Please see the attached letter from our office, together with its enclosures. The letter and enclosures are also being sent to your office via courier.

We understand that Martin Vroegh is no longer with the company – in addition to Mr. Sousa, Mr. Vroegh was one of the parties given as a notice contact under the Energy Services Agreement that is attached hereto and discussed in the letter. If our understanding is incorrect and Mr. Vroegh is still with the company, please forward this letter to him.

We look forward to discussing this matter with you at your earliest convenience.

With thanks,

Timothy Jones

T 416.865.3086
 F 416.863.1515
 E tjones@airdberlis.com<<mailto:tjones@airdberlis.com>>

Aird & Berlis LLP | Lawyers
 Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Canada M5J 2T9 | [airdberlis.com](http://www.airdberlis.com)<<http://www.airdberlis.com>>

<image001.png>

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TAB 88

Daniel P. Ferguson
T: 416-947-5029
ferguson@weirfoulds.com

File 01207.00102

December 15, 2017

VIA E-MAIL SGRAFF@AIRDBERLIS.COM

Aird & Berlis LLP
181 Bay Street, Suite 1800
Brookfield Place
Toronto, ON M5J 2T9

Attention: Steven L. Graff

Dear Mr. Graff:

Re: Energy Services Agreement between St. Marys Cement Inc. (Canada) and 2363265 Ontario Inc. o/a MCS Energy, as assigned to 2441472 Ontario Inc.

We represent St. Marys Cement Inc. (Canada) and have been contacted by it in connection with your correspondence dated December 12, 2017.

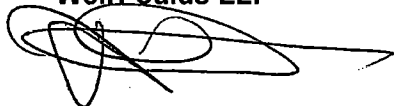
We are presently reviewing your correspondence and its enclosures, together with our client's records with respect to this matter, and will be responding as soon as we are able to. Our client will place into a segregated account, in trust, any payments, if any, which come due under the ESA prior to our client being able to determine where such payments are to be made by it in accordance with its legal obligations, and will make all future payments under the ESA in accordance with its legal obligations.

In the meantime, we wish to underline the importance of the continued and uninterrupted operation of the MCS PoD to the continued and uninterrupted operation of our client's important business and head office functions at the 55 Industrial Street premises.

Should you wish to discuss this matter today, please contact the undersigned at his direct line shown above.

Yours truly,

WeirFoulds LLP

A handwritten signature in black ink, appearing to be 'Daniel P. Ferguson', written over the firm name.

Daniel P. Ferguson

c: J. Malicki (via email)
B. Zeller (via email)
Timothy Jones (via email)

11195006.1

TAB 89

From: Bill McKenzie
To: "Miranda Spence"; "Dan Ferguson"; "Timothy Jones"
Cc: "Steve Graff"; Knight, Jason
Subject: RE: Energy Services Agreement between St. Mary's Cement Inc. (Canada) and 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group
Date: Friday, December 22, 2017 12:34:15 PM
Attachments: image001.png

Good morning:

SMC and 244 are status quo till we meet on the 9th. I would suggest that while I am gone the receiver and SMC might discuss paying the funds apportioned as per the standstill agreement I sent you for the next six months which will retain the status quo while my client refinances the loan.

Happy holidays to all

Regards, Bill

From: Miranda Spence [mailto:mspence@airdberlis.com]
Sent: December-21-17 5:56 PM
To: 'Dan Ferguson'; Bill McKenzie; Timothy Jones; jamalicki@vcsmc.com
Cc: Steve Graff; bruce.bando@ca.gt.com; 'Knight, Jason'; Barbara Zeller
Subject: RE: Energy Services Agreement between St. Mary's Cement Inc. (Canada) and 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group

Bill,

Can you confirm that your client is agreeable to the below. Your terms are otherwise fine with us, however, we do not see the need for St Marys to be represented at the settlement meeting, and were not expecting them to attend. There are a number of OOM loans under discussion that do not involve St Marys. Please confirm.

Regards,
 Miranda

From: Dan Ferguson [mailto:FERGUSON@weirfoulds.com]
Sent: December-21-17 5:31 PM
To: Bill McKenzie <lawyerbill@rogers.com>; Miranda Spence <mspence@airdberlis.com>; Timothy Jones <tjones@airdberlis.com>; jamalicki@vcsmc.com
Cc: Steve Graff <sgraff@airdberlis.com>; bruce.bando@ca.gt.com; 'Knight, Jason' <Jason.Knight@ca.gt.com>; Barbara Zeller <Barbara.Zeller@vcimentos.com>
Subject: RE: Energy Services Agreement between St. Mary's Cement Inc (Canada) and 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group

St Marys sees the continued performance of the maintenance and operational obligations under the ESA as separate from the escrow arrangement and unconditional whether or not there is an agreement on the escrow of funds. Hopefully, they will not be overly onerous over the next short period of time, but St Marys will expect that whatever is required to comply with those obligations and to keep the system operational and in good order will be performed while the contract is in

existence.

DAN FERGUSON* | Partner | T. 416-947-5029 | FERGUSON@weirfoulds.com

WeirFoulds LLP

66 Wellington Street West, Suite 4100, P.O. Box 35, TD Bank Tower, Toronto, Ontario, Canada. M5K 1B7 | T. 416-365-1110 | F. 416-365-1876 | www.weirfoulds.com

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*Partner through a professional corporation

From: Bill McKenzie [<mailto:lawyerbill@rogers.com>]

Sent: Thursday, December 21, 2017 4:06 PM

To: 'Miranda Spence'; 'Timothy Jones'; jamalicki@vcsmc.com

Cc: 'Steve Graff'; bruce.bando@ca.gt.com; 'Knight, Jason'; Dan Ferguson

Subject: RE: Energy Services Agreement between St. Mary's Cement Inc (Canada) and 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group

All,

My client is agreeable to that on the basis that the Co-gen unit will be maintained on a skeleton basis until end of the meeting on January 9th, 2018 at the offices of Aird and Berlis which is off the record and without prejudice. Dan is new to this discussion so I will remind everyone that the meeting is at Aird and Berlis at 10 a.m. on January 9th, 2018 off the record and without prejudice.

Regards, Bill McKenzie

KWM LAW PROFESSIONAL CORPORATION

Suite 203

82 Colborne Street East

Orillia, Ontario

Canada

L3V 1T7

Phone 705-323-5833

Fax 705-482-0648

<http://www.kwmckenzielaw.com/>

From: Miranda Spence [<mailto:mispence@airdberlis.com>]

Sent: December-21-17 11:39 AM

To: 'Bill McKenzie'; Timothy Jones; jamalicki@vcsmc.com

Cc: Steve Graff; bruce.bando@ca.gt.com; 'Knight, Jason'; 'Dan Ferguson'

Subject: RE: Energy Services Agreement between St. Mary's Cement Inc (Canada) and 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group

Bill,

Thanks for the call this morning. As discussed, please confirm that your client is agreeable to St. Mary's Cement Inc. (Canada) holding any funds owing to 2441472 Ontario Inc. under the Energy Service Agreement in escrow until such time as we reach an agreement as to how they ought to be directed. We confirm that we are available for a meeting with our respective clients on January 9, 2018, for the purpose of discussing such an agreement. If your client is agreeable to this proposal, we will refrain from exercising any rights or remedies available to the Receiver pursuant to the demand letter and BIA notice until after the January 9, 2018 meeting. All such rights and remedies are expressly reserved.

We look forward to your prompt response.

Regards,

Miranda Spence

T 416.865.3414

F 416.863.1515

E mspence@airdberlis.com

Aird & Berlis LLP | Lawyers

Brookfield Place, 181 Bay Street, Suite 1800

Toronto, Canada M5J 2T9 | airdberlis.com

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From: Bill McKenzie [<mailto:lawyerbill@rogers.com>]

Sent: December-20-17 7:52 AM

To: Timothy Jones <tjones@airdberlis.com>; jamalicki@vcsmc.com

Cc: Steve Graff <sgraff@airdberlis.com>; Miranda Spence <mspence@airdberlis.com>; bruce.bando@ca.gt.com; 'Knight, Jason' <Jason.Knight@ca.gt.com>

Subject: RE: Energy Services Agreement between St. Mary's Cement Inc (Canada) and 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group

Good morning:

After speaking off the record with Ms. Malicki yesterday I drafted this simple standstill agreement. This will resolve the challenges that have arisen because all of this is happening during holidays when not everyone is available. I am out of the country with my family and was not planning on working however the Receiver issued a demand letter one week ago which apparently does not contemplate that 244's bills have to be paid to keep the operation going. I am sure once they think about this it will be understood that taking all the money and not paying to keep the operation ongoing in its continuing format is a bad idea. The advantage of the standstill agreement is that there will be status quo at St. Marys until we can put together something that is good for all parties. I have, on several occasions suggested a meeting and now the demand has created a very difficult situation during holiday season so please confirm the January 9th meeting date which is the earliest I am available.

Note it is only fair to remind you that as of noon on December 22nd I am not going to be available at all until January 8th, 2018 so please expedite the execution of the agreement so there will be no problems until then resulting from my client's bills not being paid. I am happy to discuss this tomorrow morning(December 21st) before noon at a convenient time via an off the record without prejudice call. Please give me a call in number.

Regards, Bill

Someone at the Receiver's end might want to calculate the monthly amount to be paid to service the loan one calculation would be interest only and the other blended principal and interest. It would be adjusted now because I presume the Receiver has decided not to pay 2G.

From: Bill McKenzie [<mailto:lawyerbill@rogers.com>]
Sent: December-13-17 9:00 AM
To: 'Timothy Jones'; jamalicki@vcsmc.com; rmsousa@vcsmc.com
Cc: 'Steve Graff'; 'Miranda Spence'; bruce.bando@ca.gt.com; 'Knight, Jason'
Subject: RE: Energy Services Agreement between St. Mary's Cement Inc (Canada) and 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group

Hmmm! I have been asking for a meeting about this since June not to mention information which I have not received.

I am off for the holidays now until January when I would be happy to discuss.

Have a happy holiday.

Regards, Bill McKenzie

KWM LAW PROFESSIONAL CORPORATION

Suite 203
 82 Colborne Street East
 Orillia, Ontario
 Canada
 L3V 1T7
 Phone 705-323-5833
 Fax 705-482-0648

<http://www.kwmckenzielaw.com/>

From: Timothy Jones [<mailto:tjones@airdberlis.com>]
Sent: December-12-17 3:24 PM
To: 'jamalicki@vcsmc.com'; 'rmsousa@vcsmc.com'
Cc: Steve Graff; Miranda Spence; bruce.bando@ca.gt.com; Knight, Jason; 'lawyerbill@rogers.com'
Subject: Energy Services Agreement between St. Mary's Cement Inc. (Canada) and 2441472 Inc., o/a MCS Energy or OOM Energy / Receivership of Crystal Wealth Group

Ms. Malicki / Mr. Sousa,

Please see the attached letter from our office, together with its enclosures. The letter and enclosures are also being sent to your office via courier.

We understand that Martin Vroegh is no longer with the company – in addition to Mr. Sousa, Mr. Vroegh was one of the parties given as a notice contact under the Energy Services Agreement that is attached hereto and discussed in the letter. If our understanding is incorrect and Mr. Vroegh is still with the company, please forward this letter to him.

We look forward to discussing this matter with you at your earliest convenience.

With thanks,

Timothy Jones

T 416.865.3086

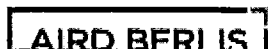
F 416.863.1515

E tjones@airdberlis.com

Aird & Berlis LLP | Lawyers

Brookfield Place, 181 Bay Street, Suite 1800

Toronto, Canada M5J 2T9 | airdberlis.com



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AIRD BERLIS

Steven L. Graff
 Direct: 416.865.7726
 E-mail: sgraff@airdberlis.com

December 12, 2017

BY COURIER AND E-MAIL (info@cor4oil.com)

Cor4 Oil Corp.
 Suite 2621 308 4th Avenue SW
 Calgary AB T2B 0H7

ATTN: Colin Davies, President & CEO

RE: Energy Services Agreement between Imaginea Energy and MCSAB10 Inc.

AND RE: Receivership of the Crystal Wealth group (Court File No CV-17-11779-00CL)

Dear Sir:

Our understanding, based on a press release dated November 23, 2017, is that Cor4 Oil Corp ("Cor4") has assumed the oil & gas related assets of Imaginea Energy ("Imaginea"), including related contracts. We write to you in connection with one such contract, and would appreciate a response at your earliest convenience.

We are the lawyers for Grant Thornton Limited in its capacity as the Court-appointed Receiver and Manager (in such capacity, the "**Receiver**") of all of the assets, undertakings and properties of Crystal Wealth Management System Limited ("**CWMSL**") and, among other related individuals and entities, fifteen open-ended mutual fund trusts controlled by CWMSL (individually or collectively, "**Crystal Wealth**").

The Receiver was so appointed pursuant to an Order (Appointing Receiver) of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued on April 26, 2017 (the "**Appointment Order**"). A copy of the Appointment Order is available from the Receiver's case website at www.GrantThornton.ca/CrystalWealth.

The Court has expressly empowered and authorized the Receiver to, amongst other things: receive and collect all monies and accounts now owed or hereafter owing to Crystal Wealth; to exercise all remedies of Crystal Wealth in collecting such monies; and to initiate, prosecute and continue the prosecution of any and all proceedings instituted with respect to Crystal Wealth.

This letter concerns commercial arrangements between Imaginea (as we believe have been assumed by Cor4) and a company owned and controlled by Mr. Craig Clydesdale, MCSAB10 Inc. ("**MCSAB**"), which is a special-purpose entity that is related to a group of companies doing business under the names of "MCS Energy" and/or "OOM Energy".

Specifically, in this letter, we refer to an Energy Services Agreement dated June 20, 2016 (as may have been amended from time to time, the "**ESA**") originally made between Imaginea and CWMSL, as well as certain ancillary documents thereto.

December 12, 2017

Page 2

Crystal Wealth entered into credit arrangements with MCSAB to finance the installation of a "MCS Cogen Mark 9 Co Energy PoD" (the "**MCS PoD**") on the Imaginea premises in Jenner AB. MCSAB is currently in default under these credit arrangements.

These credit arrangements were secured by, amongst other things, a general security agreement with MCSAB, granting Crystal Wealth a security interest in all of MCSAB's present and after-acquired property (which would include the MCS PoD), as well as an Assignment of the ESA made November 28, 2016, granted as security for obligations under Crystal Wealth's credit arrangements with MCSAB (the "**Assignment of ESA**"). True copies of these documents, together with the ESA, are enclosed.

Our understanding of the business arrangement between MCSAB and Imaginea was that Crystal Wealth's financing of MCSAB was contemplated, and that Imaginea was to have been obligated to remit all payments due to MCSAB under the ESA into a segregated account, jointly controlled by MCSAB and Crystal Wealth.

To the extent that the MCS PoD has been installed, which would have triggered payment obligations under the ESA, the Receiver would like to confirm where Imaginea has been sending the required monthly payments. The Receiver is also requesting that all future payments under the ESA be directed to the Receiver, effective immediately.

Pursuant to paragraph 10.1(c) of the ESA, if the Supplier is in default under Crystal Wealth's security and the Secured Lender intends to exercise any rights afforded to Crystal Wealth under this Agreement, Crystal Wealth shall give notice of such default to Imaginea at least five business days prior to exercising such rights. Accordingly, this letter provides you with formal notice that the Supplier has defaulted and that the Receiver is in a position to enforce its security over, without limitation, the MCS PoD and the Supplier's interest in the ESA.

Please contact the undersigned at your earliest convenience to discuss this matter.

Regards,

AIRD & BERLIS LLP

Steven L. Graff

SG/TJ
Encl.

CC: Jason Knight, Grant Thornton Limited (Jason.Knight@ca.gt.com)

Bill McKenzie, counsel to Craig Clydesdale/OOM Energy (lawyerbill@rogers.com)

31201191.2

AIRD BERLIS

TAB 91

AIRD BERLIS

Miranda Spence
 Direct: 416.865.3414
 E-mail: mspence@airdberlis.com

February 13, 2018

BY EMAIL lindsay.goos@imaginea.io

Imaginea IO
 150 9th Avenue SW
 Calgary AB T2P 0H7

Attention: Lindsay Goos

Dear Ms. Goos:

RE: Energy Services Agreement between Imaginea Energy and MCSAB10 Inc.

AND RE: Receivership of the Crystal Wealth group (Court File No CV-17-11779-00CL)

We understand that Suzanne West is currently dealing with a health issue. We believe that she was dealing with the contractual matter discussed in this email. Please direct this letter to Ms. West's attention as it may be appropriate.

We are the lawyers for Grant Thornton Limited in its capacity as the Court-appointed Receiver and Manager (in such capacity, the "**Receiver**") of all of the assets, undertakings and properties of Crystal Wealth Management System Limited ("**CWMSL**") and, among other related individuals and entities, fifteen open-ended mutual fund trusts controlled by CWMSL (individually or collectively "**Crystal Wealth**").

The Receiver was so appointed pursuant to an Order (Appointing Receiver) of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued on April 26, 2017 (the "**Appointment Order**"). A copy of the Appointment Order is available from the Receiver's case website at www.GrantThornton.ca/CrystalWealth.

Among other things, all persons with notice of the Appointment Order have an obligation to share any relevant information in their possession or knowledge regarding the business and affairs of Crystal Wealth; in this regard, the Receiver is hoping that you can advise regarding a particular commercial arrangement between Imaginea Energy Ltd. and a company owned and controlled by Mr. Craig Clydesdale, MCSAB10 Inc. ("**MCSAB**"), which is a special-purpose entity that is related to a group of companies doing business under the names of "MCS Energy" and/or "OOM Energy". Crystal Wealth is a secured lender to MCSAB that financed these arrangements.

Page 2

Specifically, we refer to an Energy Services Agreement dated June 20, 2016 (as may have been amended from time to time, the "ESA") originally made between Imaginea and CWMSL, as well as certain ancillary documents thereto.

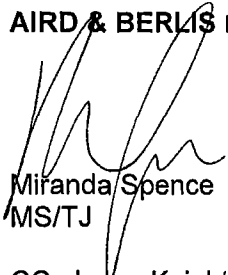
Crystal Wealth entered into credit arrangements with MCSAB to finance the installation of a "MCS Cogen Mark 9 Co Energy PoD" (the "MCS PoD") on the Imaginea premises in Jenner AB, which would be used to fulfill MCSAB's obligations under the ESA.

These credit arrangements are in default, and the Receiver would like to learn more about the status of the ESA, the MCS PoD, and any other information or records you have regarding these arrangements.

We would be pleased to discuss via telephone or e-mail at your convenience.

Yours truly,

AIRD & BERLIS LLP



Miranda Spence
MS/TJ

CC: Jason Knight, Manager, Grant Thornton Limited (Jason.Knight@ca.gt.com)

31677777.1

AIRD BERLIS

TAB 92

From: Timothy Jones
To: "Marcel Rada"
Cc: Knight, Jason; Mark van Zandvoort; Miranda Spence; Bando, Bruce; Steve Graff
Subject: RE: 1092545 BC Ltd
Date: Wednesday, November 29, 2017 5:00:08 PM
Attachments: image001.png

Marcel,

This email recaps the conversation we had by phone at 3:35 PM Toronto time today.

Point #1 below on senior debt: You were not prepared to disclose the parties holding senior debt or the amounts owing at this time, for privacy reasons in respect of those private companies. We told you that this was unsatisfactory, given the Receiver's inability to evaluate your proposed compromise made on the basis of Crystal Wealth being behind other senior debt without evidence that such senior debt exists. You suggested you might get back to us.

Point #2 below on the face amount of the Note (defined below): You agreed that the Note is misleading to the extent that it provides that the trust account deposit is in 109 BC's name. You stated that Crystal Wealth drafted the Note (AI Housego). You told us the intention was for it to be secured by a trust deposit in Century Energy Ltd.'s name, which funds, to your knowledge, are no longer in this account. You told us that you owe a third party (Karan Thacker, spelling unclear, which spelling you will confirm) a finder's fee in respect of this individual bringing Crystal Wealth to you as a bridge financing option. We asked you for your correspondence with AI Housego as well as this individual. You told us you would provide it to us by Monday, December 4.

Point #3 below about the RTO involving another of your companies: you advised that this transaction is unrelated, in respect of a separate mining property (copper) instead of the contemplated property associated with the 109 BC transaction (gold). Permit issues were cited as part of the reason why the former proceeded and the latter did not.

Point #4 below about the availability of funds to support your repayment proposal: you advised that such repayment would be from your personal funds. We told you that this was an unsatisfactory answer, as the Receiver cannot evaluate your proposed compromise on the basis of a lack of available funds without understanding your available funds. You advised you would provide documentary evidence supporting this by Monday, December 4.

This conversation was at your request, to help the Receiver understand your email below. The Receiver reserves all of the rights granted to it by the Appointment Order of the Ontario Superior Court of Justice, attached, including, without limitation its right to enforce the Note at any time or to examine you under oath.

Regards,

Timothy Jones

T 416.865.3086
 F 416.863.1515
 E tjones@airdberlis.com

TAB 93

SETTLEMENT AGREEMENT AND MUTUAL RELEASE (this "Release")

TO: 109545 B.C. Ltd. ("109")

AND TO: Grant Thornton Limited ("GTL"), in its capacity as the Court-appointed Receiver and Manager of, amongst others, Crystal Wealth Management System Limited ("CWMSL")

AND TO: Aird & Berlis LLP, legal counsel to the Receiver

RE: Loan between 109, as borrower, and CWMSL, as lender, evidenced by a promissory note made by 109 in favour of CWMSL, dated November 4, 2016 (the "Promissory Note")

WHEREAS:

- A. CWMSL is an Ontario corporation which manages fifteen proprietary investment funds;
- B. CWMSL, as lender, provided credit facilities to 109, as borrower, as evidenced by a promissory note dated as of November 4, 2016 in the amount of US\$125,000 in favour of CWMSL, as lender (the "Promissory Note");
- C. the full principal amount of US\$125,000 has been advanced to 109;
- D. the Promissory Note matured, at the latest, 90 days following the date it was made, at which point all principal and accrued interest became repayable;
- E. CWMSL's books and records show that the outstanding balance under the Promissory Note has not been repaid to any extent;
- F. the Receiver was appointed as the Court-appointed Receiver over the assets and undertaking of, amongst others, CWMSL, pursuant to an Order of the Honourable Justice Newbould dated April 26, 2017 (the "Appointment Order");
- G. the Receiver, pursuant to the Appointment Order, is empowered and authorized to, amongst other things, receive and collect all monies and accounts now owed or hereinafter owing to CWMSL, and to exercise all remedies of CWMSL in collecting such monies, including, without limitation, the right to enforce any security held by CWMSL and to settle, extend or compromise any indebtedness owing to CWMSL;
- H. by letter dated November 26, 2016, Aird & Berlis LLP ("A&B"), counsel to the Receiver, made demand (the "Demand") on behalf of the Receiver for payment of US\$125,000, plus applicable recovery costs (the "Indebtedness");
- I. the Receiver and 109 now desire to settle fully and finally the Indebtedness;

NOW THEREFORE, in consideration of the sum of the Settlement Payment, as defined below, and other good and valuable consideration, receipt of which is hereby acknowledged, each of the parties hereto agrees as follows:

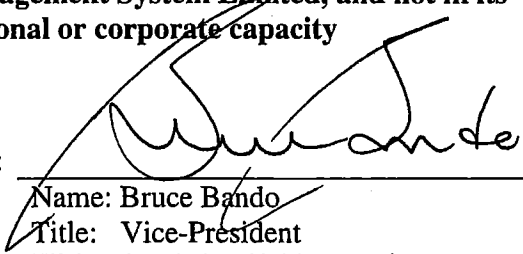
1. the above noted recitals are true and accurate and form part of this Release;
2. subject to the terms herein, 109 shall make payment to A&B, in trust for the Receiver, in the amount of US\$50,000 (the “**Settlement Payment**”) on or before February 15, 2018 (the “**Payment Deadline**”);
3. provided that 109 pays the Settlement Payment on or before the Payment Deadline, the Receiver agrees to accept the Settlement Payment in full and final satisfaction of the Indebtedness;
4. upon receipt by A&B of the Settlement Payment on or before the Payment Deadline, the Receiver shall remise, release and forever discharge 109 of and from any and all actual or potential actions, causes of action, suits, debts, duties, accounts, bonds, dues, covenants, contracts, rights, costs and expenses, judgments, claims, proceedings, obligations and demands whatsoever, whether at equity or law, whether known or unknown, which the Receiver ever had, now has or may hereinafter have against 109 arising out of or relating to the Promissory Note or the Indebtedness, provided that nothing contained in this article 4 shall limit or waive any of the Receiver’s rights and remedies pursuant to the Appointment Order. For clarity, the release given herein shall not be effective unless and until A&B receives the Settlement Payment on or before the Payment Deadline. In the event that 109 fails to make payment of the Settlement Amount to A&B on or before the Payment Deadline, the Receiver shall retain all of its rights against 109 pursuant to the Promissory Note, the Demand, and any related security;
5. upon receipt by A&B of the Settlement Payment on or before the Payment Deadline, each of 109 and Marcel Rada (the “**109 Releasees**”) shall remise, release and forever discharge the Receiver and each of its subsidiaries, affiliated and associated corporations and entities and each of their respective officers, directors, servants, agents, employees, successors and assigns (collectively, the “**Receiver Releasees**”), of and from any and all actual or potential actions, causes of action, suits, debts, duties, accounts, bonds, dues, covenants, contracts, rights, costs and expenses, judgments, claims, proceedings, obligations and demands whatsoever, whether at equity or law, whether known or unknown, which the 109 Releasees ever had, now have or may hereinafter have against the Receiver Releasees arising out of or relating to the Promissory Note or the Indebtedness;
6. each of the parties hereto acknowledges and declares that: (a) it has had an adequate opportunity to read and consider this Release and to obtain such advice in regard to it as it considers advisable; (b) it fully understands the nature and effect of this Release; and (c) this Release has been duly executed voluntarily;
7. all of the foregoing shall enure to the benefit of the parties hereto and their respective heirs, executors, successors, assigns and representatives and be binding upon the parties hereto and their respective heirs, executors, successors, assigns and representatives;
8. this Release will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein;

9. the parties hereto irrevocably attorn to the jurisdiction of the Ontario Superior Court of Justice (Commercial List) sitting in Toronto (the “**Court**”), and consent to the jurisdiction and venue of the Court for the resolution of any disputes among them, regardless of whether or not such disputes arose under this Release;
10. each party hereto shall pay its own costs and expenses (including the fees and disbursements of legal counsel and other advisors) related to this Release;
11. it is acknowledged by 109 that GTL is entering into this Release solely in its capacity as the Receiver and that GTL shall have absolutely no personal or corporate liability under or as a result of this Release in any respect; and
12. this Release may be executed by the parties hereto in counterparts and by facsimile or PDF, each of which when so executed will be deemed to be an original and such counterparts together will constitute one and the same instrument.

[*Signature page follows*]

IN WITNESS WHEREOF the undersigned have executed this Release this 20th day of December, 2017.

**Grant Thornton Limited, in its capacity as
court appointed receiver of Crystal Wealth
Management System Limited, and not in its
personal or corporate capacity**

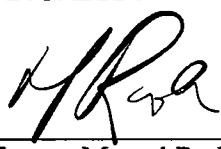
Per: 

Name: Bruce Bando

Title: Vice-President

I/We have the authority to bind the corporation

1092545 B.C. LTD.

Per: 

Name: Marcel Rada

Title: President

I/We have the authority to bind the corporation



Witness Name: Beverly Rada



MARCEL RADA

TAB 94

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**



TUESDAY, THE 15th DAY
OF MAY, 2018

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

VESTING ORDER

THIS MOTION, made by Grant Thornton Limited in its capacity as the Court-appointed receiver and manager (the "**Receiver**") of: (i) each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (the Respondents except for Chrysalis Yoga being collectively referred to as the "**Crystal Wealth Group**"); and (ii) the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), for an Order, *inter alia*, vesting in Xynergy Medical Capital LLC (the "**Purchaser**") the right, title and

interest in and to the Geodata Participation (the "**Purchased Assets**"), as such term is defined in the Bill of Sale dated July 10, 2017 entered into by the Receiver, as vendor on behalf of the Crystal Wealth Medical Strategy, and the Purchaser, as purchaser, and as amended by an Amendment to the Bill of Sale dated January 26, 2018 (together, the "**Sale Agreement**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report of the Receiver dated May 3, 2018 and the Supplement to the Third Report of the Receiver dated May 14, 2018, and on hearing the submissions of counsel for the Receiver, and such other counsel who were present, no one else appearing for any other person on the service list, although properly served as appears from the affidavits of Diana Saturno sworn May 3, 2018 and May 14, 2018, filed:

1. **THIS COURT ORDERS AND DECLARES** that, except where otherwise indicated, capitalized terms used but not defined in this Order shall have the meanings ascribed thereto in the Sale Agreement.
2. **THIS COURT ORDERS AND DECLARES** that the transaction which is the subject of the Sale Agreement (the "**Transaction**") is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized, ratified and approved, with such minor amendments as the Receiver may deem necessary.
3. **THIS COURT ORDERS AND DECLARES** that all of the right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated April 26, 2017 and any other orders of the Court in these proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system, *nunc pro tunc* as of July 10, 2017.

4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after July 10, 2017 all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the Receiver immediately prior to the sale.

5. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Respondents and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Respondents;

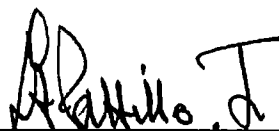
the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Respondents and shall not be void or voidable by creditors of any of the Respondents, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 15 2018

PER / PAR:



ONTARIO SECURITIES COMMISSION

-and-

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED et
al.

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

VESTING ORDER

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Mark van Zandvoort (LSUC # 59120U)

Tel: (416) 865-4742

Fax: (416) 863-1515

E-mail: mvanzandvoort@airdberlis.com

Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited

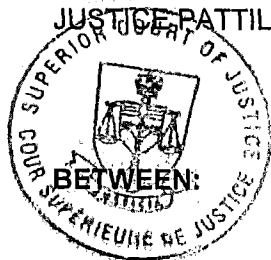
TAB 95

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE PATTILLO

TUESDAY, THE 15th DAY

OF MAY, 2018

)))))
ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

VESTING ORDER

THIS MOTION, made by Grant Thornton Limited in its capacity as the Court-appointed receiver and manager (the "**Receiver**") of: (i) each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (the Respondents except for Chrysalis Yoga being collectively referred to as the "**Crystal Wealth Group**"); and (ii) the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), for an Order, *inter alia*, vesting in Xynergy Medical Capital LLC (the "**Purchaser**") the right, title and

interest in and to the SSI Participation (the "**Purchased Assets**"), as such term is defined in the Bill of Sale dated January 24, 2018 entered into by the Receiver, as vendor on behalf of the Crystal Wealth Medical Strategy, and the Purchaser, as purchaser (the "**Sale Agreement**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report of the Receiver dated May 3, 2018 and the Supplement to the Third Report of the Receiver dated May 14, 2018, and on hearing the submissions of counsel for the Receiver, and such other counsel who were present, no one else appearing for any other person on the service list, although properly served as appears from the affidavits of Diana Saturno sworn May 3, 2018 and May 14, 2018, filed:

1. **THIS COURT ORDERS AND DECLARES** that, except where otherwise indicated, capitalized terms used but not defined in this Order shall have the meanings ascribed thereto in the Sale Agreement.
2. **THIS COURT ORDERS AND DECLARES** that the transaction which is the subject of the Sale Agreement (the "**Transaction**") is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized, ratified and approved, with such minor amendments as the Receiver may deem necessary.
3. **THIS COURT ORDERS AND DECLARES** that all of the right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated April 26, 2017 and any other orders of the Court in these proceedings; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system, *nunc pro tunc* as of January 24, 2018.
4. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and

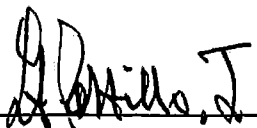
stead of the Purchased Assets, and that from and after January 24, 2018 all Claims shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the Receiver immediately prior to the sale.

5. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Respondents and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Respondents;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Respondents and shall not be void or voidable by creditors of any of the Respondents, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 15 2018

PER / PAR:



ONTARIO SECURITIES COMMISSION

-and-

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED et al.

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

VESTING ORDER

AIRD & BERLIS LLP

Barristers and Solicitors
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Suite 1800, 181 Bay Street
Toronto, ON M5J 2T9

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Fax: (416) 863-1515

E-mail: sgraff@airdberlis.com

Mark van Zandvoort (LSUC # 59120U)

Tel: (416) 865-4742

Fax: (416) 863-1515

E-mail: mvanzandvoort@airdberlis.com

Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited

TAB 96

From: [Knight, Jason](#)
To: ["Alejandro Nathan"](#)
Cc: [Bando, Bruce](#)
Subject: RE: Unlimited account
Date: Wednesday, December 13, 2017 3:31:00 PM
Attachments: [RE Crystal Wealth Medical Fund - Information Request.html](#)
[image001.jpg.html](#)

Hi Alejandro,

The Receiver is in agreement with the following allocation (as outlined in your November 10, 2017 email below) with respect to the US \$147,000 that has been collected pursuant to the settlement agreement dated January 12, 2016, between Xynergy Medical Capital, LLC ("**Xynergy**") and Unlimited Prosthetics, Inc. ("**UPI**") and Erika Sanchez (as guarantor) for a settlement of the account balance for US \$215,000 (the "**UPI Settlement**") (the "**UPI Settlement Agreement**").

Crystal Wealth Medical Strategy (the " Medical Fund ") (84.50%):	US \$123,994.50
Xynergy Medical Capital, LLC: (15.65%):	US \$ 23,005.50

The Receiver's agreement to the above noted allocation does not prejudice its entitlement (on behalf of the Medical Fund) to any further amounts collected from UPI and/or Erika Sanchez under the UPI Settlement Agreement. For greater clarity, any further amounts collected by Xynergy pursuant to the UPI Settlement Agreement should be allocated between the Medical Fund and Xynergy based on the percentages noted above; 84.50% and 15.65% respectively. In addition, at this time, the Receiver agrees with your recommendation to not pursue litigation against UPI and/or Erika Sanchez (as outlined in point 3 of your email dated October 28, 2017, attached to this email) but does encourage Xynergy to continue to pursue the payment of the remaining amount owing (US \$68,000) through direct communication with same.

Please advise if the arrangement detailed above is acceptable to Xynergy.

Best regards,
 - Jason

Jason Knight, CPA, CA | Manager
 Recovery & Reorganization
 Grant Thornton Limited
 T +1 416 369 7017 | C +1 416 434 8074

TAB 97

**UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF PENNSYLVANIA**

IN RE: NATIONAL FOOTBALL LEAGUE
PLAYERS' CONCUSSION INJURY
LITIGATION

No. 2:12-md-02323-AB

MDL No. 2323

THIS DOCUMENT RELATES TO:

ALL ACTIONS

Hon. Anita B. Brody

EXPLANATION AND ORDER

It has come to the Court's attention that members of the class or their representatives have assigned or attempted to assign monetary claims to third parties. Under the unambiguous language of the Settlement Agreement, Settlement Class Members¹ are prohibited from assigning or attempting to assign their monetary claims to third parties, and any agreement making such an assignment or attempt to assign is void, invalid and of no force and effect. Additionally, under the Settlement Agreement, the Claims Administrator is prohibited from paying a Class Member's monetary award to any third party that holds an assignment or an attempted assignment ("Third-Party Funder").²

The purpose of the anti-assignment provision is to protect the interests of Class Members by recognizing that Class Members receiving monetary awards are by definition cognitively

¹ Reference to Class Members includes any Class or Subclass Representative. *See* Settlement Agreement § 30.1.

² The Claims Administrator, BrownGreer, has already made an official statement that it will not recognize the assignment of any monetary claims. *See* NFL Concussion Settlement Website, Frequently Asked Questions 5.31, available at <https://www.nflconcussionsettlement.com/Un-Secure/FAQDetails.aspx?q=67#67>.

impaired. As the fiduciary of the Class, it is the Court's obligation to enforce this provision of the Settlement Agreement.

BACKGROUND

The administration of large settlements can provide unique challenges to the legal system as a whole, and the administration of the NFL Concussion Settlement has certainly been no exception. The issue before the Court was first raised by litigation before Judge Loretta A. Preska in the Southern District of New York. In that litigation, the Consumer Financial Protection Bureau ("CFPB") and the People of the State of New York ("NYAG") brought suit against RD Legal Funding, RD Legal Finance, LCC, RD Legal Funding Partners, LP, and Roni Dersovitz (collectively, "RD Legal"). As part of that suit, RD Legal³ asserted that assignments of Class Member's monetary claims are permitted under the NFL Concussion Settlement Agreement. Upon learning of that assertion, Co-Lead Class Counsel, Chris Seeger, filed an amicus memorandum before Judge Preska disputing RD Legal's claims. *See CFPB, et al. v. RD Legal Funding, LCC, et al.*, No. 17-cv-890 (S.D.N.Y. Sept. 8, 2017), ECF No. 45.

Judge Preska was presented with the question of whether "the *NFL Concussion Litigation* settlement agreement forbids assignments of settlement benefits." Order at 4, *RD Legal Funding*, No. 17-cv-890 (S.D.N.Y. Sept. 8, 2017), ECF No. 59. Judge Preska referred that question to this Court because it implicates the administration of the settlement and the interpretation of the Settlement Agreement—over which this Court has continuing jurisdiction. *See* Settlement Agreement § 27.1, ECF No. 6481-1 ("Any disputes or controversies arising out of, or related to, the interpretation, implementation, administration, and enforcement of this Settlement Agreement will be made by motion to the Court."); *see also In re Nat. Football League Players'*

³ RD Legal is a Third-Party Funder purports to have purchased assignments of Class Member's monetary claims.

Concussion Injury Litig., 307 F.R.D. 351, 426 (E.D. Pa. 2015) (“The Court retains continuing and exclusive jurisdiction over this action including jurisdiction over . . . all Settlement Class Members . . .”).⁴

DISCUSSION

The Settlement Agreement is interpreted under New York Law, Settlement Agreement § 27.1(a), ECF 6481-1, and New York law allows parties to void assignments of contractual rights so long as the anti-assignment language is unambiguous, *Neuroaxis Neurosurgical Associates, PC v. Costco Wholesale Co.*, 919 F. Supp. 2d 345, 352 (S.D.N.Y. 2013) (collecting cases).

In order to protect Class Members, the Settlement Agreement unambiguously prohibits Class Members from assigning claims or attempting to assign claims and renders any such assignment void, invalid and of no force and effect.

Section 30.1 No Assignment of Claims. Neither the Settlement Class nor any Class or Subclass Representative or Settlement Class Member has assigned, will assign, or will attempt to assign, to any person or entity other than the NFL Parties any rights or claims relating to the subject matter of the Class Action Complaint. Any such assignment, or attempt to assign, to any person or entity other than the NFL Parties any rights or claims relating to the subject matter of the Class Action Complaint will be void, invalid, and of no force and effect and the Claims Administrator shall not recognize any such action.

Settlement Agreement, ECF No. 6481-1.

The above section bars the assignment of a Class Member’s monetary claims—as can be shown by a simple syllogism. Section 30.1 prevents a Settlement Class Member from assigning “any rights or claims relating to the subject matter of the Class Action Complaint.” *Id.* The subject matter of the Class Action Complaint includes the allegations that directly produced the Settlement Agreement and its monetary claim structure. Thus, any monetary claims under the

⁴ To address the question, Co-lead Class Counsel, the CFPB, NYAG, and RD Legal submitted briefs to this Court. *See* ECF No. 8380.

Settlement Agreement are “relat[ed] to”⁵ the Class Action Complaint, and assignment of those claims is prohibited.⁶

Therefore, under the Settlement Agreement, Class Members are prohibited from assigning or attempting to assign any monetary claims, and any such purported assignment is void, invalid and of no force and effect. Furthermore, the Settlement Agreement instructs that the Claims Administrator shall not recognize any such action taken by a Settlement Class Member. Thus, Class Members simply cannot enter into a binding agreement that assigns or attempts to assign their claims. A Third-Party Funder that failed to perform proper due diligence before deciding to enter such an agreement is prohibited from now reaping the benefit of the contract.

⁵ Under New York state law, the phrase “relating to” is commonly given broad scope. *See, e.g., Coregis Ins. Co. v. Am. Health Found., Inc.*, 241 F.3d 123, 128 (2d Cir. 2001) (defining “related to” broadly—and more broadly than “arising out of”).

⁶ RD Legal argues that the assignment of a Class Member’s monetary claim is permissible under the Settlement Agreement. Two main arguments are given, but neither is persuasive.

RD Legal performs linguistic backflips trying to demonstrate that the phrase “rights or claims relating to the subject matter of the Class Action Complaint” does not include Class Members’ *monetary claims* and is instead limited to Class Members’ *tort claims*. RD Legal’s argument fails because its entire analysis is predicated on excising the phrase “relating to” from its interpretation of the Settlement Agreement’s text. *See* RD Legal Mem. 10-12, ECF No. 8435 (repeating the phrase “subject matter of the Class Action Complaint” without discussing, at all, the meaning or existence of the preceding words “relating to”). The phrase “relating to” expands the definition of “subject matter of the Class Action Complaint” to include monetary claims under the settlement agreement. RD Legal evades discussing this important phrase, and therefore, its definition of the “plain meaning” of the Settlement Agreement is incorrect.

Also, RD Legal argues that Article 9 of the Uniform Commercial Code invalidates any attempts to restrict the assignment of payments stemming from a legal settlement. RD Legal argues that under Article 9, parties cannot restrict assignment of “a general intangible,” which includes settlement proceeds. RD Legal Mem. 8-9, ECF No. 8435. Even if Article 9 covers the Settlement Agreement, the monetary claims under the agreement would be excluded by New York’s version of the UCC.

The invalidation of anti-assignment provisions does not apply to “a claim or right to receive compensation for injuries.” N.Y. U.C.C. Law § 9-408(d)(1). Clearly, an award that pays money for suffering head concussions is “compensation for injuries.” Therefore, New York’s UCC provisions allow for parties to create terms that prevent assignment of settlement claims, and RD Legal’s argument that the Settlement Agreement cannot restrict assignment under the UCC fails.

Thus, based on the above reasoning, the answer to Judge Preska's question is: yes, the *NFL Concussion Litigation* Settlement Agreement forbids assignments of settlement benefits.

CONCLUSION

The Claims Administrator is instructed to inquire of every Class Member, who is eligible for an award, as to whether that Class Member has made an assignment or attempt to assign. Every such class member must provide a verified response to the Claims Administrator. If an assignment or attempt to assign has been made, the Class Member must also submit to the Claims Administrator any documents related to the transaction, including any documents signed by the Class Member's attorney.

To the extent that any Class Member has entered into an agreement that assigned or attempted to assign any monetary claims, that agreement is void, invalid and of no force and effect. Class Members receiving awards are, by definition, cognitively impaired. A Third-Party funder entering an agreement with a Class Member would obviously know that simple fact. Additionally, the anti-assignment language in the Settlement Agreement clearly states the intent that Class Members are unable to make assignments. Thus, the Court has little sympathy for a Third-Party Funder that will not receive a return on its "investment." Nevertheless, under the principle of rescission, Class Members should return to the Third-Party Funder the amount already paid to them. Accordingly, if the Third-Party Funder is willing to accept rescission and execute a valid waiver relinquishing any claims or rights under the entire agreement creating the assignment or attempted assignment, then the Claims Administrator will be authorized to withhold—from the Class Member's monetary award—the amount already paid to the Class Member under the agreement and return it to the Third-Party Funder.

Further instructions to the Claims Administrator will follow. So **ORDERED**.

s/Anita B. Brody

ANITA B. BRODY, J.

12/8/2017

DATE

Copies **VIA ECF** on _____ to:

Copies **MAILED** on _____ to:

TAB 98

**IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF PENNSYLVANIA**

IN RE: NATIONAL FOOTBALL LEAGUE
PLAYERS' CONCUSSION INJURY
LITIGATION

No. 2:12-md-02323-AB

MDL No. 2323

THIS DOCUMENT RELATES TO:

ALL ACTIONS

Hon. Anita B. Brody

ORDER

AND NOW, this 20th day of February, 2018, pursuant to this Court's continuing and exclusive jurisdiction under Article XXVII of the NFL Concussion Settlement Agreement (the "Settlement Agreement"), it is **ORDERED** that the Claims Administrator pay directly to the Settlement Class Member any and all Monetary Awards in cases where there has been found an improper assignment of any right or claim pursuant to Section 30.1 of the Settlement Agreement.

s/Anita B. Brody

ANITA B. BRODY, J.

Copies **VIA ECF** on _____ to:

Copies **MAILED** on _____ to:

TAB 99

ABOUT OUR FIRM

Adair Goldblatt Bieber LLP is a leading civil litigation boutique, with a broad range of experience and expertise. Our lawyers are some of the most well-regarded trial and appellate counsel in Canada.

We are a vibrant firm, with an entrepreneurial culture, whose vision aligns with clients who want counsel that are precise, practical, adept, and innovative.

Our clients are diverse. We are trusted by public corporations, private companies, professionals, public officials, regulatory bodies, public interest organizations, and individuals involved in complex litigation.

Our lawyers are routinely involved in a broad range of leading cases, including commercial litigation, professional discipline and liability claims, partnership disputes, directors' and officers' liability claims, civil claims for sexual assault and harassment, class actions, public inquests and inquiries, Charter litigation, product liability claims, employment disputes, and defamation claims.

TALENTED

Adair Goldblatt Bieber is one of Canada's leading litigation boutiques. Our commitment to excellence is recognized by our clients as well as our peers in the legal community. Our lawyers receive some of the highest independent ratings in peer reviewed publications, including Lexpert, Best Lawyers, and Martindale Hubell. Many of our lawyers clerked with appellate courts, were medal and prize winners in their educational careers, and had business and industry experience prior to coming to law.

TENACIOUS

We understand that no client wants to be involved in litigation, but it is sometimes necessary to protect their interests or assert their rights. First and foremost, we are trial and hearing lawyers. We use our expertise to move cases quickly and effectively, while advancing principled positions that are important to our clients. We are forceful advocates, expert in ensuring our clients' voices are heard by judges, arbitrators, tribunal members, and the other side.

TRUSTED

We are trusted by a diverse client base to handle their most sensitive matters including commercial litigation, professional discipline and liability claims, partnership disputes, directors' and officers' liability claims, civil claims for sexual assault and harassment, class actions, public inquiries, product liability claims, employment actions, and defamation claims. We are frequently requested by other lawyers to help their clients in situations where they are unable to assist.

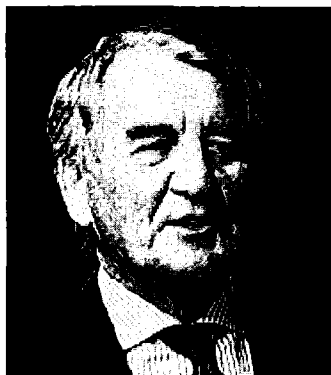
We understand litigation

We are advocates

We fight for our clients

CONTACT US

95 Wellington Street West Suite 1830 Toronto ON M5J 2N7 | T 416 499 9940 E info@AGBLLP.com | AGBLLP.com



Geoff Adair

Partner

gadair@AGBLLP.com
direct line 416 941 5863

GEOFF ADAIR

Geoff Adair is a founding partner of Adair Goldblatt Bieber LLP.

Geoff is one of Canada's leading trial and appellate lawyers. He has tried to verdict or argued on appeal as many or more judge alone or judge and jury cases than any other lawyer in the Province of Ontario. His considerable depth of courtroom experience includes acting as lead counsel in lawsuits ranging from the most sophisticated commercial litigation matters to major tort cases, contentious insurance claims, income tax appeals, and even murder trials.

Geoff's practice now focuses on commercial litigation, professional liability and product liability claims whether for plaintiffs or defendants, substantial insurance coverage disputes including directors' and officers' liability insurance cases for insurers and insureds, and serious tort litigation including defamation actions, bad faith, wrongful death and significant personal injury matters.

Geoff is the author of *On Trial, Advocacy Skills Law and Practice*, a leading text on advocacy described by Justice Renaud as "a treasure trove for litigators". The book has been cited by courts across Canada on various points of advocacy.

Geoff is a past president of the Canadian Bar Association – Ontario Branch Civil Litigation Section, and served for many years as an instructor in the Law Society of Upper Canada Bar Admission Course – Civil Litigation Section. He is a regular and frequent lecturer at continuing education programs, including the Law Society of Upper Canada Special Lecture series as well as programs and trial demonstrations promoted by the Ontario Trial Lawyers Association, the Advocates Society, and the Canadian Bar Association – Ontario Branch.

Awards, Accolades, and Professional Affiliations:

Fellow of the American College of Trial Lawyers

Named one of Canada's 500 leading lawyers in the Lexpert/ALM Guide to the Leading 500 Lawyers in Canada (2010-2017)

Named one of Canada's "Leading Litigation Lawyers" in the November Report on Business published by the Globe & Mail (2013-2018)

Designated by Lexpert as "Most Frequently Recommended" for the last several years in multiple practice areas

Best Lawyers Lawyer of the Year – Insurance Litigation (2010 and 2013)

Best Lawyers Lawyer of the Year – Legal Malpractice Litigation (2012)

Canadian Defence Lawyers – Lee Samis Award of Excellence (2013)

Ontario Bar Association – Award of Excellence in Insurance Litigation (2008)



Simon Bieber
Partner
 sbieber@AGBLLP.com
 direct line 416 351 2781

SIMON BIEBER

Simon Bieber is a founding partner of Adair Goldblatt Bieber LLP.

Simon's practice in both the U.S. and Canada has focused on commercial/corporate litigation, class actions, directors' and officers' liability, securities litigation, and professional negligence. Simon has represented a broad range of clients, including various professionals (including lawyers and accountants), directors and officers, and other public and private companies.

Simon graduated from the University of Memphis School of Law in 2005 with its Gold Medal. After practicing in Memphis, Simon returned to Canada and joined the litigation department of Stikeman Elliott LLP. Simon was the managing partner of Wardle Daley Bernstein Bieber LLP before co-founding Adair Goldblatt Bieber LLP.

Simon has appeared at all levels of Court in Ontario and has been involved in a number of administrative proceedings, including those commenced by the Ontario Securities Commission, the Institute of Chartered Accountants of Ontario and Alberta, the Certified General Accountants' Association of Alberta, the Law Society of Upper Canada, and the Ontario Human Rights Tribunal.

Simon appears frequently at the Ontario Securities Commission and participates in a pro bono project that offers legal assistance to respondents who face allegations of violations of securities laws.

Simon authored a monthly Directors' and Officers' Liability Newsletter and a monthly column in Canadian Insurance Top Broker. He co-authored a text published by LexisNexis titled "Directors' and Officers' Liability in Canada". He has also written a number of other articles on directors' and officers' liability and speaks frequently on that topic.

Awards, Accolades, and Professional Affiliations:

Martindale-Hubbell's peer rating designation as "BV® Distinguished™" in Commercial Law, Litigation and Class Actions

Lexpert Rising Star: Leading Lawyers Under 40 (2017)

Simon is recognized in Lexpert for his expertise in Corporate/Commercial litigation, Directors' & Officers' Liability Litigation and Securities Litigation

Member of The Advocates' Society and the Canadian Bar Association

Education:

University of Memphis School of Law, J.D (Gold Medalist), 2005

University of Western Ontario, B.A., 2002

Bar Admissions:

Ontario (2008)

Tennessee (2005)



Iris Graham

Partner

igraham@AGBLLP.com
direct line 416 351 2793

IRIS GRAHAM

Iris Graham is a partner at Adair Goldblatt Bieber LLP.

Iris maintains a general civil litigation practice, acting for clients in commercial disputes, class actions, securities litigation, and professional negligence cases. She has appeared before the Ontario Superior Court of Justice and the Court of Appeal for Ontario.

Iris is an active volunteer with Lawyers Feed the Hungry and Pro Bono Ontario's Free Legal Advice Hotline.

Prior to joining Adair Goldblatt Bieber LLP, Iris practiced as an associate at Wardle Daley Bernstein Bieber LLP. Iris spent her articles clerking for the judges of the Court of Appeal for Ontario, and was a summer student at Borden Ladner Gervais LLP.

During law school, Iris worked as a research assistant for Professor Robert Leckey at McGill University's Faculty of Law, and as an intern at the Family Defense Practice of Brooklyn Defender Services in Brooklyn, New York. She received a number of awards recognizing her academic accomplishments, including the Lord Reading Society of Montréal and Adolphe Mailhoit Memorial Prizes for highest standing in first year.

After completing her undergraduate degree and before attending law school, Iris spent a year in France. She speaks French fluently.

Education:

McGill University, B.C.L./LL.B. (Dean's Honour List), 2015

University of Toronto, Hon. B.Sc., 2009

Bar Admissions:

Ontario (2015)

Professional Affiliations:

Member of The Advocates' Society, the Canadian Bar Association, and the Toronto Lawyers Association


Nate Read-Ellis
Partner

 nreadellis@AGBLLP.com
 direct line 416 351 2789

NATHANIEL READ-ELLIS

Nate Read-Ellis is a partner at Adair Goldblatt Bieber LLP.

Nate has a broad commercial litigation practice across a wide range of industries, including telecommunications, renewable energy, commercial real estate, financial services, and mining. His experience includes major contractual disputes, competition disputes, tax litigation, shareholder disputes, and advertising litigation.

Nate has represented clients at all levels of court in Ontario and in front of other judicial bodies. Prior to joining Adair Goldblatt Bieber LLP, Nate worked for several years in the litigation group at Davies Ward Philips & Vineberg LLP.

Nate received his law degree from the University of Toronto, where he received a number of awards for his academic achievement, including the Fasken Martineau DuMoulin LLP Award for Academic Excellence, the Davies Ward Phillips & Vineberg LLP Prize in Contracts, and the Blakes Scholar Award.

Nate has volunteered actively with Big Brothers and Big Sisters of Toronto since 2015.

Education:

University of Toronto, J.D. (Honours), 2012

University of Ottawa, B.S.Sc. (Magna Cum Laude), 2008

Bar Admissions:

Ontario (2013)

Professional Affiliations:

Member of The Advocates' Society

TAB 100

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD.,
1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH
MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS
FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED
FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH
YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE
SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL
WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY,
CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE
FUND, and CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, c. S.5, AS
AMENDED**

AFFIDAVIT OF BRUCE BANDO

I, BRUCE BANDO, of the City of Mississauga, in the Province of Ontario, **MAKE OATH
AND SAY** as follows:

1. I am a Vice President of Grant Thornton Limited, ("GTL") which was appointed as receiver and manager ("Receiver") without security, of all the assets, undertakings and properties of each of the Respondents (collectively, "Crystal Wealth"). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and whereso stated I verily believe such to be true.

2. Attached and marked as Exhibit "A" to this my affidavit are summary billing setting out the fees and disbursements of GTL incurred in its role as Receiver of Crystal Wealth from October 1, 2017 to May 31, 2018, in the amount of \$701,068.99, disbursements of \$10,101.96 and HST of \$92,452.23 for a total of \$803,623.18. The average hourly rate is \$392.01. Attached and marked as Exhibit "B" to this my affidavit are detailed billings by individual and date of services rendered.

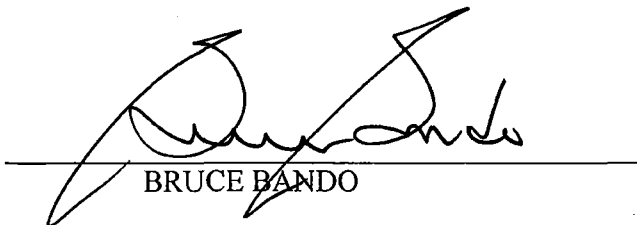
3. Given the complexity of this insolvency matter, I believe the hourly rates and the total amount of fees are reasonable and comparable for insolvency services of this nature rendered by other firms in the City of Toronto.

4. This affidavit is sworn in connection with the approval of the fees and disbursements of GTL and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 19th day of July, 2018.



Commissioner for Taking Affidavits,
etc.

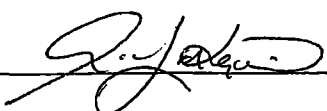


BRUCE BANDO

Fiddle-Ann Lakeman,
a Commissioner, etc., Province of Ontario,
For Grant Thornton Limited,
Expires March 30, 2020.

Tab A

Exhibit "A" to the Affidavit of Bruce Bando,
sworn before me this 19th day of July, 2018.

A handwritten signature in black ink, appearing to read "F. Lakseram", is written over a horizontal line.

Commissioner for Taking Affidavits, etc.

Faddie-Ann Lakseram,
a Commissioner, etc., Province of Ontario,
For Grant Thornton Limited,
Expires March 30, 2020.



Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ
EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA
STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL
WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED
FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND,
CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL
ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND,
ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH
ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE
STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY,
CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

BILL OF COSTS

**BN 12738 4717 RT0001
Client #225805
Invoice#LSON-3856**

To professional services as Receiver rendered for the period from October 1, 2017 to
November 30, 2017.

Accounts are due when rendered. All accounts outstanding over 30 days
will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Date	Full Name	Time	Detail
October 2, 2017	Bruce Bando	3.70	Sales Process matters; Correspondence with MHC; Correspondence with a prospective purchaser; Correspondence with Spectrum; Internal discussions on various matters; Investor matters; Meeting with counsel; Various correspondence with Quiver; Internal discussion.
October 2, 2017	Jason Knight	2.25	Internal discussions re: items to be completed and other various matters to be addressed; Correspondence with third-party fund administrators; Prepare for and attend meeting with counsel to discuss the Sales Process among various other items; Internal discussions and meetings re: other matters.
October 2, 2017	Jonathan Krieger	1.70	Review of correspondence re: offers; Meeting at A&B re offers, action plan going forward; Discussion with team re: investor communications.
October 2, 2017	Rosa Wilford	0.60	Review internal email instructions re: Banking wire transfer; Draft letter to the Bank; Complete cheque requisition forms, email correspondences to and from the Bank for authorization of transfer, posting entries, email wire confirmation to the team and general banking administration.
October 3, 2017	Bruce Bando	4.70	Correspondence on banking matters; Various correspondence with MHC on repayment of loan; Various correspondence, review of and discussion with the agent; Prepare for and attend conference call with Quiver and correspondence thereafter; General file matters; Various correspondence with Spectrum on a mortgage in default; Various correspondence with Frontline and prepare for and attend conference call with Frontline; Various correspondence with counsel re: correspondence bidders, OSC and investors and amendments to same.

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Date	Full Name	Time	Detail
October 3, 2017	Jason Knight	2.90	Prepare for and attend conference call with Frontline Factoring re: various matters; Review draft investor communication; Draft email re: insurance coverage; Phone conversation with Sotheby's re: Mount Nemo Property; Correspondence with NBIN re: wire transfer; Review information received from Mortgage Fund administrator.
October 3, 2017	Jonathan Krieger	0.80	Conference call with Quiver re: Media Fund; Review of draft correspondence from counsel re: offers.
October 3, 2017	Rosa Wilford	1.25	Provide wire instructions, draft letter and email to the Bank; Review internal email instructions re Banking; Correspondences with Bank, review print screens for expecting wires, prepare deposits, posting entries, emails re notifications of wires and general banking administration.
October 4, 2017	Arsheel Muhit	2.00	Correspondence with investors re: status of CW funds, upcoming notice; Review draft notice to investors.
October 4, 2017	Bruce Bando	0.50	Review of drafts of various letters; Internal discussions re: same.
October 4, 2017	Jason Knight	2.40	Phone conversations with numerous investors re: update on proceedings and potential distribution; Draft correspondence to Potential Manager re: Sales Process; Administration of the data room.
October 4, 2017	Jonathan Krieger	0.30	Finalize correspondence to the OSC; Correspondence with counsel and team thereto.
October 4, 2017	Mandi Quirk	0.30	Call to RBC re: confirmation of non-duplication investment account.
October 4, 2017	Rosa Wilford	0.80	Follow up correspondences with the Bank, review print screens for expecting wire, prepare deposits, posting entries, email team re notification of wire, review and follow internal email instructions, prepare disbursement requisition, issue cheque, respond to email and general

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Date	Full Name	Time	Detail
			banking administration.
October 5, 2017	Arsheel Muhit	1.50	Correspondence with investors re: upcoming notice and status.
October 5, 2017	Bruce Bando	1.80	Various investor and notice to investor matters; Prepare for and attend call with a prospective purchaser; Correspondence with Spectrum; General file matters; Correspondence with Quiver and also from MHC; Discussion with counsel on outstanding matters.
October 5, 2017	Jonathan Krieger	0.30	Correspondence re: matters related to Bron proposal, Media Fund; Correspondence with counsel thereto; Correspondence from OSC.
October 5, 2017	Rosa Wilford	1.50	Cheque processing: review bank ledgers, complete cheque requisition forms, prepare and issue cheques, transfer funds, prepare receipt requisition forms, posting entries; Review internal email instructions re Banking; Correspondences with the Bank, review print screens for expecting wire, respond to email and general banking administration.
October 6, 2017	Arsheel Muhit	2.50	Correspondence with investors re: notice issued today and status.
October 6, 2017	Bruce Bando	0.80	Various internal discussions re: Notice to Investors; Correspondence with Quiver.
October 6, 2017	Jason Knight	2.00	Coordinate the delivery of the Crystal Wealth Notice to Investors; Correspondence re: Sales Process; Phone conversations with numerous investors re: Oct 6 th notice and status of the Sales Process and BDO Claim.
October 6, 2017	Jonathan Krieger	0.70	Correspondence with the team re: matters related to communications to investors; Correspondence re: matters related to notice to offerors; Call from interested party.
October 6, 2017	Rosa Wilford	0.80	Correspondences with Bank, review print screens for expecting wires, review and respond to emails and general banking administration.

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Date	Full Name	Time	Detail
October 10, 2017	Arsheel Muhit	4.50	Internal meeting to discuss status of file and approach to investor inquiries; Correspondence with investors.
October 10, 2017	Bruce Bando	2.10	Internal meeting on investor communications; Discussion with counsel on investor inquiries and class action matters; Prepare for and attend conference call with Quiver.
October 10, 2017	Jason Knight	7.55	Internal meeting and discussions re: investor correspondence received re: October 6 th notice; Review time details to allocate billing to specific Crystal Wealth Funds based on activities noted in same; Prepare letters and return deposits to interested parties involved in the Sales Process; Phone conversations with numerous investors re: Sales Process; Prepare for and attend conference call with Quiver re: offer for Media Loans; Review information provided on the Zomongo TV arrangement; Draft correspondence to be sent to Frontline re: remittances of amounts.
October 10, 2017	Rosa Wilford	0.75	Review internal email instructions re Banking; Correspondences with Bank, review print screens for expecting wire, prepare deposit, posting entries, prepare and post disbursements, email re notification of wire and general banking administration.
October 11, 2017	Arsheel Muhit	3.50	Correspondence with investors re: notice dated Oct 6, 2017, status of BDO claim and lawsuit.
October 11, 2017	Bruce Bando	4.90	Discussions on Zomongo matters; Discussion and correspondence re: Quiver and the Media Fund; Meeting with a prospective purchaser; Correspondence with Spectrum; Prepare for and attend conference call with the OSC; Discussion and correspondence with counsel re: BDO claim; Review allocations for interim distribution model.

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Date	Full Name	Time	Detail
October 11, 2017	Jason Knight	6.50	Conference call with counsel re: BDO Claim, investor calls and other various matters; Phone conversations with numerous investors re: Oct 6 th notice; Internal discussions re: investor calls and correspondence received; Discussion with fund manager re: Sales Process and BDO Claim; Prepare for and attend conference call with the OSC and counsel; Phone conversation with external non-Crystal Wealth investment advisors re: proceedings; Discussion with counsel re: Factoring Fund call; Prepare for and attend conference call with Frontline re: Zomongo TV.
October 11, 2017	Jonathan Krieger	1.40	Conference call with counsel re: considerations re: investor notice and drafting thereto; Correspondence to OSC; Conference call with OSC and counsel re: matters related to management offers and BDO claim; Review of correspondence from counsel re: claim.
October 12, 2017	Arsheel Muhit	7.00	Respond to investor calls and emails re: Oct 6, 2017 notice, BDO claim and lawsuit.
October 12, 2017	Bruce Bando	3.70	Various correspondence and discussions with counsel re: BDO claim; Return investors calls; Review and amend interim distribution model, various internal discussions and conference call with counsel re: same; Various correspondence related to the Media Fund.

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Date	Full Name	Time	Detail
October 12, 2017	Jason Knight	7.80	Finalize time allocation re: Receiver fees and prepare distribution model for interim distribution amounts for each fund; Review correspondence received by investors and draft responses to same; Conference call with counsel re: fee distribution and other various matters; Internal discussions re: investor correspondence and other matters; Phone conversation with an external investment advisor re: update on proceedings and other matters; Draft Second Report to Court; Review media loan documentation and creating comprehensive schedule of loans, balances, interest, and amounts outstanding; Call with Quiver re: Tax Credit loans; Review loan documentation and analysis prepared by counsel re: Commercial Loans.
October 12, 2017	Jonathan Krieger	0.30	Correspondence re: matters related to BDO claim; Review of correspondence from counsel.
October 13, 2017	Arsheel Muhit	2.00	Respond to investor calls and emails re. Oct 6, 2017 notice, BDO claim and lawsuit.
October 13, 2017	Bruce Bando	3.10	Notice to investor matters, replies and discussions thereof; Various correspondence with prospective purchasers; Various correspondence with Quiver on media loan matters; Correspondence with Spectrum on enforcement; Correspondence with NBIN; Conference call with counsel on loan matters.

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Date	Full Name	Time	Detail
October 13, 2017	Jason Knight	8.45	Correspondence with the insurance broker re: performance guarantee re: Dome Mountain; Internal discussion re: Factoring Fund and proposal put forth re: Zomongo; Review information provided by Frontline; Draft email to Frontline re: second request for payment; Review loan documentation and analysis prepared by counsel re: Commercial Loans; Review Commercial Loan agreements and prepare schedule of same; Conference call with counsel to discuss the Commercial Loans as it relates to the Infrastructure Fund; Phone conversation with Spectrum; Review requests by Spectrum and provide approvals where required; Internal discussion re: Spectrum; Review Commercial Loan agreements and prepare schedule of same; Prepare investor notice and discussions same internally; Phone conversations with numerous investors re: notice, BDO Claim, and other various matters; Internal discussions re: various items and other matters to be resolved; Review and revise responses to investor emails and provide same to counsel for review.
October 13, 2017	Jonathan Krieger	1.00	Call with counsel re: investor communications; Correspondence re: matters related to Notice; Review of response to an investor; Correspondence re: matters related to offer extensions.
October 13, 2017	Rosa Wilford	0.25	Review internal email instructions re Banking; prepare and issue cheque and general banking administration.
October 16, 2017	Arsheel Muhit	1.00	Correspondence with investors re: BDO Claim and status.

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Date	Full Name	Time	Detail
October 16, 2017	Bruce Bando	3.00	Correspondence with NBIN; Attend to investment – warrant matters; Correspondence with a prospective purchaser; Various investor matters to include calls with investors and internal discussion thereof.
October 16, 2017	Jason Knight	5.70	Review loan documentation and bank transactions to determine when/if advances for various loans were made; Phone conversation with investor re: update on proceedings and various other items; Internal discussions re: various items; Draft Second Report; Phone conversation with an investor re: update on proceedings and various other items; Internal discussions re: various items.
October 16, 2017	Jonathan Krieger	0.30	Correspondence from counsel; Review of issues re: administration; Correspondence re: investor communication.
October 16, 2017	Rosa Wilford	1.15	Process cheques received for deposit, posting entries, complete cheque requisition forms, prepare and issue cheques and general banking administration.
October 16, 2017	Valerie Naccarato	0.10	Deposit at bank.
October 17, 2017	Arsheel Muhit	1.00	Correspondence with investors re: BDO Claim and status.
October 17, 2017	Bruce Bando	3.10	Marketable securities matters; Various investor communications matters; Review various documents and Quiver analyses re: Media Fund and correspondence with Quiver re: same as well as internal discussion; Various correspondence with prospective purchasers; Internal discussions on report; Various correspondence and discussion Factoring investments.

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Date	Full Name	Time	Detail
October 17, 2017	Jason Knight	6.35	Review loan documentation and bank transactions to determine when/if advances for various loans were made; Correspondence with Quiver; Review analysis provided by Quiver re: Bron Loans; Discuss Quiver analysis internally; Phone conversation with an investor re: various items including a discussion re: the BDO Claim; Draft Second Report.
October 17, 2017	Rosa Wilford	0.75	Review estate bank account and reconcile September statement.
October 18, 2017	Arsheel Muhit	2.50	Correspondence with investors re: BDO Claim and status.
October 18, 2017	Bruce Bando	3.60	Review counsel's memorandum on Commercial Loans and internal discussions re: same; Conference call with counsel on Commercial Loans; Correspondence OSC; Investor matters; Review Quiver memorandum and various correspondence re: same.
October 18, 2017	Jason Knight	6.05	Conference call with counsel re: Commercial Loans; Review and obtain additional information re: Commercial Loans and update analysis of same; Review information provided by insurance underwriter re: Dome Mountain; Conference call to discuss Dome Mountain; Locate W-8BEN form for Media Fund and provide same to the collection agent; Review information provided by Quiver re: Bron Loan tax credits; Correspondence with investors; Internal discussions re: various matters; Review email responses to investors.
October 18, 2017	Jonathan Krieger	0.30	Review of correspondence re: Bron and Media Fund.
October 18, 2017	Rosa Wilford	0.40	Review estate bank account and reconcile September statement.
October 19, 2017	Arsheel Muhit	3.50	Correspondence with investors re: BDO Claim and status.
October 19, 2017	Bruce Bando	0.40	Correspondence re: OSC request; Investor matters; Correspondence Quiver.

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Date	Full Name	Time	Detail
October 19, 2017	Jason Knight	8.25	Review documentation for Commercial Loans and update schedules; Correspondence with Spectrum re: Magnitude Loan administered by same; Review calculations to determine loans included on same; Draft correspondence to counsel and update memo provided by same; Review letter to be sent to MGE re: Dome Mountain and provide comments on same; Draft correspondence to MGE re: Dome Mountain; Internal meeting to discuss allocation of legal fees with respect to the Crystal Wealth Funds; Review invoices and descriptions of fees provided by counsel; Draft email correspondence to investor re: various questions received; Draft Second Report.
October 19, 2017	Jonathan Krieger	0.60	Correspondence re: matters related to investor correspondence; Correspondence with team thereto; Correspondence re: court report.
October 19, 2017	Mandi Quirk	9.00	Perform analysis and various internal discussions re: fee and other allocations between the Crystal Wealth Funds.
October 20, 2017	Arsheel Muhit	5.00	Investor calls and emails.
October 20, 2017	Bruce Bando	4.60	Various correspondence regarding Quiver; Review summary from Quiver; Correspondence with Fintage; Correspondence with NBIN; Various investor matters to include correspondence, drafting of same and correspondence counsel; Review various correspondence and analyses of the Corporate Loans, factoring summary and medical summary; Various discussions re: same; Various matters re: TD Bank and discussion thereof.

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Date	Full Name	Time	Detail
October 20, 2017	Jason Knight	3.75	Prepare summary of Frontline Merchants and invoices related to same to track documentation received and to include in the Second Report; Commercial Loan matters re: Mortgage Fund; Draft correspondence to investor emails received; Phone conversation with investor; Internal discussion re: various items; Draft Second Report to court.
October 20, 2017	Jonathan Krieger	0.40	Correspondence re: matters related to Bron and Media Fund; Correspondence with the team thereto; Review of correspondence from counsel; Correspondence re: matters related to investor inquiries.
October 20, 2017	Mandi Quirk	8.00	Continue with the analysis and various internal discussions re: fee and other allocations between the Crystal Wealth Funds.
October 23, 2017	Arsheel Muhit	2.00	Correspond with investors re: status of funds, BDO Claim and Lawsuit.
October 23, 2017	Bruce Bando	5.50	Various correspondence with investors and internal discussions thereof; Review distribution and allocation model and discussion thereof; Correspondence with NBIN; Review files for request by the OSC, correspondence thereof and arrange transmittal; Discussion with a prospective purchaser; Correspondence with Spectrum; Conference call with A&B re: Quiver; Prepare for and attend a meeting with Quiver followed by internal discussion and that with counsel thereafter; Internal discussion on the report; Correspondence with Invidiata; Various internal discussion on status.

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Date	Full Name	Time	Detail
October 23, 2017	Jason Knight	7.10	Prepare summary of Frontline Merchants and invoices related to same to track documentation received and to include in the Second Report; Review fee allocation worksheet and investor distribution; Update cash balances for investor distribution workbook and distribute same to counsel and internally; Draft Second Report.
October 23, 2017	Jonathan Krieger	0.30	Correspondence from investors; Correspondence to the OSC.
October 24, 2017	Arsheel Muhit	0.50	Correspondence with investors re: status of funds, BDO Claim and Lawsuit.
October 24, 2017	Bruce Bando	7.10	Review delinquent report from Spectrum; Conference call with MGC and internal discussion thereafter, including discussion with counsel; Correspondence with a prospective purchaser; Correspondence with Quiver re: extension to the agreement; Correspondence with the OSC; Various investors correspondence and related matters, correspondence and discussions thereof; Various correspondence with Quiver on Fintage matter; Conference call with counsel on various matters; Conference call with the OSC; Discussions on a search request from the OSC; Various correspondence with Invidiata; Discussion with a broker; Discussions with counsel on agreement.

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Date	Full Name	Time	Detail
October 24, 2017	Jason Knight	8.40	Draft internal summary re: Gold Contracts and proposed next steps; Call with MGE and counsel re: Dome Mountain; Internal correspondence re: various matters; Draft correspondence internally re: E&O insurance and coverage under same; Phone conversations with investors re: various matters including the BDO Claim; Draft Second Report; Conference call with counsel to discuss various items to be addressed; Review various investor emails received re: management offers and BDO Claim and discuss responses re: same.
October 24, 2017	Jonathan Krieger	1.40	Review of correspondence from investors; Conference call with counsel and OSC; Correspondence with the team re: realization of funds and issues encountered with fund holdings; Further correspondence from investors.
October 24, 2017	Mandi Quirk	1.50	Perform key word search through Dropbox and internet explorer, discussion with J. Knight.
October 24, 2017	Rosa Wilford	1.25	Banking re receipts and disbursements: prepare receipt requisition forms, posting entries, complete cheque requisition forms, prepare and issue cheques and general banking administration.
October 25, 2017	Arsheel Muhit	0.50	Correspondence with investors re: status of funds, BDO Claim and Lawsuit.
October 25, 2017	Bruce Bando	5.50	Matters regarding the gold contracts, conference call with counsel and discussions thereof; Numerous correspondence with investors and discussions thereof to include correspondence and discussions with counsel; Various correspondence with new broker; Review new broker package and review and amend listing agreement.
October 25, 2017	Jason Knight	9.40	Draft correspondence to Gold Sellers re: Gold Contracts and expected payment of same; Conference call with counsel re: Gold Contracts; Review draft default letter re: Onstar; Draft Second Report;

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Date	Full Name	Time	Detail
			Review investor emails received re: BDO claim and the Sales Process; Phone conversations with investors re: various items including the BDO Claim and the rationale for the Sales Process decision; Internal discussions re: various matters and the drafting of responses to investor emails; Phone conversation with manager involved in the Sales Process re: status of the Sales Process and the BDO Claim.
October 25, 2017	Jonathan Krieger	1.30	Correspondence with the team re: additional review of information; Correspondence from investors; Correspondence re: matters related to Court Report; Correspondence to regulators and government re: response to emails; Correspondence with counsel re: proposed language; Correspondence from investors; Correspondence re: matters related to gold contracts; Review of Media Fund reconciliation.
October 25, 2017	Mandi Quirk	1.80	Internal discussion and conduct searches on the Dropbox.
October 25, 2017	Rosa Wilford	0.50	General banking administration.
October 26, 2017	Arsheel Muhit	3.25	Correspondence with investors re: status of funds, BDO Claim and Lawsuit.

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Date	Full Name	Time	Detail
October 26, 2017	Bruce Bando	2.70	Review gold contract matters and correspondence with counsel; Review demand letters re: certain loans and correspondence with counsel; Review of the report; Discussions re: OSC document request; Discussion with counsel on investor matters and the Factoring Fund; Correspondence with the broker and review of the pricing strategy; Internal correspondence re: same.
October 26, 2017	Jason Knight	11.25	Review and revise default and demand letters; Draft Second Report; Various discussions and correspondence re: demand letters and Commercial Loans; Review Gold Contract letter; Conference call with Zomongo, counsel, and Zomongo's senior secured lender re: Crystal Wealth debt and required funding; Internal discussions and debrief re: call and next steps; Discussion with Gold Seller re: Gold Contracts in Bullion Fund; Various discussions re: Commercial Loans; Internal discussions re: various matters; Review investor correspondence; Internal discussions re: OSC information request and reviewing the results of same.
October 26, 2017	Jonathan Krieger	1.00	Discussions with investors re: matters related to NBIN statement; Correspondence thereto; Correspondence re: source of emails; Correspondence from regulator; Correspondence re: matters related to Court report.
October 26, 2017	Rosa Wilford	0.50	Review Banking: re outstanding cheques to clear, review General Ledger print outs, prepare stop payment, Bank letter, email Bank, prepare and post void payment and general banking administration.
October 26, 2017	Stephanie Corvese	2.00	Internal discussion and assist with the searches on the Dropbox.
October 27, 2017	Arsheel Muhit	2.50	Correspondence with investors re: status of funds, BDO Claim and Lawsuit. Draft notice to investors.

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Date	Full Name	Time	Detail
October 27, 2017	Bruce Bando	2.90	Correspondence NBIN; Various correspondence with investors; Various correspondence and discussions re: general notice to investors; Correspondence with the OSC re: investors; Correspondence with a prospective purchaser; Internal correspondence on the OSC request; Correspondence with Quiver; Winterization matters; Correspondence with Invidiata.
October 27, 2017	Jason Knight	10.55	Draft Second Report; Review an investor response drafted by counsel and discuss same internally; Review additional correspondence received from investors via email.
October 27, 2017	Jonathan Krieger	1.20	Correspondence from investors re: status of administration; Review of draft correspondence from counsel; Call to counsel re: amendments; Correspondence with the team re: required wording and issues to address in Notice.
October 27, 2017	Mandi Quirk	1.20	Continue with and conduct internal discussion re: Dropbox search.

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Date	Full Name	Time	Detail
October 27, 2017	Mario Tersigni	0.75	Review numerous warrant contracts to determine market position.
October 27, 2017	Rosa Wilford	0.50	Review Banking: re outstanding cheques to clear, review General Ledger print outs, prepare stop payment, Bank letter, email Bank, prepare and post void payment and general banking administration.
October 28, 2017	Jason Knight	4.10	Draft Second Report.
October 29, 2017	Jason Knight	6.40	Draft Second Report.
October 30, 2017	Arsheel Muhit	3.00	Review and prepare notice to investors and email; Correspondence with investors re: status of funds, BDO claim and general inquiries.
October 30, 2017	Bruce Bando	7.10	Various correspondence re: BDO matters; Review and finalize the Notice to Investors; Quiver MOU matters and correspondence thereof; Discussion on the search request for the OSC; Correspondence with Spectrum on mortgage default and renewal; Correspondence regarding specific investors; Review the Quiver report and discussions thereof; Various correspondence and discussions on investments; Review and forward correspondence to C. Smith re: CPA Ontario; Review statement of claim from an investor and correspondence counsel; Report matters; Independent advisor review; Winterization matters; Correspondence with Invidiata.

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Date	Full Name	Time	Detail
October 30, 2017	Jason Knight	9.50	Draft correspondence to Gold Sellers re: request for information; Draft correspondence to Housego re: Gold Certificates; Draft Second Report and appendices; Review of information received re: Restoration Energy Factoring Agreement; Draft correspondence to Frontline re: information requests.
October 30, 2017	Jonathan Krieger	0.70	Correspondence from investors re: matters related to administration; Correspondence with team re: investor communication; Correspondence re: matters related to report to Court; Review of correspondence re: matters related to distribution matrix; Review of correspondence from Blakes re: BDO claim.
October 31, 2017	Arsheel Muhit	2.25	Correspondence with investors re: status of funds, BDO claim and general inquiries.
October 31, 2017	Bruce Bando	5.00	Various investor matters and correspondence thereof; Discussion with a prospective purchaser; Various correspondence and discussions on gold contracts and factoring fund; Various discussions on books and records search and correspondence with OSC re: same; Various matters re: Quiver and report and discussion with counsel; Pond matters and correspondence thereof; Report matters; Various correspondence re: winterization.

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Date	Full Name	Time	Detail
October 31, 2017	Jason Knight	7.25	Conference call to discuss Restoration Energy and Dome Mountain Factoring Contracts and agreements with same; Review and revise repayment letter to be issued to Restoration Energy; Draft correspondence to Frontline re: information requests; Call with interested purchaser re: Sales Process and manager's contact with investors; Review correspondence received from investors; Draft email correspondence to investors; Review and edit sections of the Second Report.
October 31, 2017	Jonathan Krieger	0.90	Correspondence from investors; Correspondence with team re: matters related to report; Correspondence from counsel re: Media Fund.
October 31, 2017	Mandi Quirk	1.20	Review of final searches and forward final results to the OSC.
November 1, 2017	Arsheel Muhit	0.50	Correspondence with investors re general inquiries and upcoming Second Report.
November 1, 2017	Bruce Bando	7.40	Continue with the review and amending of the Second Report and various discussions thereof; Various correspondence with Pond; Correspondence with counsel on BDO; Discussion with counsel on Quiver and correspondence with Quiver thereafter; Various investor matters and correspondence thereof; Correspondence with Spectrum; Various correspondence with counsel re: Factoring Loans.
November 1, 2017	Jason Knight	6.50	Review and revise the Second Report to Court; Review correspondence from investors; Review internal comments on Second Report and make revisions and/or add content; Develop and compile schedules and tables for the Second Report and the appendices; Correspondence with Spectrum re: Mortgages; Correspondence with Gold Sellers re: Gold Loans.

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Date	Full Name	Time	Detail
November 1, 2017	Jonathan Krieger	0.50	Discussion with the team re: matters related to investor communications; Correspondence re: Second Report.
November 1, 2017	Rosa Wilford	1.25	Review internal email instructions re Banking wire transfer; Draft letter to Bank; Complete cheque requisition forms, email correspondences to and from Bank for authorization of transfer, posting entries, email wire confirmation to team and general banking administration.
November 2, 2017	Bruce Bando	7.00	Continue with the report to include meeting and various discussions thereof; Prepare for and attend meeting with Pond; Correspondence with a prospective purchaser; Various investor matters to include drafting of responses; Golf certificate matters and correspondence thereof; Correspondence with Invidiata; Internal discussion.
November 2, 2017	Jason Knight	9.25	Call with counsel re: investor email received; Review and amend Second Report; Reviewing information provided by counsel re: Restoration Energy.
November 2, 2017	Jonathan Krieger	0.90	Review of correspondence from investors; Discussion with the team re: matters related to Pond, gold contracts; Correspondence re: procedural considerations thereto; Correspondence with the team re: matters related to court report.
November 2, 2017	Martin Chan	2.10	Perform research for Second Report re: monetization of marketable securities.
November 3, 2017	Arsheel Muhit	2.00	Correspondence with investors re: status of funds; Process invoices to utility company and landscaping company.
November 3, 2017	Bruce Bando	3.40	Various correspondence with Spectrum and review the mortgages in default; Various correspondence with counsel re: BDO; Correspondence with counsel re: Frontline; Various investor communication matters and release of same; Various correspondence with Invidiata; Amend new listing agreement.

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Date	Full Name	Time	Detail
November 3, 2017	Jason Knight	8.00	Draft Second Report; Internal correspondence to discuss the Second Report; Review investor email correspondence and review responses to same; Phone conversation with investors re: various items.
November 3, 2017	Jonathan Krieger	1.00	Correspondence from counsel re: proceedings; Correspondence from investor; Comments to the team on response.
November 4, 2017	Bruce Bando	7.50	Review and amend the Second Report; Various correspondence thereof.
November 4, 2017	Jason Knight	3.25	Amend the Second Report.
November 5, 2017	Bruce Bando	1.00	Second Report matters and discussions thereof.
November 5, 2017	Jason Knight	3.00	Call to discuss most recent revision of the Second Report and the items to include in same; Amend the Second Report by adding additional commentary on specific sections as discussed.
November 6, 2017	Arsheel Muhit	1.75	Internal discussions re status of file and the Second Report; Correspondence with investors re status of funds, interim distribution and BDO claim; Discussions re: winterizing 5043 Mount Nemo property, issues with current heating system.
November 6, 2017	Bruce Bando	6.20	Continue with the Second Report, amendments thereto and various discussions thereof; Review fund transactions and tracing; Various investor and communication matters; Corporate search matters; IAS matters; Conference call with counsel; Correspondence with Spectrum; Correspondence with Quiver; Various discussions on winterization; Various correspondence Listing Agreement; Various correspondence with Invidiata on transition and keys.

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Date	Full Name	Time	Detail
November 6, 2017	Jason Knight	5.40	Discussions internally re: banking and Inter-fund investments; Internal discussions re: corporate searches; Perform analysis on interfund transfers and cash transfers between the Crystal Wealth Funds and the Company Settlement Account and discussing same internally; Review comments on the Second Report and make changes to same; Format and compile appendices for the Second Report; Internal meeting to discuss the Second Report; Conference call to discuss emails sent from the investment advisors; Phone conversation with a Gold Seller.
November 6, 2017	Jonathan Krieger	3.20	Review and comment on draft Second Report; Calls and correspondence with the team re: considerations and relief sought; Correspondence from counsel re: administration; Correspondence and call with the team re: investment advisor inquiry; Inquiries re: matters related to Media Fund transaction.
November 7, 2017	Bruce Bando	5.10	Continue with the Second Report and various discussions thereof; Various correspondence with Quiver and with Bron; Correspondence and discussion with counsel on demands; Various investor matters including drafting of a response; Review information from Pond; Various correspondence Sotheby's; Winterization and other matters.
November 7, 2017	Jason Knight	7.40	Review demand letters for Restoration Energy and internal discussions re: same; Draft various follow-up correspondence to Frontline re: outstanding information; Draft Factoring Contracts section of the Second Report; Draft correspondence to Onstar re: Gold Loans.

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Date	Full Name	Time	Detail
November 7, 2017	Jonathan Krieger	1.50	Further review of Second Report; Correspondence with the team re: findings and communications thereto.
November 7, 2017	Rosa Wilford	1.50	Review internal email instructions from re: Banking, draft Bank letter, and review with team and follow instructions; Banking re: receipts and disbursements: prepare receipt requisition forms, posting entries, complete cheque requisition forms, prepare and issue cheques and general banking administration.
November 7, 2017	Samantha Zive	1.00	Perform search on corporate records.
November 8, 2017	Arsheel Muhit	0.25	Correspondence with investors re: status of funds, interim distribution and upcoming Second Report.
November 8, 2017	Bruce Bando	5.10	Correspondence with Fintage; Correspondence and discussion with Quiver; Banking matters; Correspondence with NBIN; Correspondence with Spectrum; Investor matters and internal discussions thereof; Conference call with counsel re: Factoring and various discussions and review of documents; Other commercial loan matters with counsel; Report matters; Review of books and records; Correspondence with Sotheby's; Winterization matters.

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Date	Full Name	Time	Detail
November 8, 2017	Jason Knight	5.90	Conference call with counsel to discuss matters re: Factoring Contracts; Review information provided by Frontline re: Factoring Contracts; Review investor correspondence; Compile appendices re: Second Report; Develop statement of receipts and disbursements for all funds and accounts up to and including October 31, 2017; Draft follow-up correspondence to various parties re: outstanding information; Conference call with counsel to discuss matters re: Factoring Contracts; Review information provided by Frontline re: Factoring Contracts; Review emails re: Factoring Contracts.
November 8, 2017	Jonathan Krieger	1.80	Correspondence with the team re: matters related to investor communications; Correspondence re: matters related to factoring contracts; Correspondence re: matters related to proposed court relief; Correspondence re: matters related to review of OM's.
November 8, 2017	Rosa Wilford	1.00	Follow internal instructions from the team re Banking wire transfer; Draft letter to Bank; Complete cheque requisition forms, email correspondences to and from Bank for authorization of transfer, fax, posting entries, email wire confirmation to team and financial dept. review bank ledger and general banking administration.
November 8, 2017	Valerie Naccarato	0.10	Deposit at bank.
November 9, 2017	Arsheel Muhit	1.00	Correspondence with snow removal companies re: Mount Nemo property; Correspondence with investors re status of funds, interim distribution and upcoming Second Report.

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Date	Full Name	Time	Detail
November 9, 2017	Bruce Bando	3.40	Review various demand and NITES and correspondence with counsel; Correspondence with NBIN; Various correspondence with Spectrum; Interactive Broker matters; Correspondence with Quiver; Correspondence with counsel on various matters; Winterization matters; Correspondence with Sotheby's.
November 9, 2017	Jason Knight	6.50	Internal discussions re: emails and other various matters; Update statement of receipts and disbursements for the Second Report; Discussions with Interactive Brokers re: transfer of funds and discussions re: foreign exchange items; Internal discussions re: various matters; Discussion with investment advisor re: update on the proceedings and other various matters; Review claims filed by investment advisors; Update commercial loan schedule and review demand letters for OOM Energy Loans; Responding to counsel's question re: OOM Energy Loans.
November 9, 2017	Jonathan Krieger	0.20	Review and Correspondence re: matters related to Bron offer.
November 9, 2017	Rania Erian	2.00	Prepare appendix for court report.
November 9, 2017	Rosa Wilford	0.50	General banking administration.
November 10, 2017	Bruce Bando	1.40	Various correspondence with NBIN; Correspondence counsel with IFDS; Correspondence with Xynergy; Correspondence with Frontline; Internal discussions; Correspondence with counsel; Winterization matters.
November 10, 2017	Jason Knight	2.50	Finalize SRD and other appendices for the Second Report; Correspondence with investors; Internal discussions re: Second Report.
November 13, 2017	Arsheel Muhit	2.75	Correspondence with investors re status of BDO claim, timing of interim distribution, upcoming Second Report to Court.

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Date	Full Name	Time	Detail
November 13, 2017	Bruce Bando	6.40	Correspondence with counsel to IFDS; Review of demand letter and correspondence with counsel re: same; Investor correspondence matters; Correspondence with Quiver on English Teacher; Report matters to include review of black line from and meeting with counsel; Various correspondence with Sotheby's re: listing documents, review and amendments thereof; Correspondence on boiler and other repairs; Correspondence on snow plowing and review and execution of contract.
November 13, 2017	Jason Knight	3.75	Internal discussions; Review and approve invoices for payment; Prepare for and attend meeting with counsel to discuss Second Report; Phone conversation with an investor; Draft correspondence to counsel re: interim distribution.
November 13, 2017	Jonathan Krieger	2.60	Meeting with counsel re: review of report; Correspondence re: matters related to relief sought; Correspondence with the team re: proposed investor town hall.
November 13, 2017	Rosa Wilford	0.90	Review estate bank account and reconcile October statement.
November 14, 2017	Bruce Bando	5.60	Various investor matters to include drafting of responses and correspondence with counsel thereof; Correspondence with Zomongo; Correspondence with NBIN; Correspondence with Spectrum; Various matters re: Commercial Loans and demands to include Restoration Energy; Discussion counsel for Pond; Various correspondence Pond; Continue with report matters.

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Date	Full Name	Time	Detail
November 14, 2017	Jason Knight	8.40	Review and revise the Second Report, including additional information with respect to certain items based on additional information received since draft to counsel; Address note to drafts discussed with counsel and internally; Compile appendices and format same for the Second Report; Correspondence with NBIN re: wire transfers; Review investor correspondence and responses to same; Correspondence re: Gold Loans.
November 15, 2017	Bruce Bando	3.80	Continue with report matters; Prepare for and attend conference call with an investor; Correspondence with Spectrum on sale proceedings of a property; Various correspondence with counsel to Pond; Various correspondence and discussion with counsel on certain Factoring Fund loans, BDO and the Media Fund.
November 15, 2017	Jason Knight	7.20	Revise Second Report and address notes included in same; Add additional information regarding the NFL Participation Agreements to the Second Report; Internal correspondence re: BDO Claim and review responses received from BDO's counsel; Internal meetings to discuss Second Report and changes required to same; Correspondence re: Zomongo.

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Date	Full Name	Time	Detail
November 15, 2017	Jonathan Krieger	1.10	Call with counsel to Pond re: matters related to agreement; Correspondence with the team re: drafting of documents; Correspondence re: matters related to report and information required.
November 15, 2017	Rosa Wilford	1.30	Process cheques received for deposit and post entries, complete cheque requisition forms and issue cheques, and general banking administration; Review internal email instructions re Banking; Correspondences with Bank, review print screens for expecting wire, prepare deposit, posting entries, email re notification of wire, complete cheque requisition form, prepare cheque and general banking administration.
November 16, 2017	Bruce Bando	5.30	Continue with the report and review and amendments thereof; Various correspondence and matters re: investor inquiries; Zomongo matters; Pond amendment, review and execute.
November 16, 2017	Jason Knight	8.70	Review and revise the Second Report; Conduct numerous meetings and internal discussions to discuss potential changes to the Second Report and the appendices of same; Draft remaining appendices.
November 16, 2017	Jonathan Krieger	2.70	Draft materials for Second Report to Court; Correspondence with counsel re: correspondence and responses to investors; Discussion with the team re: clarifications for report and additional information required.
November 17, 2017	Bruce Bando	2.00	Investor communication matters; Bron extension; Zomongo discussions and next steps; Correspondence with Quiver; Correspondence with NBIN.

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Date	Full Name	Time	Detail
November 17, 2017	Jason Knight	5.00	Review executive summary of the Second Report and discuss same internally; Phone conversation with investor re: update on proceedings; Draft correspondence and perform analysis re: the closure of certain NBIN accounts and the transfer of USD funds to CAD; Phone conversation re: Zomongo with BFF Ventures; Draft correspondence to BFF Ventures re: Zomongo loan and extension payment plan of same; Internal discussions re: cash flow and other items re: Zomongo.
November 17, 2017	Jonathan Krieger	2.50	Preparation of material for the court report; Review of documents; Discussion with the team; Call to OSC; Call and message to counsel re: clarifications.
November 17, 2017	Rosa Wilford	0.90	Review banking reports and approve monthly estate balances.
November 20, 2017	Arsheel Muhit	1.25	Correspondence with investors re status of Receivership and the Second Report.
November 20, 2017	Bruce Bando	4.50	Review and amend Quiver report and correspondence thereof; Correspondence with counsel on BDO claim and meeting at Blakes; Conference call with Quiver; Restoration Energy matters and correspondence with counsel; Specific investor correspondence and direction thereof; Correspondence with Sotheby's and review thereof; Report matters.
November 20, 2017	Jason Knight	1.25	Draft correspondence regarding the sale of marketable securities held by certain of the Crystal Wealth Funds; Draft correspondence with respect to the conversion of USD to CAD; Internal correspondence re: Tele-Town Hall. Drafting correspondence to Gold Seller.
November 20, 2017	Jonathan Krieger	1.10	Correspondence with A&B re: matters related to investigation, status of comments on report; Correspondence re: matters related to appendices; Finalization of documents for report.

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Date	Full Name	Time	Detail
November 20, 2017	Mario Tersigni	3.75	Analyze revenue drivers for Zomongo.
November 21, 2017	Arsheel Muhit	1.00	Correspond with investors re status of Receivership and the Second Report.
November 21, 2017	Bruce Bando	8.60	Prepare for and attend meeting at Blakes; Discussion with counsel thereafter; Continue with the report, review of revised interim distribution model and discussions thereof; Various investor matters, communications and discussions thereof; Conference call with counsel on the report, BDO matters and the Media Fund offer; Detailed review of Quiver report, amendments thereto and discussion with Quiver; Review demand letters to merchants and discussions and correspondence with counsel; Dome Mountain matters and correspondence with Frontline Factoring.
November 21, 2017	Jason Knight	6.75	Internal discussions; Draft correspondence re: movement and conversion of CAD and USD holdings; Conference call with counsel re: Second Report; Revise and update the interim distribution workbook to allocate for the BDO Claim and other general claims; Correspondence with Frontline re: Dome Mountain and other items outstanding.
November 21, 2017	Jonathan Krieger	1.50	Review of Quiver report; Correspondence with counsel and the team re: BDO claim; Correspondence re: matters related to finalization of report; Review of Aird & Berlis comments.
November 21, 2017	Mario Tersigni	0.50	Review of material expense items.
November 22, 2017	Bruce Bando	6.30	Continue with the report and appendices to include various discussions and correspondence with counsel and the team; Review and provide comments on the report from Quiver, discussions and finalization thereof; Various discussions and review of correspondence in regards to the proposed arrangement relating to the Amended BDO Claim; Various correspondence with counsel re: commercial loans; Correspondence with

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Date	Full Name	Time	Detail
			Spectrum on renewals and mortgage in default.
November 22, 2017	Jason Knight	4.75	Review changes made to the Second Report by A&B; Make changes to the Second Report and conduct internal discussions re: same; Phone conversation with an investor re: update on proceedings; Various correspondence internally and with counsel re: the Second Report; Update and send letters to Merchants via registered mail and via email.
November 22, 2017	Jonathan Krieger	1.90	Discussions with team re: matters related to finalization of report; Review of comments with the team; Correspondence from counsel re: considerations re: BDO claim, considerations of documentation required to move forward with distribution; Review of correspondence from investor; Call with the OSC; Discussion and correspondence with the team re: matters related to proposed Tele-Town Hall.
November 22, 2017	Mandi Quirk	0.40	Post documents to website.
November 22, 2017	Mario Tersigni	2.25	Investment matters and tracking thereof.
November 23, 2017	Arsheel Muhit	1.75	Correspond with investors re status of receivership; Review and formula check interim distribution model.
November 23, 2017	Bruce Bando	3.30	Various correspondence with counsel and review of responses from Blakes; Various correspondence with Spectrum on mortgage in default; Continue with the Report including internal discussions and correspondence with counsel; Correspondence with Sotheby's; Security and heating matters.

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Date	Full Name	Time	Detail
November 23, 2017	Jason Knight	4.10	Investor correspondence; Perform review of appendices for Second Report and internal discussions re: same; Perform final read through of the Second Report and make final changes to same; Internal discussions re: Second Report; Phone conversations with counsel re: Second Report.
November 23, 2017	Jonathan Krieger	2.30	Further review and revisions to report; Correspondence with counsel and the team re: proposed amendments; Confirmation of terms re: corporate loans.
November 24, 2017	Arsheel Muhit	1.25	Prepare and send email re. Second Report; Correspondence with investors.
November 24, 2017	Bruce Bando	2.25	Continue with all matters regarding the report, Notice to Investors, Case Website to include various discussions and correspondence internally and with counsel; Various correspondence with Pond; Correspondence regarding commercial loans; Various correspondence with Quiver.
November 24, 2017	Jason Knight	6.90	Review Second Report and appendices; Final revisions to Second Report and coordinate service of same; Draft investor notice to accompany Second Report; Review Housego and Smith emails re: Dome Mountain; Coordinate finalization and service of the Second Report; Correspondence with an investor; Administration of the Receiver's Case Website; Draft correspondence re: Tele-Town Hall; Draft update to be posted on the Case Website and provide directions re: same.
November 24, 2017	Jonathan Krieger	2.40	Finalization of Receiver's second report; Correspondence with OSC; Correspondence with counsel; Meeting with counsel; Correspondence and review of documents re: notice to investors.
November 26, 2017	Bruce Bando	1.50	Prepare for meeting with the OSC.

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Date	Full Name	Time	Detail
November 27, 2017	Arsheel Muhit	0.75	Corresponding with investors re. Second Report questions.
November 27, 2017	Bruce Bando	6.80	Review draft APA related to the Bron transaction followed by discussion with counsel; Correspondence with counsel re: confidential appendices, Pond warrant exchange and 1092545 BC Ltd.; Prepare for and attend meeting with the OSC; Discussion with an independent advisor; Various correspondence with Quiver; Discussion on warrants; Internal discussions on investor calls and OSC matters; Various correspondence with Sotheby's and discussion thereof.
November 27, 2017	Jason Knight	2.90	Prepare for and attend meeting at the OSC's offices re: Second Report; Internal discussions to debrief OSC meeting; Phone conversation with a previous Investment Advisor; Email correspondence with external investment advisor; Review email correspondence from investors.
November 27, 2017	Jonathan Krieger	2.60	Meet with OSC re: discussion of Receiver's Second Report; Correspondence with the team re: investor Tele-Town Hall; Correspondence re: matters related to protecting investor interests in loans; Correspondence related to transaction re: Media Fund; Review of correspondence from investor; Comments on notice to investors.
November 27, 2017	Rosa Wilford	1.25	Process cheques received for deposit and post entries, complete cheque requisition forms and issue cheques, and general banking administration; Banking process: review and complete cheque requisition forms, prepare and issue cheques, and general banking administration.
November 28, 2017	Arsheel Muhit	1.25	Correspondence with investors re: Second Report questions and Tele-Town Hall.

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Date	Full Name	Time	Detail
November 28, 2017	Bruce Bando	2.80	Various correspondence re: Zomongo and review thereof; Internal planning and conference call with NBIN re: interim distribution; Review and amend notice to the investors re: Tele-Town Hall; Various correspondence with Spectrum on mortgage in default; Discussions with investors and review of draft correspondence; Correspondence with the OSC; Correspondence with Quiver re: invoices.
November 28, 2017	Jason Knight	5.30	Finalize notice to investors re: Tele-Town Hall and coordinating the release of same; Revise appendices for the Quiver Report and draft correspondence; Respond to various investor email and phone calls re: the Tele-Town Hall and the Second Report; Conference call with NBIN re: Interim Distribution; Draft email correspondence with respect to due diligence on Zomongo.TV Corp cash flow projection.
November 28, 2017	Jonathan Krieger	0.40	Correspondence re: notices to investor, framework of Tele-Town Hall; Call from OPP.
November 29, 2017	Bruce Bando	3.20	IFDS matters and discussion with counsel re: same; Various correspondence with the OSC and related searches; Review demand for loan in the Factoring Fund; Review versions of amended agreement of purchase and sale and provide comments to counsel; Various correspondence interested party re: Mortgage Fund; Internal discussions on investors calls; Preparatory Tele-Town Hall matters; Correspondence with Quiver; Review correspondence from counsel re: outstanding loans and next steps.

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Date	Full Name	Time	Detail
November 29, 2017	Jason Knight	1.40	Internal discussions re: investor correspondence received; Respond to investor emails received; Revise email re: Zomongo and send same to Zomongo.
November 29, 2017	Rosa Wilford	0.30	General banking administration.
November 30, 2017	Arsheel Muhit	0.25	Correspondence with NBIN re investor passing and transfer documents.
November 30, 2017	Bruce Bando	3.90	Independent advisor matters and review of correspondence; Various investor matters to include review of responses and discussions thereof; Correspondence participant in sales process; Correspondence with NBIN; Correspondence with Spectrum; Conference calls with counsel on IFDS and interim distribution; Zomongo next steps; Various correspondence with counsel and with a prospective purchaser of the Media Fund; Various correspondence with Wells and counsel; Discussion with Quiver.
November 30, 2017	Jason Knight	5.75	Create loan schedules for Zomongo Inc. and provide summary to counsel; Verify the dates of advances and payments made; Respond to various investor emails and voicemails received; Draft responses to certain emails for internal review and discuss same.

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Time Summary

J. Krieger, Sr. Vice President	45.10	hours @	\$575.00	per hour \$	25,932.50
B. Bando, Vice President	189.55	hours @	\$495.00	per hour \$	93,827.25
J. Knight, Manager	273.75	hours @	\$275.00	per hour \$	75,281.25
M. Chan, Manager	2.10	hours @	\$275.00	per hour \$	577.50
R. Wilford, Manager	19.90	hours @	\$250.00	per hour \$	4,975.00
S. Corvese, Manager	2.00	hours @	\$250.00	per hour \$	500.00
A. Muhit, Senior Associate	65.75	hours @	\$200.00	per hour \$	13,150.00
S. Zive, Senior Associate	1.00	hours @	\$180.00	per hour \$	180.00
M. Quirk, Senior Associate	23.40	hours @	\$120.00	per hour \$	2,808.00
M. Tersigni, Associate	7.25	hours @	\$120.00	per hour \$	870.00
R. Erian, Analyst	2.00	hours @	\$120.00	per hour \$	240.00
V. Naccarato, Analyst	0.20	hours @	\$120.00	per hour \$	24.00
	<u>632.00</u>			\$	<u>218,365.50</u>
Technology and Administration				\$	<u>10,918.28</u>
				\$	<u>229,283.78</u>

Disbursements

Postage	\$	31.34
Travel	\$	<u>42.25</u>
	\$	<u>73.59</u>

Subtotal time and disbursements	\$	229,357.37
HST	\$	<u>29,816.46</u>
Total Invoice	\$	<u>259,173.83</u>

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Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ
EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA
STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL
WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED
FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND,
CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL
ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND,
ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH
ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE
STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY,
CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

BILL OF COSTS

**BN 12738 4717 RT0001
Client #225805
Invoice#LSON-4042**

To professional services as Receiver rendered for the period from December 1, 2017 to January 31, 2018.

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will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Date	Full Name	Time	Detail
December 1, 2017	Bruce Bando	3.20	Various matters pertaining to the Media Fund transaction to include discussions with counsel and conference call with counsel to the purchaser; Correspondence with counsel to Wells Asset Management; Internal discussion on interim distribution and correspondence with counsel regarding IFDS; Correspondence with Quiver; General investor matters.
December 1, 2017	Jason Knight	4.70	Draft letter to Zomongo's counsel in response to Nov 24 th letter received from same re: outstanding indebtedness and request for a running balance account statement; Prepare running balance account statement for Purchased Invoices outstanding and the calculation of interest re: same; Obtain source documents from the company's books and records to substantiate advances made by the Factoring and Hedge Fund to Zomongo; Correspondence with C. Smith re: personal creditors; Respond to various emails and phone calls from investors re: update on proceedings and the format of the Tele-Town Hall.
December 4, 2017	Arsheel Muhit	0.50	Correspondence with investors re. Second Report and upcoming Tele-Town Hall call and general inquiries.
December 4, 2017	Bruce Bando	1.00	Various correspondence with NBIN regarding deposits; Various correspondence with Spectrum regarding mortgage in default; Review of the black line of agreement of purchase and sale regarding the Media Fund; Review of and correspondence with Sotheby's.
December 4, 2017	Jason Knight	2.10	Revise and finalize letter to Gowlings re: Zomongo; Discussion with investor re: Second Report and issues noted in same, including but not limited to, Dome Mountain, Zomongo TV, Investment Advisor claims, US Real Estate LP.; Draft responses to investor emails; Internal discussions re: outstanding items.
December 5, 2017	Arsheel Muhit	1.00	Correspondence with investors re. Second Report and upcoming Tele-Town Hall; Arrange for the payment of utility security bills.

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Date	Full Name	Time	Detail
December 5, 2017	Bruce Bando	3.50	Review and execute the Pond Warrant Agreement Proxy; Correspondence with Pond re: same; Review internal correspondence of warrants and discussion re: same; Correspondence with the OSC; Correspondence from counsel on commercial loans and attend conference call with counsel re: same; Correspondence from IAS and review of same; Correspondence with Sotheby's.
December 5, 2017	Jason Knight	5.10	Phone conversation with investor re: Second Report, including warrants, Zomongo, and Dome Mountain; Review correspondence from IFDS and counsel re: interim distribution; Develop model to obtain quoted prices for the underlying Equities of Warrants; Discussion internally re: Warrants and the proposed exercising of same; Draft correspondence to NBIN re: Warrants to be exercised; Correspondence with NBCN re: investor inquiries received by same; Conference call with counsel to discuss commercial loans and other outstanding issues to be resolved; Review correspondence re: Mount Nemo Property and the sale of same.
December 6, 2017	Arsheel Muhit	1.50	Discuss with Counsel in preparation for the Tele-Town Hall on December 7, 2017.
December 6, 2017	Bruce Bando	3.40	Review files from IAS; Correspondence with counsel re: sale of the Media Fund; Follow up with NBIN re: logistics for payment of interim dividend; Correspondence IFDS re: same; Review files and arrange courier of same to the OSC; Conference call with counsel to plan for the Tele-Town Hall; Various internal discussions and review of materials re: same; Discussion with GT tax on investor matters; Review and amend correspondence to investor.
December 6, 2017	Jason Knight	3.90	Compile information requested by the OSC and performing an analysis on same; Draft correspondence to the OSC re: requested information; Prepare for and attend conference call with counsel re: Tele-Town Hall; Draft email correspondence to investors re: email received; Review historical correspondence from investors and stakeholders and summarize same in preparation for call.

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Date	Full Name	Time	Detail
December 6, 2017	Jonathan Krieger	1.00	Conference call with Aird & Berlis re: matters related to Tele-Town Hall; Correspondence with team re: matters related to requests of OSC.
December 6, 2017	Rosa Wilford	1.40	Review banking, email, post receipts and disbursements, issue cheques and general banking administration.
December 6, 2017	Valerie Naccarato	0.10	Deposit at bank.
December 7, 2017	Arsheel Muhit	3.50	Participate on Tele-Town Hall conference call with investors; Correspondence with investors re, general inquiries, status of interim distributions, and status of funds.
December 7, 2017	Bruce Bando	4.90	Prepare for and attend Tele-Town Hall meeting followed by discussion with counsel thereafter; Correspondence Spectrum on the payout of a mortgage; Various correspondence with NBIN followed by conference call on the logistics of the interim distribution; Correspondence from IAS followed by correspondence to counsel on next steps; Correspondence with the tax group.
December 7, 2017	Jason Knight	6.10	Setup, prepare for, and attend Tele-Town Hall meeting; Discuss and debrief Tele-Town Hall results internally and with counsel; Conference call with NBIN re: interim distribution and discuss same internally; Administer case website; Correspondence with NBIN re: delivered share certificates; Review NBIN Net Rep website for the progress of the warrants to be exercised; Review market prices for underlying securities of Warrants; Review participant list from Tele-Town Hall and discuss same internally; Review audio recording of Tele-Town Hall and adjust same for posting on to Case Website; Compile information with respect to OSC request for information and draft response to address same; Phone conversation with Gold Seller; Review correspondence received from Gold Seller and respond to same.
December 7, 2017	Jonathan Krieger	3.00	Prepare for and chair investor Tele-Town Hall; Debrief with team; Discussion of court motion for December 11 th and position of parties on the service list.

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Date	Full Name	Time	Detail
December 8, 2017	Arsheel Muhit	1.00	Correspondence with investors regarding results of Tele-Town Hall meeting and timing of distribution.
December 8, 2017	Bruce Bando	1.00	Review various correspondence regarding this Monday's motion; Various correspondence with counsel thereof; Correspondence to IAS; Correspondence with Quiver; Correspondence from Pond.
December 8, 2017	Jason Knight	7.85	Review investor correspondence received and draft responses for internal review to same; Discuss responses drafted internally; Conference call internally with tax team to discuss the tax implications of an interim distributions, if any and the reporting requirements for same; Review correspondence received from counsel re: IFDS and interim distribution; Correspondence re: locating physical documents required with respect to investments; Phone conversation with external investment representative re: interim distribution and contents of the Second Report; Review information obtained from IFDS re: interim distribution; Internal discussion re: IFDS and internal distribution; Cross referencing dealers codes provided by IFDS for investor distribution and developing investor account listings to be provided to each dealer; Correspondence internal and with counsel re: interim distribution workbook; Phone conversation with bailiff re: Single Source Services Ltd; Draft and revise letter to Steward Belland re: Single Source Services Ltd. and coordinate mailing of same; Review affidavit filed by J. Froese of Frontline Factoring; Discussion internally re: affidavit filed.
December 8, 2017	Jonathan Krieger	1.00	Crystal Wealth tax discussion; Correspondence re: matters related to Court motion; Discussion with team re: queries from investors.
December 8, 2017	Michael Zimnicki	0.50	Call re: distribution and reporting issues.
December 8, 2017	Mike Kirkby	0.25	General administration.

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Date	Full Name	Time	Detail
December 10, 2017	Bruce Bando	1.00	Review correspondence regarding Pond RTO; Review blackline draft for Media Fund APA and correspondence with counsel; Review interim distribution workbook; Review Froese affidavit; Various correspondence from parties affected in tomorrow's motion and various correspondence with counsel regarding same.
December 10, 2017	Jason Knight	0.20	Respond to counsel re: paragraph in the Second Report; Phone conversation with counsel.
December 11, 2017	Bruce Bando	1.90	Various internal discussions re: Court today and preparation thereof; Various correspondence with Spectrum regarding a specific mortgage; Internal meeting to review interim distribution matters; Correspondence with Xynergy and review court reporting.
December 11, 2017	Jason Knight	3.10	Prepare for and attend Court re: Second Report; Internal meeting to discuss the interim distribution model with respect to the allocation amongst dealers; Review closing binder re: 244 Ontario Loan and draft correspondence re: same.
December 11, 2017	Jonathan Krieger	2.50	Prepare for and attendance in Court re: Receiver's motion; Correspondence with counsel; Correspondence with team re: investor communications.
December 11, 2017	Rosa Wilford	0.70	Review estate bank account and reconcile November statement.
December 12, 2017	Bruce Bando	2.70	Internal correspondence on Palisade Resources and Novo; Various correspondence with NBIN on interim distribution communications; Review Media Fund asset purchase agreement followed by discussion and correspondence with counsel; Review files for Media Fund HST number and internal correspondence re: same; Correspondence counsel re: NFL contract decision; Review various demand letters and responses received and discussion re: same followed by correspondence to counsel; Conference call with Xynergy on court case; Correspondence NBIN on deposits.

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Date	Full Name	Time	Detail
December 12, 2017	Jason Knight	5.05	Review documentation provided by C. Pinnell re: Gold Loans to 611 BC; Internal discussions re: various matters; Review correspondence received from investors and discuss same internally; Review materials received from 611 BC re: outstanding Gold Loans; Call with Komatsu re: Single Source Services and repossession of equipment; Draft correspondence to counsel re: same; Conference call with Xynergy re: NFL Agreements and recent developments regarding same; Review information provided by Xynergy re: UPI and draft correspondence to counsel re: same; Recalculate the allocation of UPI settlement amount performed by Xynergy; Review master factoring agreement between Xynergy and the Medical Fund to determine if the allocation of the UPI settlement is warranted; Review Dropbox and other books and records to obtain HST filings required; Internal correspondence re: HST filings; Review and revise letter re: SMC and 244 Ontario and internal discussion re: same; Review and revise letter re: Imaginea and MCSAB10 and internal discussion re: same.
December 12, 2017	Jonathan Krieger	0.50	Investor inquiries re: court attendance; Discussion with team re: communications.
December 12, 2017	Rosa Wilford	1.80	Review, follow and respond to internal emails, phone calls with CRA, re Business Number and access to books and records.
December 13, 2017	Arsheel Muhit	0.25	Organize and track investor calls and emails.
December 13, 2017	Bruce Bando	0.90	Correspondence on sale of shares; Review correspondence to NBIN re: transfers to Mortgage Fund; Xynergy fee matters and discussion thereof.

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Date	Full Name	Time	Detail
December 13, 2017	Jason Knight	5.75	Review documentation of agreements provided by C. Pinnell re: 611 BC; Perform analysis and draft summary of agreements and documentation as it relates to the Gold Loans dated on November 28, 2016; Review email correspondence with respect to Gold Loan advances; Review response received from counsel re: UPI and the allocation of the settlement; Draft email correspondence to Xynergy re: UPI balance and discuss same internally; Draft correspondence to Xynergy re: SSI account balance; Review correspondence from OOM Energy Group's counsel re: MCSAB10 Loan; Draft correspondence to Zomongo counsel re: amendments to Factoring Agreements and the status of due diligence requests and inquires; Review documentation of agreements provided by C. Pinnell re: 611 BC; Perform analysis and draft summary of agreements and documentation as it relates to the Gold Loans dated on November 28, 2016; Review correspondence from OOM Energy Group's counsel re: 244 Ontario Loan and other matters; Review the endorsement issued by Justice Myers; Administer and update Case Website; Internal discussion re: endorsement issued; Develop model to calculate the professional fees required to be repaid by each of the Funds and draft email instructions to NBIN re: same; Internal correspondence re: interim distribution and logistics of same; Review disposition of marketable securities performed by NBIN; Draft correspondence to CRA re: Trust Exams to be performed; Correspondence with counsel re: IFDS and interim distribution; Review email correspondence from Quiver; Review documentation of agreements provided by C. Pinnell re: 611 BC; Perform analysis and draft summary of agreements and documentation as it relates to the Gold Loans dated on November 28, 2016.
December 13, 2017	Valerie Naccarato	0.10	Deposit at bank.

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Date	Full Name	Time	Detail
December 14, 2017	Arsheel Muhit	3.00	Correspondence with investors re: status of December 11, 2017 count attendance and timing of distribution.
December 14, 2017	Bruce Bando	3.80	Draft and amend and investigate specific investor communications to include internal discussions re: same; e-Service matters; Review Quiver correspondence and request; Prepare for and attend conference call with IFDS followed by discussion with counsel thereafter; Correspondence re: Restoration Energy; Correspondence with Sotheby's; Follow up on property maintenance.
December 14, 2017	Jason Knight	7.40	Perform analysis on outstanding balance of SSI Participation Agreement and draft email to Xynergy re: the potential repurchase of same; Discuss repurchase internally; Review documentation provided by C. Pinnell with respect to a Gold Loan entered into with the Hedge Fund; Summarize and document timeline of agreements and sequence of events; Review documentation provided by C. Pinnell re: the usage of the proceeds obtained from the Gold Loan entered into by the Factoring Fund and 611 BC; Summarize and document understanding of documentation and timeline of events; Phone conversation with Richardson GMP re: logistics of interim distribution and internal discussions re: same; Phone conversation with previous Crystal Wealth Investment Advisor; Coordinate mailing of investor files obtained from storage; Conference call with IFDS re: interim distribution and post call discussion internally and with counsel to debrief call with IFDS and action items to complete; Draft correspondence to investor inquiries via email; Draft response to email received from investor addressing numerous questions; Format investor information for interim distribution and drafting email to NBIN including same; Develop master fund work book to reconcile April 20 th Package NAV and assets to current assets held by the Receiver after disposition of same; Review correspondence from OOM Energy's counsel.
December 14, 2017	Rosa Wilford	0.50	Review various banking reports and approve November 2017 estate balances.

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Date	Full Name	Time	Detail
December 14, 2017	Valerie Naccarato	0.40	General banking administration.
December 15, 2017	Bruce Bando	1.00	Correspondence with Spectrum on discharge of mortgage; Various correspondence from counsel re: demand loans; Correspondence with counsel to Pond; Internal discussion and correspondence with NBIN on distribution matters.
December 15, 2017	Jason Knight	3.40	Phone conversation with NBIN re: interim distribution and required information for same; Format and update investor listing based on requirements issued by NBIN re: interim distribution; Internal correspondence re: interim distribution; Phone conversation with investor re: update on proceedings; Continue to develop master fund work book to reconcile April 20 th Package NAV and assets to current assets held by the Receiver after disposition of same.
December 15, 2017	Jonathan Krieger	1.30	Call from Pond counsel re: requested extension; Correspondence with team; Review of matters re: Mount Nemo property; Correspondence re: matters related to distribution.
December 15, 2017	Rosa Wilford	1.25	Review emails, follow and respond to queries, phone call, prepare deposit requisition forms, post entries, correspondences with team and general banking administration.
December 15, 2017	Valerie Naccarato	0.10	Deposit at bank.
December 18, 2017	Bruce Bando	2.10	Internal discussion and correspondence re: Quiver and discussion with counsel; Various correspondence from counsel to Pond and discussion with counsel re: same; Correspondence and discussion with counsel re: examinations; Discussion with counsel on 1092545 Ontario; Investor correspondence.
December 18, 2017	Jonathan Krieger	0.40	Correspondence re: matters related to Quiver report; Correspondence re: matters related to amending documentation re: Pond extension.

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Date	Full Name	Time	Detail
December 18, 2017	Rosa Wilford	1.00	Review, follow and respond to internal email instructions re Banking; review ledger, draft bank letters, wire transfers and general banking administration.
December 19, 2017	Bruce Bando	2.40	Various correspondence and discussion with counsel on amendment to the Pond agreement; Various correspondence with Pond; Review and execute Pond amending agreement; Correspondence counsel on 2441472 Ontario; Correspondence from 1092545 BC Ltd.; Internal discussions on investor matters; Discussion with counsel on Quiver.
December 19, 2017	Rosa Wilford	0.50	Review internal email instructions from team, correspondences with Bank, follow up on wire transfer requests and general banking administration.
December 20, 2017	Arsheel Muhit	0.50	Correspondence with investors re: interim distribution and outcome of December 11, 2017 Court attendance.
December 20, 2017	Bruce Bando	4.50	Correspondence with various investors; Draft Notice to Investors; Pond banking matters; Various correspondence with NBIN re: interim distribution; Various correspondence and discussions with counsel on 2441472 Ontario, 1092545 BC Ltd. and IFDS to include review and providing comments on agreements and other documents; Discussion and correspondence with BCSC.
December 20, 2017	Jonathan Krieger	0.30	Call with BCSC re: administration, request for information.
December 20, 2017	Rosa Wilford	2.00	Email and fax correspondences to and from Bank for authorization of wire transfers, respond to phone call from Bank, re: same, posting entries, email confirmations to team, follow internal email instructions, further correspondences with Bank re: expecting wire/direct deposit, review print screens, prepare receipt requisition, post entries, email team and general banking administration.
December 21, 2017	Arsheel Muhit	2.25	Revise and draft email to investors re. Notice dated December 21, 2017; Correspondence with investors re: status of funds and interim

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Date	Full Name	Time	Detail
			distribution.
December 21, 2017	Bruce Bando	3.70	Discussion with counsel on Quiver compensation and various correspondence re: same; Various correspondence and discussion with NBIN re: interim distribution; Review legal report from Spectrum; Conference call with counsel on examinations; Various correspondence and discussion with counsel on commercial loans (1092545 BC Ltd., OOM and St. Marys), responses and review thereof; Review, amend and finalize Notice to Investors and internal discussions thereof; Various correspondence D. Wells; Prepare for and attend conference call with the BCSC; Respond to investor.
December 22, 2017	Arsheel Muhit	1.50	Correspondence to investors re: status update of interim distribution and general inquiries.
December 22, 2017	Bruce Bando	0.50	Various correspondence from counsel re: examinations including discussion thereof.
December 28, 2017	Arsheel Muhit	0.25	Review and submit cheque requisitions for CW related expenses (storage).
December 28, 2017	Bruce Bando	0.30	Internal discussion on outstanding matters.
December 28, 2017	Jason Knight	3.50	Review correspondence and documentation received from Solid Holdings re: Gold Loan; Review correspondence from Zomongo; Internal correspondence re: various items including: examinations, updates on the interim distribution, and requested documents from BCSC; Review numerous email correspondence from investors, counsel, and third parties re: various items and matters; Update summary workbook to include assets disposed of and assets that remain; Review correspondence from counsel re: precedent with respect to potential action; Draft correspondence to insurance carrier re: external dealing representative's request; Compile and update consolidated workbook of Crystal Wealth Fund investments.
December 29, 2017	Arsheel Muhit	3.25	Correspondence with investor re: estate transfer; Correspondence with investors re: update on interim distribution, status of funds, and

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Date	Full Name	Time	Detail
			discussion of Second Report and tax issues.
December 29, 2017	Bruce Bando	0.60	Correspondence from Xynergy; Correspondence with Pond re: payment of interest and press release; Correspondence investors and review response thereof; Internal discussion on interim distribution and investor matters.
December 29, 2017	Rosa Wilford	0.75	Review internal email instructions re Banking; Correspondences with Bank, review print screens for expecting wire, prepare deposit, posting entries, phone call with Bank, emails, prepare disbursement and general banking administration.
December 29, 2017	Valerie Naccarato	0.20	General banking administration.
January 2, 2018	Arsheel Muhit	3.00	Correspondence with investors re: status of Receivership, timing of interim distribution, accessing funds and tax issues.
January 2, 2018	Bruce Bando	1.80	Various correspondence with investors and review and amendments thereto; Correspondence with counsel on Pond; Internal discussion on status.
January 2, 2018	Jason Knight	5.20	Correspondence with HSBC re: outstanding GIC; Review weekly reporting provided by Spectrum; Review correspondence from investors; Draft correspondence to Richardson GMP re: interim distribution; Update and format interim distribution workbook for Richardson GMP; Update Crystal Wealth Funds summary workbook of investment activity and value of same that remain; Phone conversation with investor to answer various questions; Draft email correspondence to various investor emails received for internal review and comment; Internal correspondence re: investor email correspondence and voicemails; Correspondence re: interim distribution.
January 2, 2018	Rania Erian	2.00	Prepare documents.
January 2, 2018	Rosa Wilford	1.00	Prepare and post deposit entries. Complete cheque requisition forms, prepare and issue cheque and general banking administration.
January 3, 2018	Arsheel Muhit	0.85	Correspondence with investors re: interim

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Date	Full Name	Time	Detail
			distribution; Pay invoices for snow contract.
January 3, 2018	Bruce Bando	4.00	Correspondence with counsel regarding examinations; Review OOM Energy and St. Mary's documentation to include discussion and correspondence with counsel; Review correspondence and attachments re: Solid Holdings and discussion of next steps; Review and amend letters to dealers; Internal discussion regarding interim distribution and planning of same; Investor communication matters; Various correspondence Fintage and Freeway; Conference call re: BCSC request for information; Discussion re: Xynergy and NFL matters.
January 3, 2018	Jason Knight	5.30	Review correspondence from counsel re: OOM Energy and discuss same internally; Internal discussions re: items to be addressed; Conference call to discuss requests from BCSC; Internal meeting to discuss requests from BCSC and plan same; Internal correspondence re: investor emails; Draft letters to the various broker dealers re: the interim distribution and coordinating the release of same internally; Draft emails to broker dealers including letter; Phone conversation with Richardson GMP re: interim distribution; Review email correspondence from counsel re: various matters.
January 4, 2018	Arsheel Muhit	2.00	Correspondence with investors re: status of Receivership and interim distribution.
January 4, 2018	Bruce Bando	1.90	Investor correspondence matters and communication; Review SSI matter and discussion thereof; Correspondence counsel re: Zomongo.

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Date	Full Name	Time	Detail
January 4, 2018	Jason Knight	6.40	Draft letter to Solid Holdings re: information request and response to previous correspondence; Compile necessary documents to include and enclose in the letter to Solid Holdings; Calculate the oz. and current prices of same to determine amount owing under the Gold Purchase/Sale Agreement; Prepare schedule of monthly gold purchases; Review SSI documents and agreements (i.e. Factoring Agreement, Master Agreement, Participation Agreement) and draft analysis correspondence for internal review; Correspondence with Xynergy re: NFL Participation Agreements; Discussion internally re: SSI balance and strategy going forward; Phone conversations with HollisWealth re: interim distribution; Phone conversations with other divisions of HollisWealth to determine the appropriate procedure for facilitating the interim distribution; Various internally discussions; Review correspondence re: RESP withdrawals from NBIN and discuss same internally.
January 4, 2018	Rosa Wilford	2.40	Reconcile December bank statement, review ledger, post accrued interest re December 2017, email team and Bank and general banking administration.
January 5, 2018	Arsheel Muhit	2.00	Correspondence with investors re: status of Receivership and interim distribution.
January 5, 2018	Bruce Bando	2.10	Correspondence with counsel on outstanding matters to include sale of Media Fund, Quiver, commercial loans and timing of examinations; Correspondence Spectrum on mortgage discharge; Discussion and correspondence OSC.

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Date	Full Name	Time	Detail
January 5, 2018	Jason Knight	3.00	Draft correspondence to Xynergy re: SSI account balance; Draft correspondence to HollisWealth re: interim distribution; Draft email responses to various investor emails received; Review correspondence sent by counsel; Provide instructions to NBIN re: Warrants; Review correspondence received from counsel re: call with St. Mary's Cement; Review reporting provided by Frontline; Internal discussion re: Solid Holdings letter; Update draft correspondence provided by counsel to be sent to Frontline; Review correspondence received from Frontline's counsel re: information request and wire transfer; Correspondence with NBIN re: wire transfer and the location of same; Provide directions internally re: receipt cheque obtained from the investment in the Factoring Fund.
January 5, 2018	Jonathan Krieger	0.50	Correspondence with counsel re: matters related to Quiver and offer on Media Fund; Correspondence re: matters related to the distribution.
January 5, 2018	Rosa Wilford	2.30	Complete cheque requisition forms, prepare and issue cheques, review internal email instructions from team, prepare receipts, post entries and general banking and filing administration; Review, follow and respond to internal email instructions, phone calls with Bank, followed by email and update team.
January 5, 2018	Valerie Naccarato	0.10	Deposit at bank.
January 7, 2018	Bruce Bando	0.70	Review changes to APA regarding the sale of the Media Fund followed by correspondence with counsel; Review and amend letter to Solid Holdings; Correspondence with counsel on general matters.
January 7, 2018	Jason Knight	0.40	Review investor correspondence received; Draft response emails to investors; Review correspondence from counsel re: various items;

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Date	Full Name	Time	Detail
January 8, 2018	Bruce Bando	2.30	Solid Holding matters; Internal discussion on Quiver and Bron matters; Conference call with counsel re: same; Investor matters; Discussion with BNS re: Chrysalis bank account; Various correspondence Frontline re: production of documents; Investigate HST number for the Media Fund.
January 8, 2018	Jason Knight	3.50	Review email correspondence received from investors; Call with counsel re: examinations and other outstanding matters; Internal discussion re: interim distribution; Update interim distribution workbook to include amounts to be advanced to broker dealers; Numerous phone conversations with investors re: various items with respect to the Crystal Wealth Group; Draft correspondence to CIBC World Markets re: interim distribution; Correspondence with NBIN re: investor correspondence received; Review correspondence from counsel re: APA; Review revised APA and changes made to same; Phone conversation with counsel re: APA; Review changes to letter to Solid Holdings and perform final review on same; Compile documents, finalize letter, and draft correspondence to Solid Holdings including same.
January 8, 2018	Mandi Quirk	3.50	Search records and drop boxes for all documents re emails/payments.
January 9, 2018	Bruce Bando	1.80	Correspondence with Spectrum; Various correspondence OOM loans and results of the meeting; Discussion with counsel re: sale of the media fund and Quiver; Discussion re: SSI; Restoration Energy matters; Examination matters.

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Date	Full Name	Time	Detail
January 9, 2018	Jason Knight	6.90	Draft email responses to investor emails received; Compile interim distribution information for Fidelity Clearing Canada and draft correspondence to same outlining instructions for same; Prepare for and attend meeting with C. Clydesdale, counsel for same, and Aird & Berlis re: OOM Energy Loans; Internal discussion re: OOM Energy Loans post meeting; Phone conversation with investor re: withdrawal of funds and items required for non-resident; Review investor letter provided to ensure all information is included; Phone conversation with investor re: various items and questions in the Crystal Wealth Funds; Email correspondence with investors; Numerous phone calls with investors and investments advisors for same regarding various questions with respect to the Crystal Wealth Funds; Review draft letter to OOM Energy re: standstill agreement; Review second draft letter to OOM Energy and note small changes to same; Compile documents for BCSC request; Review email files re: OOM Energy.
January 9, 2018	Jonathan Krieger	2.00	Attendance at Aird & Berlis re: meeting with C. Clydesdale and counsel; Correspondence with team re: matters related to investor notice; Correspondence re: matters related to distributions.
January 10, 2018	Bruce Bando	4.50	Various internal discussions on Commercial Loans; Prepare for and attend conference call with Restoration Energy; Discussion with Pond; File management and report matters; Investor matters; Various correspondence with counsel on examinations; Correspondence and discussion re: Zynergy.

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Date	Full Name	Time	Detail
January 10, 2018	Jason Knight	7.40	Review correspondence from Xynergy re: SSI; Internal discussions re: GeoData Vesting Order; Phone conversation with Xynergy; Review and organize email correspondence contained in various Crystal Wealth employee and advisor email inbox files regarding OOM Energy and the loans advanced to same; Internal discussion re: OOM Energy Loans; Review and organize email correspondence contained in various Crystal Wealth employee and advisor email inbox files regarding OOM Energy and the loans advanced to same re: the Imaginea project; Internal discussion re: OOM Energy Loans; Phone conversation with Pond re: OOM Energy and St. Mary's project and their involvement in same; Draft correspondence from counsel summarizing discussion with Pond re: OOM Energy; Prepare for and attend conference call with counsel and Restoration Energy re: the balance outstanding to the Factoring Fund, background regarding the transactions, and the contemplated convertible debenture; Draft correspondence to numerous investor emails received regarding various items concerning the Crystal Wealth Funds including: interim distribution timing, contents of the Second Report, interim distribution process etc.; Phone conversation with CIBC World Markets re: interim distribution and draft additional email correspondence re: same to CIBC; Phone conversation with NBIN re: withdrawal requested by non-resident investor; Phone conversation with non-resident investor re: withdrawal of funds from registered account.
January 10, 2018	Jonathan Krieger	0.50	Discussion re: matters related to C. Clydesdale; Correspondence re: matters related to monetization of assets.
January 10, 2018	Rosa Wilford	0.75	Review and follow email instructions, prepare receipts, post deposit entries, prepare disbursements, issue cheque, prepare wire transfer, letter and general banking administration.

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Date	Full Name	Time	Detail
January 11, 2018	Bruce Bando	3.60	Various correspondence from investors and financial representative; Internal correspondence re: Xynergy; Discussion regarding information requested by BCSC and review thereof; Attend meeting with counsel re: upcoming examination; Discussion with tax group re: tax requirements; Various correspondence with Sotheby's; Discussion with counsel.
January 11, 2018	Jason Knight	5.20	Draft email correspondence to RBC Securities re: interim distribution re: clients; Draft email correspondence to tax advisor re: tax reporting and slips to be issued to investors; Prepare for and attend meeting with counsel to prepare for and discuss: outstanding items to be addressed, and examinations of C. Smith and J. Bentley; Conference call with tax advisors re: income tax slips and reporting requirements for the Crystal Wealth Funds and the company; Phone conversation with investor re: Bullion Fund and the nature of the investments held in same; Respond to numerous investor emails and voicemails via email and phone; Phone conversation with Xynergy's counsel re: SSI and GeoData and internal discussions re: same; Draft correspondence to counsel to provide background to the GeoData and SSI transactions and the items required for same.
January 11, 2018	Jonathan Krieger	0.40	Correspondence re: Mount Nemo; Correspondence re: matters related to distributions.
January 11, 2018	Michael Zimnicki	1.00	Case law support for losses and discuss approach to T3 preparation.
January 11, 2018	Rosa Wilford	0.50	Review various banking reports and approve monthly estate balances.

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Date	Full Name	Time	Detail
January 12, 2018	Bruce Bando	3.10	Various discussions with Spectrum regarding loans contained in the mortgage portfolio and review of documentation thereof; Correspondence from Bailiff regarding equipment of Single Source and review thereof; Correspondence with counsel re: same; Internal correspondence regarding Spectrum loan; Correspondence with BNS re: Chrysalis bank account; Review and amend correspondence to investors; Correspondence and review of search results for BCSC; Discussion with collection agency regarding C. Smith; Various correspondence with counsel to the prospective purchaser and discussion counsel regarding agreement for sale of the Media Fund.
January 12, 2018	Jason Knight	5.50	Internal discussion re: loan contained in the Mortgage Fund and administered by Spectrum; Review documents supporting the loans issued by CW under the Mortgage Fund and discussion thereof; Phone conversation with the individual who holds a mortgage owing to the Mortgage Fund and the repayment of same; Internal correspondence re: Single Source Services; Correspondence with Qtrade Securities re: interim distribution and process for same; Format investor list for Qtrade and send listing to same; Draft responses to investor emails received; Various email and phone correspondence with investors re: questions from same; Draft correspondence to counsel re: Chubb; Return numerous investor phone calls and conduct discussions with same; Correspondence with counsel and with Xynergy re: SSI Participation Agreement.
January 12, 2018	Mandi Quirk	1.50	Conduct search of the Dropbox re: personal loan recorded in the Mortgage Fund.
January 12, 2018	Rosa Wilford	0.10	Review monthly banking summary report: prepare and post January accrued interest.
January 12, 2018	Valerie Naccarato	0.10	General banking administration.

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Date	Full Name	Time	Detail
January 14, 2018	Bruce Bando	2.20	Review correspondence from counsel to MCS followed by correspondence to counsel; Review correspondence from sheriff re: Single Source followed by reply to include correspondence with counsel; Review black line to APS of sale of the Media Fund and provide comments to counsel; Internal correspondence with the tax group and counsel regarding interim distribution; Review correspondence to NBIN and IAS; Review offer on Mount Nemo and various correspondence Sotheby's re: same.
January 14, 2018	Jason Knight	3.70	Prepare transaction history for tax purposes and develop reporting tool to be used by the Crystal Wealth Funds for the preparation of tax returns; Calculate capital gain/(loss) realized by the Sustainable Dividend Fund for 2017 and the dividends received from shareholdings; Draft email responses to various investor correspondence received; Review information provided by IAS per the Receiver's request; Draft email correspondence to IAS re: missing information and additional items required; Draft correspondence to NBIN re: interim distribution.
January 15, 2018	Bruce Bando	2.80	Correspondence with NBIN; Review documents from counsel re: OOM; Various correspondence from Scotiabank and review of attachments thereof; Correspondence with counsel re: interim distribution process; Various correspondence and discussions regarding the interim distribution to include review of the draft notice to investors; Various discussions with Sotheby's regarding the offer; Discussion and correspondence with counsel re: same.
January 15, 2018	Jason Knight	4.10	Draft email responses to email correspondence received from various investors; Internal discussions re: interim distribution and the process to be followed for same; Prepare wire confirmation summary of amounts to be wired by NBIN to broker dealers for investor accounts held by same; Draft correspondence to NBIN providing instructions for wires; Draft email correspondence to Interactive Brokers re: cheque not received; Draft notice to investors re: interim distribution and conduct internal discussions re: same; Draft correspondence to broker/dealers re:

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Date	Full Name	Time	Detail
			wire information for interim distribution.
January 15, 2018	Jonathan Krieger	0.30	Correspondence re: matters related to investor distributions.
January 16, 2018	Bruce Bando	4.00	Various correspondence and discussion regarding the interim distribution; Correspondence with Michener Allen; Discuss and review BCSC matters; Discussion on investor matter; Correspondence with Meridian; Conference call with counsel on OOM; Correspondence with counsel, review and amend APS and forward to Sotheby's; Discussion with Sotheby's re: same.
January 16, 2018	Jason Knight	5.50	Conference call with counsel re: OOM Energy; Correspondence with NBIN and other brokers re: Interim Distribution; Organize interim distribution workbook; Internal discussion re: various items including but not limited to, revisions to investor notices, tax implications for distributions, and wire instructions for out of country investor; Correspondence with NBIN re: interim distribution; Compile information requested by NBIN to support wire transfers to other brokers; Correspondence with investment advisor re: questions re: interim distribution and taxation of same; Compile remaining information requested by BCSC and upload same to Dropbox folder; Draft email correspondence to BCSC; Draft correspondence to investors in response to emails sent; Correspondence with interactive brokers re: cheque to be issued.
January 17, 2018	Bruce Bando	6.80	Prepare for and attend examination of Joanne Bentley; Various discussions and correspondence regarding interim distribution; IFDS matters; Review and amend correspondence with and investor; Correspondence re: Single Source.
January 17, 2018	Jason Knight	2.90	Meeting with investor re: updates on receivership and the interim distribution; Phone conversation with investor re: various items; Draft internal approval correspondence re: the interim distribution and prepare summary charts for same; Internal discussion re: examinations; Internal correspondence re: interim distribution; Draft responses to emails received from investors to the Crystal Wealth email inbox.

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Date	Full Name	Time	Detail
January 17, 2018	Rosa Wilford	0.75	Review banking, post disbursements, issue cheque, and prepare receipts, post deposit entries and general banking administration.
January 18, 2018	Bruce Bando	2.20	Various correspondence and discussion regarding the interim distribution; Correspondence regarding investor matters and discussions thereof; Investment matters; Conference call with counsel to discuss IFDS, Single Source and the sale of the Media Fund.
January 18, 2018	Jason Knight	3.70	Internal meeting re: interim distribution and notice to be sent to investors; Revise and update notice to investors re: interim distribution and discuss same internally; Correspondence with Interactive Brokers re: Resource Fund cheque; Phone conversation with investor re: various items concerning the Hedge Fund and Factoring Fund; Prepare interim distribution listing for NBIN and draft instructions to same to process; Phone conversations with NBIN re: interim distribution; Draft email correspondence in response to emails received to Crystal Wealth inbox; Provide final issuance instructions to other brokers to release the interim distribution.
January 18, 2018	Jonathan Krieger	1.40	Discussion with team and counsel re: matters related to Media Fund offer; Correspondence re: matters related to Mt Nemo property; Review of investor distribution calculation; Correspondence re: matters related to tax reporting.
January 18, 2018	Rosa Wilford	1.05	Correspondences with Bank and review print screens for returned items. Draft letter to Bank; complete cheque requisition forms, email correspondences to and from the Bank for authorization of transfer, posting entries, email wire confirmation to team, and general banking administration.
January 19, 2018	Bruce Bando	1.60	Various discussions and correspondence pertaining to the interim distribution; Discussion with an investor; Discussion with L. Smith.

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Date	Full Name	Time	Detail
January 19, 2018	Jason Knight	3.70	Revise Notice to Investors dated January 19, 2018; Draft correspondence to investors and include notice and coordinate release of same; Administration of website; Correspondence with NBIN and Interactive Brokers re: transfer of shares; Correspondence with vast conference re: Tele-Town Hall bill received; Respond to numerous email and phone calls received to the Crystal Wealth contact information re: the January 19, 2018 notice.
January 19, 2018	Jonathan Krieger	0.30	Review of Correspondence re: matters related to investor notice.
January 19, 2018	Mandi Quirk	0.50	Telephone call with Investor.
January 19, 2018	Rania Erian	0.10	Deposit in Bank.
January 19, 2018	Rosa Wilford	0.40	General file administration.
January 21, 2018	Jason Knight	2.20	Draft responses to numerous emails received to the Crystal Wealth inbox; Internal correspondence re: emails received.
January 22, 2018	Arsheel Muhit	2.00	Investor calls and emails; Review notice to investors dated January 19, 2018.
January 22, 2018	Bruce Bando	4.10	Review of materials and discussion with counsel re: OOM loan and next steps; Review and amend responses to investors; Internal discussion re: sale of shares; Review of sale agreement re: SSI and discussion re: same; Draft communication to A. Housego and discussion with counsel re: same; Discussion with prospective purchaser; Correspondence with OSC; Various discussions with Sotheby's; Review, amend and execute sign back; Discussion on amounts owing in priority to Crystal Wealth.

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Date	Full Name	Time	Detail
January 22, 2018	Jason Knight	3.70	Internal discussions re: offer for Mount Nemo Property; Review revised offer documents and provide same to broker; Respond to investor emails received to the Crystal Wealth inbox; Phone conversations with investors in response to voicemails received; Correspondence with Interactive Brokers and NBIN re: transfer of shares; Internal correspondence re: cheque received from Interactive Brokers; Correspondence with NBIN re: sale of shares acquired through exercising Warrants; Prepare for and attend conference call with counsel re: 224 Ontario Loan (St. Mary's Project); Prepare for and attend phone conversation re: loan to the Mortgage Fund and conduct internal correspondence re: same; Review SSI Bill of Sale for Medical Fund and revise same.
January 23, 2018	Arsheel Muhit	2.50	Correspondence with investors re: status of receivership and interim distribution.
January 23, 2018	Bruce Bando	2.30	IFDS matters with counsel; Correspondence with counsel regarding status of the APS of the Media Fund; Correspondence with the auditor of Pond re: confirmation and investigation thereof; Various correspondence with Xynergy re: SSI; Correspondence and discussion with counsel on examinations and A. Housego matters; Internal discussion on status of interim distribution and NBIN; Discussion with S. Azam; Review and amend correspondence to investor.
January 23, 2018	Jason Knight	4.80	Review SSI Bill of Sale and draft correspondence to Xynergy; Draft email correspondence in response to investor email; Internal discussions re: interim distribution; Correspondence with NBIN re: investor request and interim distribution; Provide instructions to NBIN re: marketable securities; Correspondence re: disbursements; Preparation of workbook for 2017 T3 returns; Internal meeting to discuss T3 returns and information required for same; Phone conversations with investors re: various items; Phone conversation with Richardson GMP re: distribution.

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Date	Full Name	Time	Detail
January 23, 2018	Jonathan Krieger	0.60	Review of investor correspondence re: matters related to status of remaining funds distribution; Correspondence with counsel re: Media Fund agreement.
January 23, 2018	Valerie Naccarato	0.10	Deposit at bank.
January 24, 2018	Arsheel Muhit	4.50	Draft Notice to Investors dated January 24, 2018; Internal discussions re: same; Correspondence with investors re: status of distributions.
January 24, 2018	Bruce Bando	3.50	Review IFDS communication and research of same; Correspondence and discussion with counsel re: same; Review APS for Media Fund followed by various communication and discussion with counsel; Correspondence with Baliff on Single Source equipment; Execute agreement for sale of SSI; Review and amend Notice of Investors; Various discussions and correspondence with NBIN; Correspondence from investors regarding the interim distribution; Correspondence counsel re: A. Housego; Discussion with counsel re: C. Smith examination; Discussion with Sotheby's regarding offer; Correspondence with security company re: gas leak.
January 24, 2018	Jason Knight	5.70	Compile documents for SSI Bill of Sale and draft correspondence to Xynergy's counsel; Draft Amendment to Geodata Bill of Sale and provide same to counsel for review and comment; Phone conversation with Spectrum re: Mortgage Fund, High Yield Mortgage Fund, and Sustainable Property Fund and strategy for same; Review notice to investors re: contact information for NBIN and make revisions to same; Internal discussion and guidance re: 2017 T3 returns; Review investor email correspondence; Draft email responses to various investor communications received to the Crystal Wealth email inbox; Various correspondence with NBIN re: interim distribution.
January 24, 2018	Jonathan Krieger	0.90	Discussion with team re: matters related to investor communications re: NBIN accounts; Correspondence with team re: examinations; Correspondence re: matters related to investor inquiries.

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Date	Full Name	Time	Detail
January 24, 2018	Mandi Quirk	8.00	Export trial balance reports from National Bank, edit for post receivership cash flow analysis and generate analyses for each account.
January 25, 2018	Arsheel Muhit	2.00	Correspondence with investors re: status of distributions.
January 25, 2018	Bruce Bando	9.00	Prepare for and attend examination of C. Smith; Internal discussions re: debrief and loan in mortgage fund; Correspondence with Pond; Review and amend offer.
January 25, 2018	Jason Knight	2.80	Draft correspondence re: loan outstanding to the Mortgage Fund; Internal discussions re: preparation of tax returns; Review transcript of examination of J. Bentley; Email correspondence to investors; Phone conversation with investor re: withdrawal of funds and the status of the investments in certain of the Crystal Wealth Funds; Internal correspondence re: examinations.
January 25, 2018	Mandi Quirk	7.00	Continue cash flow analysis.
January 26, 2018	Arsheel Muhit	2.75	Correspondence with investors re: status of distribution, accessing funds.
January 26, 2018	Bruce Bando	4.90	Conference call regarding Media Fund and next steps; Review various correspondence regarding A. Housego and investigate couriering of books and records; Discussion with counsel re: same; Review various correspondence from Solid Holdings and internal discussion on next steps; Discussion with Pond; Various investor correspondence matters; Notice to Investors matters to include various discussions and correspondence with NBIN, internal discussions on alternatives and review of various drafts; Single Source equipment matters; IFDS matters with counsel; Xynergy agreement matters; Correspondence Sotheby's and internal discussion re: same.

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Date	Full Name	Time	Detail
January 26, 2018	Jason Knight	3.10	Review correspondence from NBIN re: notice to investors; Draft revisions of notice to investors based on NBIN input; Internal discussions re: NBIN and draft notice to investors; Review of the T3 tax return workbook; Correspondence with Spectrum re: potential tax reporting.
January 26, 2018	Jonathan Krieger	0.50	Discussion with counsel and review of information re: Media Fund transaction; Correspondence re: matters related to Mount Nemo and review of documents thereto.
January 27, 2018	Jason Knight	0.90	Draft responses to emails received from Crystal Wealth investors and external investment advisors; Internal correspondence re: Crystal Wealth website.
January 28, 2018	Jason Knight	5.10	Draft responses to investor emails received to the Crystal Wealth inbox; Draft correspondence to HSBC re: GIC; Continue to prepare financial statements for Funds for the 2017 tax returns and T3's.
January 29, 2018	Arsheel Muhit	1.25	Correspondence with investors re: interim distribution.
January 29, 2018	Bruce Bando	3.00	Conference call with IFDS; Discussion with counsel thereafter; Various investor correspondence matters; Correspondence Single Source; Correspondence with NBIN; Internal meeting on 2017 financial statements.
January 29, 2018	Jason Knight	7.50	Review and complete audit confirmation for Xynergy; Review executed amendment to Geodata Bill of Sale; Internal correspondence; Conference call with IFDS and counsel re: services agreement and information contained at IFDS; Internal meeting to discuss preparation of financial statements for the Crystal Wealth Funds; Draft email correspondence to numerous emails received to the Crystal Wealth inbox; Phone conversations with numerous investors re: various matters with respect to the Crystal Wealth receivership; Gather and prepare information requested by the BCSC re: British Columbia investors; Format investor listing to filter BC investors; Review and file various mail received re: Crystal Wealth.

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Date	Full Name	Time	Detail
January 29, 2018	Jonathan Krieger	0.40	Review of correspondence re: matters related to Mount Nemo; Review of documentation thereto; Review of draft investor notice re: matters related to NBIN accounts.
January 30, 2018	Arsheel Muhit	2.00	Correspondence with investors re: interim distribution.
January 30, 2018	Bruce Bando	3.50	Review of correspondence regarding Restoration Energy; Discussion with counsel on books and records agreement and investigate method of retrieval from A. Housego; Discussion and correspondence re: BSCS; Various discussions re: year-end tax reporting; Discussion with NBIN and correspondence thereof re: Notice to Investors; Review and amend Notice to Investors; Xynergy matters and payment of funds; Correspondence with Spectrum re: loan in default; Interim distribution matters.
January 30, 2018	Jason Knight	9.70	Review of fund reconciliation provided by Xynergy re: payout of bank account; Review draft notice with NBIN comments and discuss same internally; Phone conversation with NBIN re: draft notice; Compile and format information requested by the BCSC and draft correspondence to same; Phone conversation with investor re: update on Factoring Fund; Revise notice to investors; Prepare and coordinate release of notice to investors; Prepare tax return workbook for 2017 fund tax returns; Prepare analysis of NBIN fees and discuss same internally; Draft correspondence to NBIN re: instructions on fee payment; Review transaction history provided by IFDS re: investor tax slips and discuss same internally; Format and consolidate listing provided by IFDS; Email correspondence to investors re: various matters; Continue to prepare financial statements for Funds.

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Date	Full Name	Time	Detail
January 30, 2018	Rosa Wilford	2.30	Banking process: review and complete cheque requisition forms, prepare and issue cheques, respond to CRA phone call, review and email team for direction; Prepare wire transfer; Draft letter to Bank; Complete cheque requisition forms, email correspondences to and from Bank for authorization of transfer, posting entries, email wire confirmation to team and general banking and filing administration.
January 30, 2018	Valerie Naccarato	0.10	Deposit at bank.
January 31, 2018	Arsheel Muhit	1.25	Correspondence with investors re: interim distribution.
January 31, 2018	Bruce Bando	2.50	Correspondence with counsel re: A. Housego records; Correspondence with Pond and check payment; Correspondence with counsel re: Single Source; Various correspondence with Spectrum on loan account and mortgage that was in default; Correspondence with Xynergy; Correspondence with NBIN; Review correspondence from SMC and correspondence with counsel re: same.
January 31, 2018	Jason Knight	0.60	Draft responses to emails received in Crystal Wealth inbox.
January 31, 2018	Rosa Wilford	1.25	Review internal email instructions re Banking; Correspondences and phone calls with Bank, review print screens for expecting wires, prepare deposits and disbursement requisitions, posting entries, email team notifications of wires and general banking and filing administration.

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Time Summary

J. Krieger, Sr. Vice President	7.80 hours @	\$595.00	per hour \$	4,641.00
	10.00 hours @	\$575.00	per hour \$	5,750.00
M. Zimnicki, Tax Partner	1.50 hours @	\$725.00	per hour \$	1,087.50
B. Bando, Vice President	78.20 hours @	\$550.00	per hour \$	43,010.00
	42.40 hours @	\$495.00	per hour \$	20,988.00
J. Knight, Manager	118.50 hours @	\$295.00	per hour \$	34,957.50
	58.15 hours @	\$275.00	per hour \$	15,991.25
R. Wilford, Manager	12.80 hours @	\$260.00	per hour \$	3,328.00
	9.90 hours @	\$250.00	per hour \$	2,475.00
A. Muhit, Senior Associate	26.10 hours @	\$235.00	per hour \$	6,133.50
	18.50 hours @	\$200.00	per hour \$	3,700.00
M. Quirk, Senior Associate	20.50 hours @	\$160.00	per hour \$	3,280.00
R. Erian, Analyst	2.10 hours @	\$130.00	per hour \$	273.00
V. Naccarato, Analyst	0.40 hours @	\$130.00	per hour \$	52.00
	0.90 hours @	\$120.00	per hour \$	108.00
M. Kirkby, Analyst	0.25 hours @	\$105.00	per hour \$	26.25
	<u>408.00</u>		\$	<u>145,801.00</u>
Technology and Administration			\$	<u>7,290.05</u>
			\$	<u>153,091.05</u>

Disbursements

Mail redirection	\$	323.30
Town Hall Meeting	\$	6,597.61
Postage	\$	91.20
Courier	\$	156.94
Travel	\$	65.47
	\$	<u>7,234.52</u>

Subtotal time and disbursements	\$	160,325.57
HST	\$	20,842.33
Total Invoice	\$	<u>181,167.90</u>

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Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ
EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA
STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL
WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED
FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND,
CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL
ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND,
ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH
ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE
STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY,
CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

BILL OF COSTS

**BN 12738 4717 RT0001
Client #225805
Invoice#LSON-4158/4183**

To professional services as Receiver rendered for the period from February 1, 2018 to February 28, 2018.

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Date	Full Name	Time	Detail
February 1, 2018	Jason Knight	1.30	Correspondence with NBIN re: interim distribution; Correspondence with C. Smith; Internal discussions re: interim distribution; Correspondence re: BCSC request; Phone call with A&B re: Media Fund; Draft responses to investor emails received to the Crystal Wealth inbox; Review and classify fees between the Crystal Wealth Funds; Phone conversation with an individual who has a loan outstanding payable to Mortgage Fund.
February 1, 2018	Bruce Bando	1.80	Correspondence with Pond; Review of request and reply to the auditor of Pond; Various correspondence with counsel on commercial loans; Correspondence with Spectrum on a default mortgage and loan as well as review of default report.
February 1, 2018	Jonathan Krieger	0.60	Call with the OSC; Correspondence and discussion with team re: matters related to investor communications; Call with A&B re: status of Media Fund documentation; Review of draft correspondence re: Media Fund.
February 2, 2018	Arsheel Muhit	1.00	Correspondence with investors re: interim distribution and accessing funds.
February 2, 2018	Jason Knight	4.50	Continue with allocation of fees to the Crystal Wealth Funds; Phone conversation with investors re: update on proceedings; Prepare for and attend meeting at A&B to discuss next steps regarding various investments; Debrief meeting with A&B internally; Internal discussion re: personal loan in the Mortgage Fund.
February 2, 2018	Bruce Bando	3.50	Review of Warrant matters; Books and records matter re: A. Housego; Discussion re: personal loan recorded in the Mortgage Fund; Correspondence from Pond; Various correspondence and discussion on sale of the Media Fund; Prepare for and attend meeting with counsel.

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Date	Full Name	Time	Detail
February 2, 2018	Jonathan Krieger	2.30	Meeting at A&B re: review of action items for remaining assets, develop strategy; Correspondence re: matters related to Media Fund transaction; Finalize terms with A&B; Correspondence and discussion re: matters related to Quiver compensation and timing.
February 3, 2018	Jason Knight	1.10	Review correspondence received from Crystal Wealth investors; Review transcript re: examination for C. Smith and summarize notes from same.
February 4, 2018	Bruce Bando	2.00	Draft Second Report Supplement.
February 5, 2018	Arsheel Muhit	1.25	Correspondence with investors re: status update and accessing funds.
February 5, 2018	Jason Knight	5.80	Phone conversation with Mackie Research re: interim distribution; Email correspondence with third party contractor re: information requested by BCSC; Internal correspondence re: Private Equities; Prepare financial statements for T3 returns for 2017.
February 5, 2018	Jonathan Krieger	1.10	Correspondence re: matters related to Media Fund transaction; Review of documents; Review and edit the Second Report Supplemental; Correspondence with team and counsel.
February 5, 2018	Rosa Wilford	1.50	Review internal email instructions re Banking; Correspondences with Bank, review print screens for expecting wire, prepare deposit, posting entries, email team notification of wire, review disbursements, prepare requisitions, issue cheques and general banking administration.
February 5, 2018	Bruce Bando	6.40	Continue with the Second Report Supplement; Review and execute documents pertaining to the sale of the Media Fund; Various correspondence regarding IFDS; Internal correspondence regarding background checks; Various correspondence and discussions with counsel regarding the foregoing; Discussion with Sotheby's.

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Date	Full Name	Time	Detail
February 6, 2018	Jason Knight	5.40	Draft correspondence to investor re: average unit cost of Mortgage Fund units; Draft email responses to numerous emails received from investors to the Crystal Wealth inbox; Correspondence with external storage entity re: coordination of storage of IFDS records; Review and approve invoices for payment.
February 6, 2018	Jonathan Krieger	1.00	Correspondence re: amendments to the Second Report Supplement; Meeting with team re: matters related to BDO action.
February 6, 2018	Bruce Bando	4.40	Second Report Supplement matters to include review of changes and correspondence with counsel; Internal discussion on investor matters; Internal meeting re: financial statements for the 2017 year; Attend meeting to discuss auditor matters; Draft and review responses to investors.
February 7, 2018	Jason Knight	1.70	Draft correspondence to investor re: update on Factoring Fund and issues with same; Draft correspondence to NBIN re: average unit cost of Mortgage Fund post-interim distribution; Correspondence with RBC re: interim distribution; Review Inca Gold Purchase/Sale Agreements and draft correspondence to Inca re: non-payment and the request for a proposal to repay same.
February 7, 2018	Arsheel Muhit	2.00	Various correspondence with investors re: status update.
February 7, 2018	Rosa Wilford	0.50	Review internal email instructions re Banking; Correspondences and phone calls with Bank, review print screens for expecting wire, prepare deposit, posting entries, email team notification of wire and general banking administration.
February 7, 2018	Bruce Bando	1.70	Correspondence with an investor; Correspondence with NBIN; Review of changes to the APA of Media Fund followed by correspondence with counsel; Correspondence Spectrum on mortgage in default; Correspondence re: Calgary examinations; Correspondence re: Inca; Correspondence and discussion with counsel

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Date	Full Name	Time	Detail
			re: BDO.
February 7, 2018	Rania Erian	2.00	Prepare various correspondence.
February 8, 2018	Bruce Bando	1.60	Correspondence with a party interested in the Pond loan; Conference call with counsel regarding BDO; Correspondence with counsel re: IFDS; Correspondence with Spectrum re: mortgage payout; Internal correspondence and discussion regarding an OSC request, review files and respond to the OSC; Website matters regarding issued Notice of Motion.
February 8, 2018	Jonathan Krieger	1.10	Correspondence with counsel; Review and finalize Second Report Supplement; Correspondence with litigation support re: claim; Correspondence re: matters related to finalization and deposit regarding the Media Fund transaction; Conference call with counsel re: matters related to litigation and considerations thereto.
February 8, 2018	Valerie Naccarato	0.10	General banking administration.
February 8, 2018	Rosa Wilford	0.75	Review banking, prepare and post receipt transfer, prepare disbursement requisition, post entries, issue cheque and general banking administration.
February 9, 2018	Valerie Naccarato	0.10	General banking administration.
February 9, 2018	Jonathan Krieger	0.60	Correspondence with counsel re: Media Fund transaction; Review of information thereto; Correspondence from the OSC.
February 9, 2018	Bruce Bando	1.00	Various correspondence with the OSC; Various correspondence with counsel on examinations; Correspondence with counsel on Quiver; Correspondence with Spectrum; Internal correspondence on background checks.
February 11, 2018	Rosa Wilford	1.00	Review monthly banking summary report: prepare and post February accrued interest for multiple accounts.

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Date	Full Name	Time	Detail
February 12, 2018	Samantha Zive	3.00	Preliminary research into locations of individuals and companies; PPSA's for all companies to be researched.
February 12, 2018	Rosa Wilford	1.00	Review estate bank accounts and reconcile various January statements.
February 12, 2018	Bruce Bando	0.50	Correspondence with the OSC; Various correspondence with IFDS; Discussion with counsel re: IFDS and the upcoming examinations.
February 13, 2018	Samantha Zive	6.50	Continued research into all individuals and companies.
February 14, 2018	Samantha Zive	5.00	Printed out and reviewed all research and conducted outstanding searches.
February 14, 2018	Bruce Bando	0.30	Various investor matters; Correspondence Spectrum on mortgage renewals.
February 15, 2018	Arsheel Muhit	1.00	Correspondence with investors re: status update and accessing funds.
February 15, 2018	Jason Knight	2.30	Phone conversation with investor re: various matters and answering numerous questions; Draft email correspondence to investor re: cost basis of Mortgage Fund units; Internal discussions re: items to be complete and timeline of same; Draft correspondence to Solid Holdings re: Gold Loan and discuss same internally.
February 15, 2018	Bruce Bando	4.00	Correspondence with NBIN; Review boxes of records sent by A. Housego; Correspondence with counsel re: same; Discussion with an investor; Review and discuss various correspondence with other investors; Internal meeting regarding background searches and review of same; Calgary examination matters; Review mortgage renewal request from Spectrum and respond.

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Date	Full Name	Time	Detail
February 16, 2018	Jason Knight	6.50	Review Custody Fee invoice and allocate same amongst the Crystal Wealth Funds; Draft correspondence to NBIN re: payment of invoice; Internal discussions and review of direct debit from trust account; Format and update Second Report Supplement and administer website; Update Warrant master worksheet for Warrants that have been exercised and sold; Prepare financial statements for 2017 T3 returns; Review investor update re: Cinnos Debenture and discuss same internally.
February 16, 2018	Arsheel Muhit	1.25	Correspond with investors re: status update and accessing funds.
February 16, 2018	Rosa Wilford	2.00	Review various banking reports and approve monthly estate balances; Review Bank Statement re: discrepancy for debit charge, correspondences with Bank, review and print screens, review General Ledger, verify banking details, review with team, phone calls with Bank, prepare Bank Reimbursement for claim for pre-authorized Debit (PAD), email Bank for return of funds and general banking administration.
February 16, 2018	Bruce Bando	5.20	Various correspondence with Spectrum regarding renewals; Internal discussion regarding charge in trust account; Review correspondence to NBIN; Review Cinnos update; Website matters; Continue with review of background search and discussion thereof; Review books and records re: OSC request.
February 19, 2018	Jason Knight	1.30	Preparation of financial statements for Crystal Wealth Funds for T3 returns for 2017; Review email correspondence provided by investor re: Factoring Contracts.

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Date	Full Name	Time	Detail
February 20, 2018	Jason Knight	4.40	Internal discussions re: investor correspondence; Review investor correspondence received; Draft correspondence to investor who previously received dividends from Crystal Wealth; Draft correspondence to NBIN re: transfer of funds; Draft responses to numerous emails received to the Crystal Wealth inbox; Review legal invoices and perform the allocations of fees to certain of the Crystal Wealth Funds; Prepare for and attend meeting with Enliven Financial re: the Residential Mortgages held by Spectrum; Internal discussions re: debrief of meeting.
February 20, 2018	Rosa Wilford	2.25	Respond to phone call from Bank, review and provide signed bank form for refund of debit charge, prepare disbursements, post entries, issue cheques and general banking administration.
February 20, 2018	Bruce Bando	5.20	Prepare for and attend Court; Discussion with counsels thereafter; Discussion with counsel re: A. Housego examination; Discussion with OSC on document request; Various investor correspondence and internal discussion thereof; Various correspondence with and prepare for and attend meeting with Enliven; Correspondence with counsel re: Restoration Energy, Single Source and Frontline.
February 21, 2018	Jason Knight	4.40	Draft responses to numerous emails received to the Crystal Wealth inbox from investors; Respond to various investor voicemails received re: the Crystal Wealth Funds; Correspondence with third party advisor re: D&O insurance; Correspondence with storage company re: retrieval of boxes; Review DropBox files for OSC requests; Phone conversation with investor re: various items; Review Advanced Metals correspondence; Review and discuss response to be issued to Frontline; Draft letter to be sent to Metal Mountain re: Gavin Mines Inc. and Dome Mountain for internal review; Correspondence with counsel re: letter to Metal Mountain.

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Date	Full Name	Time	Detail
February 21, 2018	Rosa Wilford	0.50	Respond to phone call from Bank, provide signed revised form and general banking administration. Review internal instructions re Banking; Correspondences with Bank, review print screens for expecting wire, respond to email and general banking administration.
February 21, 2018	Bruce Bando	3.20	Correspondence liquidator and Meridian Credit Union re: Single Source; Matters pertaining to the background checks; Draft response to investor; Other investor correspondence; Correspondence with NBIN; Examination matters to include correspondence with counsel; Review Advance Metals correspondence and draft response; Correspondence counsel re: same; Correspondence with the OSC.
February 21, 2018	Valerie Naccarato	0.20	General banking administration.
February 22, 2018	Jason Knight	6.80	Draft response to investor re: examinations and discuss same internally; Draft email responses to various emails received to the Crystal Wealth inbox; Internal meeting to discuss the preparation of the investor tax slips and the T3 returns for the Crystal Wealth Funds; Review transaction history provided by IFDS for the pre-receivership period and cross reference same to determine registered vs. non-registered accounts; Phone correspondence with broker dealers re: the classification of registered and non-registered accounts; Review boxed information and documentation that was at the Crystal Wealth office; Correspondence with external financial advisor re: insurance matters; Correspondence with previous employees of Crystal Wealth re: T4 slips; Review documentation re: US Real Estate LP; Correspondence with A. Storelli's counsel.
February 22, 2018	Rosa Wilford	0.50	Follow-up emails with Bank, review print screens for expecting wire and return of funds debited incorrectly, email team and general banking administration.

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Date	Full Name	Time	Detail
February 22, 2018	Bruce Bando	4.00	Correspondence with Frontline re: Advanced Metals and correspondence with counsel re: same; Internal meeting to discuss financial statements for 2017 for all funds; Review and amend correspondence to an investor; Correspondence from Spectrum re: payout; Review files from off-site storage; Correspondence OSC re: same; Draft responses to investors; Various discussions and correspondence with Sotheby's.
February 22, 2018	Jonathan Krieger	0.30	Meeting with team re: discussion of matters related to tax implications.
February 23, 2018	Jason Knight	4.60	Prepare for and attend meeting re: tax returns for investors; Draft responses to various emails from investors to the Crystal Wealth inbox; Return voicemails and attend to phone calls from investors re: various matters; Prepare for and attend conference call with external advisor re: insurance matters; Internal discussions re: investor correspondence; Correspondence with NBIN re: investor account matters; Preparation of financial statements for Crystal Wealth Funds for T3 returns for 2017; Review various correspondence with counsel and with principal of company involved in the transaction of Restoration Energy Factoring Agreement.
February 23, 2018	Rosa Wilford	0.50	Correspondences with Bank, review print screens for expecting wire, prepare deposit, prepare disbursements, posting entries, email team notification of wire and general banking administration.
February 23, 2018	Jonathan Krieger	0.20	Further correspondence re: tax considerations.

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Date	Full Name	Time	Detail
February 23, 2018	Bruce Bando	6.00	Review correspondence and attachments from counsel re: C. Smith examination and respond; Review materials related to C. Smith examination; Correspondence with NBIN regarding Spectrum funds; Prepare for and attend meeting with GT tax on T3's and other related matters; Review Restoration Energy documents, investigate and engage in various correspondence and discussions with counsel; Various matters pertaining to D. Wells inquiry to include conference with him and counsel; Review materials pertaining to OOM Energy and correspondence with counsel re: same.
February 23, 2018	Paul Anianov	1.40	Discuss trust return prep with M. Zimnicki; Review capital gain tax and refund mechanism; Discuss preparation with J. Knight.
February 25, 2018	Jason Knight	3.60	Prepare analysis of wages earned by previous employees of Crystal Wealth Management System Limited and by prepare T4 tax slips for; Prepare T4 Summary.
February 26, 2018	Jason Knight	3.60	Prepare journal entries required for the 2017 financial statements for the Crystal Wealth Funds; Prepare for and attend meeting with internal tax manager to discuss the process to issue T3's for the funds and to the individual investors; Draft internal instructions to make interim distribution payment to investors with accounts not held at brokerages; Review correspondence received regarding certain investments held and provide same to counsel; Internal discussions re: T4 slips and other various matters; Summarize investor transaction data and provide same to tax group.
February 26, 2018	Arsheel Muhit	0.50	Correspond with investors re: Media Fund.
February 26, 2018	Michael Zimnicki	0.30	Discuss T3 reporting with P. Anianov.

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Date	Full Name	Time	Detail
February 26, 2018	Bruce Bando	2.50	Prepare for and attend conference call with counsel re: St Mary's correspondence; Various correspondence counsel on examinations and Quiver matters; Internal discussions on tax reporting; Review draft T-4's and supporting documentation.
February 26, 2018	Delara Katila	1.50	Discussed T3 filing requirements with P. Anianov; Researched filing requirements for return of capital distributions.
February 26, 2018	Paul Anianov	1.80	Review T3 slips/T3 summary requirements; Find a contact from Common Wealth fund services for J. Knight; Research penalties, issuance of T5008; Discuss preparation & work with D. Katila; Review MFT rules.
February 27, 2018	Bruce Bando	3.50	Correspondence NBIN; Review and analyze various financial information pertaining to the OOM loans and various correspondence with counsel re: same; Correspondence and discussion with counsel on examinations; Review of draft correspondence to C. Smith regarding refusals to requests from the examination; Review materials from storage; Discussion and correspondence regarding the BDO claim.
February 27, 2018	Rosa Wilford	0.60	Review internal email instructions re Banking: Review account, prepare disbursements, post entries, issue cheques and general banking administration.
February 27, 2018	Paul Anianov	0.40	Discuss MFT rules and returns preparation with D. Katila.
February 27, 2018	Delara Katila	4.75	Researched filing requirements for ROC, registered and non-registered income, requirement to issue T5008 slips, penalties for late-filed T5008; Discussed research findings and next steps.

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Date	Full Name	Time	Detail
February 28, 2018	Jason Knight	2.10	Phone conversation with an investor re: update on the process; Phone conversation with Gavin Mines CEO; Review email correspondence re: various matters including: IFDS, Mount Nemo, Dome Mountain, C. Clydesdale; Internal correspondence re: various matters.
February 28, 2018	Michael Zimnicki	0.30	Review tax matters.
February 28, 2018	Jonathan Krieger	0.30	Call with OSC re: regulatory matters; Correspondence and call with counsel thereto.
February 28, 2018	Bruce Bando	4.70	Review records regarding CW prior issues; Prepare for and attend meeting with the BCSC; Various correspondence with the BCSC thereafter, including arranging for the shipment of investor records to the office of BCSC; File management matters; Various correspondence with counsel regarding the scheduling of examinations; Discussion and correspondence with the OSC; Correspondence from counsel regarding OOM Energy; Correspondence regarding Inca One.

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Time Summary

J. Krieger, Sr. Vice President	7.50 hours @	\$595.00	per hour \$	4,462.50
M. Zimnicki, Tax Partner	0.60 hours @	\$725.00	per hour \$	435.00
B. Bando, Vice President	61.50 hours @	\$550.00	per hour \$	33,825.00
P. Anianov, Tax Senior Manager	3.60 hours @	\$555.00	per hour \$	1,998.00
J. Knight, Manager	59.40 hours @	\$295.00	per hour \$	17,523.00
R. Wilford, Manager	11.10 hours @	\$260.00	per hour \$	2,886.00
D. Katila, Analyst	6.25 hours @	\$230.00	per hour \$	1,437.50
A. Muhit, Senior Associate	7.00 hours @	\$235.00	per hour \$	1,645.00
S. Zive, Senior Associate	14.50 hours @	\$180.00	per hour \$	2,610.00
R. Erian, Analyst	2.00 hours @	\$130.00	per hour \$	260.00
V. Naccarato, Analyst	0.40 hours @	\$130.00	per hour \$	52.00
	<u>173.85</u>		\$	<u>67,134.00</u>
Technology and Administration			\$	<u>3,356.70</u>
			\$	<u>70,490.70</u>
Disbursements				
Courier			\$	36.00
Travel			\$	<u>26.79</u>
			\$	<u>62.79</u>
Subtotal time and disbursements			\$	70,553.49
HST			\$	<u>9,171.95</u>
Total Invoice			\$	<u>79,725.44</u>

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Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ
EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA
STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL
WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED
FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND,
CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL
ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND,
ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH
ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE
STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY,
CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

BILL OF COSTS

**BN 12738 4717 RT0001
Client #225805
Invoice#LSON-4517**

To professional services as Receiver rendered for the period from March 1, 2018 to May 31, 2018.

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Date	Full Name	Hours	Detail
March 1, 2018	Bruce Bando	4.00	Continue with matters pertaining to the couriering of investor records to BCSC; Various correspondence with Inca One; Correspondence from counsel re: Advance Metals; Correspondence to Meridian regarding Single Source; Correspondence with counsel re: examination matters and the Factoring Fund; Review offer received; Various correspondence and discussions with Sotheby's; Review historical matters and internal discussion re: same; Discussion with counsel.
March 1, 2018	Jason Knight	0.90	Phone conversation with investor representative re: update on the Media Fund and other status updates on the Receivership; Various email correspondence internally and with counsel;
March 1, 2018	Rosa Wilford	0.25	Review, follow and respond to internal email instructions re Banking; review accounts, prepare letter, and provide wire instructions, email team and general banking administration.
March 2, 2018	Bruce Bando	2.20	Correspondence with NBIN regarding deposit; Discussion and correspondence with Advanced Metals; File management; Correspondence from investor; Review C. Smith document productions followed by correspondence with counsel; Correspondence with the OSC; Review legal file update from Spectrum.
March 4, 2018	Jason Knight	3.40	Prepare and review financials for T3 tax returns for the Crystal Wealth Funds; Internal discussions.
March 5, 2018	Bruce Bando	3.70	Correspondence with NBIN re: deposit; Correspondence with counsel to J. Froese on Advanced Metals; BCSC matters and courier thereof; Prepare for and attend meeting with Inca One to include discussions prior to and after the meeting; Review material from counsel regarding the OOM loan and SMC and provide comments; Discussion counsel regarding status and recommendations of Sotheby's; Correspondence and discussion with Sotheby's followed by review of files and correspondence re: same.

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Date	Full Name	Hours	Detail
March 5, 2018	Jason Knight	4.00	Prepare for and attend meeting with Inca Gold; Internal discussions re: Inca Gold meeting; Prepare financial statements for Medical Fund and Resource Fund.
March 5, 2018	Valerie Naccarato	0.10	General banking administration.
March 6, 2018	Arsheel Muhit	1.25	Correspondence with various investors re: general matters, questions relating to distributions, status of funds and estate transfer.
March 6, 2018	Bruce Bando	1.70	Various correspondence with counsel to Meridian re: Single Source auction; Correspondence with counsel re: examination matters; Internal correspondence re: Saskatchewan business name registration; Correspondence with counsel re: Bron closing; Correspondence counsel re: BDO matters.
March 7, 2018	Arsheel Muhit	4.25	Correspondence with 22 investors re: general matters, questions relating to distributions, and status of funds.
March 7, 2018	Bruce Bando	5.10	Internal correspondence re: BDO; Various correspondence and discussion with NBIN regarding 2 investors and payment issues as well as review of files; Various correspondence with one of the investors to resolve matters; Correspondence and discussions with counsel re: A. Housego and other examinations; Correspondence with Spectrum on mortgage discharge; Various correspondence from Fintage re: status; Crystal Wealth email matters and review thereof; Draft Notice to Investors.
March 7, 2018	Jason Knight	0.20	Internal correspondence re: investor correspondence received.
March 7, 2018	Valerie Naccarato	0.20	Follow email instructions, prepare disbursement requisition form, post entry and general banking administration.
March 8, 2018	Arsheel Muhit	1.50	Draft and send email to investors re: Notice dated March 8, 2018; Correspond with investors re: status of funds, accessing distributions and other general inquiries

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Date	Full Name	Hours	Detail
March 8, 2018	Bruce Bando	5.50	Review, amend and finalize Notice to Investors; Draft and finalize general wording re: status on Case Website; Internal discussions on tax matters; Correspondence and discussion with counsel re: Clydesdale examination; Review draft IFDS agreement followed by comments to counsel; Various correspondence with Quiver and organize interim payment of fees; Correspondence with NBIN regarding specific investor inquiry; Correspondence with BCSC; Review situation and respond to investors; Internal discussion on other investor inquiries; Various correspondence re: OSC matters.
March 8, 2018	Jason Knight	0.60	Correspondence internally re: preparation of T3 tax slips; Phone conversation with third party provider re: preparation of tax slips and information required for same.
March 8, 2018	Jonathan Krieger	0.60	Review of correspondence from OSC; Correspondence with counsel re: implications; Correspondence with counsel re: matters related to regulatory requirements.
March 8, 2018	Valerie Naccarato	0.50	Prepare wire, correspondence with Bank, posting entry, email re notification of wire and general banking administration.
March 9, 2018	Arsheel Muhit	1.25	Correspondence with investors re: accessing interim distributions, sale of Media fund, tax issues and general inquiries.
March 9, 2018	Arsheel Muhit	0.25	Pay Burlington Hydro and Union Gas bills.
March 9, 2018	Bruce Bando	4.00	Internal correspondence on tax slips; Review and discuss investor inquiries; Correspondence with counsel re: Clydesdale examination; Internal discussion re: Zomongo; Review OSC Enforcement Notice, summarize flow of funds, review with work completed to date and forward to counsel; Various correspondence related to the Media Fund; Review and approve disbursements; Various discussions with Sotheby's; Correspondence counsel.
March 9, 2018	Jason Knight	0.70	Review Enforcement Notice sent by the OSC; Review correspondence from counsel re: same.

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Date	Full Name	Hours	Detail
March 9, 2018	Jonathan Krieger	0.50	Correspondence with OSC re; matters related to regulatory considerations; Correspondence with counsel thereto; Review of matters related to investor notice.
March 9, 2018	Valerie Naccarato	0.50	Complete cheque requisition forms, prepare and issue cheques and general banking administration.
March 11, 2018	Bruce Bando	2.00	Various discussions and correspondence with Sotheby's on status of potential offers; Correspondence with counsel re: same; Prepare for C. Clydsdale examination.
March 11, 2018	Jason Knight	0.10	Internal correspondence re: tax filing and examinations.
March 12, 2018	Arsheel Muhit	1.25	Correspond with investors re: tax slips for 2017 tax year, updating address information and general inquiries re: administration.
March 12, 2018	Bruce Bando	9.70	Prepare for and attend examination of C. Clydesdale; Various discussions with counsel re: same; Correspondence with NBIN on specific investor question; Internal correspondence re: investor inquiry; Various correspondence and discussions with Sotheby's; Review, amend offer and send to Sotheby's; Discussion with counsel re: same.
March 12, 2018	Jonathan Krieger	1.10	Conference call with OSC re: matters related to regulatory compliance of Crystal Wealth; Subsequent correspondence with counsel; Correspondence with team re: examinations; Correspondence from agent re: interest in Mount Nemo.
March 13, 2018	Arsheel Muhit	4.85	Forward transfer documents received from three investors to NBIN; Correspondence with 20 investors re: T5008 forms received from NBIN, accessing cash balances and status of funds; Pay invoices for Security.

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Date	Full Name	Hours	Detail
March 13, 2018	Bruce Bando	6.30	Attend C. Clydesdale examination including review and providing documents; Discussions with counsel thereafter; Correspondence and discussion with OSC and review files followed by discussion with counsel re: same; Internal discussion re: investor matter regarding sale of shares; File management; Research patents and copyrights followed by correspondence with counsel; Various discussions and correspondence with Sotheby's; Research purchaser.
March 13, 2018	Jason Knight	3.20	Phone conversation internally re: examinations; Phone conversation with investor re: various matters and responding to numerous questions put forth by same; Prepare and finalize financial statements for T3 returns; Follow-up; Correspondence re: US Real Estate LP.
March 13, 2018	Rosa Wilford	0.75	Prepare and post deposit entries; Complete cheque requisition forms, prepare and issue cheque and general banking administration.
March 14, 2018	Arsheel Muhit	1.75	Correspondence with various investors re: tax issues, accessing funds and general inquiries re: funds.
March 14, 2018	Bruce Bando	5.10	Correspondence with counsel re: examinations; Correspondence from an investor re: shares and warrants and investigation thereof; Various correspondence with Enliven regarding the mortgage fund; Begin review of the financial statement working file; Review correspondence re: Single Source equipment; Various discussions and correspondence with Sotheby's.
March 14, 2018	Jason Knight	0.20	Internal discussion re: investor correspondence received.
March 14, 2018	Jonathan Krieger	0.30	Discussions re: examinations; Discussion re: matters related to Mount Nemo property.

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Date	Full Name	Hours	Detail
March 15, 2018	Bruce Bando	5.20	Continue review of financial statement working paper file followed by internal discussion re: same; Investigate, discussions and correspondence with counsel re: Fintage payment; Various correspondence with Enliven and review of files thereof; Discussion with the OSC and review of information thereof; Review Novo shares matter, draft and release correspondence to investor; Correspondence to bailiff of DeLage equipment sold; Various correspondence and discussions with Sotheby's regarding status and offers.
March 15, 2018	Jason Knight	1.90	Prepare for and attend internal meeting to discuss Crystal Wealth Fund financial statements with respect to the T3 returns for 2017; Review financial statements based on discussions.
March 15, 2018	Jonathan Krieger	0.40	Review of correspondence re: matters related to the Receiver's efforts to secure assets, examinations.
March 16, 2018	Arsheel Muhit	0.25	Correspondence with an investor re: accessing funds from interim distribution.
March 16, 2018	Bruce Bando	3.40	Various correspondence with Spectrum and Enliven regarding appealing a ruling with respect to a mortgage in default; Review SS&C agreement and send blackline version to counsel; Correspondence regarding class action plaintiff; Correspondence from investor; Review and process invoice; Review, execute and send to counsel a letter to HSBC regarding a GIC; Correspondence from bailiff regarding Durstar truck at Single Source; A. Housego examination matters; Review correspondence and attachments from Xynergy regarding the NFL portfolio; Various correspondence with Sotheby's; Correspondence with counsel.
March 16, 2018	Jason Knight	1.80	Correspondence internal re: examinations; Correspondence with tax group re: preparation of T3's; Review contract re: preparation of individual T3 returns; Phone conversation with investor to discuss various items.
March 16, 2018	Paul Anianov	0.60	Discuss internally preparation of trust returns.

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Date	Full Name	Hours	Detail
March 18, 2018	Jason Knight	0.90	Compile information required for T3 returns and deliver same to internal tax team; Revise financial statements for Crystal Wealth Funds based on internal discussions; Review custody fee invoice from NBIN and allocated custody fees among the Crystal Wealth Funds; Draft correspondence to NBIN; Draft correspondence to investor re: withdrawals from NBIN.
March 18, 2018	Rosa Wilford	1.20	Review various estate bank accounts and reconcile February statements.
March 19, 2018	Bruce Bando	3.30	Investigate payment for security at Mount Nemo; Review draft of SS&C agreement re: subcontracting of T3s, discussion with counsel on comments and internal correspondence for release; Examination matters; Review various closing documents for the Bron transaction, execute and return to counsel; Correspondence to bailiff re: Single Source; Correspondence with NBIN regarding a specific investor inquiry and leave message re: same; Numerous correspondence Spectrum regarding renewals; Correspondence Quiver re: closing of Bron transaction.
March 19, 2018	Jason Knight	0.30	Internal correspondence re: T3 tax returns; Draft correspondence to third party re: preparation of investors returns.
March 19, 2018	Rosa Wilford	2.25	Banking process: prepare transfers, prepare and complete receipt and disbursement requisition forms, post entries, issue cheques and general banking administration.
March 19, 2018	Valerie Naccarato	0.20	General banking administration.
March 20, 2018	Bruce Bando	3.80	Review materials in preparation for examinations; Correspondence from J. Froese counsel re: documents; Internal text re: investor inquiry; Various correspondence SS&C and then counsel on the agreement; Review draft correspondence from counsel regarding OOM and SMC, reply with suggestions and conduct conference call; Review correspondence from Spectrum.

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Date	Full Name	Hours	Detail
March 20, 2018	Delara Katila	6.25	Prepare the trust return and all applicable schedules for the Sustainable Dividend Fund.
March 20, 2018	Jason Knight	0.30	Draft correspondence to Metal Mountain re: Dome Mountain.
March 20, 2018	Rosa Wilford	0.75	Process cheques received for deposit and post entries, complete cheque requisition forms and issue cheque, and general banking and filing administration; Review disbursement requests, prepare transfer, post entries, issue cheque.
March 20, 2018	Valerie Naccarato	0.10	Deposit at bank.
March 21, 2018	Bruce Bando	8.60	Prepare for and attend examinations of D. Pahl and D. DenHollender; Various correspondence with Advance Metals; Various emails and texts from Sotheby's; Review offer; Internal correspondence thereof.
March 21, 2018	Delara Katila	0.25	Correspondence with Jason re Trust Account # and date of launch.
March 21, 2018	Jason Knight	0.30	Correspondence re: T3 returns; Review draft service agreement provide by third party;
March 21, 2018	Paul Anianov	1.80	Review taxation of MFT, prior BDO tax returns information, offering memorandums, financial statements and journal entries for 14 funds.
March 22, 2018	Bruce Bando	8.00	Prepare for and attend examinations of R. Maljaars and J. Maljaars; Various discussions with counsel; Correspondence bailiff re: Single Source; Internal correspondence re: investor inquiry; Dome Mountain review; Correspondence Sotheby's re: offer.
March 22, 2018	Jason Knight	0.70	Prepare analysis of invoices paid by Dome Mountain to related numbered companies and draft correspondence internally re: same; Phone conversation re: investor T3 returns; Draft correspondence to T3 provider; Prepare analysis of invoices paid by Dome Mountain to related numbered companies and draft correspondence internally re: same.

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Date	Full Name	Hours	Detail
March 22, 2018	Paul Anianov	6.20	Review and research the capital gain dividend refund mechanism; Do the optimum calculation to determine if the capital gain should be taxed in the trust; Review sustainable dividend fund return (T3).
March 22, 2018	Valerie Naccarato	0.10	General banking administration.
March 23, 2018	Arsheel Muhit	3.50	Correspondence with 19 investors re: status of media fund sale, accessing funds, timing of future distributions, tax slip/issues and general fund inquiries.
March 23, 2018	Bruce Bando	3.00	Correspondence from Spectrum re: mortgage payout; Various correspondence with counsel re: examinations; Various correspondence with counsel and internal on banking re: closing of the sale to Bron; Internal correspondence re: background checks; Review and discuss correspondence to be responded; Respond to investors; Discussion with the GT tax re: returns and slips; Conference call with SS&C; Correspondence HSBC re: GIC.
March 23, 2018	Delara Katila	2.75	Discuss review of Sustainable Dividend Fund T3 with Paul; Discuss tax treatment of P&L items for all funds; Correspondence with Jason re gain/loss on inter-fund investments.
March 23, 2018	Jason Knight	1.90	Phone conversation with tax group re: T3 returns and internal discussions re: same; Review information provided by tax group; Conference call with tax group to discuss the write-off of inter-fund investments and the tax treatments of same; Phone conversation with third party provider re: individual tax returns; Phone conversation with investors re: various items and update on the proceedings.
March 23, 2018	Michael Zimnicki	2.00	T3 issues and review draft T3 for capital gain issues

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Date	Full Name	Hours	Detail
March 23, 2018	Paul Anianov	5.80	Review returns for the remaining 13 funds, P&L, balance sheet & make a list of queries; Review tax implications and claiming losses for inter-fund and factoring/other loans; Research and review the Hammill case re fraud deductibility; Review definition of qualified investments and penalty for the MFT.
March 23, 2018	Rosa Wilford	1.20	Review internal email instructions re Banking; Correspondence with Bank, review print screens for expecting wire, prepare deposit and disbursement requisitions, posting entries, email team notification of wire and general banking administration.
March 23, 2018	Valerie Naccarato	0.10	General banking administration.
March 24, 2018	Paul Anianov	5.70	Review returns for the remaining 13 funds, P&L, balance sheet & make a list of queries; Review tax implications and claiming losses for bad inter-fund and factoring/other loans; Research and review the Hammill case re fraud deductibility; Review definition of qualified investments and penalty for the MFT.
March 26, 2018	Arsheel Muhit	2.00	Call with David Mullen re: Advanced Metals and Factoring Fund; Correspond with investors re: transferring investments, status of receivership, direction of funds and general inquiries.
March 26, 2018	Bruce Bando	5.90	Correspondence with Xynergy; Meeting A&B regarding executed documents pertaining to the Bron transaction; Draft Notice to Investors followed by discussion with counsel; Prepare for and attend conference call with Advanced Metals; Internal discussion on status and investor calls; BDO next step discussion; Prepare for and attend conference call with counsel re: results of examinations and next steps; Various correspondence, review and discussions with SS&C regarding the T3 agreement; Discussions with counsel on same; Update from Sotheby's; Review, execute and return amendment to the listing agreement.

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Date	Full Name	Hours	Detail
March 26, 2018	Delara Katila	9.25	Discuss the accounting reporting for various items on the funds' P&L; Discuss tax treatment for various P&L items such as inter-fund gains/losses, provision for claims, unrealized gains; Prepare the T3 and related schedules; Revise the T3 for the Resource Fund based on responses prepared by the Advisory Team.
March 26, 2018	Jason Knight	2.40	Prepare for and attend conference call with tax group re: T3 Tax Returns for the Crystal Wealth Funds; General correspondence with investors re: various matters; Draft responses to questions put forth by tax group re: Resource Fund; Review revised contract received from third party re: individual T3's;
March 26, 2018	Jonathan Krieger	0.50	Discussion with counsel and team re: potential remedies for recovery of investor funds, possible legal alternatives;
March 26, 2018	Michael Zimnicki	3.00	Review of outstanding issues on various trusts for income and deduction recognition and preliminary analysis of treatment of various write downs in multiple trusts.
March 27, 2018	Arsheel Muhit	1.50	Correspond with investors re: tax issues, questions re: Notice to Investors dated. March 27 th and general inquiries re: status of funds. Update Investor email listing and send email to all investors re: March 27 th Investor Notice.
March 27, 2018	Bruce Bando	4.30	Review and amend Notice to Investors and prepare postings to the website to include amending the lead in wording; Various correspondence with counsel re: same; Various correspondence regarding SS&C including discussions and correspondence with counsel and all party conference call; Review correspondence to investors and discussion on current inquiries; Correspondence re: 1092545 BC Ltd.; Various correspondence regarding the payment from SMC and logistics thereof.
March 27, 2018	Delara Katila	10.25	Prepare the T3 and related schedules; Prepare a summary spreadsheet for all funds and identify whether in an income or loss position, note tax

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Date	Full Name	Hours	Detail
			issues to discuss with Paul.
March 27, 2018	Jason Knight	3.20	Phone conversation with tax team re: preparation of T3 returns; Drafting responses to various questions; Conference call with third party investor return provider to discuss the contents of the services agreement and the required changes to same; Review adjusted services agreement; Phone conversation with investor re: various matters; Phone conversation with Richardson GMP re: Media Fund and proceeds from sale.
March 27, 2018	Michael Zimnicki	0.50	Discuss approach on funds and allocations.
March 27, 2018	Rosa Wilford	0.25	Provide wire instructions, email team and general banking administration.
March 27, 2018	Valerie Naccarato	0.10	General banking administration.
March 28, 2018	Arsheel Muhit	1.50	Correspond with investors re: March 27 th Notice to Investors.
March 28, 2018	Bruce Bando	3.50	Various discussions and correspondence with SS&C including review of documents, discussions with counsel and internal discussion; Correspondence with Spectrum including execution of discharge document; Conference call with counsel re: OSC matters; Discussion on investor inquiry regarding the Bron Transaction; Correspondence with Quiver; Correspondence re: J. Froese examination; Various correspondence with Sotheby's including extension of the listing agreement; Discussion with Sotheby's on offer.
March 28, 2018	Delara Katila	7.25	Prepare the T3 and related schedules.

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Date	Full Name	Hours	Detail
March 28, 2018	Jason Knight	2.60	Prepare for and attend conference call with counsel re: OSC materials; Phone conversation with third party tax slip provider; Internal discussions re: tax slips and other items related to same; Phone conversation with tax group re: preparation of tax returns; Draft responses to additional questions put forth by tax group re: 2017 financial statements.
March 28, 2018	Paul Anianov	5.90	Review and finalize the remaining trust returns; Research and conclude on deductibility of loans on account of income for MFT; Discussions thereof.
March 28, 2018	Rosa Wilford	0.50	Review internal email instructions re Banking; Correspondences with Bank, review print screens for expecting wire, prepare and post deposit and disbursement entries, email team notification of wire and general banking administration.
March 29, 2018	Arsheel Muhit	2.25	Correspondence with NBIN and investors re: forms required for certain US investors; Correspondence with investors re: March 27 th Notice to Investors.
March 29, 2018	Bruce Bando	3.00	Attend to payment of Quiver fees; Various correspondence and discussion with counsel re: SS&C; Various correspondence with SS&C and execute agreement; Various correspondence with Spectrum on discharges; Discussions on investor matters; OSC matters and discussion with counsel; Various discussion with Sotheby's; Discussion with counsel regarding the offers.
March 29, 2018	Delara Katila	2.45	Finish revising returns for the ACM Growth Fund and ACM Income.
March 29, 2018	Jason Knight	1.90	Draft email correspondence to investors; Phone conversations re: preparation of tax returns for individual investors; Internal correspondence re: preparation of individual tax slips; Review revised services agreement.
March 29, 2018	Michael Zimnicki	2.00	Review final T3s for all funds.

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Date	Full Name	Hours	Detail
March 29, 2018	Paul Anianov	7.20	Review and finalize the remaining 13 trust returns; Research and conclude on deductibility of loans on account of income for MFT; Discussion thereof
March 29, 2018	Rosa Wilford	0.50	Review internal email instructions re Banking wire transfer; Draft letter to Bank; Complete cheque requisition forms, email correspondences to and from Bank for authorization of transfer, posting entries, email wire confirmation to team and general banking administration.
March 29, 2018	Valerie Naccarato	0.10	Deposit at Bank and general banking administration.
March 31, 2018	Bruce Bando	1.30	Review and amend correspondence to four investors; Correspondence from Spectrum re: discharge; Review various correspondence re: T3's and taxes; Review OSC material in preparation of a call with counsel; Texts from Sotheby's and consideration of same.
April 2, 2018	Arsheel Muhit	1.00	Correspondence with investors re: access to funds, sale of Media Fund and Notice to Investors dated March 27, 2018.

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Date	Full Name	Hours	Detail
April 2, 2018	Bruce Bando	4.50	Correspondence GMP; Various correspondence with SS&C and internal discussion on T3's; Correspondence with Spectrum on discharge; Execute another discharge and forward to Spectrum; Prepare for and attend conference call with counsel re: BDO and OSC matters with follow up discussions internally and with counsel to include review of notice of action; Review of offers and comments from counsel; Various correspondence, texts and discussion with Sotheby's.
April 2, 2018	Jason Knight	5.90	Prepare worksheets and analysis for the allocation of income amongst investors for tax purposes; Discuss the allocation among investors internally and review same; Format listing and draft correspondence to SS&C; Phone conversation with SS&C re: data provided; Cross reference addresses and accounts provided by IFDS with other information contained on the company's books and records to obtain postal codes for addresses (not included on IFDS listing); Format workbook and resend to SS&C for review; Conference call with counsel re: OSC and BDO matters; Prepare mortgage payout documents for Sustainable Property Fund; Review information located on Dropbox for Trust Numbers requested by SC&C for tax slips;
April 2, 2018	Paul Anianov	0.50	Respond to question re Quebec slips and NR4 forms.
April 2, 2018	Rosa Wilford	0.25	Review internal email instructions re Banking; Prepare disbursement requisitions, post entries and issue cheque.
April 3, 2018	Arsheel Muhit	2.50	Correspondence re: Burlington CW office lease; Correspondence with investors re: tax slips, accessing cash, and update re: funds and Media fund sale.

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Date	Full Name	Hours	Detail
April 3, 2018	Bruce Bando	5.00	Various correspondence and discussion with counsel after review of draft Notice of Action regarding BDO as well as filed Notice of Action; Correspondence with NBIN regarding Spectrum deposit; Correspondence from Spectrum regarding discharge; Correspondence with GMP; Internal correspondence regarding background searches; Internal discussions regarding the T3 returns and review of spreadsheet; Review offer and amend; Correspondence and discussion with counsel; Attend to survey and pool matters regarding offer; Various discussions and correspondence with Sotheby's regarding the offer and listing agreement.
April 3, 2018	Delara Katila	3.75	Prepare and paper file final T3 return packages for all 14 funds; Obtain signing pages for authorization to access tax information by phone or mail.
April 3, 2018	Jason Knight	5.60	Various correspondence and coordination with SS&C re: filing of individual tax slips; Review draft slips prepared by SS&C and provide confirmation of same; Various correspondence and coordination with internal tax group re: preparation of T3 trust returns; Performing reconciliation of accounting income and net income for tax purposes to reflect tax adjustments; Review draft trust returns prepared and discuss same internally; Draft correspondence to investor re: tax slips; Phone conversation with investor re: various items; Prepare letter to be sent to lawyer re: discharge of mortgage held by the Sustainable Property Fund; Resolve issues with service list on case website.
April 3, 2018	Jonathan Krieger	1.20	Call with counsel re: litigation considerations; Correspondence re: matters related to tax slips; Correspondence re: responses to stakeholders, Mount Nemo property.
April 3, 2018	Paul Anianov	1.20	Review book to tax reconciliations for 14 funds.
April 4, 2018	Arsheel Muhit	0.25	Correspondence with investors re: tax slips, media fund sale and update on funds.

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Date	Full Name	Hours	Detail
April 4, 2018	Bruce Bando	2.20	Various correspondence regarding individual and corporate T3's; Correspondence with counsel on Single Source; Correspondence from counsel re: OSC matters and review of same; Various correspondence with outsourced storage company re: artwork; Correspondence with Spectrum on renewals; Various correspondence with Sotheby's regarding offer.
April 4, 2018	Delara Katila	0.25	Research authorization process for T1013 and what documents need to be submitted to the CRA
April 4, 2018	Jason Knight	1.90	Review correspondence from an investor; Draft correspondence to Tert & Ross re: delivery and receipt of boxes; Draft correspondence to J. Mushaluk re: investor inquiries; Phone conversation with landscaping company re: Mount Nemo; Draft follow-up correspondence to Solid Holdings and Metal Mountain re: outstanding balances; Draft repayment proposal to an investor re: loan outstanding to the Mortgage Fund.
April 4, 2018	Paul Anianov	0.40	Discussion regarding the updated workbook.
April 5, 2018	Bruce Bando	1.20	Internal discussion on OSC matters; Internal discussion regarding personal loan recorded in the Mortgage Fund; Investor matters; Various correspondence with Sotheby's; Maintenance matters and execute lawn agreement.
April 5, 2018	Jason Knight	2.40	Draft repayment proposal to an investor and discuss same internally; Draft follow-up correspondence to US Real Estate LP and Inca One re: outstanding information requests; Review payment received from Pond re: interest payment and provide instructions to record same; Phone conversation with counsel re: Solid Holdings draft letter; Internal correspondence re: outstanding items to complete; Phone conversation with tax group re: filing of individual tax slips.

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Date	Full Name	Hours	Detail
April 5, 2018	Jonathan Krieger	1.10	Discussion with counsel re: considerations re; BDO litigation; Correspondence re: matters related to OSC inquiry; Further correspondence with counsel re: considerations related to distribution.
April 5, 2018	Paul Anianov	0.25	Discussion re: NR4 and Quebec slips.
April 5, 2018	Rosa Wilford	0.50	Review estate bank account, post accrued interest and reconcile March statement.
April 6, 2018	Bruce Bando	3.10	Review of files for OSC matter and various discussions thereof; Discussion with the OSC; Various correspondence with Spectrum on discharge and renewals; Various correspondence with Tert & Ross and review paintings; Various correspondence with Sotheby's on offer.
April 6, 2018	Jason Knight	3.20	Draft correspondence and summary internally re: Inca; Review email database re: OSC request for information; Internal phone conversation re: US Real Estate LP and information obtained re: same; Prepare for and attend conference call with J. Mushaluk and investor re: tax forms; Draft correspondence to NBIN re: Gold Loans;
April 6, 2018	Rosa Wilford	0.75	Process cheques received for deposit and post entries, complete cheque requisition forms and issue cheque, and general banking and filing administration.
April 6, 2018	Valerie Naccarato	0.10	General banking administration.
April 9, 2018	Arsheel Muhit	1.50	Correspond with NBIN re: investor matters; Correspond with investors re: second interim distribution, tax issues and general update on certain funds.
April 9, 2018	Bruce Bando	4.00	Numerous correspondence and discussions with Sotheby's and counsel on an offer and other interest; Review, amend and sign back offer; Internal correspondence and discussion with tax group re: taxes to include HST; Correspondence and discussion on artwork to include correspondence with Waddingtons; Correspondence with NBIN to investigate deposit from Spectrum.

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Date	Full Name	Hours	Detail
April 9, 2018	Jason Knight	0.20	Review correspondence re: CRA tax requirements and discuss same internally.
April 9, 2018	Jonathan Krieger	0.70	Discussion with team re upcoming examinations; Correspondence re: matters related to distribution, Media Fund transaction.
April 9, 2018	Rosa Wilford	0.75	Review various estate bank accounts, post accrued interest and reconcile March statements.
April 9, 2018	Samantha Zive	6.00	Investigation into various parties to include PPSA, bankruptcy, corporate records, litigation, news and internet.
April 10, 2018	Bruce Bando	2.70	Various correspondence and discussion with Sotheby's regarding the current offer and other interest; Review offer and internal correspondence re: same; Internal discussion on background checks; Correspondence with counsel re: same; Internal discussion on investor matters.
April 10, 2018	Jason Knight	0.40	Draft correspondence to investor re: tax slip question; Internal correspondence re: examinations.
April 10, 2018	Rosa Wilford	0.80	Review various banking reports and approve monthly estate balances.
April 10, 2018	Samantha Zive	5.50	Completed research, printed, reviewed, email to Bruce Bando, documents on Crystal Wealth server.
April 11, 2018	Arsheel Muhit	0.75	Review tax correspondence received from CRA re: Respondent entities and CRA registration numbers, if any; Correspondence with investors re: general updates to fund, upcoming distribution.
April 11, 2018	Bruce Bando	3.80	Internal discussion on tax matters and status; Review various documents related to the background searches and correspondence with counsel re: same; Prepare for examination to include discussions with counsel; Various correspondence Sotheby's and review of offer.

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Date	Full Name	Hours	Detail
April 11, 2018	Jason Knight	1.10	Correspondence with NBIN and investor re: tax forms provided by the Receiver and the delivery of same; Internal correspondence re: upcoming examinations; Phone conversation with investor re: various items and questions regarding the receivership proceedings.
April 11, 2018	Rosa Wilford	0.75	Follow internal email instructions from team re Banking; Review ledger, transfer funds, prepare receipt and disbursement requisition forms, post entries and issue cheque.
April 11, 2018	Valerie Naccarato	0.10	Deposit at bank.
April 12, 2018	Arsheel Muhit	1.00	Correspondence with investors re: tax issues, updates re: Media fund and general inquiries.
April 12, 2018	Bruce Bando	9.60	Prepare for and attend examination of A. Housego; Various discussion with counsel re: same; Internal correspondence and discussion re: GMP tax slip question; Various correspondence with Sotheby's regarding the offer; Review amended offer; Various internal correspondence and discussion re: same; Various correspondence and discussion with counsel.
April 13, 2018	Arsheel Muhit	2.50	Reviewing and organizing Crystal Wealth inbox; Corresponding with investors re: tax issues; Finalize, sign and submit letter re: Mount Nemo.
April 13, 2018	Bruce Bando	2.50	Various correspondence and discussions internally, with counsel and with Sotheby's regarding the offer and authorization letters; Correspondence and discussion with counsel regarding Court approval date; Various correspondence with Spectrum regarding mortgage in default and a mortgage payout.
April 13, 2018	Jason Knight	1.10	Phone call re: tax slips; Organize and separate tax slips for investors by custodian (e.g. NBIN and GMP); Draft correspondence to investor re: tax inquiries and other questions re: the proceedings; Review weekly Spectrum report.
April 13, 2018	Valerie Naccarato	0.20	General banking administration.
April 14, 2018	Jason Knight	0.20	Review correspondence re: Mount Nemo; Draft

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Date	Full Name	Hours	Detail
			correspondence to Sotheby's.
April 16, 2018	Arsheel Muhit	2.25	Correspondence with NBIN and investors re: investor matters and tax slips; Internal discussions re: tax slips; Discussions with NBIN re: investor transfer requests.
April 16, 2018	Bruce Bando	1.40	Various correspondence with NBIN; Various correspondence with Spectrum regarding a mortgage payout, approval of legal fees and loan matter; Internal discussion re: BDO matter; Correspondence with Single Source re: discharge of security and correspondence from counsel re: same; Discussions with Sotheby's.
April 16, 2018	Jason Knight	1.40	Provide directions re: transfer of funds for Media Fund; Review correspondence and documents re: Single Source (Factoring Fund); Internal discussions and correspondence with Spectrum re: loan; Review T3 information and segregate Richardson GMP client returns.
April 16, 2018	Rosa Wilford	1.25	Review internal instructions re Banking; review general ledger report, discussion with team, review transfers, prepare requisitions and general banking administration.
April 17, 2018	Arsheel Muhit	0.75	Correspondence with investors re: tax slips and providing certain investors with electronic copies of tax slips.
April 17, 2018	Bruce Bando	1.30	Various correspondence and discussions with Sotheby's re: offer and amendment; Review and execute the amendment; Internal correspondence thereof; Discussion with Plains Road landlord; Correspondence with an investor.
April 17, 2018	Jason Knight	3.10	Phone conversation with investors re: US Real Estate LP; Factoring Contracts and examinations of certain individuals; Prepare analysis of Richardson GMP tax slips for investors and compile same; Draft email correspondence to Richardson GMP re: tax slips; Internal correspondence re: tax issues; Internal correspondence re: investor inquiries re: RDSP account; Draft follow-up correspondence re: US

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Date	Full Name	Hours	Detail
			Real Estate LP.
April 17, 2018	Rosa Wilford	1.25	Follow internal instructions from team re Banking; Review ledger, transfer funds, prepare receipt and disbursement requisition forms, post entries and issue cheque.
April 18, 2018	Arsheel Muhit	1.50	Correspondence with investors re: transfer of funds and 2017 tax slips; Correspondence with NBIN re: Investor inquiries.
April 18, 2018	Bruce Bando	9.00	Prepare for and attend examination of J. Froese; Discussion with counsel thereafter; Internal correspondence re: RDSP; Investor correspondence.
April 19, 2018	Bruce Bando	1.00	Investigate GMP investor request; Internal correspondence re: same; Correspondence from counsel re: OSC; Correspondence re: loan; Correspondence RBC.

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Date	Full Name	Hours	Detail
April 19, 2018	Jonathan Krieger	0.60	Discussion with team re: matters related to examinations; Correspondence with counsel re: Court motion, regulatory relief; Correspondence re; matters related to Crystal litigation and review of information thereto.
April 19, 2018	Rosa Wilford	0.20	General filing administration.
April 19, 2018	Valerie Naccarato	0.10	General banking administration.
April 20, 2018	Arsheel Muhit	1.00	Correspondence with investors re: tax slips for 2017.
April 20, 2018	Bruce Bando	1.50	Various correspondence with GMP and internal discussion thereof; Review trademark renewal and discussion with counsel re: same; Discussion regarding BDO; Correspondence counsel regarding undertakings from Clydesdale examination; Correspondence NBIN re: deposit.
April 20, 2018	Jonathan Krieger	1.10	Discussion with counsel re: matters related to litigation, matters related to monetization of remaining portfolio; Correspondence re: examinations.
April 20, 2018	Rosa Wilford	0.25	Review internal email instructions re: Banking; Review bank account; Email; Prepare receipt requisition form; Post entries.
April 20, 2018	Valerie Naccarato	0.10	Deposit at bank.
April 22, 2018	Jason Knight	3.90	Perform analysis re: Richardson GMP tax slips issued to investors and cross reference same to IFDS distribution listing provided; Draft email correspondence to Richardson GMP outlining analysis and results of same; Respond to various other email correspondence.
April 22, 2018	Jonathan Krieger	0.50	Correspondence re: matters related to litigation; Call with counsel re: discussion of considerations re: litigation.
April 23, 2018	Arsheel Muhit	0.75	Correspond with investors re: tax issues and update re: Media Fund.

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Date	Full Name	Hours	Detail
April 23, 2018	Bruce Bando	5.40	Prepare for and attend meeting with class action counsel; Discussion and correspondence thereafter with counsel; Internal discussion thereof; Correspondence NBIN re: deposits from Spectrum; Attend HSBC to pick up bank draft and correspondence thereafter with HSBC; Various correspondence and review of condition fulfillment with Sotheby's; Correspondence counsel re: same.
April 23, 2018	Jason Knight	1.20	Phone conversation with Richardson GMP re: tax slips; Phone conversation with team re: discussions with Richardson GMP; Review correspondence from team re: investor correspondence; Draft correspondence to an investor re: repayment proposal; Review correspondence re: Mount Nemo.
April 23, 2018	Jonathan Krieger	0.60	Discussions with team re: matters related to litigation, options available re: funding and carriage.
April 23, 2018	Rosa Wilford	1.30	Prepare receipt requisition form; Post entries; General banking administration; Review internal email instructions re Banking.
April 24, 2018	Arsheel Muhit	3.10	Correspondence with 13 investors re: transfer of assets, current status of funds and general inquiries.
April 24, 2018	Bruce Bando	5.50	Begin drafting the Third Report; Internal discussion on specific investor inquiries; Correspondence and conference call with counsel re: BDO matters followed by related correspondence; Correspondence with the OSC; Correspondence with Advanced Metals; Correspondence with Spectrum regarding mortgage payout; Correspondence with counsel on trademarks.
April 24, 2018	Jonathan Krieger	1.00	Call with counsel re: matters related to litigation alternatives, recovery considerations.
April 24, 2018	Rosa Wilford	0.50	General filing administration.

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Date	Full Name	Hours	Detail
April 25, 2018	Arsheel Muhit	2.10	Correspondence with investors re: general inquiries, tax issues and accessing funds.
April 25, 2018	Bruce Bando	4.70	Continue with the report and appendix; Investor matters.
April 25, 2018	Rosa Wilford	0.20	General filing administration.
April 26, 2018	Bruce Bando	2.00	Investor inquiries and refer to the team; Continue with the report and correspondence Sotheby's; Correspondence counsel re: same.
April 26, 2018	Jason Knight	0.40	Review investor email correspondence and discuss same internally.
April 27, 2018	Arsheel Muhit	1.80	Correspondence with investors re: account inquiries, tax issues and updates on funds.
April 27, 2018	Bruce Bando	1.90	Internal discussion and correspondence various investor inquiries, Dome Mountain matters, SS&C and T3's; Correspondence with Xynergy regarding current figures; Correspondence from Spectrum regarding mortgage in default.
April 27, 2018	Jason Knight	1.10	Phone conversation with investor re: US Real Estate LP and examinations of individuals; Draft email correspondence to investor re: tax inquiry; Internal discussions re: investor correspondence.
April 27, 2018	Jonathan Krieger	0.50	Correspondence re: matters related to litigation; Correspondence re: matters related to monetization of assets.
April 28, 2018	Bruce Bando	2.50	Continue with the Third Report; Correspondence with Canadian Art Department and review thereof in regards to selling paintings; Correspondence with counsel regarding Dome Mountain, 156 and 647 demands and review thereof; Correspondence with Sotheby's regarding the report; Correspondence counsel regarding the report.

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Date	Full Name	Hours	Detail
April 30, 2018	Bruce Bando	3.70	Correspondence with Spectrum regarding a mortgage in default; Various correspondence and discussions with counsel regarding tax reporting and IFDS; Various correspondence and discussion with counsel regarding Solid Holdings; Various correspondence and discussions with Sotheby's regarding the report; Review and amend report; Review correspondence from Xynergy regarding the NFL contracts; Internal discussion regarding investor correspondence and file in general.
April 30, 2018	Jason Kanji	1.50	Meeting with the team; review latest notices and court reports.
April 30, 2018	Jason Knight	5.10	Draft section in Third Report and compile appendices re: same; Review Third Report and revise same; Draft internal correspondence re: Third Report; Review correspondence received re: Solid Holdings and provide instructions to counsel re: same; Phone discussion re: Medical Fund and Richardson GMP's request for tax slips.
April 30, 2018	Rosa Wilford	0.75	Review internal email instructions re Banking; Review account; Prepare disbursement requisition form; Post entries; Issue cheque.
May 1, 2018	Arsheel Muhit	0.50	Internal meeting re: status of file.
May 1, 2018	Bruce Bando	5.00	Continue with report, including review of black line from counsel; Various discussions, correspondence and review of information from Sotheby's; Correspondence with counsel regarding the examination of A. Housego; Correspondence BCSC thereof; DeLage discharge matters; Correspondence and discussion with the OSC; Solid Holdings matters to include correspondence from counsel; Review draft statement of claim; Review correspondence to an individual with a loan and amend thereof; Correspondence with Spectrum on mortgage discharge; Conference call with Spectrum regarding mortgage in default; Review draft response to investor.
May 1, 2018	Jason Kanji	1.50	Meeting with the team; review latest notices and court reports.

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Date	Full Name	Hours	Detail
May 1, 2018	Jason Knight	3.80	Prepare for and attend conference call with Enliven re: Mortgage Fund; Draft proposal to an investor re: repayment of loan outstanding; Internal correspondence with team re: items outstanding and investor correspondence received; Review draft statement of claim prepared by counsel re: BDO; Review counsel's comments and revisions to the Third Report; Draft correspondence to investor re: various questions regarding the administration of the receivership and the Novo Warrants.
May 1, 2018	Jonathan Krieger	1.20	Correspondence re: matters related to Receiver's report; Correspondence re: matters related to litigation; Review of draft materials.
May 1, 2018	Rosa Wilford	0.30	General banking and filing administration; Update GIC term deposit schedule.
May 1, 2018	Valerie Naccarato	0.10	General banking administration.
May 2, 2018	Arsheel Muhit	0.25	Correspond with investor re: NBIN account contents and status update on certain funds.
May 2, 2018	Bruce Bando	6.30	Conference call and various discussions and correspondence regarding the report; Prepare for and attend conference call with Solid Holdings followed by discussion with counsel thereafter; Various correspondence with Sotheby's; Review draft BDO statement claim and amendment thereto followed by correspondence with counsel; Various correspondence Meridian regarding discharge of security; Review and amend draft correspondence to investor; Correspondence with counsel regarding examinations; Service list matters; Review Notice of Motion and Factum; Correspondence with counsel thereafter.

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Date	Full Name	Hours	Detail
May 2, 2018	Jason Knight	6.30	Review Froese examination materials; Prepare for and attend conference call with counsel to discuss the Third Report; Prepare for and attend conference call re: Solid Holdings and conduct debrief call with counsel re: same thereafter; Discuss investor correspondence received and draft revised correspondence incorporating internal comments; Review counsel's comments re: Third Report; Revise Third Report and include additional comments re: the structure of the Medical Receivable Contracts; Compile appendices and confidential appendices for Third Report and discuss same internally; Review and revise multiple versions of the Third Report to finalize same.
May 2, 2018	Jonathan Krieger	1.30	Review of draft report and comments thereto; Correspondence with team re: statement of claim.
May 3, 2018	Bruce Bando	2.60	To all matters regarding the finalization of the Third Report and court materials to include internal discussions and correspondence with counsel; Various correspondence from counsel regarding BDO statement of claim; Tend to investor inquiry.
May 3, 2018	Jason Knight	3.10	Phone conversation with investor re: various items including examinations and US Real Estate LP; Finalize and coordinate release of Third Report and the service of same; Internal discussions re: draft email correspondence to investor re: various items; Provide tax information to investor requesting same; Phone conversation with third party investment advisor re: tax matters; Correspondence with an investor re: payment required to Mortgage Fund; Internal discussions re: Mount Nemo and other matters; Administer case website.
May 3, 2018	Jonathan Krieger	1.00	Final review and sign off on report; Correspondence with team thereto.
May 3, 2018	Rosa Wilford	0.85	Follow internal instructions from team re Banking; Review ledger, transfer funds, prepare receipt and disbursement requisition forms, post entries and issue cheque.

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Date	Full Name	Hours	Detail
May 4, 2018	Arsheel Muhit	0.75	Correspond with investors re: Crystal Wealth updates, accessing funds and upcoming distributions.
May 4, 2018	Bruce Bando	2.00	Review and amend Notice to Investors followed by various correspondence with counsel; Review and amend correspondence to investors in specific inquiries; Correspondence Fintage et al; Report and service matters.
May 4, 2018	Jason Knight	1.70	Draft notice to investors re: Third Report and discuss same internally; Draft email response to investor re: various items; Correspondence with counsel re: notice to investors; Revise correspondence to investor email and send same.
May 4, 2018	Rosa Wilford	1.10	Review various estate bank accounts and reconcile multiple April statements.
May 4, 2018	Valerie Naccarato	0.10	Deposit at bank.
May 7, 2018	Arsheel Muhit	1.10	Correspondence with investors re: update on funds and potential second distribution.
May 7, 2018	Jason Knight	0.70	Revise and finalize notice to investors and provide instructions internally to team re: the release of same; Internal discussions re: investor correspondence received; Administer case website.
May 7, 2018	Rosa Wilford	0.25	Prepare receipt requisition form; Post entries; General banking administration.
May 7, 2018	Valerie Naccarato	0.10	Deposit at bank.
May 8, 2018	Jason Knight	1.60	Perform analysis on Mortgage Fund investments and draft response to investor inquiry re: same; Attend conference call with external tax preparer re: T3 returns and outstanding items re: same; Draft letter to CRA re: Copy 1 of T3 tax returns and compile the documentation to be included in the package; Correspondence re: Mount Nemo Property.
May 8, 2018	Jonathan Krieger	0.50	Correspondence re: next Court date, Correspondence re: notice to creditors; Correspondence re: remaining assets.

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Date	Full Name	Hours	Detail
May 9, 2018	Bruce Bando	0.80	Various correspondence with counsel regarding trademarks; Various investor correspondence and review thereof; Correspondence and discussion with BCSC.
May 9, 2018	Jason Knight	0.20	Review changes to draft email to investor and send same to investor; Internal discussions re: Fourth Report and timing of same.
May 9, 2018	Rosa Wilford	1.10	Review various banking reports; Reconcile April term deposits; Approve monthly estate balances.
May 10, 2018	Bruce Bando	0.80	General file management; Discussion regarding next report; Correspondence from Frontline; Review correspondence from the Government of Alberta and forward to counsel; Various correspondence Waddingtons.
May 10, 2018	Jason Knight	0.30	Draft correspondence to investor re: status of next interim distribution and the Third Report; Review correspondence received from NBIN and draft correspondence responding to same.
May 11, 2018	Bruce Bando	3.25	Discussion with counsel re: Government of Alberta correspondence; Correspondence regarding Dome Mountain demand; Internal discussion regarding the report; Commence review of examination transcripts.
May 11, 2018	Jason Knight	1.90	Phone conversations with investors re: matters with respect to the Factoring Fund and Hedge Fund; Draft correspondence to insurance broker re: Mount Nemo Property and internal discussion re: same; Internal discussions re: Factoring Contract and the flow of funds.
May 14, 2018	Arsheel Muhit	0.75	Correspond with investors re: as requested by NBIN.
May 14, 2018	Bruce Bando	3.00	Prepare for and attend Court; Various discussions and correspondence with counsel thereafter; Review Third Report Supplement.

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Date	Full Name	Hours	Detail
May 14, 2018	Jason Knight	6.10	Review monthly invoice for NBIN and allocate same amongst the Funds; Draft correspondence to NBIN re: allocation of April 2018 invoice; Review Third Report Supplement and correspondence internally re: same; Prepare Fund accounting summary to outline activity in the ACM Funds and the Sustainable Dividend Fund.
May 14, 2018	Jason Knight	0.30	Discussion with insurance provider; Review and approve invoices (insurance and property maintenance) for payment.
May 14, 2018	Jonathan Krieger	1.60	Correspondence with team re: Court attendance; Review and finalize supplemental court report; Correspondence and discussions with counsel;
May 14, 2018	Rosa Wilford	1.80	Review internal email instructions re Banking; Prepare receipt and disbursement requisition forms; Post entries; Issue cheques; Review monthly trustee banking summary report; Post accrued interest.
May 15, 2018	Arsheel Muhit	1.60	Correspondence with investors re: updates to funds, media fund distribution and upcoming report to court; Correspondence with Hydro and Gas utilities re: cancellation of services following sale of property; Payment of invoices from Burlington Hydro.
May 15, 2018	Bruce Bando	1.50	Mortgage discharge matters; Court matters; Various correspondence regarding the closing of the Mount Nemo sale and related cessation of services; Correspondence with Sotheby's.
May 15, 2018	Jason Knight	1.90	Prepare for and attend Court re: Approval and Vesting Orders re: Mount Nemo, SSI, and Geodata; Draft correspondence to Xynergy re: vesting order; Phone conversation with investor re: various matters.

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Date	Full Name	Hours	Detail
May 15, 2018	Jason Knight	1.20	Correspondence with team re: closing documents for Mount Nemo; Prepare and coordinate documentation re: closing of Mount Nemo; Correspondence with utilities and insurance providers re: closing of accounts and transition of services.
May 15, 2018	Jonathan Krieger	0.90	Review of documentation re: Mount Nemo closing; Execution of documents re: matters related to Mount Nemo; Correspondence with team thereto; Execution of documents re: matters related to Mount Nemo; Correspondence with team thereto.
May 16, 2018	Arsheel Muhit	0.25	Correspondence with CRA regarding an investor.
May 16, 2018	Bruce Bando	1.30	Correspondence with counsel re: BDO and review files; Correspondence counsel re: Alberta registration; Review mortgage default correspondence from Spectrum; Various correspondence regarding the sale of Mount Nemo and closing thereof.
May 16, 2018	Jason Knight	0.70	Internal correspondence re: investor emails received; Review correspondence and supporting documents received from counsel re: BDO.
May 16, 2018	Rosa Wilford	0.75	Prepare receipt and disbursement requisition forms; Post deposit and payment entries and issue cheque.
May 16, 2018	Valerie Naccarato	0.10	Deposit at bank.
May 17, 2018	Bruce Bando	1.80	Respond to an inquiry from the OSC; Proof of claim matters with Spectrum; Correspondence with Restoration Energy; Correspondence with Spectrum regarding files in litigation; Review correspondence regarding BDO matters; Review and amend correspondence to an investor.
May 17, 2018	Jason Knight	1.10	Internal correspondence re: investor email received; Draft response to email correspondence received from previous investment advisor; Phone conversation with Spectrum re: proof of claim re: mortgage; Complete proof of claim form and provide same to Spectrum; Review weekly reporting provided

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Date	Full Name	Hours	Detail
			by Spectrum re: Residential Mortgages.
May 17, 2018	Valerie Naccarato	0.20	General banking administration.
May 18, 2018	Bruce Bando	0.40	Various correspondence with counsel regarding various closing matters; Correspondence with Sotheby's re: same.
May 18, 2018	Jason Knight	0.40	Review correspondence re: Mount Nemo Property closing; Provide directions to put together wire instructions for funds.
May 18, 2018	Jason Knight	3.80	Prepare Fund Accounting summary for Fourth Report.
May 22, 2018	Arsheel Muhit	1.10	Correspondence with investors re: general inquiries and upcoming court attendance.
May 22, 2018	Bruce Bando	5.20	Various internal correspondence and discussion regarding trust account and NBIN transfers; Prepare and attend conference call with AGB LLP; Review various transcripts of examinations in preparation of the next report; Correspondence NBIN regarding Spectrum deposit; Discussion with counsel regarding Restoration Energy; Correspondence with counsel regarding Mount Nemo closing.
May 22, 2018	Jason Knight	3.80	Internal discussions re: wire transfers re: Pond and other receipts received to Receiver's trust accounts; Prepare for and attend conference call with counsel and AGB LLP re: BDO; Prepare documents and instructions for outgoing wire transfers; Review and reconcile Media Fund trust account and provide instructions to transfer funds remaining in same to NBIN accounts; Prepare Fund accounting reconciliation schedules.
May 22, 2018	Jonathan Krieger	0.90	Correspondence re; matters related to banking and flow of funds; Conference call with counsel re: litigation and options thereto.

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Date	Full Name	Hours	Detail
May 22, 2018	Rosa Wilford	3.50	Review various internal email instructions; Review bank accounts and GIC's; Respond to emails; Draft letters; Prepare disbursement and receipt requisition forms; Prepare wire transfers; Email correspondences to and from Bank for redemptions of GIC's, and authorization of transfer; Posting entries; Email team. General banking and filing administration.
May 23, 2018	Bruce Bando	2.30	Review transfer documentation and discussions thereof; Correspondence with NBIN re: same; Correspondence with Home Trust; Review information for the report and internal discussion thereof.
May 23, 2018	Jason Knight	2.20	Internal discussions re: wire transfers to NBIN and accounting for funds received re: Mount Nemo; Draft Fourth Report and prepare Fund Reconciliations.
May 23, 2018	Rosa Wilford	3.00	Review internal instructions re Banking; Correspondences with Bank; Review print screens for expecting wire; Prepare receipt and disbursement requisition forms; Post entries; Email team notification of wire: General banking administration.
May 24, 2018	Bruce Bando	2.00	Various correspondence to counsel to the examinee's regarding undertakings and other documentation required to be provided; Internal discussion regarding the report; Various correspondence with Home Trust re: payout and arrange same.
May 24, 2018	Jason Knight	2.90	Internal discussions re: Fourth Report; Draft Fourth Report and update Fund Reconciliation workbook.
May 24, 2018	Rosa Wilford	1.75	Review internal emails from team re Banking; Review banking; Draft Bank letter; Prepare wire transfer; Email correspondences to and from Bank for authorization of transfer; Posting entries; Email team. General banking and filing administration.
May 25, 2018	Bruce Bando	1.00	Review various investor correspondence and discussions thereof; Redirection of mail matters; Correspondence with counsel regarding

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Date	Full Name	Hours	Detail
			corporate registration.
May 25, 2018	Jason Knight	1.10	Draft email response to correspondence received from investor and discuss same internally; Prepare allocation of release of interim distribution to an investor, discuss same internally, and draft correspondence to NBIN re: same; Correspondence with the investor re: release of interim distribution.
May 25, 2018	Rosa Wilford	0.65	General banking and filing administration.
May 26, 2018	Jason Knight	1.20	Draft Fourth Report
May 28, 2018	Bruce Bando	2.00	Internal discussion regarding the report; Correspondence re: redirection of mail; Correspondence re: Restoration Energy; Correspondence to an investor; Review documents related to undertakings from A. Housego and correspondence with counsel re: same.
May 28, 2018	Jason Knight	5.20	Prepare reconciliations for the Fourth Report; Draft Fourth Report; Draft analysis re: transfer of funds; Draft Second Interim Distribution analysis.
May 28, 2018	Jonathan Krieger	0.50	Correspondence from investors re: administration; Correspondence from counsel re: matters related to OSC, considerations re: litigation; Correspondence from investors re: administration; Correspondence from counsel re: matters related to OSC, considerations re: litigation.
May 29, 2018	Bruce Bando	3.00	Review correspondence and files regarding investor inquiries; Correspondence with NBIN regarding distribution and transfers; Review and internal discussions regarding report and worksheets for each fund; Various correspondence with Spectrum regarding a mortgage discharge and review thereof as well as a another mortgage matter.

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Date	Full Name	Hours	Detail
May 29, 2018	Jason Knight	2.20	Draft correspondence to investor re: status of interim distribution; Internal discussions re: second interim distribution and workbook to calculate same; Prepare reconciliations; Provide instructions to NBIN re: wire transfers and interim distribution to an investor; Review correspondence from Spectrum re: specific mortgages.
May 30, 2018	Bruce Bando	1.30	Correspondence with counsel regarding call with counsel of Alberta examinees; Review retainer letter from AGB LLP; Correspondence with NBIN re: deposit and internal correspondence thereof; Various investor matters.
May 30, 2018	Jason Knight	1.30	Internal correspondence re: Fourth Report; Draft correspondence to investors and discuss same internally; Draft Fourth Report.
May 30, 2018	Rosa Wilford	1.00	Review internal email instructions; review banking and GIC's; Draft letter to Bank for full redemption of GIC; Prepare receipt; Prepare transfer disbursement requisition form and Bank letter; Email correspondences to and from Bank; Post deposit and disbursement entries; Review and print reports; Email team; General banking and filing administration.
May 31, 2018	Arsheel Muhit	2.10	Correspondence with investors re: status of funds and update on upcoming report.
May 31, 2018	Bruce Bando	2.00	Various correspondence Spectrum regarding mortgage payouts and those under litigation; Internal discussion regarding investor inquiries and the report; Prepare for and attend a conference call with counsel regarding the BDO matter; Begin review undertakings of A. Housego; Review amended engagement letter re: AGB LLP.
May 31, 2018	Jason Knight	7.10	Draft response to investor email correspondence received; Draft Fourth Report and Fund Reconciliation workbook to reconcile cash balances to May 31, 2018 NBIN bank statements.

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Date	Full Name	Hours	Detail
May 31, 2018	Jonathan Krieger	0.60	Correspondence from investors re; matters related to status of proceedings.

Time Summary

J. Krieger, Sr. Vice President	19.20 hours @	\$595.00	per hour \$	11,424.00
M. Zimnicki, Tax Partner	7.50 hours @	\$725.00	per hour \$	5,437.50
B. Bando, Vice President	228.65 hours @	\$550.00	per hour \$	125,757.50
P. Anianov, Tax Senior Manager	35.55 hours @	\$555.00	per hour \$	19,730.25
J. Knight, Manager	131.80 hours @	\$295.00	per hour \$	38,881.00
R. Wilford, Manager	33.20 hours @	\$260.00	per hour \$	8,632.00
A. Muhit, Senior Associate	58.50 hours @	\$235.00	per hour \$	13,747.50
D. Katila, Analyst	42.45 hours @	\$230.00	per hour \$	9,763.50
S. Zive, Senior Associate	11.50 hours @	\$180.00	per hour \$	2,070.00
J. Kanji, Senior Associate	3.00 hours @	\$175.00	per hour \$	525.00
V. Naccarato, Analyst	3.20 hours @	\$130.00	per hour \$	416.00
	<u>574.55</u>		\$	<u>236,384.25</u>
Technology and Administration			\$	<u>11,819.21</u>
			\$	<u>248,203.46</u>
Disbursements				
Courier			\$	774.99
Travel			\$	<u>1,956.07</u>
			\$	<u>2,731.06</u>
Subtotal time and disbursements			\$	250,934.52
HST			\$	<u>32,621.49</u>
Total Invoice			\$	<u>283,556.01</u>

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

Tab B

Exhibit "B" to the Affidavit of Bruce Bando,
sworn before me this 19th day of July, 2018.



Commissioner for Taking Affidavits, etc.

Fiddle-Ann Lakaram,
a Commissioner, etc., Province of Ontario,
For Grant Thornton Limited.
Expires March 30, 2020.

Crystal Walth Management System Limited

Summary of Fees of the Receiver

For the period from October 1, 2017 to May 31, 2018

Period	Hours	Fees	Disbursements	Subtotal	HST	Total
October 1, 2017 to November 30, 2017	632	\$ 229,283.78	73.59	\$ 229,357.37	\$ 29,816.46	\$ 259,173.83
December 1, 2017 to January 31, 2018	408	\$ 153,091.05	7,234.52	\$ 160,325.57	\$ 20,842.33	\$ 181,167.90
February 1-28, 2018	173.85	\$ 70,490.70	\$ 62.79	\$ 70,553.49	\$ 9,171.95	\$ 79,725.44
March 1, 2018 to May 31, 2018	574.55	\$ 248,203.46	\$ 2,731.06	\$ 250,934.52	\$ 32,621.49	\$ 283,556.01
Total	1788.40	\$ 701,068.99	10,101.96	711,170.95	92,452.23	\$ 803,623.18
Average hourly rate	392.01					

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

AFFIDAVIT OF JONATHAN KRIEGER

AIRD & BERLIS LLP

Barristers and Solicitors
Brookfield Place
Suite 1800, 181 Bay Street
Toronto, ON M5J 2T9

Steven L. Graff

Tel: (416) 865-7726
Fax: (416) 863-1515
Email: sgraff@airdberlis.com

Mark van Zandvoort

Tel: (416) 865-4742
Fax: (416) 863-1515
Email: mvanzandvoort@airdberlis.com

Kyle Plunkett

Tel: (416) 865-3406
Fax: (416) 863-1515
Email: kplunkett@airdberlis.com

Lawyers for the Court-Appointed Receiver

TAB 101

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

**AFFIDAVIT OF MARK VAN ZANDVOORT
(sworn July 10, 2018)**

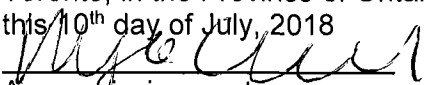
I, MARK VAN ZANDVOORT, of the City of Oakville, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a lawyer at Aird & Berlis LLP and, as such, I have knowledge of the matters to which I hereinafter depose. Aird & Berlis LLP is acting as counsel for Grant Thornton Limited, in its capacity as the Court-appointed receiver and manager (in such capacities, the "**Receiver**"), without security, of: (i) all of the assets, undertakings, and properties of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"); and (ii) the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**").

2. Aird & Berlis LLP has prepared statements of account in connection with its mandate as counsel to the Receiver, detailing its services rendered and disbursements incurred, namely:
- (a) an account dated November 8, 2017 in the amount of \$121,293.49 in respect of the period from September 21, 2017 to October 31, 2017;
 - (b) an account dated December 18, 2017 in the amount of \$152,705.37 in respect of the period from April 7, 2017 to December 13, 2017;
 - (c) an account dated January 24, 2018 in the amount of \$96,437.88 in respect of the period from December 9, 2017 to January 23, 2018;
 - (d) an account dated February 27, 2018 in the amount of \$85,062.57 in respect of the period from January 22, 2018 to February 20, 2018;
 - (e) an account dated March 30, 2018 in the amount of \$117,533.40 in respect of the period from February 19, 2018 to March 30, 2018; and
 - (f) an account dated May 31, 2018 in the amount of \$138,360.24 in respect of the period from February 26, 2018 to May 31, 2018.

(together, the "**Statements of Account**"). Attached hereto and marked as **Exhibit "A"** to this Affidavit are copies of the Statements of Account. The average hourly rate of Aird & Berlis LLP is \$456.92.

3. Attached hereto and marked as **Exhibit "B"** to this Affidavit is a chart detailing the lawyers, law clerks, librarian, and articling and summer students who have worked on this matter.
4. This Affidavit is made in support of a motion to, *inter alia*, approve the Statements of Accounts of Aird & Berlis LLP and the fees and disbursements detailed therein, and for no improper purpose whatsoever.

SWORN before me at the City of)
 Toronto, in the Province of Ontario)
 this 10th day of July, 2018)
)
 A commissioner, etc.


 MARK VAN ZANDVOORT

Meghan Cowan

Tab A

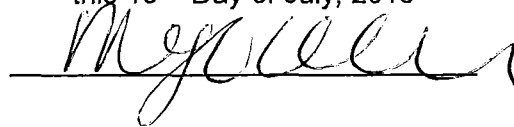
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF MARK VAN ZANDVOORT

Sworn before me

this 10TH Day of July, 2018

A handwritten signature in cursive script, appearing to read 'M. J. Miller', is written over a horizontal line.

Commissioner for taking Affidavits, etc

IN ACCOUNT WITH:

AIRD BERLIS

Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Ontario, Canada M5J 2T9
 T 416.863.1500 F 416.863.1515
 airdberlis.com

Grant Thornton Limited
 200 King Street West, 11th Floor
 Toronto, ON
 M5H 3T4

Attention: Mr. Jonathan Krieger

Account No.: 580388

PLEASE WRITE ACCOUNT NUMBERS
 ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

November 8, 2017

Re: Receivership of Crystal Wealth Management System Limited, et al

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended October 31, 2017

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
KRC	21/09/17	\$615.00	0.10	\$61.50	Emails regarding security interest in IP
TSJ	01/10/17	\$295.00	5.20	\$1,534.00	Follow up research re: certain creditor claims; Draft detailed summary memorandum re: same
JKM	01/10/17	\$550.00	0.20	\$110.00	Review [REDACTED] APA
TSJ	02/10/17	\$295.00	3.20	\$944.00	Print and flag case law; Finalize and deliver memo; Telephone call re: same with M. van Zandvoort; Prepare for and attend meeting with GTL team
JKM	02/10/17	\$550.00	0.40	\$220.00	Review [REDACTED] Purchase Agreement; Email to M. van Zandvoort re same
MJVZ	02/10/17	\$425.00	3.60	\$1,530.00	Review T. Jones memorandum and associated jurisprudence concerning receivership matters and creditor claims in preparation for meeting with Receiver and A&B today; Conference call and meeting with T. Jones concerning same; Review comments on offers from J. Wainwright and J. Merk and emails regarding same; Preparing discussion points for meeting with GT on agenda topics; Review email from A. Davids

AIRD & BERLIS LLP
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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	02/10/17	\$425.00	0.20	\$85.00	Receive and review proposed form of Extension Order from OSC; Email to Receiver concerning same; Email from C. Weiler and C. Smith
MJVZ	02/10/17	\$425.00	0.20	\$85.00	Meeting with S. Graff in preparation for meeting with Receiver
MJVZ	02/10/17	\$425.00	1.70	\$722.50	Meeting with A&B and Grant Thornton regarding Sales Process
MJVZ	02/10/17	\$425.00	3.00	\$1,275.00	Preparation of communications to OSC and prospective bidders/managers and emails and conference call with Receiver and T. Jones regarding Frontline interview; Emails to S. Graff concerning proposed communications to prospective bidders/managers regarding Sales Process
JAW	02/10/17	\$695.00	1.20	\$834.00	Review agreement; Draft comments re: same; Telephone call with J. Merk; Follow-up emails
SLG	03/10/17	\$775.00	2.80	\$2,170.00	Review issues; Review research and memos; Discussion with M. van Zandvoort and T. Jones; Meeting with Grant Thornton to discuss course of action; Review [REDACTED] and Bron offer
SLG	03/10/17	\$775.00	1.00	\$775.00	Review draft communication to OSC and to prospective purchasers and to investors; Telephone call with B. Meyerowitz; Telephone call with M. van Zandvoort; Discussion re: Frontline call and next steps
TSJ	03/10/17	\$295.00	1.50	\$442.50	Revise summary spreadsheet of factoring invoices; Email same to M. van Zandvoort; Telephone call with Grant Thornton and Frontline
MJVZ	03/10/17	\$425.00	5.00	\$2,125.00	Review of Frontline materials (agreements, security summary, weekly reportings) and preparation of questions for conference call with Receiver and J. Froese of Frontline regarding Factoring/Hedge Funds; Emails with T. Jones instructing regarding revisions to summary spreadsheet; Emails with Receiver in preparation of call

AIRD & BERLIS LLP
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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	03/10/17	\$425.00	0.10	\$42.50	Email from A. Davids regarding delivery of funds; Email from Receiver regarding same regarding Media Fund
MJVZ	03/10/17	\$425.00	0.10	\$42.50	Receive and review registrar order regarding OSC proceedings and email to Receiver regarding same
MJVZ	03/10/17	\$425.00	0.10	\$42.50	Emails with A. Gebert regarding updates to Hedge/Factoring agreement and security charts
MJVZ	03/10/17	\$425.00	0.70	\$297.50	Preliminary review of invoice summaries received from Frontline today in preparation of conference call
MJVZ	03/10/17	\$425.00	1.50	\$637.50	Conference call with Frontline, Receiver and T. Jones
MJVZ	03/10/17	\$425.00	0.40	\$170.00	Conference call with Receiver regarding proposed Notice to Investors; Revise and email same to S. Graff for comments
MJVZ	03/10/17	\$425.00	0.10	\$42.50	Follow-up conference call with B. Bando regarding Factoring/Hedge Funds
MJVZ	03/10/17	\$425.00	0.70	\$297.50	Email to S. Graff regarding communication to short-listed bidders/managers and to OSC; Review S. Graff comments concerning same and conference call with S. Graff concerning same and regarding proposed Notice to Investors regarding Sales Process
MJVZ	03/10/17	\$425.00	0.80	\$340.00	Revise proposed responses to OSC, to short-listed bidders/managers and Notice to Investors; Email same to Receiver
MJVZ	03/10/17	\$425.00	2.00	\$850.00	Review correspondence from Receiver concerning proposed responses to OSC, to short-listed bidders/managers and Notice to Investors; Conference call with S. Graff regarding same; Revise and finalize proposed responses to OSC, to short-listed bidders/managers and Notice to Investors and further emails with S. Graff and Receiver concerning and to finalize same

AIRD & BERLIS LLP
PAGE 4 OF ACCOUNT No. 580388

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
AEG	04/10/17	\$295.00	0.30	\$88.50	Review of factoring agreements and related security; Prepare summary of same; Email correspondence re IP Security Agreement re Ponds
SLG	04/10/17	\$775.00	1.00	\$775.00	Conference call with Grant Thornton and M. van Zandvoort re: Zomongo TV and position
SLG	04/10/17	\$775.00	0.30	\$232.50	Amend all notices re: sale process
SLG	04/10/17	\$775.00	0.80	\$620.00	Telephone call with Stikeman Elliott to address offer from [REDACTED] and sale process and steps taken
TSJ	04/10/17	\$295.00	0.70	\$206.50	Review email chain between M. van Zandvoort and Grant Thornton; Correspondence with Frontline; Download and file documentation from Frontline
MJVZ	04/10/17	\$425.00	0.60	\$255.00	Review Master Medical Receivables agreement in preparation for discussion with Receiver concerning same and drop box materials in connection with same
MJVZ	04/10/17	\$425.00	0.20	\$85.00	Emails with Receiver and to prospective managers and to J. Merk and J. Wainwright
MJVZ	04/10/17	\$425.00	0.20	\$85.00	Emails with prospective manager, counsel, Receiver and S. Graff
MJVZ	04/10/17	\$425.00	0.70	\$297.50	Emails with A. Gebert regarding additional documentation received regarding Frontline regarding Factoring/Hedge Funds; Review additional documentation received from Frontline yesterday in anticipation of conference call with Frontline and Zomongo
MJVZ	04/10/17	\$425.00	0.90	\$382.50	Emails with J. Knight and J. Froese regarding Zomongo conference call; Review drop box materials provided by J. Froese today in preparation for conference call with Zomongo; Preparation of question for call
MJVZ	04/10/17	\$425.00	0.70	\$297.50	Review of Factoring Procurement and Administration Agreement, summaries provided and Dome Administrations Agreement further to conference call with

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					J. Froese yesterday; Emails with S. Graff and T. Jones regarding same
MJVZ	04/10/17	\$425.00	0.60	\$255.00	Conference call with S. Graff, J. Froese, J. Knight and T. Barnes; Follow-up conference call with S. Graff regarding Factoring/Hedge Funds
MJVZ	04/10/17	\$425.00	0.10	\$42.50	Emails with S. Graff regarding Factoring/Hedge Fund meeting
MJVZ	04/10/17	\$425.00	0.60	\$255.00	Conference call with S. Graff regarding Notice to Investors; Revise same and email same to Receiver
MJVZ	04/10/17	\$425.00	0.80	\$340.00	Email from Receiver with comments concerning Notice; Review First Report and revise same; Emails with Receiver attaching final Notice
MJVZ	04/10/17	\$425.00	0.10	\$42.50	Review emails from J. Knight and Bron regarding Media Fund
AEG	05/10/17	\$295.00	1.90	\$560.50	Review of factoring agreement and related security documents re Zomongo.TV Corp. re Hedge Fund; Prepare summary re the same; Email correspondence with S. Morris, M. van Zandvoort re PPSA registrations
SLG	05/10/17	\$775.00	0.70	\$542.50	Discussion with M. van Zandvoort; review Frontline memo and summary; review claims; telephone call with M. van Zandvoort; consider course of action
SLG	05/10/17	\$775.00	1.00	\$775.00	Telephone call with L. Pilon re issues with [REDACTED] Agreement and consider strategies and issues re agreement
TSJ	05/10/17	\$295.00	0.20	\$59.00	Review Frontline agreements; Discuss same with M. van Zandvoort
SRM	05/10/17	\$350.00	0.30	\$105.00	Order, review and report on PPSA search against Zomongo.tv Holdings
MES	05/10/17	\$395.00	0.10	\$39.50	Receive and review email from M. Lewis regarding registration of notice of IP assignment

AIRD & BERLIS LLP
PAGE 6 OF ACCOUNT NO. 580388

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	05/10/17	\$425.00	0.10	\$42.50	Email to B. Bando regarding Media Fund and to T. Jones regarding Factoring Fund
MJVZ	05/10/17	\$425.00	0.20	\$85.00	Conference call with S. Graff regarding Sales Process and Factoring/Hedge Fund meeting
MJVZ	05/10/17	\$425.00	4.10	\$1,742.50	Prepare analysis in preparation for meeting with S. Graff regarding Frontline and Factoring/Hedge Funds and email same to S. Graff
MJVZ	05/10/17	\$425.00	0.10	\$42.50	Email from C. Weiler regarding Sales Process
MJVZ	05/10/17	\$425.00	1.80	\$765.00	Review of Media Fund summaries in connection with same and inquiry raised by C. Weiler
MJVZ	05/10/17	\$425.00	0.70	\$297.50	Review of Factoring GSAs and emails with A. Gebert and S. Morris regarding registrations
MJVZ	05/10/17	\$425.00	0.30	\$127.50	Conference call and meeting with S. Graff regarding Factoring indebtedness
MJVZ	05/10/17	\$425.00	0.20	\$85.00	Conference call with B. Bando regarding Sales Process
MJVZ	05/10/17	\$425.00	0.50	\$212.50	Conference calls with S. Graff regarding Sales Process and email from J. Krieger and with S. Graff regarding same
SLG	06/10/17	\$775.00	0.50	\$387.50	Review emails from M. van Zandvoort re review of Zumongo docs; review of LOI; consider offer and approach; considerations re interim distribution
SLG	06/10/17	\$775.00	0.30	\$232.50	Telephone call with B. Meyerowitz re status and issues
SRM	06/10/17	\$350.00	0.20	\$70.00	E-mails from and to M. van Zandvoort; Order updated PPSA search
MES	06/10/17	\$395.00	0.20	\$79.00	Receive and review emails from A. Gebert, K. Clark regarding registration of security interest

AIRD & BERLIS LLP
PAGE 7 OF ACCOUNT NO. 580388

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	06/10/17	\$425.00	1.30	\$552.50	Draft email to Frontline and review of relevant documentation in connection with same; Email to J. knight regarding Factoring Fund
MJVZ	06/10/17	\$425.00	0.10	\$42.50	Conference call with S. Graff regarding Sales Process
MJVZ	06/10/17	\$425.00	0.20	\$85.00	Conference call with J. Knight regarding Sales Process
MJVZ	06/10/17	\$425.00	0.20	\$85.00	Draft correspondence for J. knight to send to offeror; Email to J. Knight regarding same; Email from J. Knight regarding same
MJVZ	06/10/17	\$425.00	1.80	\$765.00	Email from T. Jones regarding additional documentation received from Frontline regarding Zomongo; Review of same and email to S. Graff regarding same regarding Factoring/Hedge Funds
MJVZ	06/10/17	\$425.00	0.10	\$42.50	Receive and review Zomongo proposed LOI regarding Factoring/Hedge Funds
MJVZ	06/10/17	\$425.00	0.20	\$85.00	Emails and conference call with J. Knight regarding Zomongo (Factoring/Hedge Fund)
MJVZ	06/10/17	\$425.00	0.50	\$212.50	Emails from and to S. Graff concerning Zomongo proposal and providing and advising of financials provided
MJVZ	06/10/17	\$425.00	0.60	\$255.00	Conference call with B. Bando and J. Knight regarding General Receivership matters; Follow-up email to S. Graff regarding same
MJVZ	06/10/17	\$425.00	0.10	\$42.50	Telephone call to J. Knight regarding Zomongo
KRC	09/10/17	\$615.00	0.10	\$61.50	Instructions to R. Nicholas regarding document recordal
AEG	10/10/17	\$295.00	1.30	\$383.50	Discussions with S. Morris re PPSA registrations against various factoring merchants; Review factoring agreements and related security and prepare summary re the same re Factoring Fund and Hedge Fund

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	10/10/17	\$775.00	0.20	\$155.00	Emails with L. Pilon re [REDACTED] deal
SLG	10/10/17	\$775.00	0.30	\$232.50	Review email communications from investors; email with GTL re reporting
SRM	10/10/17	\$350.00	0.70	\$245.00	Review PPSA search against Zomongo.tv Holdings Corp. and report on same; Review e-mails and order updated search against Dome Mountain Resources Canada Inc.; Prepare draft PPSA registration against Dome Mountain Resources Inc.
MJVZ	10/10/17	\$425.00	0.10	\$42.50	Email from S. Morris regarding Factoring Fund registration
MJVZ	10/10/17	\$425.00	0.30	\$127.50	Emails from J. Knight and with S. Graff and B. Bando regarding Frontline and Zomongo
MJVZ	10/10/17	\$425.00	0.10	\$42.50	Emails from A. Gebert attaching revised Factoring chart
MJVZ	10/10/17	\$425.00	0.10	\$42.50	Email from M. Finley
AEG	11/10/17	\$295.00	0.40	\$118.00	Engage in review of security documents re Factoring and Hedge Funds; Email correspondence re priority of PPSA registrations
SLG	11/10/17	\$775.00	0.70	\$542.50	Conference call with Zumongo reps; consider issues; address further questions and structure
SLG	11/10/17	\$775.00	0.70	\$542.50	Conference call with M. van Zandvoort, B. Bando, J. Knight and J. Krieger re BDO claim and Quiver claim
SLG	11/10/17	\$775.00	0.80	\$620.00	Update call with OSC re position, issues, course of action and communications from Investors
TSJ	11/10/17	\$295.00	0.40	\$118.00	Review and file documents provided by J. Knight re: factoring fund; Email with M. Van Zandvoort re: creditor claim
SRM	11/10/17	\$350.00	0.80	\$280.00	Review registrations, order and review post registration searches; Prepare summary of security registered against Zomongo Group of companies

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	11/10/17	\$425.00	0.10	\$42.50	Emails from and to S. Graff regarding Factoring indebtedness; Emails with T. Jones regarding same; Email to T. Jones
MJVZ	11/10/17	\$425.00	1.00	\$425.00	Conference calls with S. Graff, J. Knight, B. Bando and J. Krieger regarding Next Steps regarding Receivership General; Emails from J. Krieger and C. Weiler concerning same
MJVZ	11/10/17	\$425.00	0.20	\$85.00	Conference call with S. Graff and M. Finley and L. Rogers regarding Receivership General
MJVZ	11/10/17	\$425.00	0.70	\$297.50	Conference call with J. Knight, S. Graff, Zomongo representatives and J. Froese from Frontline regarding Factoring/Hedge Funds
MJVZ	11/10/17	\$425.00	0.30	\$127.50	Summary email to S. Graff setting out Zomongo proposal as articulated during conference call
MJVZ	11/10/17	\$425.00	0.70	\$297.50	Conference call with Receiver and OSC concerning Sales Process outcome and interim distributions
MJVZ	11/10/17	\$425.00	0.20	\$85.00	Follow-up conference call with S. Graff concerning Zomongo request to restructure regarding Factoring/Hedge Funds
MJVZ	11/10/17	\$425.00	0.20	\$85.00	Emails with S. Morris regarding Zomongo TV security review and review summary regarding Factoring/Hedge Funds; Emails with A. Gebert regarding same
MJVZ	11/10/17	\$425.00	1.00	\$425.00	Emails with S. Graff and L. Rogers and draft proposal and email same to S. Graff regarding Creditor Claims Procedure
MJVZ	11/10/17	\$425.00	0.60	\$255.00	Email from J. Knight attaching proposed Notice to Investors; Revise and blackline same and email to S. Graff concerning same; Emails with B. Bando regarding proposed Notice to Investors
KRC	12/10/17	\$615.00	0.30	\$184.50	Emails with R. Nicholas and A. Gebert regarding recordal of security agreement

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	12/10/17	\$775.00	0.50	\$387.50	Zumongo - Review revised LOI re Zumongo; consider issues; discussion with M. van Zandvoort
TSJ	12/10/17	\$295.00	0.40	\$118.00	Emails with M. van Zandvoort re: security review; Email to B. Bando and J. Knight re: commercial loans (re: infrastructure fund and mortgage fund)
MES	12/10/17	\$395.00	0.20	\$79.00	Exchange emails with M. van Zandvoort, T. Jones, B. Bando regarding commercial loans strategy (Commercial Loans)
MES	12/10/17	\$395.00	0.30	\$118.50	Receive and review emails regarding patent schedule for Pond IP assignment; Telephone call with A. Gebert regarding same (Pond)
MJVZ	12/10/17	\$425.00	0.20	\$85.00	Emails with T. Jones regarding TCA/Zomongo; Email to S. Graff regarding summary
MJVZ	12/10/17	\$425.00	0.70	\$297.50	Conference call with S. Graff and with S. Graff, L. Rogers and N. Campbell regarding Creditor Claims Process
MJVZ	12/10/17	\$425.00	0.40	\$170.00	Revise and finalize notice and proposal and email same to Receiver
MJVZ	12/10/17	\$425.00	0.10	\$42.50	Emails to M. Spence and T. Jones and from T. Jones regarding Commercial Loans
MJVZ	12/10/17	\$425.00	0.30	\$127.50	Conference call with S. Graff; Email to B. Bando; Email to L. Rogers; Email to B. Bando; Conference call with B. Bando regarding Creditor Claims Process
MJVZ	12/10/17	\$425.00	0.20	\$85.00	Review proposed interim distributions provided by GT in advance of conference call
MJVZ	12/10/17	\$425.00	0.60	\$255.00	Conference call with B. Bando, J. Knight and S. Graff concerning proposed interim distributions and proposal
MJVZ	12/10/17	\$425.00	0.10	\$42.50	Draft email to Frontline and email same to J. Knight
MJVZ	12/10/17	\$425.00	0.10	\$42.50	Receive and review Zomongo proposal

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	12/10/17	\$425.00	0.50	\$212.50	Email from J. Froese attaching security documentation associated with Merchants of Factoring/Hedge Fund and corporate guarantor concerning collateral mortgage; Email A. Gebert to conduct review of registrations and obtain parcel abstract and to provide summary; Emails with A. Gebert and S. Morris regarding same
MJVZ	12/10/17	\$425.00	1.90	\$807.50	Emails from J. Froese attaching additional loan and security documentation associated with Zomongo and MGE; Undertake review and prepare and email analysis of same to S. Graff in advance of meeting tomorrow; Emails with A. Gebert and S. Morris regarding registrations and preparation of summary of registrations; Email to T. Jones regarding Gavin Mines due diligence (regarding Factoring/Hedge Funds)
AEG	13/10/17	\$295.00	1.30	\$383.50	Engage in review of security documents re Factoring and Hedge Funds; Email correspondence with S. Morris and T. Jones re registrations against merchants re Factoring and Hedge Funds
SLG	13/10/17	\$775.00	0.30	\$232.50	Telephone call with L. Rogers re claim and posting same on website and N. Campbell
TSJ	13/10/17	\$295.00	5.00	\$1,475.00	Review summary memorandum and corporate searches; Prepare for and attend calls with J. Knight and B. Bando re: enforcement options; Review security documents; Email chain with M. Spence; S. Graff and M. Van Zandvoort re: same (re: mortgage fund + infrastructure fund)
TSJ	13/10/17	\$295.00	1.20	\$354.00	Research factoring merchants; Instruct C. Pugliese re: searches; Prepare search summary (re: factoring fund)
SRM	13/10/17	\$350.00	3.60	\$1,260.00	Factoring Hedge Funds: Order searches against Corporate Guarantor of Restoration Energy; Review PPSA registration and post registration searches against Dome; Begin preparing registrations against merchants; Submit PPSA registrations

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
CP	13/10/17	\$180.00	0.20	\$36.00	Order profile reports for Gavin Mines Inc. and Metal Mountain Resources, Inc.; Review and report on same
CP	13/10/17	\$180.00	0.20	\$36.00	Order profile reports for 1092545 B.C. Ltd, Magnitude CS Energy Inc. MCSAB10 Inc. and MCSnoxrecovery Inc. re: Mortgage Fund and Infrastructure Fund"
CP	13/10/17	\$180.00	1.20	\$216.00	Order profile reports for Grace Mining Inc., Lloyd Minerals Inc., Nicola Mining Inc. and MGE Corporation Ltd.; Order PPSA searches against the same; Order PPSA searches against 1598286 Alberta Ltd., Huldra Holdings Inc. and Thule Copper Corporation; Review searches and update search summary re factoring fund
CP	13/10/17	\$180.00	0.20	\$36.00	Conduct preliminary search for OOM Energy Inc.; Report on same
MES	13/10/17	\$395.00	1.30	\$513.50	Exchange emails with S. Graff, T. Jones, M. van Zandvoort; Conference call with B. Bando, J. Knight regarding approach to commercial loans; Exchange emails with T. Jones, S. Graff, M. van Zandvoort regarding next steps (Commercial Loans)
MJVZ	13/10/17	\$425.00	0.10	\$42.50	Email with B. Bando regarding Notice to Investors (Receivership General)
MJVZ	13/10/17	\$425.00	0.50	\$212.50	Review email from J. Knight regarding Frontline weekly summary; Emails with T. Box regarding same and additional documents uploaded into Dropbox; Review summary from T. Jones regarding Gavin Mines; Email to S. Graff updating analysis based upon same; Emails with T. Jones, A. Gebert, C. Pugliese, and S. Morris regarding security summaries for Factoring/Hedge Funds and review of same and conference call with A. Gebert regarding same
MJVZ	13/10/17	\$425.00	0.40	\$170.00	Email to J. Knight concerning MGE Policy and advising of next steps to be taken; Conference call with J. Knight re MGE Policy regarding Factoring/Hedge Funds; Review email from MGE; Review email as sent to brokerage by J. Knight

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	13/10/17	\$425.00	1.00	\$425.00	Attend for meeting and conference call with S. Graff regarding Factoring/Hedge Funds, Interim Distributions and next steps in Sales Process
MJVZ	13/10/17	\$425.00	0.10	\$42.50	Email from J. Knight regarding Investor Notice; Email to J. Knight concerning same
MJVZ	13/10/17	\$425.00	0.20	\$85.00	Email with T. Barnes requesting conference call with TCA regarding Factoring/Hedge Fund
MJVZ	13/10/17	\$425.00	0.40	\$170.00	Receive email from J. Ostrowski attaching additional documentation in relation to Zomongo due diligence (regarding Factoring/Hedge Funds)
MJVZ	13/10/17	\$425.00	0.10	\$42.50	Review emails from B. Bando and from Quiver regarding amendment to collection agreement regarding Media Fund
MJVZ	13/10/17	\$425.00	0.20	\$85.00	Conference call with B. Bando; Email to A. Gilbert regarding extension; Emails with J. Knight regarding same; Further emails with A. Gilbert regarding same regarding Media Fund
MJVZ	13/10/17	\$425.00	0.20	\$85.00	Email to T. Jones regarding obtaining Zomongo files from BDO; Emails with T. Jones regarding same and review email from T. Jones to D. Badham (regarding Factoring/Hedge Funds)
MJVZ	13/10/17	\$425.00	0.40	\$170.00	Review response from J. Froese; Email to J. Knight advising of response to be sent to J. Froese concerning outstanding payments; Review email from J. Knight concerning same (re: Factoring Fund)
MJVZ	13/10/17	\$425.00	0.20	\$85.00	Emails with T. Jones concerning Factoring Merchants and commercial loan promissory notes (regarding Factoring Fund)
MJVZ	13/10/17	\$425.00	0.70	\$297.50	Conference call with S. Graff, M. Spence and T. Jones concerning enforcement steps to be taken and conference call with S. Graff, M. Spence, T. Jones, B. Bando and J. Knight concerning enforcement

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					steps to be taken (regarding Receivership General)
MJVZ	13/10/17	\$425.00	1.10	\$467.50	Email from investor; Email from J. Knight concerning investor communication; Draft investor communication and emails to J. Knight and with S. Graff and B. Bando concerning same
MJVZ	13/10/17	\$425.00	0.20	\$85.00	Emails with T. Jones, M. Spence, and S. Graff further to conference call concerning action plan and next step concerning enforcement steps to be taken (regarding Receivership General)
TSJ	14/10/17	\$295.00	2.20	\$649.00	Review security; Update memo (re: mortgage fund and infrastructure fund)
CP	14/10/17	\$180.00	0.10	\$18.00	Order business names list for 2363265 Ontario Inc.
CP	14/10/17	\$180.00	0.70	\$126.00	Update search summary and registration chart re: factoring fund
MES	15/10/17	\$395.00	0.10	\$39.50	Email to T. Jones regarding enforcement against Clydesdale (OOM loans)
SLG	16/10/17	\$775.00	0.50	\$387.50	Review emails from investors and proposed response; review memo re commercial loans and Frontline
SLG	16/10/17	\$775.00	0.40	\$310.00	Address contact with broker and insurers for coverage explanation (or lack thereof) re Dome loan; telephone call with M. van Zandvoort
TSJ	16/10/17	\$295.00	1.80	\$531.00	Review corporate searches; Review security documents; Update summary memorandum (re: Factoring Fund)
TSJ	16/10/17	\$295.00	7.70	\$2,271.50	Email to J. Dyck re: outstanding documentation; Email security documents and update summary memorandum; Order searches (Re: Mortgage Fund / Infrastructure Fund / Absolute Sustainable Property Fund)
CP	16/10/17	\$180.00	0.80	\$144.00	Order profile report for 2363265 Ontario Inc.; Review Business Names Report for MCL Energy; Order Ontario and British Columbia PPSA searches for Oom

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Energy, MCS Energy and 2363265 Ontario Inc.; Review and report on same; Order Alberta PPSA searches against 2404873 Ontario Corp. MCS Energy 2363265 Ontario Inc. and Imaginea Energy Corp.; Review and report on same
CP	16/10/17	\$180.00	0.10	\$18.00	Order profile report for 1116459 B.C. Ltd. re: factoring fund
CP	16/10/17	\$180.00	0.30	\$54.00	Update search summary re: factoring fund
CP	16/10/17	\$180.00	0.10	\$18.00	Order Ontario and Alberta PPSA searches against Craig Clydesdale
MES	16/10/17	\$395.00	0.80	\$316.00	Receive and respond to emails from M. van Zandvoort and T. Jones regarding enforcement of commercial loans; Meet with T. Jones to review promissory note (commercial loans)
MJVZ	16/10/17	\$425.00	0.20	\$85.00	Review response from D. Beazley; Email to J. Knight concerning same and conference call with S. Graff concerning same (re: Factoring/Hedge Funds)
MJVZ	16/10/17	\$425.00	0.10	\$42.50	Review emails from B. Bando and investor
MJVZ	16/10/17	\$425.00	0.10	\$42.50	Review email from Quiver regarding Collection Agreement amendment
MJVZ	16/10/17	\$425.00	0.10	\$42.50	Review email from T. Jones to J. Dyck regarding loan documentation for commercial loans
MJVZ	16/10/17	\$425.00	0.40	\$170.00	Review offering memorandum provided by J. Ostrowski regarding Zomong.TV Corp. and make summary notes concerning same
MJVZ	16/10/17	\$425.00	0.20	\$85.00	Email from investor; Review investor listing and prepare response and email to S. Graff concerning same
MJVZ	16/10/17	\$425.00	0.10	\$42.50	Emails from J. Knight and J. Froese regarding previous factoring arrangements
MJVZ	16/10/17	\$425.00	0.10	\$42.50	Emails with J. Knight regarding MGE Policy and emails to underwriter and reinsurer

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	16/10/17	\$425.00	0.40	\$170.00	Review email from J. Froese; Prepare response and emails with S. Graff and J. Knight concerning same
MJVZ	16/10/17	\$425.00	0.30	\$127.50	Conference call with S. Graff regarding Investor Communication and Frontline response; Emails to J. Knight and B. Bando regarding same; Email from B. Bando regarding Sales Process
MJVZ	16/10/17	\$425.00	0.20	\$85.00	Review and consider emails from T. Jones regarding Commercial Loans and proposed next steps
AEG	17/10/17	\$295.00	3.20	\$944.00	Engage in review of factoring agreements and related security documents re Factoring and Hedge Funds; Engage in review of personal property and real property searches re Factoring and Hedge Funds; Prepare summary of same re Factoring and Hedge Funds
TSJ	17/10/17	\$295.00	0.20	\$59.00	Order and review searches (re: Factoring Fund)
TSJ	17/10/17	\$295.00	8.50	\$2,507.50	Prepare demand letters; Detailed email chain to J. Knight re: security documentation; Email to J. Dyck re: outstanding documentation; Email to D. Badham re: outstanding documentation; Prepare and file new security documentation provided by J. Knight; Revise summary memorandum in respect of same; Email chain re: same with S. Graff, M. Spence, M. Van Zandvoort (Re: Mortgage Fund / Infrastructure Fund / Absolute Sustainable Property Fund / Factoring Fund)
SRM	17/10/17	\$350.00	0.10	\$35.00	Hedge/Factoring: Emails re existing registrations
CP	17/10/17	\$180.00	0.10	\$18.00	Order and report on PPSA searches in Alberta against Magnitude CS Energy Inc. and 2445958 Ontario Inc. re: Infrastructure and Factoring Funds
CP	17/10/17	\$180.00	0.20	\$36.00	Review and report on PPSA searches against Craig Clydesdale re: Infrastructure, Factoring, Absolute Property and Mortgage Funds

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
CP	17/10/17	\$180.00	0.20	\$36.00	Update search summary re: factoring fund
CP	17/10/17	\$180.00	0.10	\$18.00	Order Ontario PPSA search against MCSAB10 Inc. re: Absolute Sustainable Property Fund
MES	17/10/17	\$395.00	0.60	\$237.00	Receive and review numerous emails from T. Jones, M. van Zandvoort, J. Knight, S. Graff, B. Bando regarding summary of status of commercial loans and revised memo (Commercial Loans)
MES	17/10/17	\$395.00	0.10	\$39.50	Receive and review email from A. Gebert (Pond Loans)
MJVZ	17/10/17	\$425.00	0.40	\$170.00	Review T. Jones memorandum concerning commercial loans; Instruct T. Jones regarding effecting registrations
MJVZ	17/10/17	\$425.00	0.40	\$170.00	Emails with T. Jones regarding commercial loans and requests to BDO; Review email from T. Jones to counsel to BDO regarding same; Emails from T. Jones and J. Dyck regarding commercial loans; Emails from J. Knight and T. Jones concerning commercial loans; Email from B. Bando; Conference call with T. Jones re: commercial loan review; Review T. Jones emails concerning Energy Services Agreement; Review email from T. Jones attaching revised memorandum in anticipation of tomorrow's conference call with Receiver
MJVZ	17/10/17	\$425.00	0.10	\$42.50	Emails with A. Gebert regarding Factoring indebtedness regarding Factoring Fund and Zomongo Inc.
MJVZ	17/10/17	\$425.00	1.30	\$552.50	Commence review and annotation allocation for proposed distribution model
MJVZ	17/10/17	\$425.00	0.10	\$42.50	Emails with S. Graff, B. Bando and J. Krieger regarding Sales Process
MJVZ	17/10/17	\$425.00	0.10	\$42.50	Email from and to T. Jones regarding Factoring registrations
MJVZ	17/10/17	\$425.00	0.10	\$42.50	Conference call with J. Knight regarding Factoring Fund (Dome Mountain)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	17/10/17	\$425.00	0.10	\$42.50	Conference call with B. Bando regarding Sales Process
MJVZ	17/10/17	\$425.00	0.30	\$127.50	Email from A. Gebert attaching revised security summary for Factoring merchants and review of same; Email inquiring as to MGE registration; Emails from S. Morris regarding same
SLG	18/10/17	\$775.00	0.50	\$387.50	Telephone call with L. Pilon re transaction and proposed solution
SLG	18/10/17	\$775.00	1.60	\$1,240.00	Meeting with M. van Zandvoort, T. Jones and M. Spence; telephone call with B. Bando and J. Knight re commercial loans; review memo; consider default notices and demands, strategy re enforcement v. liquidation; further info
TSJ	18/10/17	\$295.00	6.20	\$1,829.00	Discuss and circulate summary memorandum; Prepare for call with B. Bando and J. Knight; Attendance at same; Follow-up emails with M. Van Zandvoort, S. Graff, M. Spence, B. Bando, and J. Knight; Draft demand letters (re: Mortgage Fund/ Factoring Fund/ Absolute Sustainable Property Fund/ Infrastructure Fund)
TSJ	18/10/17	\$295.00	0.20	\$59.00	Review PPSA searches and corporate profiles; Summarize same for M. Van Zandvoort (re: Factoring Fund)
SRM	18/10/17	\$350.00	0.10	\$35.00	Hedge/ Factoring Fund: E-mails re MGE registration
SRM	18/10/17	\$350.00	0.80	\$280.00	Mortgage Fund: Prepare draft PPSA registrations and amendments
MES	18/10/17	\$395.00	2.10	\$829.50	Receive and respond to emails from T. Jones re: enforcement of commercial loans; Meet with T. Jones to review memo to GTL; Conference call with S. Graff, M. van Zandvoort, T. Jones, B. Bando, J. Knight to review enforcement steps; Receive and respond to further emails and questions from T. Jones regarding same (Commercial Loans)

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	18/10/17	\$425.00	0.10	\$42.50	Email and attachment from J. Knight regarding insurance cancellation regarding Dome Mountain regarding Factoring Fund
MJVZ	18/10/17	\$425.00	0.10	\$42.50	Review email from T. Jones to Receiver attaching updated Commercial Loan memorandum in anticipation of conference call
MJVZ	18/10/17	\$425.00	0.90	\$382.50	Review and annotation allocation for proposed distribution model and email to B. Bando and J. Knight re: same
MJVZ	18/10/17	\$425.00	0.30	\$127.50	Review commercial loan memorandum in preparation for conference call with Receiver today
MJVZ	18/10/17	\$425.00	0.20	\$85.00	Conference call with S. Graff to discuss issues to be raised on conference call with Receiver today
MJVZ	18/10/17	\$425.00	1.50	\$637.50	Attend on conference call with T. Jones, M. Spence, S. Graff, B. Bando and J. Knight to discuss receivership matters and next steps; Email to A. Gebert further to conference call instructing regarding preparation of recourse demands to Merchants of Factoring and Hedge Funds
MJVZ	18/10/17	\$425.00	0.50	\$212.50	Email from T. Jones and M. Spence regarding proposed communication to TD concerning blocked account; Review applicable agreements and emails to T. Jones and conference calls with T. Jones regarding same (re Infrastructure Fund); Email from T. Jones to Receiver concerning same
MJVZ	18/10/17	\$425.00	0.10	\$42.50	Email from counsel to Home Trust; Emails with B. Bando concerning same; Respond to counsel to Home Trust regarding CLJ Everest
MJVZ	18/10/17	\$425.00	0.20	\$85.00	Email from T. Jones concerning Gavin Mines and affiliation with potential related entities to Dome Mountain regarding Factor/Hedge Fund; Review summaries concerning same
MJVZ	18/10/17	\$425.00	0.10	\$42.50	Review email from B. Bando to Quiver concerning analysis

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	18/10/17	\$425.00	0.10	\$42.50	Email from J. Froese regarding status of payments from Frontline
MJVZ	18/10/17	\$425.00	0.20	\$85.00	Review various emails from T. Jones and S. Morris regarding registrations and commercial loans
AEG	19/10/17	\$295.00	2.40	\$708.00	Prepare draft form of letter to factoring merchants re Hedge and Factoring Strategy Fund; Discussions with M. van Zandvoort re the same; Review of payment breakdown from Frontline re factoring agreements; Revisions to form of letter to factoring merchants re Hedge and Factoring Strategy Funds
SLG	19/10/17	\$775.00	0.30	\$232.50	Discussion with M. van Zandvoort re letter to MGE and letter to investors; consider next steps
TSJ	19/10/17	\$295.00	2.90	\$855.50	Review PPSA registrations; Review debtor notification letter template; Prepare default notices (re: Infrastructure Fund/ Mortgage Fund/ Absolute Sustainable Property Fund)
SRM	19/10/17	\$350.00	2.10	\$735.00	Mortgage Fund: Submit and review PPSA registrations; Prepare form debtor notification letter; Order post registration AB PPSA searches; Prepare list of debtor's to receive debtor letter
CP	19/10/17	\$180.00	0.20	\$36.00	Order UCC search in Michigan for MCS Energy 12, Inc.; Review and report on same
CP	19/10/17	\$180.00	0.40	\$72.00	Review verification statements for PPSA amendments provided by Blakes; Update registration chart re: same
MES	19/10/17	\$395.00	0.50	\$197.50	Receive and review emails from T. Jones, J. Knight regarding enforcement of commercial loans; Telephone call with T. Jones regarding same (Commercial Loans)
MJVZ	19/10/17	\$425.00	3.20	\$1,360.00	Review of Dome/MGE agreements and prepare letter to be sent by Receiver to MGE; Conference call with S. Graff concerning same; Email to J. Knight concerning same; Email from J. Knight

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					regarding additional invoices; Revisions to letter and email to J. Knight concerning same and from J. Knight to S. Miller
MJVZ	19/10/17	\$425.00	0.40	\$170.00	Email with S. Morris concerning security registrations and notices; Revisions to proposed form of letters
MJVZ	19/10/17	\$425.00	0.30	\$127.50	Emails with J. Knight concerning investor response; Revise and email response to J. Knight; Conference call with J. Knight concerning same
MJVZ	19/10/17	\$425.00	1.50	\$637.50	Review email from S. Monson setting out summary concerning Tax Credits and opinion in connection with same; Cross-reference analysis with internal review and make summary notes in connection with same; Emails from B. Meyerowitz and B. Bando concerning same; Email from A. Gilbert and J. Knight regarding offer extension
MJVZ	19/10/17	\$425.00	0.60	\$255.00	Review email from J. Knight and investors; Conference call with S. Graff concerning same; Prepare response and emails with S. Graff concerning same
MJVZ	19/10/17	\$425.00	0.20	\$85.00	Emails from J. Knight and T. Jones regarding Commercial Loans and next steps
MJVZ	19/10/17	\$425.00	0.50	\$212.50	Emails with A. Gebert regarding letters to Factoring Merchants; Revisions to proposed form of letters and conference calls with A. Gebert concerning same
AEG	20/10/17	\$295.00	2.10	\$619.50	Prepare draft letter to Zomongo TV Corp. re factoring agreements re Hedge and Factoring Strategy Funds; Engage in review of Frontline breakdown report re the same; Engage in review of invoices from Frontline re the same re Hedge and Factoring Strategy Fund
SLG	20/10/17	\$775.00	0.50	\$387.50	Review draft emails to investors, etc; telephone call with M van Zandvoort

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	20/10/17	\$295.00	0.60	\$177.00	Emails to J. Knight, M. Spence and M. Van Zandvoort re: commercial loans; Prepare default notices (re: Infrastructure Fund/ Factoring Fund/ Mortgage Fund)
SRM	20/10/17	\$350.00	0.20	\$70.00	Mortgage Fund: Order certified post registration PPSA searches
MES	20/10/17	\$395.00	0.60	\$237.00	Exchange emails and calls with T. Jones regarding notices of default and demands; Receive and review emails from J. Knight and B. Bando regarding same (Commercial Loans)
MJVZ	20/10/17	\$425.00	0.20	\$85.00	Email to J. Knight regarding investor response; Emails with J. Krieger concerning same
MJVZ	20/10/17	\$425.00	0.10	\$42.50	Review email from creditor counsel regarding Claims Process
MJVZ	20/10/17	\$425.00	0.10	\$42.50	Review emails from J. Knight and T. Barnes regarding Zomongo regarding Factoring/Hedge Fund
MJVZ	20/10/17	\$425.00	0.20	\$85.00	Email from J. Knight and Frontline attaching updated weekly report; Emails with T. Jones and A. Gebert regarding same and concerning letters to Factoring Merchants; Email from J. Knight regarding J. Froese response
MJVZ	20/10/17	\$425.00	0.50	\$212.50	Review emails from stakeholders; Review email from B. Bando regarding same; Prepare response and email same to S. Graff
MJVZ	21/10/17	\$425.00	0.30	\$127.50	Emails with S. Graff; Revise stakeholder response; Emails with B. Bando regarding same
AEG	22/10/17	\$295.00	2.20	\$649.00	Prepare draft letters to factoring merchants re Hedge and Factoring Fund; Engage in review of Frontline breakdown report re the same
SLG	23/10/17	\$775.00	0.20	\$155.00	Telephone call with B. Bando and M. van Zandvoort re meeting and re Quiver meeting

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	23/10/17	\$775.00	0.20	\$155.00	Telephone call with M. van Zandvoort re approach
SLG	23/10/17	\$775.00	0.20	\$155.00	Review emails from investors re process and monetization
TSJ	23/10/17	\$295.00	5.80	\$1,711.00	Draft default notices and demand letters; Email to J. Knight re: same (re: Infrastructure Fund/Factoring Fund/Mortgage Fund/Absolute Sustainable Property Fund)
MES	23/10/17	\$395.00	0.50	\$197.50	Exchange emails with T. Jones regarding demands and default notices; Receive and review emails from M. Lewis and A. Gebert regarding Pond (Commercial Loans)
MJVZ	23/10/17	\$425.00	0.30	\$127.50	Conference call with S. Graff and with S. Graff and B. Bando regarding Quiver Meeting and Media Fund; Email to B. Bando regarding Quiver analysis concerning Tax Credits
MJVZ	23/10/17	\$425.00	0.30	\$127.50	Emails with J. Knight regarding response from MGE; Email to MGE and emails with J. Knight regarding Dome Mountain regarding Factoring/Hedge Funds
MJVZ	23/10/17	\$425.00	0.20	\$85.00	Conference call with S. Graff concerning enforcement steps regarding Factoring Fund and Commercial Loans
MJVZ	23/10/17	\$425.00	0.20	\$85.00	Email from J. Krieger regarding stakeholder communication; Email from J. Knight attaching proposed interim distribution model and preliminary review and discussion with B. Bando concerning same
SLG	24/10/17	\$775.00	2.00	\$1,550.00	Conference call with GTL re various issues including possible interim distribution, BDO letter, response to investors; address email from L. Pilon; consider insurance cancellation and review; address further realization of the assets; consider settlement in media and Quiver support and call with OSC re update and communication from investors

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	24/10/17	\$295.00	0.70	\$206.50	Revise default notices (Mortgage Fund/ Infrastructure Fund/ Factoring Fund/ Absolute Sustainable Property Fund)
TSJ	24/10/17	\$295.00	0.80	\$236.00	Receive instruction from M. Van Zandvoort re: insurance contract summaries; Review insurance contracts
SRM	24/10/17	\$350.00	0.30	\$105.00	Mortgage Fund: Review 3C verification statements and begin review of post registration PPSA searches
MES	24/10/17	\$395.00	0.30	\$118.50	Exchange emails with T. Jones, S. Graff, M. van Zandvoort regarding demand letters (Commercial Loans)
MJVZ	24/10/17	\$425.00	0.90	\$382.50	Email from J. Knight regarding call from S. Miller; Conference call with J. Knight and S. Miller; Follow-up email to S. Miller regarding Factoring/Hedge Funds; Conference call with S. Graff and further call with B. Bando; Email to J. Krieger, J. Knight and S. Graff
MJVZ	24/10/17	\$425.00	0.10	\$42.50	Conference call with S. Graff regarding PPSA notices and demands
MJVZ	24/10/17	\$425.00	0.10	\$42.50	Conference call with S. Graff regarding response to Management Offeror, interim distribution model and insurance policies received from Receiver today
MJVZ	24/10/17	\$425.00	0.50	\$212.50	Email from J. Knight regarding insurance policies; Preliminary review of same and conference calls with S. Graff regarding same; Email to T. Jones requesting review of policies; Emails and conference call with T. Jones regarding same and with S. Graff regarding same
MJVZ	24/10/17	\$425.00	0.10	\$42.50	Emails with B. Bando concerning Quiver Amendment to MOU; Email from S. Graff regarding same regarding Media Fund
MJVZ	24/10/17	\$425.00	1.00	\$425.00	Conference call from B. Bando regarding listing of Mount Nemo Property; Review listing agreement; Research concerning Holdover provision; Email and further conference call with B. Bando regarding same regarding CLJ Everest

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	24/10/17	\$425.00	0.10	\$42.50	Emails from B. Bando and S. Monson regarding Quiver offer timeline and review of same regarding Media Fund
MJVZ	24/10/17	\$425.00	0.40	\$170.00	Prepare communication to investor; Emails with S. Graff regarding same; Email to B. Bando regarding same; Review email from B. Bando to investor
MJVZ	24/10/17	\$425.00	0.20	\$85.00	Email from S. Monson regarding Sales Agency Agreement concerning West End Films regarding Media Fund; Preliminary review of same; Further emails from B. Bando and S. Monson regarding same
MJVZ	24/10/17	\$425.00	0.20	\$85.00	Review revised interim distribution model and email from J. Knight concerning same in anticipation of conference call; Emails with Grant Thornton concerning conference calls to take place today with Receiver and subsequently with OSC
MJVZ	24/10/17	\$425.00	0.50	\$212.50	Conference call with S. Graff, B. Bando and J. Knight regarding interim distribution proposal to BDO, Quiver sales agency proposed agreement, investor responses, insurance policies provided by Receiver today and gold contracts
MJVZ	24/10/17	\$425.00	0.40	\$170.00	Conference call with S. Graff, J. Krieger, B. Bando, J. Knight and C. Weiler regarding Status of Receivership and intended next steps in reporting to Court/investors
MJVZ	24/10/17	\$425.00	0.10	\$42.50	Review emails from J. Knight and B. Bando forwarding additional investor communications and review of same; Email from S. Graff regarding same
MJVZ	24/10/17	\$425.00	0.10	\$42.50	Emails with S. Graff, T. Jones and M. Spence regarding default letters concerning Commercial Loans
MJVZ	24/10/17	\$425.00	0.20	\$85.00	Email to and from K. Plunkett concerning Gold Contracts and next steps; Email from J. Knight regarding same
MJVZ	24/10/17	\$425.00	0.30	\$127.50	Revise letter to L. Rogers; Review revised distribution model sent by J. Knight subsequent to conference call; Email to L.

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Rogers setting out proposal for interim distributions
MJVZ	24/10/17	\$425.00	0.40	\$170.00	Prepare investor response and emails with S. Graff regarding same; Email revised response to B. Bando
MJVZ	24/10/17	\$425.00	0.10	\$42.50	Email to creditor counsel in Claims Process
SLG	25/10/17	\$775.00	0.70	\$542.50	Review and revise all letters to borrowers; discussion with T. Jones
SLG	25/10/17	\$775.00	0.40	\$310.00	Review memo re insurance coverage
TSJ	25/10/17	\$295.00	2.00	\$590.00	Review insurance policy and draft detailed summary email to S. Graff, M. Van Zandvoort re: same; Follow up discussion with S. Graff re: same
TSJ	25/10/17	\$295.00	2.60	\$767.00	Draft default notices and demand letters (re: Mortgage Fund/ Infrastructure Fund/ Factoring Fund/ Absolute Sustainable Property Fund)
SRM	25/10/17	\$350.00	2.90	\$1,015.00	Mortgage/Infrastructure: Review 3C verification statements and post registration searches; Update registration chart; Prepare search summary of Mortgage/ Infrastructure debtors and report on same
SRM	25/10/17	\$350.00	0.90	\$315.00	Review Factoring Fund registrations and order motor vehicle identification searches for vehicles in favour of Crystal Wealth
KBP	25/10/17	\$395.00	2.10	\$829.50	Review and consider emails from client team regarding gold contracts and potential realization options; attend call with client to discuss same; draft and circulate draft demand letter for Onstar gold contracts.
MES	25/10/17	\$395.00	0.70	\$276.50	Review and revise demand letters prepared by T. Jones; Telephone calls with T. Jones regarding same; Receive and review emails from T. Jones (Commercial Loans)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	25/10/17	\$425.00	0.40	\$170.00	Review email from K. Plunkett regarding review of Gold Contracts; Review emails from T. Jones regarding insurance policy; Emails to and conference call with S. Graff regarding same; Further emails from K. Plunkett and B. Bando regarding Demand to Onstar and review demand; Email to K. Plunkett
MJVZ	25/10/17	\$425.00	0.20	\$85.00	Email from investor; Emails with T. Jones regarding Commercial Loans; Email to and from B. Bando
MJVZ	25/10/17	\$425.00	1.80	\$765.00	Conference call with B. Bando and prepare communications to stakeholders; Emails with B. Bando and J. Krieger concerning same; Receive and review additional communications sent by J. Knight and B. Bando concerning same; Emails with S. Graff regarding same
MJVZ	25/10/17	\$425.00	0.10	\$42.50	Emails from and to T. Barnes, B. Bando and S. Graff regarding TCA conference call
MJVZ	25/10/17	\$425.00	0.20	\$85.00	Emails with T. Jones regarding BDO request and Commercial Loan default letters; Email from J. Knight regarding Commercial Loan Default letters
MJVZ	25/10/17	\$425.00	0.10	\$42.50	Emails with S. Morris and A. Gebert regarding security registrations regarding Factoring Fund
SLG	26/10/17	\$775.00	0.90	\$697.50	Conference call with TCA reps and with Zumongo and Frontline reps and with GTL; consider approach with Frontline reporting
SLG	26/10/17	\$775.00	0.50	\$387.50	Review revisions to demand letters; telephone call with T. Jones; review amendments to Quiver Agreement
SLG	26/10/17	\$775.00	0.30	\$232.50	Draft investor response to inquiries and communications
TSJ	26/10/17	\$295.00	4.40	\$1,298.00	Draft additional demand letters; Prepare notices of default and courtesy copies re: same; Telephone call with M. Van Zandvoort re: same; Finalize and send default notices and demand letters;

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Discuss PPSA notification letters; Emails to D. Badham and J. Dyck re: outstanding security documentation (re: Mortgage Fund/ Infrastructure Fund/ Factoring Fund/ Absolute Sustainable Property Fund)
SRM	26/10/17	\$350.00	0.50	\$175.00	Infrastructure/Mortgage: Obtain additional searches related to Infrastructure Obligors
KBP	26/10/17	\$395.00	1.70	\$671.50	Draft and circulate revised demand letter for Onstar; review and respond to emails from J. Knight and B. Brando; send letter and cover email to Onstar; review and consider Gold Contracts and termination rights.
MES	26/10/17	\$395.00	0.60	\$237.00	Receive and review emails from T. Jones, B. Bando, J. Knight, M. van Zandvoort regarding issues relating to enforcement of commercial loans and demands (Commercial Loans)
MJVZ	26/10/17	\$425.00	0.30	\$127.50	Review 2G Participation Agreement; Emails and conference call with T. Jones regarding same regarding Mortgage Fund; Email to Investor regarding Mortgage Fund; Review email from T. Jones to Receiver in connection with same and from S. Graff regarding same
MJVZ	26/10/17	\$425.00	0.10	\$42.50	Review emails from K. Plunkett and B. Bando and J. Knight regarding Gold contract demand
MJVZ	26/10/17	\$425.00	0.20	\$85.00	Review emails from T. Jones, J. Knight and B. Bando regarding Commercial Loan demands
MJVZ	26/10/17	\$425.00	0.10	\$42.50	Email and conference call with B. Bando regarding response to investors of Factoring/Hedge/Bullion Funds
MJVZ	26/10/17	\$425.00	0.20	\$85.00	Preparation for conference call with Zomongo, Receiver and TCA
MJVZ	26/10/17	\$425.00	0.20	\$85.00	Various emails from T. Jones and S. Graff regarding default notices regarding Commercial Loans; Discussion with T. Jones concerning same

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	26/10/17	\$425.00	0.70	\$297.50	Attendance on conference call with Zomongo, Receiver and TCA and S. Graff concerning Zomongo proposal to repay principal indebtedness to Factoring/Hedge Funds; Follow-up emails from T. Barnes and D. Silverman regarding same
MJVZ	26/10/17	\$425.00	1.30	\$552.50	Review various investor communications received and prepare fulsome response to be sent by Receiver providing substantive update concerning various issues; Email to S. Graff concerning same
MJVZ	26/10/17	\$425.00	0.40	\$170.00	Conference call with S. Graff, J. Knight and B. Bando regarding Zomongo and Frontline (regarding Factoring/Hedge Funds)
MJVZ	26/10/17	\$425.00	0.10	\$42.50	Review email from T. Jones to D. Badham regarding BDO
MJVZ	26/10/17	\$425.00	0.30	\$127.50	Review Vesting Order and First Report re Listing Agreement approval and proposals submitted; Emails with S. Graff concerning same (regarding CLJ Everest)
MJVZ	26/10/17	\$425.00	0.60	\$255.00	Commence drafting letter to Frontline Factoring Inc.
MJVZ	26/10/17	\$425.00	0.30	\$127.50	Various emails with T. Jones, A. Gebert, and S. Morris regarding registration letters; Conference call with S. Graff regarding same (regarding Mortgage/Infrastructure/Media/Factoring/Hedge Funds)
TSJ	27/10/17	\$295.00	0.10	\$29.50	Send demand package by fax
MJVZ	27/10/17	\$425.00	0.10	\$42.50	Email from S. Graff regarding investor response and email to B. Bandon regarding same
MJVZ	27/10/17	\$425.00	0.10	\$42.50	Email to J. Knight regarding Bron Offer; Emails from J. Knight and A. Gilbert
MJVZ	27/10/17	\$425.00	0.80	\$340.00	Conference call with J. Krieger; Revise response to investors; Email to Receiver concerning same

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	27/10/17	\$425.00	0.10	\$42.50	Review emails from J. Knight, J. Froese and S. Graff regarding Factoring/Hedge Fund
SRM	28/10/17	\$350.00	4.40	\$1,540.00	Factoring/ Hedge Fund: Review VIN searches and begin summary of same; Review searches and update search summary
MJVZ	28/10/17	\$425.00	0.10	\$42.50	Emails with S. Morris regarding Factoring/Hedge Fund searches
SRM	29/10/17	\$350.00	1.10	\$385.00	Factoring/ Hedge Fund: Prepare and submit PPSA amendment; Order post registration PPSA searches
SRM	29/10/17	\$350.00	1.20	\$420.00	Mortgage/ Infrastructure Fund: Review searches related to Craig Clydesdale and report on same; Prepare debtor notification letters
SRM	29/10/17	\$350.00	0.40	\$140.00	Media Fund: Prepare debtor letters re UCC continuations that were filed
MES	29/10/17	\$395.00	0.20	\$79.00	Receive and review emails from S. Morris and T. Jones regarding Clydesdale companies (Commercial Loans)
MES	29/10/17	\$395.00	0.20	\$79.00	Receive and review emails from J. Knight and S. O'Neill regarding questions for US Realty debtors (US Realty Fund)
MJVZ	29/10/17	\$425.00	0.10	\$42.50	Emails from T. Hones and S. Morris regarding searches regarding Mortgage/Infrastructure Funds
AEG	30/10/17	\$295.00	0.20	\$59.00	Discussion with S. Morris re current PPSA registrations re Media Fund and Factoring Fund
SLG	30/10/17	\$775.00	1.20	\$930.00	Telephone call with M. van Zandvoort re Quiver extensions; review emails; review report; review Bron Agreement
TSJ	30/10/17	\$295.00	3.50	\$1,032.50	Receive instruction from M van Zandvoort regarding Restoration Energy; Review and summarize security documents (Factoring fund/Hedge fund)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	30/10/17	\$295.00	0.30	\$88.50	Review drafts of debtor letters regarding registration; Telephone call with M. Spence regarding demand letter results (Factoring Fund/Infrastructure Fund/Mortgage Fund/Absolute Sustainable Property Fund)
SRM	30/10/17	\$350.00	0.80	\$280.00	Factoring Fund: Continue preparing search summary; E-mails re status of Alberta litigation
SRM	30/10/17	\$350.00	0.10	\$35.00	Mortgage/ Infrastructure: Review comments to draft debtor letters
SRM	30/10/17	\$350.00	0.20	\$70.00	Media Fund: Discussion with A. Gebert re Media Fund search summary and debtor letters
MES	30/10/17	\$395.00	0.70	\$276.50	Telephone call with M. Rada regarding 109 BC promissory note; Exchange emails with B. Bando regarding same; Review promissory note; Exchange emails with T. Jones; Email to M. Rada (Commercial Loans)
MJVZ	30/10/17	\$425.00	0.10	\$42.50	Follow-up email to S. Miller regarding Factoring/Hedge Funds
MJVZ	30/10/17	\$425.00	0.10	\$42.50	Email to Receiver concerning various issues
MJVZ	30/10/17	\$425.00	0.60	\$255.00	Review and revise propose notice to investors; Conference calls and emails with S. Graff and B. Bando regarding same
MJVZ	30/10/17	\$425.00	0.50	\$212.50	Conference call and email to T. Jones regarding next steps re Restoration Energy (Hedge/Factoring Funds); Further emails with T. Jones and S. Morris regarding mortgage and security review; Review email summary from T. Jones and email to S. Graff concerning same
MJVZ	30/10/17	\$425.00	0.10	\$42.50	Review emails from J. Knight and from M. Spence regarding Factoring/Hedge Fund and Commercial Loans; Email from J. McLean regarding debtor letter regarding Infrastructure/Mortgage Fund; Further email from M. Spence

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	30/10/17	\$425.00	0.90	\$382.50	Review emails and summary from S. Monson and B. Bando regarding Quiver Analysis; Review of same in anticipation of conference call with Receiver this afternoon; Conference call with S. Graff concerning same regarding Media Fund
MJVZ	30/10/17	\$425.00	0.30	\$127.50	Conference call with B. Bando and S. Graff regarding Quiver Media Fund analysis
MJVZ	30/10/17	\$425.00	0.20	\$85.00	Email from J. Knight regarding Restoration Energy Notice of Auction received; Emails with T. Jones and J. Knight regarding same
MJVZ	30/10/17	\$425.00	0.10	\$42.50	Email to L. Rogers and emails with B. Bando
MJVZ	30/10/17	\$425.00	0.50	\$212.50	Email from B. Bando regarding statement of claim initiated; Review claim; Draft and send correspondence to plaintiff's counsel advising of s. 17 of the Appointment Order and request that action be discontinued, accordingly; Emails with B. Bando regarding same
MJVZ	30/10/17	\$425.00	0.40	\$170.00	Emails from J. Froese and J. Knight; Review FPAA and revise draft response and email same to J. Knight; Email J. Knight regarding email communications to Merchants regarding Factoring/Hedge Funds
MJVZ	30/10/17	\$425.00	0.30	\$127.50	Email from J. Knight regarding Dome Mountain discharge; Emails with S. Morris concerning same; Email to J. Knight reporting regarding discharge
MJVZ	30/10/17	\$425.00	0.20	\$85.00	Email from B. Bando regarding review of Miss Julie Sales Agreement; Email to B. Bando regarding Media Fund; Preliminary review of same
MJVZ	30/10/17	\$425.00	0.10	\$42.50	Conference call with S. Graff regarding Bron proposed Offer Agreement
SLG	31/10/17	\$775.00	1.90	\$1,472.50	Telephone call with L. Pillon re outcome and sale and reasons for moving on; conference call re update with Generate and demand; review Bron APA and Quiver

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					email; review Quiver report; emails with Quiver; review email form MGE
SLG	31/10/17	\$775.00	0.50	\$387.50	Telephone call with F. Spizziani re update on issues and status of proceedings
TSJ	31/10/17	\$295.00	3.80	\$1,121.00	Prepare for and attend call with GTL; Draft demands regarding borrower and guarantor order and review parcel registers to determine extent of security (Factoring Fund/Hedge Fund)
TSJ	31/10/17	\$295.00	1.20	\$354.00	Review insurance policies and summarize same for M. Van Zandvoort in response to request by third-party litigant
SRM	31/10/17	\$350.00	3.00	\$1,050.00	Factoring/Hedge: E-mail agent re quote for Alberta litigation status; Prepare debtor letters; Order real property searches
MJVZ	31/10/17	\$425.00	1.00	\$425.00	Review agreements and memorandum regarding Restoration Energy and next steps in anticipation of conference call with Receiver (regarding Factoring/Hedge)
MJVZ	31/10/17	\$425.00	0.50	\$212.50	Conference call with S. Graff, T. Jones, B. Bando and J. Knight regarding next steps regarding Restoration Energy, Dome Mountain and with respect to Media Fund (regarding Factoring/Hedge/Media Funds)
MJVZ	31/10/17	\$425.00	1.90	\$807.50	Review and consider response from S. Miller regarding Dome Mountain; Draft and send further response to S. Miller; Draft communication from Receiver to Frontline concerning MGE; Emails with B. Bando and J. Knight regarding same (regarding Factoring/Hedge Funds); Review emails from J. Knight to Frontline; Review response from J. Froese
MJVZ	31/10/17	\$425.00	0.10	\$42.50	Review email from B. Bando regarding offeror in Sales Process discussion
MJVZ	31/10/17	\$425.00	0.70	\$297.50	Emails from S. Morris and T. Jones regarding Restoration Energy and status of foreclosure actions; Emails with D. Smitts concerning same; Review of title searches and summaries in preparation of email to Receiver reporting regarding same

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	31/10/17	\$425.00	0.50	\$212.50	Email from L. Armstrong; Conference call with S. Graff regarding same; Emails with T. Jones concerning same
MJVZ	31/10/17	\$425.00	0.20	\$85.00	Email from B. Bando regarding Quiver fee summary; Review of same and discussion with B. Bando and S. Graff and J. Knight regarding same
MJVZ	31/10/17	\$425.00	0.10	\$42.50	Email with T. Jones regarding guarantee demand regarding Factoring/ Hedge Fund
TOTAL:			257.10	\$103,369.50	

Name	Hours	Rate	Value
Kenneth R. Clark (KRC)	0.50	\$615.00	\$307.50
Timothy S. Jones (TSJ)	73.30	\$295.00	\$21,623.50
Jeffrey K. Merk (JKM)	0.60	\$550.00	\$330.00
Mark J. van Zandvoort (MJVZ)	97.80	\$425.00	\$41,565.00
Jennifer A. Wainwright (JAW)	1.20	\$695.00	\$834.00
Steven L. Graff (SLG)	24.70	\$775.00	\$19,142.50
Alyssa E. Gebert (AEG)	15.30	\$295.00	\$4,513.50
Shannon R. Morris (SRM)	24.70	\$350.00	\$8,645.00
Miranda E. Spence (MES)	10.10	\$395.00	\$3,989.50
Christina Pugliese (CP)	5.10	\$180.00	\$918.00
Kyle B. Plunkett (KBP)	3.80	\$395.00	\$1,501.00

OUR FEE	\$103,369.50
HST at 13%	\$13,438.04

DISBURSEMENTS

COST INCURRED ON YOUR BEHALF AS AN AGENT

Search Under P.P.S.A.	\$316.00
Due Diligence	\$367.50
Registration Under P.P.S.A.	\$362.50
Agents Fees - Non Taxable	\$80.15

Total Agency Costs	\$1,126.15
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Subject to HST

ACL	\$95.00
Photocopies	\$37.00
Photocopies - Local	\$934.50
Binding and Tabs	\$17.50
LPIC Transaction Levy	\$100.00
Imaging/Scanning	\$101.75
Service Provider Fee	\$956.00
Due Diligence	\$451.50
Long Distance Charges	\$28.52
Postage	\$129.12
Deliveries/Parss	\$82.88
Fax Charges	\$39.50

Total Disbursements	\$2,973.27
HST at 13%	\$386.53

AMOUNT NOW DUE

\$121,293.49

THIS IS OUR ACCOUNT HEREIN
Aird & Berlis LLP

Steven L. Graff
E.&O.E.

PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 0.8% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

30889482.1

IN ACCOUNT WITH:

AIRD BERLIS

Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Ontario, Canada M5J 2T9
 T 416.863.1500 F 416.863.1515
 airdberlis.com

Grant Thornton Limited
 200 King Street West, 11th Floor
 Toronto, ON M5H 3T4

Attention: Mr. Jonathan Krieger

Account No.: 584823

PLEASE WRITE ACCOUNT NUMBERS
 ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

December 18, 2017

Re: Receivership of Crystal Wealth Management System Limited, et al

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended December 13, 2017

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	07/04/17	\$775.00	0.40	\$310.00	Emails with C. Weiler re engagement
RTH	24/04/17	\$695.00	0.10	\$69.50	Telephone call from M. van Zandvoort
SLG	13/10/17	\$775.00	0.70	\$542.50	Zumongo - Telephone call with M. van Zandvoort re Frontline; consider next steps re Zumongo
SLG	13/10/17	\$775.00	1.00	\$775.00	General - Review memo re commercial loans; meet with T. Jones and M. Spence; conference call with M. van Zandvoort, T. Jones, M. Spence, B. Bando and J. Krieger re status and next steps
SLG	13/10/17	\$775.00	0.20	\$155.00	General - Review and revise notice to investors
KRC	17/10/17	\$615.00	0.20	\$123.00	Emails with A. Gebert
KRC	25/10/17	\$615.00	0.10	\$61.50	Emails with A. Gebert regarding IP Security Agreement
KRC	01/11/17	\$615.00	0.20	\$123.00	Review draft schedule; email with A. Gebert and M. Spence
SLG	01/11/17	\$775.00	0.70	\$542.50	Lengthy telephone call with Russell, B. Bando and J. Knight; telephone call with B. Meyerowitz and J. Sackman

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	01/11/17	\$295.00	1.40	\$413.00	Update search summary; Review circular and title searches; Draft detailed summary e-mail re: same to M. Van Zandvoort, S. Graff and client (Factoring Fund)
TSJ	01/11/17	\$295.00	1.10	\$324.50	Review delivery of default notices; Draft demand letters; Draft summary chart re: title instruments; Draft detailed summary email to M. Van Zandvoort re: same (Mortgage Fund/ Factoring Fund/ Infrastructure Fund/ Absolute Sustainable Property Fund)
SRM	01/11/17	\$350.00	0.90	\$315.00	Factoring Fund: Continue reviewing and revising search summary; Ordering Instruments from title
MES	01/11/17	\$395.00	0.20	\$79.00	Receive and review emails from K. Clark and A. Gebert (Commercial Loans)
MJVZ	01/11/17	\$425.00	1.30	\$552.50	Emails with T. Jones regarding Restoration Energy; Review parcel abstracts and mortgage and amending agreement sent by D. Smitts; Revise draft report to receiver and emails with T. Jones concerning same; Email to Receiver and emails from T. Jones to Receiver regarding same; Preliminary review of information circular as received from D. Smitts today
MJVZ	01/11/17	\$425.00	0.40	\$170.00	Emails and conference call with L. Rogers; Reporting email to Receiver and email from Receiver; Further emails with L. Rogers and S. Graff
MJVZ	01/11/17	\$425.00	0.50	\$212.50	Review and consider summaries from T. Jones regarding coverage and draft response to plaintiff's counsel; Email to S. Graff concerning same
MJVZ	01/11/17	\$425.00	0.10	\$42.50	Review emails from J. Froese and J. Knight regarding Dome Mountain regarding Factoring/Hedge Funds
AEG	02/11/17	\$295.00	0.20	\$59.00	Call with K. Clark re IP Security Agreement; Email correspondence with counsel to Ponds re the same re Mortgage Fund

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	02/11/17	\$295.00	2.70	\$796.50	Telephone call with D. Smits re: certain factoring arrangements and followup; Draft reporting email to client re: same; Revise summary spreadsheet; Revise demand letter (Factoring Fund)
TSJ	02/11/17	\$295.00	0.20	\$59.00	Revise demand letters (Infrastructure Fund/Factoring Fund/ Mortgage Fund/ ASPF)
KBP	02/11/17	\$395.00	0.30	\$118.50	Review and consider email from Onstar regarding demand for gold delivery or gold; emails with client regarding same.
MJVZ	02/11/17	\$425.00	1.40	\$595.00	Review of information circular and appendices in anticipation of conference call with D. Smits; Conference call with D. Smits regarding same regarding Factoring/Hedge Fund and Restoration Energy
MJVZ	02/11/17	\$425.00	1.70	\$722.50	Review Restoration Energy and 131 Agreements and draft reporting email to Receiver concerning discussion with D. Smits; Emails with T. Jones in connection with same and email to Receiver regarding same
MJVZ	02/11/17	\$425.00	0.40	\$170.00	Emails with J. Knight and conference call with J. Knight regarding action and response to counsel; Respond to counsel; Emails with S. Graff regarding same
MJVZ	02/11/17	\$425.00	0.10	\$42.50	Emails from A. Braun, K. Plunkett and B. Bando regarding Gold Contracts
SLG	03/11/17	\$775.00	0.30	\$232.50	Telephone call with M. van Zandvoort re status
TSJ	03/11/17	\$295.00	2.50	\$737.50	Draft demand letters; Email to M. Spence regarding same; Review security documentation; Draft default notice to commercial loan borrower; Send same; Send follow-up requests for documentation (Infrastructure Fund/Factoring Fund/Mortgage Fund/ASPF)
MES	03/11/17	\$395.00	0.40	\$158.00	Receive and review emails from T. Jones regarding enforcement of commercial loan; Review letter to C. Clydesdale prepared by T. Jones; Receive email from D. Badham

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					(Commercial Loans)
MJVZ	03/11/17	\$425.00	0.20	\$85.00	Emails with T. Jones regarding demands and request of BDO; Review further emails from Blakes and T. Jones concerning same
MJVZ	03/11/17	\$425.00	0.20	\$85.00	Conference call with L. Rogers; Emails with L. Rogers and Receiver
MJVZ	03/11/17	\$425.00	0.40	\$170.00	Conference call with S. Graff regarding examinations; Email to Receiver concerning same; Email from B. Bando regarding same
MJVZ	04/11/17	\$425.00	0.20	\$85.00	Emails with B. Bando, S. Graff, J. Knight and J. Krieger
SLG	06/11/17	\$775.00	0.40	\$310.00	Conference call with B. Bando and J. Knight re response to T. Johnston on insurance issue
TSJ	06/11/17	\$295.00	0.20	\$59.00	Review demand letters; Email with M. van Zandvoort regarding same; Revise and send same (Factoring Fund)
TSJ	06/11/17	\$295.00	0.50	\$147.50	Revise demand letter regarding Magnitude; Email to J. Knight regarding same (Mortgage Fund/Infrastructure Fund/Factoring Fund/ASPF)
TSJ	06/11/17	\$295.00	0.80	\$236.00	Draft email to IAS regarding outstanding documentation; Prepare for and attend call with Grant Thornton Limited regarding insurance
MJVZ	06/11/17	\$425.00	0.20	\$85.00	Email and voicemail from J. Knight regarding IAS request; Email to T. Jones regarding same; Email to IAS
MJVZ	06/11/17	\$425.00	0.10	\$42.50	Emails with D. Smitts and T. Jones
MJVZ	06/11/17	\$425.00	0.40	\$170.00	Conference call with S. Graff and with S. Graff, T. Jones, J. Knight and B. Bando regarding Factoring/Hedge Funds and Media Fund; Email from T. Jones to Receiver concerning same
MJVZ	06/11/17	\$425.00	0.30	\$127.50	Meet with T. Jones regarding demands; Review and revise same regarding Restoration Energy and guarantor and instruct T. Jones regarding service

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
KRC	07/11/17	\$615.00	0.30	\$184.50	Emails regarding Pond IP Security agreement; review missing items on schedule; emails with R. Nicholas
SLG	07/11/17	\$775.00	0.20	\$155.00	Telephone call with L. Rogers re status
TSJ	07/11/17	\$295.00	0.90	\$265.50	Emails with B. Bando, M. van Zandvoort, S. Graff regarding enforcement strategy; Issue demand letter; Review Frontline invoices (Factoring Fund)
TSJ	07/11/17	\$295.00	0.60	\$177.00	Save searches to file; Revise demand letters; Prepare covering letters to CC recipients regarding same; Emails to M. Spence regarding same (Mortgage Fund/Factoring Fund/Infrastructure Fund/ASPF)
SRM	07/11/17	\$350.00	0.10	\$35.00	Conduct prelims for 647947 Alberta Ltd. and report on same
MES	07/11/17	\$395.00	0.20	\$79.00	Exchange emails with T. Jones regarding enforcement issues (Commercial Loans)
MJVZ	07/11/17	\$425.00	0.60	\$255.00	Various emails from J. Knight regarding Frontline and from B. Bando; Conference call with S. Graff and email to B. Bando; Conference call with S. Graff and B. Bando; Review investor communication; Email from J. Froese regarding 647 invoices and response; Email from J. Knight regarding corporate searches and emails with T. Jones regarding same; Emails from B. Bando and J. Knight to Onstar; Email from Receiver attaching draft Second Report; Emails with S. Graff
SLG	08/11/17	\$775.00	0.70	\$542.50	Conference call with B. Bando and J. Knight re answers form Frontline and fraud issues; discussion with T. Jones and M. van Zandvoort re metadata and invoices
TSJ	08/11/17	\$295.00	4.10	\$1,209.50	Review draft second report; Revise same; Emails to M. Spence and M. van Zandvoort regarding same
TSJ	08/11/17	\$295.00	0.90	\$265.50	Discussion with M. Spence regarding demand letters; Revise same (Mortgage Fund/Factoring Fund/Infrastructure Fund/ASPF)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	08/11/17	\$295.00	0.20	\$59.00	Prepare 131 Alberta demand letter (Factoring Fund)
MES	08/11/17	\$395.00	0.70	\$276.50	Meet with T. Jones to review and revise demand letters; Receive and review emails from T. Jones, J. Dyck regarding additional information to be provided by Miller Thomson; Receive and review further emails from T. Jones regarding enforcement steps (Commercial Loans)
MJVZ	08/11/17	\$425.00	0.50	\$212.50	Conference call with T. Jones and S. Graff regarding 647 BC regarding Factoring Fund
MJVZ	08/11/17	\$425.00	0.20	\$85.00	Conference call with B. Bando and J. Knight regarding Factoring Fund; Email to J. Knight and B. Bando concerning same
MJVZ	08/11/17	\$425.00	0.80	\$340.00	Meeting with S. Graff and conference call with S. Graff and J. Knight and B. Bando regarding Factoring and Media Funds
MJVZ	08/11/17	\$425.00	2.30	\$977.50	Meeting with T. Jones regarding review of draft Second Report; Email to J. Knight regarding MGE; Emails from D. Smitts and with T. Jones; Email from T. Jones regarding Commercial Loan demands (OOM Energy) and concerning Miller Thomson provision of record book; Commence review of draft second Report; Emails from Dome Mountain and J. Knight; Email from T. Jones attaching revised draft report
KRC	09/11/17	\$615.00	0.30	\$184.50	Emails regarding Pond IP Security Agreement
AEG	09/11/17	\$295.00	0.20	\$59.00	Email correspondence with counsel to Ponds re IP Security Agreement re Mortgage Fund
SLG	09/11/17	\$775.00	0.30	\$232.50	Discussion with M. van Zandvoort re report and approach
SRM	09/11/17	\$350.00	2.20	\$770.00	Media Fund: Begin review and revise search summary
DS	09/11/17	\$250.00	0.50	\$125.00	Receive instruction from M. van Zandvoort regarding review of offering memoranda; Conduct review; Email findings to M. van

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Zandvoort
MES	09/11/17	\$395.00	0.20	\$79.00	Receive and review emails from B. Bando and J. Knight (Commercial Loans)
MJVZ	09/11/17	\$425.00	13.50	\$5,737.50	Complete review and revisions of Second Report and cross-reference with various file materials in connection with same; Email to S. Miller at MGE; Emails and conference call with D. Saturno regarding review of OMs in connection with same; Emails to K. Plunkett, M. Spence, and S. Graff concerning continued review; Emails with J. Krieger concerning Media Fund and email to A. Gilbert regarding same; Various emails from B. Bando and conference call with S. Graff concerning Second Report review
JW	09/11/17	\$250.00	0.70	\$175.00	Review email from T. Jones; Summarise which documents were received and how complete they were re same
SLG	10/11/17	\$775.00	0.10	\$77.50	Review listing with Sotheby's
TSJ	10/11/17	\$295.00	3.20	\$944.00	Draft demands; Discussion with M. Spence regarding same (Mortgage Fund/Factoring Fund/Infrastructure Fund/ASPF)
TSJ	10/11/17	\$295.00	1.20	\$354.00	Review and revise second report draft
SRM	10/11/17	\$350.00	0.80	\$280.00	Media Fund: Continue reviewing and revising Media Fund search summary
KBP	10/11/17	\$395.00	1.00	\$395.00	Review and provide comments on sections of draft report dealing with Gold contracts; email exchange with client team regarding same.
MES	10/11/17	\$395.00	1.30	\$513.50	Receive and review emails from B. Bando and T. Jones regarding demand letters; Meet with T. Jones to review and revise demand letters; Receive and review numerous emails from T. Jones regarding next steps (Commercial Loans)
MJVZ	10/11/17	\$425.00	0.90	\$382.50	Revisions to Second Report; Emails with K. Plunkett and M. Spence regarding same; Emails with T. Jones regarding demand to Guarantor regarding Restoration Energy; Emails with counsel to Home Trust and

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					with J. Knight and B. Bando; Email from A. Gilbert; Email from T. Jones regarding record book review regarding Commercial Loans; Email from M. Spence regarding review of report
MJVZ	10/11/17	\$425.00	0.10	\$42.50	Emails with T. Jones regarding D. Smits emails
MES	11/11/17	\$395.00	0.20	\$79.00	Exchange emails with T. Jones, B. McKenzie regarding enforcement of commercial loans
MJVZ	11/11/17	\$425.00	0.10	\$42.50	Emails from T. Jones and B. McKenzie regarding Second Report
SLG	12/11/17	\$775.00	2.00	\$1,550.00	Begin review of Receiver's Second Report to the Court and comments on same
MJVZ	12/11/17	\$425.00	0.10	\$42.50	Emails from T. Jones and S. Graff
AEG	13/11/17	\$295.00	1.20	\$354.00	Email correspondence with M. Van Zandvoort re registrations against Zumongo Holdings re Hedge Fund; Review of Media Fund loans and re tax credits and report on same to M. van Zandvoort
SLG	13/11/17	\$775.00	4.50	\$3,487.50	Review Report and deliver comments; meet with T. Johns and M. van Zandvoort in advance; attend meeting with J. Krieger, J. Knight and B. Bando at GTL re Report, NTD's and next steps
TSJ	13/11/17	\$295.00	2.80	\$826.00	Finalize and send demand letters; Revise debtor notification letters (Mortgage Fund/Infrastructure Fund/Factoring Fund/ASPF)
TSJ	13/11/17	\$295.00	4.90	\$1,445.50	Prepare for, attend, and send multiple follow-up emails regarding meeting with B. Bando, J. Knight, M. van Zandvoort and S. Graff; Prepare motion materials; Emails with M. van Zandvoort regarding same
MES	13/11/17	\$395.00	0.30	\$118.50	Exchange emails with T. Jones, B. Bando regarding correspondence to C. Clydesdale (Commercial Loans)
MJVZ	13/11/17	\$425.00	0.10	\$42.50	Conference call with S. Graff regarding Second Report revisions and meeting at Receiver's office today

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	13/11/17	\$425.00	3.60	\$1,530.00	Review and revise Second Report; Emails with S. Graff and T. Jones in connection with same; Review S. Graff further revisions; Emails with A. Gebert regarding Media Fund and registration against Zomongo Holdings
MJVZ	13/11/17	\$425.00	1.50	\$637.50	Prepare Agenda for meeting with Receiver and emails and meeting with S. Graff and T. Jones in connection with same
MJVZ	13/11/17	\$425.00	2.30	\$977.50	Attend at meeting with Receiver to review revisions to Second Report and plan to finalize same and next steps
MJVZ	13/11/17	\$425.00	0.30	\$127.50	Review revised proposed interim distribution model; Email to L. Rogers and with Receiver concerning same
MJVZ	13/11/17	\$425.00	0.30	\$127.50	Emails with Receiver, T. Jones and S. Graff further to meeting with Receiver today
SLG	14/11/17	\$775.00	0.30	\$232.50	Review emails from B. Meyerowitz; email re Zumongo
TSJ	14/11/17	\$295.00	0.10	\$29.50	Send demand letters (Mortgage Fund/Factoring Fund/Infrastructure Fund/ASPF)
TSJ	14/11/17	\$295.00	2.30	\$678.50	Update service list; Research potential causes of action against certain third parties
TSJ	14/11/17	\$295.00	2.00	\$590.00	Email with D. Smits regarding outstanding documentation; Receive and review transactional documentation provided; Draft detailed reporting email regarding same to B. Bando and J. Knight; Order searches; Draft additional guarantor demands (Factoring Fund)
SRM	14/11/17	\$350.00	0.10	\$35.00	Review e-mails re debtor notification letters and respond re same
KBP	14/11/17	\$395.00	0.30	\$118.50	Review and consider emails from client and counterparties regarding settlement of gold contracts.

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	14/11/17	\$395.00	0.10	\$39.50	Receive and review email from M. Lewis regarding extension of interest deadline (Commercial Loans)
MJVZ	14/11/17	\$425.00	0.80	\$340.00	Emails from T. Jones and D. Smitts regarding Restoration Energy documentation; Conference call with T. Jones concerning same and review memorandum and preliminary review of documentation provided by D. Smitts re Guarantees; Review weekly report sent by Receiver regarding Frontline
MJVZ	14/11/17	\$425.00	0.10	\$42.50	Email from S. Morris regarding notices; Email from Gold Seller regarding satisfaction
MJVZ	14/11/17	\$425.00	0.20	\$85.00	Emails from investor and Receiver; Emails from Receiver regarding Restoration guarantee demands; Emails from Clerk and T. Jones regarding PPSA notifications and conference call with T. Jones concerning same
MJVZ	14/11/17	\$425.00	0.20	\$85.00	Emails from T. Barnes regarding Zomongo; Emails with Receiver and S. Graff regarding investor response and Media Fund/Zomongo
SLG	15/11/17	\$775.00	0.60	\$465.00	Address various issues re further demands and M. Rada response and further advancement of report; address median fund issues and sentiment; telephone call with M. van Zandvoort; address motion dates
TSJ	15/11/17	\$295.00	1.40	\$413.00	Draft and issue demand letters; Review searches; Order additional searches; Consider approach; Draft reporting email to client regarding same; Review new searches (Factoring Fund)
TSJ	15/11/17	\$295.00	0.20	\$59.00	Discussion with M. van Zandvoort regarding promissory note; Email to M. Spence regarding same (Mortgage Fund)
TSJ	15/11/17	\$295.00	2.90	\$855.50	Draft notice of motion; Draft order; Draft fee affidavit; Various discussions with M. van Zandvoort regarding same; Emails with M. van Zandvoort and S. Graff regarding hearing timing; Instruct C. Dillard regarding

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					scheduling of hearing
JKM	15/11/17	\$550.00	1.30	\$715.00	Telephone call with M. Van Zandvoort re transaction particulars; Email to F Gucciardo re tax provisions for APA; Revise APA
SRM	15/11/17	\$350.00	1.30	\$455.00	Factoring: Conduct prelims; Order profiles and AB PPSA searches; Order trade name/ partnership reports and official receiver searches and report on same
MES	15/11/17	\$395.00	0.70	\$276.50	Exchange emails with T. Jones, M. van Zandvoort, S. Graff regarding enforcement of BC company loan; Exchange emails with M. Rada regarding same; Receive and review emails from B. Bando regarding Pond loan extension; Exchange emails with M. Lewis regarding same (Commercial Loans)
MJVZ	15/11/17	\$425.00	0.10	\$42.50	Review email from S. Graff regarding Offer regarding Media Fund; Emails with T. Jones and M. Spence regarding M. Rada and response from M. Rada; Review emails from Receiver and T. Murphy; Review email from B. Bando regarding Pond Amendment
MJVZ	15/11/17	\$425.00	0.50	\$212.50	Review guarantees received and searches conducted in connection with guarantors regarding Restoration Energy; Discussions with T. Jones regarding preparation of demands; Review and revise demands to finalize and serve same and emails to Receiver concerning same regarding Factoring Fund
MJVZ	15/11/17	\$425.00	0.30	\$127.50	Conference call with S. Graff regarding Media Fund offer, Zomongo and concerning the Second Report
MJVZ	15/11/17	\$425.00	0.30	\$127.50	Email to and conference call with J. Merk regarding agreement regarding Media Fund offer
MJVZ	15/11/17	\$425.00	0.10	\$42.50	Emails with T. Jones regarding preparation of notice of motion and fee affidavit

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	15/11/17	\$425.00	2.20	\$935.00	Conference call with B. Bando regarding investor response and Media Fund offer; Prepare investor response and emails with Receiver concerning same and with S. Graff concerning same
MJVZ	15/11/17	\$425.00	0.50	\$212.50	Various emails with T. Jones and S. Graff with T. Jones and S. Graff regarding motion for approval of Second Report and conference calls with T. Jones regarding same
MJVZ	15/11/17	\$425.00	0.20	\$85.00	Emails with J. Merk and F. Gucciardo concerning Media Fund offer
MJVZ	15/11/17	\$425.00	0.60	\$255.00	Conference call with L. Rogers and N. Campbell; Reporting email to Receiver; Emails with Receiver and email to L. Rogers and N. Campbell regarding Creditor Claims Procedure
MJVZ	15/11/17	\$425.00	0.30	\$127.50	Conference call with S. Graff regarding BDO claim
AEG	16/11/17	\$295.00	0.60	\$177.00	Review of MDG deed of guarantee re Factoring/Hedge Fund; Report on same to M. vanZandvoort
SLG	16/11/17	\$775.00	0.20	\$155.00	Email with J. Barnes re Zumongo deal
TSJ	16/11/17	\$295.00	2.90	\$855.50	Further drafting of notice of motion; Emails with M. van Zandvoort regarding same; Receive and review draft of second report; Enter updated and revisions to draft; Discussion with M. van Zandvoort regarding requested relief
TSJ	16/11/17	\$295.00	0.40	\$118.00	Telephone calls and emails with D. Smits and S. Hagan regarding outstanding documentation (Factoring Fund)
TSJ	16/11/17	\$295.00	0.60	\$177.00	Receive and file appendices to second report; Further updates to second report
JKM	16/11/17	\$550.00	2.30	\$1,265.00	Revise APA; Email to M. Van Zandvoort re same
MES	16/11/17	\$395.00	1.20	\$474.00	Call with M. Rada; Call with L. Williams regarding Pond; Review and revise second amendment to Pond loan and exchange emails with B. Bando regarding same;

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Exchange emails and further telephone call with L. Williams regarding finalizing second amendment; Exchange emails with T. Jones and S. Graff regarding next steps on M. Rada loan
MJVZ	16/11/17	\$425.00	1.40	\$595.00	Revise investor communication; Emails with Receiver concerning same and conference call with J. Knight; Email response to Receiver concerning Zomongo and email from B. Bando regarding same; Email to T. Barnes; Email from J. Knight to Frontline
MJVZ	16/11/17	\$425.00	0.40	\$170.00	Emails with T. Jones regarding motion; Emails with S. Graff; Emails from M. Spence regarding Pond amendment; Emails from J. McLean and J. Knight regarding Commercial Loan and Restoration Energy demands; Emails from T. Jones and D. Smitts regarding document requests; Conference call with J. Knight
MJVZ	16/11/17	\$425.00	0.20	\$85.00	Conference call with S. Graff
MJVZ	16/11/17	\$425.00	0.20	\$85.00	Email from Receiver regarding revised Second Report and emails with T. Jones regarding same; Email from T. Jones attaching revised notice of motion; Email from Receiver regarding appendices to Second Report; Emails from M. Spence and S. Graff regarding M. Rada
MJVZ	16/11/17	\$425.00	0.10	\$42.50	Email from A. Gebert regarding Dome Registrations regarding Factoring/Hedge Funds
MJVZ	16/11/17	\$425.00	0.10	\$42.50	Emails from J. Merk and S. Graff regarding Asset Agreement
SLG	17/11/17	\$775.00	0.50	\$387.50	Telephone call with M. van Zandvoort re settlement; telephone call with L. Rogers and N. Campbell re BDO claim and distribution
TSJ	17/11/17	\$295.00	1.60	\$472.00	Revise index, print and organize appendices to Second Report; Revise Second Report

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	17/11/17	\$295.00	0.20	\$59.00	Receive and review record book index from S. Hagan regarding Pine Lake Lands foreclosure; Email to S. Hagan regarding same (Factoring Fund)
TSJ	17/11/17	\$295.00	0.50	\$147.50	Telephone call with M. Spence regarding 109 BC note; Follow-up email regarding same (Infrastructure Fund)
SRM	17/11/17	\$350.00	0.10	\$35.00	Factoring: Review AB bankruptcy court searches and report on same
MES	17/11/17	\$395.00	0.50	\$197.50	Telephone calls with T. Jones regarding next steps on M. Rada loan and additional issues to be addressed in report; Telephone call with S. Graff regarding same; Instruct T. Jones and receive and review email from T. Jones (Commercial Loans)
MJVZ	17/11/17	\$425.00	0.10	\$42.50	Emails with Receiver and offeror concerning extension regarding Media Fund
MJVZ	17/11/17	\$425.00	0.10	\$42.50	Emails from J. Knight regarding T. Barnes update; Voicemail from J. Knight regarding same; Email from J. Ostrowski
MJVZ	17/11/17	\$425.00	0.40	\$170.00	Emails and meeting with T. Jones regarding review of Second Report, notice of motion, Order and affidavits; Preliminary review of materials compiled by T. Jones for further review
MJVZ	17/11/17	\$425.00	0.20	\$85.00	Emails and conference call with S. Graff
MJVZ	17/11/17	\$425.00	0.10	\$42.50	Emails from D. Smitts office and T. Jones regarding document requests regarding Factoring/Hedge Funds
MJVZ	17/11/17	\$425.00	0.10	\$42.50	Receive Frontline breakdown from J. Knight regarding Factoring/Hedge Funds
SLG	18/11/17	\$775.00	0.60	\$465.00	Email s with M. van Zandvoort and with GTL re BDO resolution and settlement offer
MJVZ	18/11/17	\$425.00	8.10	\$3,442.50	Further review and revisions to Second Report in consultation with file materials to address outstanding issues; Email T. Jones instructing regarding appendices; Emails with S. Graff re Report amendments

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	18/11/17	\$425.00	0.40	\$170.00	Emails with Receiver concerning BDO proposal and account review; Email to BDO counsel; Review proposed email to Zomongo from Receiver and email to J. Knight
MES	19/11/17	\$395.00	0.20	\$79.00	Email to B. Bando providing second amendment signed by Pond; Receive and review email from M. van Zandvoort regarding report (Commercial Loans)
MJVZ	19/11/17	\$425.00	6.00	\$2,550.00	Finish review and revisions to Second Report in consultation with file materials to address outstanding issues; Emails to T. Jones instructing regarding appendices and further revisions to be completed; Email from M. Spence regarding Pond Loan amendment and emails with B. Bando and from L. Rogers regarding attendance at Blakes to undertake invoice review
SLG	20/11/17	\$775.00	0.30	\$232.50	Review emails with M. van Zandvoort; telephone call with M. van Zandvoort; emails with G. Kahn
TSJ	20/11/17	\$295.00	2.50	\$737.50	Review and revise appendices; Prepare motion record; Further revisions to notice of motion; Further drafting of order; Correspondence with M. van Zandvoort and M. Spence regarding same; Review certain appendices; Email to J. Knight regarding additional documentation
TSJ	20/11/17	\$295.00	2.10	\$619.50	Receive instruction from M. van Zandvoort regarding demands to merchants; Review underlying agreements and draft demand letter; Draft demand letter; Receive and review requested due diligence documentation from D. Smits; File same; Draft detailed reporting email to B. Bando and J. Knight regarding same; Update Second Report to reflect same (Factoring Fund)
SRM	20/11/17	\$350.00	0.10	\$35.00	Media Fund: Order, review and report on corporate profile
MES	20/11/17	\$395.00	0.20	\$79.00	Exchange emails with T. Jones regarding further enforcement steps (Commercial Loans)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	20/11/17	\$425.00	1.80	\$765.00	Various emails and associated document review with T. Jones, B. Bando, S. Graff, J. Knight, Investor and Quiver regarding BDO, Class Action, Motion date, Quiver status, Frontline Non-Performing Reports and documentation requested from D. Smitts
MJVZ	20/11/17	\$425.00	1.60	\$680.00	Revisions to demands to Merchants; Emails with T. Jones regarding same and emails with Receiver concerning same
MJVZ	20/11/17	\$425.00	0.10	\$42.50	Emails with Blakes regarding attendance to review invoices
MJVZ	20/11/17	\$425.00	3.70	\$1,572.50	Emails with T. Jones regarding Report; Notice of Motion, updated Service List and draft Order; Review and revisions to same
MJVZ	20/11/17	\$425.00	0.10	\$42.50	Emails and conference call with J. Krieger regarding general receivership matters
SLG	21/11/17	\$775.00	1.30	\$1,007.50	Discussion with M. van Zandvoort, B. Bando and J. Knight re distribution and position of BDO and Quiver; review revised Bron APA and comment on same; email from Zomongo counsel
TSJ	21/11/17	\$295.00	5.10	\$1,504.50	Revise notice of motion and draft order in connection with tax issues; Revise and prepare appendices to Second Report; Revise Second Report; Telephone call with M. Spence regarding same; Telephone call with M. van Zandvoort, S. Graff, B. Bando and J. Knight regarding finalization of Second Report; Further revisions to Notice of Motion and Order; Emails with M. van Zandvoort regarding service list; Revise fee affidavit; Emails with van Zandvoort regarding demand letters
MES	21/11/17	\$395.00	0.30	\$118.50	Exchange emails with T. Jones regarding enforcement issues; Exchange emails with M. Rada regarding promissory note; Receive and review emails from S. Graff (Commercial Loans)
MJVZ	21/11/17	\$425.00	1.80	\$765.00	Prepare for and attend at BDO's counsel's office with Receiver to review invoices per BDO indemnity claim concerning OSC proceedings

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	21/11/17	\$425.00	1.50	\$637.50	Further revisions to Demands regarding Factoring/Hedge Fund Merchants and Guarantor regarding Single Source; Emails with T. Jones regarding same; Email demands to Receiver for issuance today
MJVZ	21/11/17	\$425.00	1.50	\$637.50	Revisions to Report; Instruct T. Jones regarding further revisions to be made and to issue revised Report and blackline to Receiver
MJVZ	21/11/17	\$425.00	0.70	\$297.50	Conference call with S. Graff, T. Jones and Receiver regarding Report, BDO, Purchase Offer, Quiver and other matters concerning receivership
MJVZ	21/11/17	\$425.00	0.20	\$85.00	Various conference calls with T. Jones regarding Motion Material preparation
MJVZ	21/11/17	\$425.00	5.10	\$2,167.50	Various email with S. Graff, T. Jones, and Receiver regarding Report, Quiver; Purchase Offer draft APA; Frontline (including J. Froese emails from today); Rada; Quiver summary and compensation; Frontline; Allocation for interim distribution and review of documentation in connections with same and preparation of advisable course; Further revisions to Report, Notice of Motion, Order, Service List and Fee Affidavit and emails with S. Graff and T. Jones concerning same; Email draft Notice of Motion to Receiver
MJVZ	21/11/17	\$425.00	0.20	\$85.00	Emails with Blakes, Receiver and S. Graff regarding attendance today
SLG	22/11/17	\$775.00	0.30	\$232.50	Various emails to and from J. Froese and T. Barnes re Zomongo
FG	22/11/17	\$795.00	0.60	\$477.00	Review language re "distribution" and caution to client re scope of review
TSJ	22/11/17	\$295.00	0.70	\$206.50	Draft letter to Morton Law LLP; Receive and review response; Discuss next steps with M. Spence (Mortgage Fund)
TSJ	22/11/17	\$295.00	3.10	\$914.50	Review and revise Motion Record and draft Second Report; Revise Notice of Motion and draft Order; Further revisions to Second Report and appendices; Discuss same with M. van Zandvoort

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
JKM	22/11/17	\$550.00	1.20	\$660.00	Telephone call with M. van Zandvoort re Permitted Encumbrances in APA; Revise APA re same
MES	22/11/17	\$395.00	1.90	\$750.50	Meet with T. Jones to review strategy on Clydesdale loans; Receive and review email from M. Rada; Exchange emails with B. Bando regarding response to M. Rada; Consult with T. Jones regarding security for M. Rada loans; Email to M. Rada requesting financial statements; Exchange emails with BC counsel regarding pursuing M. Rada loans; Receive and review response from counsel regarding trust funds (Commercial Loans)
MJVZ	22/11/17	\$425.00	2.30	\$977.50	Preparation of proposal and communication to Blakes; Emails with Receiver and S. Graff concerning same
MJVZ	22/11/17	\$425.00	0.20	\$85.00	Conference call with B. Bando regarding BDO and Offeror; Email to offeror
MJVZ	22/11/17	\$425.00	0.10	\$42.50	Conference call with S. Graff regarding BDO
MJVZ	22/11/17	\$425.00	0.10	\$42.50	Conference call with N. Campbell regarding BDO
MJVZ	22/11/17	\$425.00	0.20	\$85.00	Conference call with L. Rogers regarding BDO
MJVZ	22/11/17	\$425.00	0.10	\$42.50	Conference call with B. Bando regarding discussion with Blakes
MJVZ	22/11/17	\$425.00	0.50	\$212.50	Email proposal to BDO's counsel; Receive response from BDO and review revisions; Email to Receiver advising of recommendation in responding to same; Emails with Receiver, T. Jones and S. Graff regarding same
MJVZ	22/11/17	\$425.00	0.30	\$127.50	Conference call with L. Rogers and N. Campbell
MJVZ	22/11/17	\$425.00	1.40	\$595.00	Revise proposed APA; Email same to J. Merk and S. Graff; Emails with S. Graff and J. Merk regarding same
MJVZ	22/11/17	\$425.00	0.40	\$170.00	Conference call with J. Merk regarding revisions to proposed APA

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	22/11/17	\$425.00	0.70	\$297.50	Review email from J. Knight attaching updated report and review revisions to same; Email from J. Knight regarding Factoring/Hedge Fund Merchant Demands; Emails and discussion with T. Jones regarding implementing further revisions to Report
MJVZ	22/11/17	\$425.00	0.40	\$170.00	Various emails from M. Spence and M. Rada regarding proposal; Email from S. Graff regarding same; Email from B. Bando and further email from M. Spence and T. Jones; Various emails from third parties in response to demands
MJVZ	22/11/17	\$425.00	0.10	\$42.50	Emails from T. Jones and F. Gucciardo regarding Tax issues concerning proposed distribution
MJVZ	22/11/17	\$425.00	0.10	\$42.50	Email from J. Merk attaching further revised proposed APA
MJVZ	22/11/17	\$425.00	0.20	\$85.00	Conference call with B. Bando regarding counter-proposal to BDO
MJVZ	22/11/17	\$425.00	0.10	\$42.50	Conference call with J. Knight regarding finalizing matters regarding Report
DC	23/11/17	\$250.00	5.50	\$1,375.00	Emailing M. van Zandvoort and T. Jones re Crystal Wealth; Research re receiver power and duty to defend proceedings against debtor; Non-party defences; Apportioning liability against non-party; Adding non-party to conspiracy allegation; Preparing memo re same
SLG	23/11/17	\$775.00	1.40	\$1,085.00	Telephone call with M. van Zandvoort re BDO resolution and Bron Resolution; consider report and service and tax paragraph
TSJ	23/11/17	\$295.00	3.50	\$1,032.50	Telephone call with M. van Zandvoort, L. Rogers and N. Campbell regarding BDO; Engaged with updated and revisions to Second Report, service list, Notice of Motion and draft Order; Commission fee affidavit; Compile Motion Record
MJVZ	23/11/17	\$425.00	0.20	\$85.00	Emails and conference call with S. Graff regarding BDO negotiations

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	23/11/17	\$425.00	1.00	\$425.00	Email to Receiver regarding revised proposal to BDO; Email from B. Bando and email proposal to Blakes; Emails with D. Collett regarding same and review of jurisprudence concerning position
MJVZ	23/11/17	\$425.00	0.50	\$212.50	Conference call with L. Rogers and N. Campbell; Email to S. Graff regarding same regarding BDO; Reporting email to Receiver concerning same
MJVZ	23/11/17	\$425.00	0.20	\$85.00	Conference call from Commercial List; Emails to A&B and Receiver advising of change in motion date
MJVZ	23/11/17	\$425.00	0.10	\$42.50	Emails with R. Hooke regarding transfer of mortgagee name regarding Factoring Fund
MJVZ	23/11/17	\$425.00	0.10	\$42.50	Email from L. Rogers confirming BDO agreement; Emails with Receiver and L. Rogers concerning same
MJVZ	23/11/17	\$425.00	4.40	\$1,870.00	Implement further revisions to Report and various emails with T. Jones regarding finalizing same; Implement final revisions to Notice of Motion and Order and various emails with T. Jones regarding finalizing same and Service List and email from T. Jones delivering revised motion materials and Report and Service List to Receiver; Various subsequent emails from Receiver and T. Jones concerning same
MJVZ	23/11/17	\$425.00	0.40	\$170.00	Review D. Collett memorandum and emails with D. Collett, S. Graff and T. Jones concerning same
MJVZ	23/11/17	\$425.00	0.10	\$42.50	Conference call with B. Bando
SLG	24/11/17	\$775.00	1.20	\$930.00	Discussion with T. Jones re response to M. Rada offer; discussion with T. Jones re enforcement of Cogen contracts; discussion with . van Zandvoort re Bron offer and APA
TSJ	24/11/17	\$295.00	3.90	\$1,150.50	Attend at client offices to discuss and receive final copy of Second Report; Engaged with various tasks relating to compilation, pagination, binding and service of motion record; Commission affidavit of service; Emails with J. Knight

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					and B. Bando regarding same
TSJ	24/11/17	\$295.00	0.70	\$206.50	Discussion with S. Graff regarding strategy for enforcement on security; Draft email to client regarding same (Mortgage Fund/Infrastructure Fund)
JKM	24/11/17	\$550.00	1.10	\$605.00	Revise APA and Orders re comments received; Telephone call with M. van Zandvoort re same; Email to B. Brando and others re same
MES	24/11/17	\$395.00	0.40	\$158.00	Receive and review email from M. Rada regarding request for documents; Review and propose suggestions to response; Receive and review emails from T. Jones regarding same (Commercial Loans)
MJVZ	24/11/17	\$425.00	0.20	\$85.00	Emails and conference call with S. Graff regarding BDO Agreement
MJVZ	24/11/17	\$425.00	0.80	\$340.00	Various emails from and to Receiver regarding finalizing report and proceeding with issuance and service of same with investor notice and OSC communication; Various emails and discussions with T. Jones regarding same
MJVZ	24/11/17	\$425.00	0.10	\$42.50	Conference call with J. Knight and review email response from M. Rada
MJVZ	24/11/17	\$425.00	0.20	\$85.00	Emails with Blakes regarding Report issuance and conference call with N. Campbell regarding same
MJVZ	24/11/17	\$425.00	0.70	\$297.50	Review revised proposed APA and email to J. Merk providing comments regarding same
MJVZ	24/11/17	\$425.00	0.50	\$212.50	Conference call with S. Graff concerning proposed APA and revisions to same
MJVZ	24/11/17	\$425.00	0.10	\$42.50	Review correspondence from J. Knight and from counsel to Zomongo
MJVZ	24/11/17	\$425.00	0.20	\$85.00	Conference call with J. Merk regarding revisions to proposed APA; Email from J. Merk to Receiver attaching same
MJVZ	24/11/17	\$425.00	0.10	\$42.50	Emails with T. Jones regarding demand letter regarding Factoring Fund

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	25/11/17	\$295.00	0.30	\$88.50	Review status of demand letters; Consider strategy; Email to M. van Zandvoort regarding same
TSJ	25/11/17	\$295.00	0.20	\$59.00	Prepare Court and internal copies of motion record
MJVZ	25/11/17	\$425.00	0.10	\$42.50	Emails with S. Graff regarding Frontline
TSJ	26/11/17	\$295.00	0.60	\$177.00	Online research regarding borrower entities of Factoring Fund; Draft reporting email to M. van Zandvoort and S. Graff regarding same (Factoring Fund)
SLG	27/11/17	\$775.00	0.80	\$620.00	Oom - Review doc and discussion with T. Jones re generator and power supply, enforcement and issues; review draft email and links
SLG	27/11/17	\$775.00	0.60	\$465.00	Bron Media - Telephone call with J. Merk; consider issues in APA; telephone call with B. Bando
SLG	27/11/17	\$775.00	0.20	\$155.00	Discussion with T. Jones re email to M. Rada and questions
TSJ	27/11/17	\$295.00	3.20	\$944.00	Review financing record books and consider strategy; Emails with B. Bando regarding 109 BC loan; Discuss strategy with S. Graff; Prepare detailed summary email to S. Graff regarding next steps; Follow-up telephone call regarding same (Mortgage Fund)
TSJ	27/11/17	\$295.00	0.60	\$177.00	Confirm hearing date; Confirm service list matter; Finalize Court copy of motion record; Instruct J. Waslowski regarding filing of same; Email to creditor responding to service list question
JKM	27/11/17	\$550.00	0.60	\$330.00	Telephone call with B. Bando re comments on APA; Meeting with S. Graff re same
MES	27/11/17	\$395.00	0.50	\$197.50	Receive and review emails from B. Bando re: Pond RTO and correspondence with M. Rada; Receive and review emails from S. Graff and T. Jones re: M. Rada; Review proposed Pond documents (Commercial Loans)

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	27/11/17	\$425.00	0.10	\$42.50	Email from T. Jones regarding Factoring/Hedge Funds
MJVZ	27/11/17	\$425.00	0.10	\$42.50	Email from B. Bando regarding appendices and Pond; Emails with T. Jones and B. Bando regarding appendices
MJVZ	27/11/17	\$425.00	0.20	\$85.00	Conference call with B. Bando regarding proposed APA; Emails with J. Merk, S. Graff and B. Bando regarding conference call to discuss same
MJVZ	27/11/17	\$425.00	0.50	\$212.50	Emails with T. Jones regarding motion date and filing of record and receive email from Court concerning same; Emails with T. Jones regarding response to Mushaluk; Email and consider proposed action plan re Commercial Loan enforcement and email from S. Graff regarding same
MJVZ	27/11/17	\$425.00	0.10	\$42.50	Email from S. Graff regarding Rada; Email from S. Monson regarding potential asset transaction
MJVZ	27/11/17	\$425.00	0.10	\$42.50	Email from [REDACTED]
JW	27/11/17	\$250.00	0.70	\$175.00	Receive instruction from T. Jones re filing; File affidavit and other documents with commercial list
SLG	28/11/17	\$775.00	0.40	\$310.00	Emails re various commercial enforcement matters and discussion with M. van Zandvoort
TSJ	28/11/17	\$295.00	0.80	\$236.00	Receive and respond internally to email from B. Mackenzie; Email to J. Dyck regarding outstanding documents (Mortgage Fund/Infrastructure Fund)
TSJ	28/11/17	\$295.00	0.30	\$88.50	Emails with J. Knight regarding factoring fund documentation; Emails with M. van Zandvoort regarding demand letters (Factoring Fund)
TSJ	28/11/17	\$295.00	0.20	\$59.00	Receive and discuss email from M. Rada regarding 109 BC (Mortgage Fund)
TSJ	28/11/17	\$295.00	0.20	\$59.00	Review status of outstanding demand letters and consider enforcement strategy

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
JKM	28/11/17	\$550.00	0.60	\$330.00	Telephone call with M. van Zandvoort re revised APA
SRM	28/11/17	\$350.00	0.20	\$70.00	Factoring: Review letter re seizure of property and confirm Crystal's position
MES	28/11/17	\$395.00	0.30	\$118.50	Receive and review response from counsel to Clydesdale; Voicemail to B. Bando re: Pond warrants; Receive and review email from T. Jones to J. Dyck (Commercial Loans)
MJVZ	28/11/17	\$425.00	0.20	\$85.00	Conference call with S. Graff regarding various receivership matters
MJVZ	28/11/17	\$425.00	0.10	\$42.50	Review J. Knight proposed response to T. Barnes and emails to J. Knight regarding same and from S. Graff; Email from M. Rada
MJVZ	28/11/17	\$425.00	0.10	\$42.50	Emails from B. McKenzie and T. Jones
MJVZ	28/11/17	\$425.00	0.50	\$212.50	Review and consider letter received by Receiver concerning Single Source; Emails with T. Jones and to Receiver concerning same; Emails with S. Morris regarding same; Emails with S. Graff regarding same and internet research regarding equipment valuation and email to Receiver regarding same
MJVZ	28/11/17	\$425.00	0.40	\$170.00	Email to T. Jones; Follow-up emails with T. Jones, S. Graff and Receiver further to call including regarding Clydesdale approach and review investor notice
MJVZ	28/11/17	\$425.00	0.30	\$127.50	Conference call with J. Merk regarding APA revisions
SLG	29/11/17	\$775.00	0.70	\$542.50	Email to J. Knight and B. Bando re commercial loans and response to B. Mackenzie
SLG	29/11/17	\$775.00	0.50	\$387.50	Review Bron APA; discussion with J. Merk
SLG	29/11/17	\$775.00	0.10	\$77.50	Summary of telephone call with M. Rada
JKM	29/11/17	\$550.00	1.40	\$770.00	Revise APA re comments received; Email to B. Bando re same

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SRM	29/11/17	\$350.00	0.20	\$70.00	Factor Funding: E-mail registration against Single Source re MI registration; Telephone call re same
MES	29/11/17	\$395.00	0.20	\$79.00	Receive email from S. Graff re: enforcement of commercial loans; Receive and review emails between S. Graff, T. Jones, M. Rada re: BC company loans (Commercial Loans)
MJVZ	29/11/17	\$425.00	0.40	\$170.00	Conference call with T. Jones and S. Graff regarding various receivership matters
MJVZ	29/11/17	\$425.00	1.10	\$467.50	Prepare letter to bailiff and secured lender regarding Single Source; Review PPSA; Emails with S. Morris regarding same and email same to Receiver
MJVZ	29/11/17	\$425.00	0.60	\$255.00	Revise Guarantor demand; Prepare demand to Single Source; Email same to T. Jones instructing regarding service and enclosing of 244 Notice
MJVZ	29/11/17	\$425.00	1.30	\$552.50	Review final drafts of APA and Schedules and effect further revisions to same; Emails with S. Graff, J. Merk and Receiver concerning same and email final documents with blacklines to Receiver; Conference call with S. Graff regarding revisions made; Email proposed APA to Faskens
MJVZ	29/11/17	\$425.00	0.10	\$42.50	Emails with L. Rogers
MJVZ	29/11/17	\$425.00	0.10	\$42.50	Emails with A&B and Receiver concerning Tele-Town Hall
MJVZ	29/11/17	\$425.00	0.10	\$42.50	Email from T. Jones regarding M. Rada call; Emails from T. Hones and S. Graff regarding same; Email from M. Rada
SLG	30/11/17	\$775.00	0.30	\$232.50	Emails re Frontline and Zomongo
MJVZ	30/11/17	\$425.00	0.20	\$85.00	Review appendix 15 to Receiver Report; Email to J. Knight regarding proposed response to Gowling
MJVZ	30/11/17	\$425.00	0.20	\$85.00	Email from Faskens; Conference call and emails with J. Merk; Email to Faskens

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	30/11/17	\$425.00	0.10	\$42.50	Emails with T. Jones regarding preparation for Tele-Town Hall
MJVZ	30/11/17	\$425.00	0.40	\$170.00	Conference call with S. Graff and with S. Graff and B. Bando regarding IFDS
MJVZ	30/11/17	\$425.00	0.30	\$127.50	Conference call with S. Graff and B. Bando regarding Second Report motion items to address
MJVZ	30/11/17	\$425.00	0.20	\$85.00	Conference call with J. Wainwright regarding interim distributions and review J. Wainwright email to Receiver concerning same
MJVZ	30/11/17	\$425.00	0.10	\$42.50	Emails with Faskens and Receiver concerning conference call to address offer
MJVZ	30/11/17	\$425.00	0.20	\$85.00	Email to J. Knight regarding response regarding Zomongo; Email J. Knight response and spreadsheet in preparation for call
JAW	30/11/17	\$695.00	0.80	\$556.00	Telephone call with B. Bando; Telephone call with M. van Zandvoort; Draft email re: next steps
SLG	01/12/17	\$775.00	1.00	\$775.00	Discussion with M. van Zandvoort re call on Bron and APA; telephone call with C. Weller re security and valuation; telephone call with B. Meyerowitz
TSJ	01/12/17	\$295.00	0.90	\$265.50	Telephone call with S. Graff and M. van Zandvoort regarding sale process; Email chain with C. Weiler regarding OSC questions; Telephone call with A. Gebert regarding same; Email to J. Knight regarding IFOS
JKM	01/12/17	\$550.00	0.50	\$275.00	Telephone call with S. Brotman and others re comments on APA
MJVZ	01/12/17	\$425.00	0.90	\$382.50	Conference call with J. Merk, B. Bando, S. Brotman and A. Davids
MJVZ	01/12/17	\$425.00	0.20	\$85.00	Conference call with J. Knight regarding Zomongo
MJVZ	01/12/17	\$425.00	0.10	\$42.50	Review emails from B. Bando to Quiver and from Quiver

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	01/12/17	\$425.00	0.20	\$85.00	Conference call with B. Bando regarding follow-up to call with S. Brotman, A. Davids
MJVZ	01/12/17	\$425.00	0.10	\$42.50	Conference call with J. Merk regarding Prospective Purchaser's proposed revisions to APA
MJVZ	01/12/17	\$425.00	0.40	\$170.00	Conference call with T. Jones and S. Graff regarding various receivership matters
MJVZ	01/12/17	\$425.00	0.20	\$85.00	Emails to IFDS' counsel and emails with Receiver concerning same
MJVZ	01/12/17	\$425.00	0.10	\$42.50	Email to S. Brotman attaching proposed agreements
MJVZ	02/12/17	\$425.00	0.20	\$85.00	Email from J. Knight regarding proposed letter to Gowling regarding Zomongo; Email from T. Jones regarding same; Emails with S. Graff regarding Zomongo
SLG	04/12/17	\$775.00	0.30	\$232.50	Oom - Emails from B. Mackenzie; email with T. Jones re responses
SLG	04/12/17	\$775.00	0.10	\$77.50	Zumongo - emails with G. Shannon re timing
MES	04/12/17	\$395.00	0.20	\$79.00	Receive and review emails from S. Graff and T. Jones regarding enforcement of commercial loan issues (Commercial Loans)
MJVZ	04/12/17	\$425.00	0.10	\$42.50	Review proposed letter to be sent by GT to Gowling and email J. Knight regarding same
MJVZ	04/12/17	\$425.00	0.10	\$42.50	Conference call with S. Graff
MJVZ	04/12/17	\$425.00	0.20	\$85.00	Email from S. Brotman; Emails with J. Merk regarding revised proposed APA
MJVZ	04/12/17	\$425.00	0.10	\$42.50	Email from T. Jones regarding Energy Services Agreement
MJVZ	04/12/17	\$425.00	0.10	\$42.50	Email from Receiver, Gowling and S. Graff regarding Zomongo proposal
SLG	05/12/17	\$775.00	1.20	\$930.00	Bron/Media - Conference call with M. van Zandvoort, B. Bando, J. Knight and T. Jones re approach with OOM loans and call and steps with M. Rada

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	05/12/17	\$295.00	2.70	\$796.50	Receive and draft response to email from B. McKenzie; Consider strategy regarding same; Telephone call with B. Bando and J. Knight regarding strategy (Mortgage Fund/Infrastructure Fund/ASPF/Factoring Fund)
TSJ	05/12/17	\$295.00	0.40	\$118.00	Email chain with J. Dyck regarding commercial loan documentation; Reporting email to client regarding same (Mortgage Fund/Infrastructure Fund)
JKM	05/12/17	\$550.00	0.80	\$440.00	Review revised APA
MES	05/12/17	\$395.00	0.50	\$197.50	Receive and review emails from T. Jones, S. Graff, J. Dyck, B. Bando (Commercial Loans)
MJVZ	05/12/17	\$425.00	0.20	\$85.00	Review email from responding party to motion; Emails with A&B and Receiver regarding same and response
MJVZ	05/12/17	\$425.00	0.20	\$85.00	Conference call with T. Jones and S. Graff regarding various matters concerning enforcement next steps
MJVZ	05/12/17	\$425.00	0.10	\$42.50	Emails with counsel to IFDS and Receiver
MJVZ	05/12/17	\$425.00	0.10	\$42.50	Review email from T. Jones further to meeting regarding registrations and energy contracts
MJVZ	05/12/17	\$425.00	0.60	\$255.00	Review Second Report in preparation for conference call with GT regarding Tele-Town Hall
MJVZ	05/12/17	\$425.00	0.10	\$42.50	Conference call with B. Bando and S. Graff and T. Jones
MJVZ	05/12/17	\$425.00	0.30	\$127.50	Conference call with S. Graff regarding receivership motion upcoming
MJVZ	05/12/17	\$425.00	0.10	\$42.50	Email from J. Merk attaching revised APA; Email from S. Graff
IEA	06/12/17	\$495.00	0.50	\$247.50	Discussions and instructions to T. Jones re distribution matters
SLG	06/12/17	\$775.00	0.50	\$387.50	Telephone call with S. Brotman and M. van Zandvoort re position on amendments and assumed liabilities

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	06/12/17	\$775.00	1.50	\$1,162.50	Attend at GTL by all to prepare for Toron Hall investor meeting
RTH	06/12/17	\$695.00	0.20	\$139.00	Discussion with T. Jones; Email from T. Jones
TSJ	06/12/17	\$295.00	1.60	\$472.00	Draft letter to M. Rada; Draft letter to St. Mary's Cement (Mortgage Fund/Infrastructure Fund)
TSJ	06/12/17	\$295.00	3.70	\$1,091.50	Prepare for and attend telephone call with Grant Thornton, M. van Zandvoort and S. Graff; Response to follow-up questions; Research certain issues regarding form of order
MES	06/12/17	\$395.00	0.10	\$39.50	Receive and review email from M. Rada (Commercial Loans)
MJVZ	06/12/17	\$425.00	0.30	\$127.50	Conference call with S. Graff regarding tele-town hall and other receivership matters
MJVZ	06/12/17	\$425.00	1.30	\$552.50	Attend conference call with Receiver and A&B to discuss strategy and approach for tele-town hall; Emails with Receiver concerning same and follow-up meeting with S. Graff and T. Jones regarding same
MJVZ	06/12/17	\$425.00	0.10	\$42.50	Email to S. Brodman regarding purchase offer
MJVZ	06/12/17	\$425.00	0.20	\$85.00	Review T. Jones email regarding Order and meet with T. Jones regarding same
MJVZ	06/12/17	\$425.00	0.80	\$340.00	Review revised APA in preparation for call with S. Brotman and S. Graff
MJVZ	06/12/17	\$425.00	0.70	\$297.50	Conference call with S. Brotman and S. Graff
MJVZ	06/12/17	\$425.00	0.10	\$42.50	Email from M. Rada and review update from T. Jones regarding Energy Contracts
MJVZ	06/12/17	\$425.00	0.20	\$85.00	Review letter from counsel to Frontline and email to Receiver regarding same
MJVZ	06/12/17	\$425.00	0.10	\$42.50	Email GT updated service list
MJVZ	06/12/17	\$425.00	0.10	\$42.50	Review potential topics circulated by J. Knight regarding tele-town hall

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	07/12/17	\$775.00	3.00	\$2,325.00	Prepare for and attend Toron teleconference at GTL with investors
FG	07/12/17	\$795.00	0.40	\$318.00	Telephone call with M. van Zandvoort re return of capital on units and tax impact
TSJ	07/12/17	\$295.00	3.70	\$1,091.50	Prepare for and attend "tele-town hall"
TSJ	07/12/17	\$295.00	0.60	\$177.00	Draft letters regarding commercial loans (Mortgage Fund/Infrastructure Fund)
JKM	07/12/17	\$550.00	0.40	\$220.00	Revise APA re comments of S. Brotman; Email to M. van Zandvoort re same
MJVZ	07/12/17	\$425.00	2.20	\$935.00	Prepare submissions for tele-town hall and provide same to S. Graff
MJVZ	07/12/17	\$425.00	0.10	\$42.50	Conference call with F. Gucciardo to discuss proposed tax questions for tele- town hall
MJVZ	07/12/17	\$425.00	2.80	\$1,190.00	Attend meeting with Receiver and investor town hall
MJVZ	07/12/17	\$425.00	0.10	\$42.50	Emails with D. Ullmann and from S. Graff to B. Prentice regarding IFDS productions
MJVZ	07/12/17	\$425.00	0.10	\$42.50	Email from S. Brotman regarding revisions to APA and emails with J. Merk regarding same
MJVZ	07/12/17	\$425.00	0.10	\$42.50	Email from IAS and from B. Bando
MJVZ	07/12/17	\$425.00	0.10	\$42.50	Review report from tele-town hall and emails with Receiver and T. Jones regarding same
MJVZ	07/12/17	\$425.00	0.10	\$42.50	Review email from T. Jones regarding draft Order
SLG	08/12/17	\$775.00	0.50	\$387.50	Review emails and discussion with M. van Zandvoort
TSJ	08/12/17	\$295.00	2.50	\$737.50	Receive and review emails from certain parties to December 11 motion; Draft response regarding same; Prepare court materials; Telephone call with C. Popowich and follow-up; Draft email to C. Popowich
TSJ	08/12/17	\$295.00	0.70	\$206.50	Draft letter regarding commercial loans (Mortgage Fund/Infrastructure Fund)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DS	08/12/17	\$250.00	1.60	\$400.00	Receive instruction from M. van Zandvoort; Research issues regarding payments for witness travel; Email M. van Zandvoort
MES	08/12/17	\$395.00	0.20	\$79.00	Receive and review emails from T. Jones and B. Bando (Commercial Loans)
MJVZ	08/12/17	\$425.00	0.10	\$42.50	Instruct D. Saturno regarding research for motion; Emails with D. Saturno regarding same
MJVZ	08/12/17	\$425.00	0.60	\$255.00	Conference call with [REDACTED]
MJVZ	08/12/17	\$425.00	0.10	\$42.50	Conference call with B. Bando regarding IAS
MJVZ	08/12/17	\$425.00	0.30	\$127.50	Conference call with S. Graff regarding various issues to address concerning Second Report motion
MJVZ	08/12/17	\$425.00	0.30	\$127.50	Emails with counsel to IFDS and Receiver; Emails with J. Wainwright regarding same; Review of information received and emails with Receiver and J. Wainwright regarding same
MJVZ	08/12/17	\$425.00	0.50	\$212.50	Emails with Frontline counsel and receiver; Receive and review affidavit
MJVZ	08/12/17	\$425.00	0.20	\$85.00	Voicemail from respondent counsel; Email from T. Jones regarding same; Emails to Receiver and T. Jones regarding relief requested by respondents and direction in response; Review T. Jones email to respondents' counsel; Review further exchange with respondents' counsel and email to T. Jones
MJVZ	08/12/17	\$425.00	0.20	\$85.00	Review email from principal of Solid Holdings and proposed response of T. Jones and email to T. Jones regarding same
JAW	08/12/17	\$695.00	0.20	\$139.00	Review and respond to M. van Zandvoort email
JKM	09/12/17	\$550.00	0.30	\$165.00	Email to M. van Zandvoort re survival periods for representations and warranties

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	09/12/17	\$425.00	0.10	\$42.50	Emails with T. Jones regarding respondents' position concerning examinations and response
MJVZ	09/12/17	\$425.00	2.10	\$892.50	Final review of and revisions to proposed APA; Emails with J. Merk and to S. Graff regarding same; Email to Receiver concerning same; Emails with J. Knight regarding IFDS and interim distribution and review spreadsheet concerning same
MJVZ	09/12/17	\$425.00	0.20	\$85.00	Review and consider exchange between Receiver and third party and Receiver proposed response; Email to Receiver in connection with same
MJVZ	09/12/17	\$425.00	0.10	\$42.50	Review memorandum of D. Saturno and emails with D. Saturno regarding same
TSJ	10/12/17	\$295.00	3.10	\$914.50	Research regarding element of relief requested; Receive and discuss email from C. Pinnell, B. McKenzie and C. Popowich; Prepare updated order and blacklines
MJVZ	10/12/17	\$425.00	4.50	\$1,912.50	Prepare submissions for Second Report motion including Responding to Frontline position; Emails and conference call with J. Knight concerning same
MJVZ	10/12/17	\$425.00	0.20	\$85.00	Conference call with S. Graff regarding respondents to motion and strategy in connection therewith; Follow-up email with S. Graff regarding Order
MJVZ	10/12/17	\$425.00	0.20	\$85.00	Draft response to certain respondents on motion; Emails with Receiver concerning same
MJVZ	10/12/17	\$425.00	0.10	\$42.50	Emails with Receiver regarding 611 BC Ltd. correspondence and response
MJVZ	10/12/17	\$425.00	0.20	\$85.00	Emails with T. Jones regarding revisions to draft Order
MJVZ	10/12/17	\$425.00	0.10	\$42.50	Emails with B. McKenzie
SLG	11/12/17	\$775.00	2.30	\$1,782.50	Prepare for and attend at court on motion for various relief

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	11/12/17	\$775.00	0.40	\$310.00	Review draft letter to Imaginea and St. Mary's; discussion with T. Jones; discussion re M. Rada offer
RTH	11/12/17	\$695.00	0.50	\$347.50	Review documents; Arrange subsearch
TSJ	11/12/17	\$295.00	0.80	\$236.00	Prepare materials for court; Receive and review correspondence from S. Miller of MGE; Discussion with M. van Zandvoort regarding result of hearing and next steps
TSJ	11/12/17	\$295.00	1.10	\$324.50	Draft and circulate letters regarding commercial loans (Mortgage Fund/Infrastructure Fund)
MJVZ	11/12/17	\$425.00	1.40	\$595.00	Emails with Respondents to motion; Emails with Receiver; Prepare for motion and conference call with S. Graff regarding same
MJVZ	11/12/17	\$425.00	1.30	\$552.50	Attend Second Approval motion before Justice Myers
TSJ	12/12/17	\$295.00	3.60	\$1,062.00	Finalize letters regarding commercial loans; Discuss fixture filings with R. Hooke; Review endorsement; Prepare unofficial endorsement; Revise order; Emails to Grant Thornton Limited regarding same

TOTAL:

304.00 \$127,762.50

Name	Hours	Rate	Value
Steven L. Graff (SLG)	32.60	\$775.00	\$25,265.00
Randy T. Hooke (RTH)	0.80	\$695.00	\$556.00
Kenneth R. Clark (KRC)	1.10	\$615.00	\$676.50
Timothy S. Jones (TSJ)	96.70	\$295.00	\$28,526.50
Shannon R. Morris (SRM)	6.00	\$350.00	\$2,100.00
Miranda E. Spence (MES)	11.00	\$395.00	\$4,345.00
Mark J. van Zandvoort (MJVZ)	130.00	\$425.00	\$55,250.00
Alyssa E. Gebert (AEG)	2.20	\$295.00	\$649.00
Kyle B. Plunkett (KBP)	1.60	\$395.00	\$632.00
Diana Saturno (DS)	2.10	\$250.00	\$525.00
Jesse Waslowski (JW)	1.40	\$250.00	\$350.00
Jeffrey K. Merk (JKM)	10.50	\$550.00	\$5,775.00
Francesco Gucciardo (FG)	1.00	\$795.00	\$795.00
Dillon Collett (DC)	5.50	\$250.00	\$1,375.00
Jennifer A. Wainwright (JAW)	1.00	\$695.00	\$695.00
Ian E. Aversa (IEA)	0.50	\$495.00	\$247.50

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OUR FEE	\$127,762.50
HST at 13%	\$16,609.13

DISBURSEMENTS
COST INCURRED ON YOUR BEHALF AS AN AGENT

Registration Under P.P.S.A.	\$10.00	
Due Diligence-Gov Fee	\$129.50	
Trade Marks	\$1,100.00	
Search Under P.P.S.A.	\$14.50	
Notice of Motion/Application	\$160.00	
Total Agency Costs		\$1,414.00

Subject to HST

Photocopies - Local	\$3,276.40	
Reproduction Services	\$336.12	
Long Distance Charges	\$51.10	
Conference Calls	\$20.96	
Imaging/Scanning	\$575.00	
Service Provider Fee	\$65.50	
Photocopies	\$639.50	
Postage	\$247.58	
Due Diligence	\$113.00	
Binding and Tabs	\$691.50	
Agency Fee	\$20.00	
Bankruptcy Search	\$42.00	
Deliveries/Parss	\$45.00	
Total Disbursements		\$6,123.66
HST at 13%		\$796.08

AMOUNT NOW DUE

\$152,705.37

THIS IS OUR ACCOUNT HEREIN
Aird & Berlis LLP

Steven L. Graft
E.&O.E.

PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 0.8% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

IN ACCOUNT WITH:

AIRD BERLIS

Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Ontario, Canada M5J 2T9
 T 416.863.1500 F 416.863.1515
 airdberlis.com

Grant Thornton Limited
 200 King Street West, 11th Floor
 Toronto, ON
 M5H 3T4

Attention: Mr. Jonathan Krieger

Account No.: 588211

PLEASE WRITE ACCOUNT NUMBERS
 ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

January 24, 2018

Re: Receivership of Crystal Wealth Management System Limited, et al

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended January 23, 2018

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DS	09/12/17	\$250.00	1.50	\$375.00	Research regarding payment for out of province witness attendance in Ontario; Email M. van Zandvoort regarding same
MES	11/12/17	\$395.00	0.20	\$79.00	Receive and review emails from T. Jones regarding commercial loan enforcement issues
JAW	11/12/17	\$695.00	0.20	\$139.00	Review M. van Zandvoort email; Follow-up email re: same
SLG	12/12/17	\$775.00	0.20	\$155.00	Restoration Energy - Review letter from Y. Martin
SLG	12/12/17	\$775.00	0.50	\$387.50	Review endorsement of Myers, J.
RTH	12/12/17	\$695.00	0.70	\$486.50	Email from T. Jones; Draft notice of security interest
MES	12/12/17	\$395.00	0.60	\$237.00	Receive and review emails from T. Jones, B. Bando, J. Knight, S. Graff regarding correspondence to M. Rada, St. Mary's Cement, Cor4; Receive and review endorsement of Justice Myers (Commercial Loans)
MJVZ	12/12/17	\$425.00	0.20	\$85.00	Conference call with B. Bando regarding Cash Purchase Offer; Email from B. Bando concerning same; Emails with S. Brotman

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	12/12/17	\$425.00	0.10	\$42.50	Emails with L. Rogers
MJVZ	12/12/17	\$425.00	0.20	\$85.00	Emails from J. Knight and B. Bando regarding Medical Fund; Email from T. Jones concerning same
MJVZ	12/12/17	\$425.00	0.10	\$42.50	Receive and review endorsement of Justice Myers
SLG	13/12/17	\$775.00	0.30	\$232.50	Various emails with B. McKenzie, Xenergy; order and endorsement
TSJ	13/12/17	\$295.00	0.50	\$147.50	Review factoring contracts; Email with J. Knight regarding same (Medical Fund)
TSJ	13/12/17	\$295.00	0.80	\$236.00	Attend Commercial List to have Order entered
TSJ	13/12/17	\$295.00	0.40	\$118.00	Receive and review email from Y. Martin-Morrison; Draft reporting email regarding same (Factoring Fund)
MES	13/12/17	\$395.00	0.20	\$79.00	Exchange emails with T. Jones regarding commercial loan enforcement issues (Commercial Loans)
MJVZ	13/12/17	\$425.00	0.60	\$255.00	Review proposed APA and inquiries raised by B. Bando; Revise APA and conference call with S. Graff concerning same; Email from J. Knight
MJVZ	13/12/17	\$425.00	0.30	\$127.50	Email to B. Prentice and to B. Bando; Conference call with J. Knight regarding IFDS; Further emails with B. Prentice and Receiver
MJVZ	13/12/17	\$425.00	0.10	\$42.50	Review correspondence from Single Source and email from T. Jones regarding same
SLG	14/12/17	\$775.00	0.20	\$155.00	OOM - Email with B. McKenzie at KWM law re Oom and energy contracts
SLG	14/12/17	\$775.00	0.10	\$77.50	Review emails re status and development
RTH	14/12/17	\$695.00	0.30	\$208.50	Review and revise notice of security interest; Email to T. Jones
TSJ	14/12/17	\$295.00	0.30	\$88.50	Attend to service of order and unofficial transcript

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	14/12/17	\$295.00	0.70	\$206.50	Draft email to Y. Martin-Morrison; Consider enforcement strategy; Review proposed compromise (Factoring Fund)
TSJ	14/12/17	\$295.00	1.70	\$501.50	Research litigation history of certain borrower; Consider strategy; Discuss strategy with S. Graff; Draft email to borrower's counsel; Review real estate security position (Mortgage Fund/Infrastructure Fund/ Factoring Fund /ASPF)
MES	14/12/17	\$395.00	0.30	\$118.50	Receive and review email from B. McKenzie; Exchange emails with T. Jones, S. Graff regarding OOM loans (Commercial Loans)
MJVZ	14/12/17	\$425.00	0.50	\$212.50	Emails with counsel to IFDS; Conference call with Receiver and IFDS and preparation for same; Follow-up email to IFDS and with Receiver
MJVZ	14/12/17	\$425.00	0.10	\$42.50	Conference call with B. Bando regarding Quiver
MJVZ	14/12/17	\$425.00	0.10	\$42.50	Emails from counsel to Zomongo and S. Graff
MJVZ	14/12/17	\$425.00	0.10	\$42.50	Email from T. Jones regarding Single Source; Email from S. Graff regarding same
MJVZ	14/12/17	\$425.00	0.10	\$42.50	Review email from S. Graff to B. McKenzie
SLG	15/12/17	\$775.00	0.10	\$77.50	Bron Media - Emails with S. Brotman
SLG	15/12/17	\$775.00	0.30	\$232.50	Media Fund - Review email re Quiver fees; review emails from investors; review commercial loans
TSJ	15/12/17	\$295.00	0.80	\$236.00	Email chain with D. Ferguson and J. Malicki; Consider correspondence and next steps; Email chain with S. Graff and M. Spence; Meeting with M. Spence
MES	15/12/17	\$395.00	0.50	\$197.50	Meet with T. Jones to discuss various issues arising out of enforcement of commercial loans; Receive and review correspondence regarding St. Mary's Cement (Commercial Loans)

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	15/12/17	\$425.00	0.10	\$42.50	Email to T. Jones regarding Debt Exchange Agreement regarding Restoration
MJVZ	16/12/17	\$425.00	0.10	\$42.50	Emails with S. Graff regarding Zomongo
TSJ	17/12/17	\$295.00	0.30	\$88.50	Receive and review weekly report from Frontline; Email chain with S. Graff and B. Bando regarding examination s and next steps
MJVZ	17/12/17	\$425.00	0.20	\$85.00	Emails to Zomongo; Emails with Receiver and S. Graff
SLG	18/12/17	\$775.00	0.10	\$77.50	Email with C. Weiler
SLG	18/12/17	\$775.00	0.50	\$387.50	Media House - Discussion with S. Brotman re structure of deal and issues
SLG	18/12/17	\$775.00	0.30	\$232.50	Media - Telephone call with B. Meyerowitz; telephone call with B. Bando; consider commission issue
TSJ	18/12/17	\$295.00	1.40	\$413.00	Receive and review settlement offer; Prepare tracking sheet of outstanding enforcement actions; Revise NOSI; Telephone call with B. Bando; Draft settlement proposal; Email settlement proposal to M. Rada
MES	18/12/17	\$395.00	1.00	\$395.00	Receive and review emails from Cassel Brock regarding further amendment to Pond loan; Review proposed amendments; Telephone call with B. Bando regarding same; Email to Cassels Brock regarding proposed revisions to amendment; Receive and review emails regarding settlement negotiations with M. Rada and St. Mary's Cement issues (Commercial Loans)
MJVZ	18/12/17	\$425.00	0.10	\$42.50	Conference call with S. Graff regarding Media Fund
MJVZ	18/12/17	\$425.00	0.10	\$42.50	Email from B. Bando regarding examinations
MJVZ	18/12/17	\$425.00	0.10	\$42.50	Email from M. Rada regarding settlement offer; Emails from T. Jones and B. Bando and M. Spence regarding same
MJVZ	18/12/17	\$425.00	0.10	\$42.50	Email to Home Trust counsel

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	18/12/17	\$425.00	0.10	\$42.50	Email with T. Jones regarding appeal period
SLG	19/12/17	\$775.00	1.00	\$775.00	Media Fund - Review emails and MOU; telephone call with M. van Zandvoort; emails and discussion with B. Bando; telephone call with B. Meyerowitz
SLG	19/12/17	\$775.00	0.30	\$232.50	Discussion with B. Bando and email re appeal period and interim distribution
SLG	19/12/17	\$775.00	0.50	\$387.50	Discussion with B. Bando and T. Jones; review and prepare emails re RAlA offer
SLG	19/12/17	\$775.00	0.70	\$542.50	Bron Media - Review APA; discussion with M. van Zandvoort; discussion with S. Brotman and consider revisions and timing
TSJ	19/12/17	\$295.00	1.00	\$295.00	Emails with M. van Zandvoort and S. Graff regarding appeal period; Receive and review email from B. Bando; Receive email from M. Rada and consider response; Draft response to same
MES	19/12/17	\$395.00	0.60	\$237.00	Receive and review revised amendment to Pond loan; Telephone call with B. Bando regarding same; Revise amendment to Pond loan and circulate to Cassels Brock; Receive and review executed amendment and confirmation of wire transfer (Commercial Loans)
MES	19/12/17	\$395.00	0.50	\$197.50	Receive and review numerous emails from M. Rada, S. Graff, T. Jones, B. Bando regarding negotiation of settlement (Commercial Loans)
MJVZ	19/12/17	\$425.00	0.20	\$85.00	Conference call with S. Graff regarding Media Fund
MJVZ	19/12/17	\$425.00	0.10	\$42.50	Conference call with S. Graff regarding Media Fund
SLG	20/12/17	\$775.00	0.20	\$155.00	Oom - Emails with B. McKenzie; consider issues
SLG	20/12/17	\$775.00	0.70	\$542.50	Media Fund - Telephone call with S. Monson and B. Meyerowitz; review docs; telephone call with M. van Zandvoort
SLG	20/12/17	\$775.00	0.20	\$155.00	Telephone call with M. Rada

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	20/12/17	\$775.00	0.50	\$387.50	Oom - Conference call with Weir Foulds re Energy Services Agreement - history and payment
SLG	20/12/17	\$775.00	0.50	\$387.50	Telephone call with S. Brotman; discussion with M. van Zandvoort re revisions
TSJ	20/12/17	\$295.00	5.40	\$1,593.00	Prepare settlement agreement; Prepare for and attend call with D. Ferguson; Summarize same in reporting email to B. Bando; Emails with C. Pavies; Emails to B. McKenzie; Review diligence information regarding commercial loan borrower; Summary email regarding same to client team; Consider strategy with S. Graff (Mortgage Fund/Infrastructure Fund)
TSJ	20/12/17	\$295.00	1.50	\$442.50	Review and summarize implications of recent decision for potential causes of action available to the Receiver; Status call with M. van Zandvoort; Review and summarize supplier contract
MES	20/12/17	\$395.00	2.30	\$908.50	Receive and respond to emails from B. McKenzie and T. Jones re: proposed standstill; Receive and review emails from T. Jones regarding Imaginea Energy and St. Mary's Cement issues; Receive and review email from M. Rada regarding settlement proposal; Exchange emails and telephone calls with T. Jones, B. Bando regarding revisions to settlement agreement; Review and revise settlement agreement; Exchange emails with M. Rada regarding same (Commercial Loans)
MJVZ	20/12/17	\$425.00	0.10	\$42.50	Emails with T. Jones and S. Graff regarding examinations
MJVZ	20/12/17	\$425.00	0.10	\$42.50	Conference call with B. Bando regarding IFDS
MJVZ	20/12/17	\$425.00	0.10	\$42.50	Emails with counsel to IFDS
MJVZ	20/12/17	\$425.00	0.10	\$42.50	Further conference call with B. Bando regarding investor inquiry
MJVZ	20/12/17	\$425.00	0.10	\$42.50	Conference call and emails with T. Jones regarding IFDS

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	20/12/17	\$425.00	0.20	\$85.00	Review email and attachments regarding consumer proposal and financials from Y. Martin/Restoration
MJVZ	20/12/17	\$425.00	0.10	\$42.50	Conference call with T. Jones regarding release of decision and implications
MJVZ	20/12/17	\$425.00	0.60	\$255.00	Emails with IFDS and Receiver and J. Wainwright and conference calls with B. Prentice and S. Graff; Emails with T. Jones; Conference call with S. Graff and T. Jones
MJVZ	20/12/17	\$425.00	0.20	\$85.00	Various emails with M. Spence, S. Graff, T. Jones, M. Rada and Receiver regarding proposal
MJVZ	20/12/17	\$425.00	0.40	\$170.00	Receive and review and revised Notice to Investors from Receiver; Email revised version to B. Bando and email from B. Bando regarding same
MJVZ	20/12/17	\$425.00	0.10	\$42.50	Emails with S. Graff regarding Quiver regarding Media Fund
MJVZ	20/12/17	\$425.00	0.10	\$42.50	Email from T. Jones and S. Graff regarding Commercial Loans
JAW	20/12/17	\$695.00	0.20	\$139.00	Review and respond to M. van Zandvoort email re: privacy concerns
SLG	21/12/17	\$775.00	0.50	\$387.50	Telephone call with M. Meyerowitz; telephone call with B. Bando; settlement issues
SLG	21/12/17	\$775.00	1.10	\$852.50	Oom - Telephone call with W. McKenzie; telephone call with M. Spence and T. Jones re issues and payment into escrow and emails with St. Mary's settlement meeting; attempt to coordinate dates
TSJ	21/12/17	\$295.00	3.80	\$1,121.00	Emails and telephone call with B. McKenzie; Various follow-up emails and attendances regarding same; Due diligence into recoverable assets; Telephone call with C. Davies; Discussion with S. Graff regarding same (Infrastructure Fund/Mortgage Fund/ASPF/Factoring Fund)
TSJ	21/12/17	\$295.00	2.20	\$649.00	Review supplier contract; Telephone call with B. Bando and M. van Zandvoort regarding examinations; Draft email

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					regarding summary of recent case
MES	21/12/17	\$395.00	2.30	\$908.50	Lengthy telephone call with B. McKenzie, S. Graff, T. Jones regarding OOM loans; Email to B. McKenzie regarding proposed payment of funds into court; Exchange numerous emails with B. Bando, B. McKenzie, D. Ferguson, S. Graff regarding same; Receive and respond to emails from M. Rada regarding finalizing settlement (Commercial Loans)
MJVZ	21/12/17	\$425.00	0.60	\$255.00	Various emails regarding potential settlement with M. Rada; Conference call with T. Jones and B. Bando; Various emails with counsel to IFDS; Receipt of issued Investor Notice
SLG	22/12/17	\$775.00	0.20	\$155.00	Emails re: examinations under oath and scheduling same
TSJ	22/12/17	\$295.00	0.90	\$265.50	Review procedural issues related to examinations
TSJ	22/12/17	\$295.00	1.40	\$413.00	Discuss potential monetization strategies for certain secured assets; Various emails and inquiries regarding same; Receive, review and respond to email from B. McKenzie
DS	22/12/17	\$250.00	0.30	\$75.00	Meeting with T. Jones regarding instructions on examinations; Emails with M. van Zandvoort
MES	22/12/17	\$395.00	0.80	\$316.00	Exchange emails with M. van Zandvoort and T. Jones regarding Clydesdale examination; Exchange emails with D. Ferguson, S. Graff regarding standstill period; Receive and review emails from B. McKenzie, S. Graff, T. Jones regarding settlement meeting (Commercial Loans)
MJVZ	22/12/17	\$425.00	4.60	\$1,955.00	Review privacy issues raised regarding IFDS disclosure; Emails with Receiver regarding same; Various emails to third parties regarding timetabling examinations and emails with S. Graff, T. Jones, S. Graff and Receiver regarding same; Conference call with B. Bando; Conference call with T. Jones

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	27/12/17	\$425.00	0.30	\$127.50	Emails from J. Ostrowski and S. Graff and C. Smith; Email to C. Smith and arrange for examination; Emails with B. Bando and S. Graff
TSJ	28/12/17	\$295.00	0.20	\$59.00	Receive and review email attachments from J. Knight regarding Stan Spletzer documentation and gold contracts
MJVZ	28/12/17	\$425.00	0.10	\$42.50	Email from J. Knight regarding Gold contracts
SLG	29/12/17	\$775.00	0.20	\$155.00	Emails with J. Ostrowski re Zomongo
SLG	29/12/17	\$775.00	0.40	\$310.00	Media - Telephone call with B. Meyerowitz and respond to same
MES	29/12/17	\$395.00	0.10	\$39.50	Receive and review email from B. Bando regarding Pond update to shareholders (Commercial Loans)
MJVZ	29/12/17	\$425.00	0.10	\$42.50	Email from B. Bando regarding Pond
MJVZ	30/12/17	\$425.00	0.10	\$42.50	Emails from S. Graff, T. Barnes and G. Shannon
SLG	31/12/17	\$775.00	0.10	\$77.50	Zomongo - Various emails with T. Barnes, J. Ostrowski and G. Shannon re response to proposal and next steps
DS	31/12/17	\$250.00	2.00	\$500.00	Research regarding examinations; Draft chart to track examinations; Email M. van Zandvoort and T. Jones regarding research and chart
MJVZ	31/12/17	\$425.00	0.20	\$85.00	Emails from S. Graff, G. Shannon and D. Saturno
TSJ	01/01/18	\$305.00	0.30	\$91.50	Review decision related to potential cause of action
TSJ	02/01/18	\$305.00	0.60	\$183.00	Email to B. Bando and J. Knight regarding monetization strategy (Infrastructure Fund)
TSJ	02/01/18	\$305.00	0.70	\$213.50	Emails with S. Graff and M. van Zandvoort regarding potential causes of action
MES	02/01/18	\$435.00	0.40	\$174.00	Receive and review emails from T. Jones and S. Graff regarding OOM loan enforcement and sale of St Marys Cement agreement (Commercial Loans)

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	02/01/18	\$465.00	0.20	\$93.00	Review various emails from M. Spence, T. Jones, S. Graff and B. Bando
TSJ	03/01/18	\$305.00	1.00	\$305.00	Telephone call with B. Bando regarding preparation for January 9 meeting; Review relevant documentation; Follow-up emails with B. Bando and team regarding same; Email chain with D. Ferguson and M. Abramowitz regarding St. Mary's Cement (Infrastructure Fund/Mortgage Fund)
MES	03/01/18	\$435.00	0.50	\$217.50	Exchange various emails with T. Jones, B. Bando, S. Graff, M. van Zandvoort regarding OOM loans and Zomongo (Commercial Loans)
MJVZ	03/01/18	\$465.00	0.20	\$93.00	Various emails with A&B personnel and B. Bando
SLG	04/01/18	\$795.00	0.80	\$636.00	Emails to Zumongo; discussion with M. van Zandvoort and T. Jones re status and next steps and various issues
SLG	04/01/18	\$795.00	0.20	\$159.00	Telephone call with Y. Martin-Morrison re information and further call
SLG	04/01/18	\$795.00	0.50	\$397.50	Emails with B. Meyerowitz and settle payment to Quiver
SLG	04/01/18	\$795.00	0.70	\$556.50	St. Marys - Conference call with D. Ferguson and M. Abramowitz, M. Spence and T. Jones re update, replacement operator and solution
TSJ	04/01/18	\$305.00	4.00	\$1,220.00	Prepare and circulate backgrounder and relevant file material in advance of upcoming meetings and calls regarding commercial loans; Prepare for and attend telephone call with D. Ferguson, M. Abramowitz; Review Energy Services Agreement; Draft detailed summary email to team regarding strategy; Draft reporting letter to client regarding call (Mortgage Fund/Infrastructure Fund/Factoring Fund/ASPF)
TSJ	04/01/18	\$305.00	0.40	\$122.00	Telephone call with S. Graff, M. van Zandvoort and M. Spence regarding various upcoming matters and issues

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	04/01/18	\$435.00	2.00	\$870.00	Conference call with S. Graff, M. van Zandvoort, T. Jones regarding update on various matters; Conference call with counsel for St. Marys Cement, S. Graff, T. Jones regarding approach to OOM loan involving SMC; Various discussions and exchange of emails with T. Jones regarding OOM enforcement (Commercial Loans)
MJVZ	04/01/18	\$465.00	0.30	\$139.50	Emails with S. Graff, M. Spence and T. Jones regarding various receivership matters
MJVZ	04/01/18	\$465.00	1.30	\$604.50	Review various matters concerning examinations, asset sale, Zomongo and Media Fund in preparation for conference call with S. Graff, M. Spence and T. Jones
MJVZ	04/01/18	\$465.00	0.50	\$232.50	Conference call with S. Graff, M. Spence and T. Jones concerning various receivership matters and next steps
MJVZ	04/01/18	\$465.00	2.80	\$1,302.00	Review various materials concerning Media Fund and prepare analysis to S. Graff concerning collections and email same to S. Graff
MJVZ	04/01/18	\$465.00	0.10	\$46.50	Conference call to B. Bando regarding examinations
SLG	05/01/18	\$795.00	0.40	\$318.00	Media Fund - Review revised Bron Agreement; emails with M. van Zandvoort
SLG	05/01/18	\$795.00	0.80	\$636.00	Media Fund - Telephone call with M. van Zandvoort; various emails and discussion with B. Meyerowitz; settle Quiver payment
SLG	05/01/18	\$795.00	0.20	\$159.00	Factoring - Review emails re receipt of funds from Frontlines
TSJ	05/01/18	\$305.00	0.80	\$244.00	Review diligence materials regarding commercial loan and draft summary email to S. Graff (Infrastructure Fund)
TSJ	05/01/18	\$305.00	0.10	\$30.50	Email to M. van Zandvoort regarding MHC correspondence
MES	05/01/18	\$435.00	0.30	\$130.50	Receive and review emails from T. Jones regarding OOM Loans (Commercial Loans)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	05/01/18	\$465.00	0.50	\$232.50	Email from B. Bando and response to B. Bando regarding various receivership matters
MJVZ	05/01/18	\$465.00	5.20	\$2,418.00	Various emails to third parties regarding examinations; Email to TCA/Zomongo; Emails with Receiver; Revise APA and Schedules and email to S. Graff regarding same; Review Quiver correspondence and attachments and conference call with S. Graff regarding Quiver; Prepare and send communication to counsel to Frontline; Emails with Receiver concerning same and email from counsel to Frontline
SLG	08/01/18	\$795.00	0.20	\$159.00	GT Media - Review revisions to Bron APA
TSJ	08/01/18	\$305.00	0.50	\$152.50	Email and follow-up telephone call to J. Knight regarding upcoming meeting; Discussion with M. Spence regarding same (Mortgage Fund/Infrastructure Fund/Factoring Fund/ASPF)
TSJ	08/01/18	\$305.00	0.20	\$61.00	Receive and review correspondence regarding Zomongo and underlying agreements
TSJ	08/01/18	\$305.00	0.20	\$61.00	Draft email to B. McKenzie regarding upcoming meeting; Email chain with A&B team and telephone call with S. Graff regarding same (Mortgage Fund/Infrastructure Fund/Factoring Fund/ASPF)
MES	08/01/18	\$435.00	0.50	\$217.50	Discussion with T. Jones and review documents in preparation for OOM meeting (Commercial Loans)
MJVZ	08/01/18	\$465.00	0.10	\$46.50	Conference calls with S. Graff regarding Media Fund
MJVZ	08/01/18	\$465.00	0.30	\$139.50	Conference call with B. Bando and J. Knight regarding Media Fund
MJVZ	08/01/18	\$465.00	0.10	\$46.50	Emails with D. Saturno regarding issuance of summonses
MJVZ	08/01/18	\$465.00	0.20	\$93.00	Review response from Receiver regarding Solid Holdings; Email to Receiver providing comments concerning same

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	08/01/18	\$465.00	0.60	\$279.00	Email from T. Barnes; Conference calls with S. Graff regarding Zomongo strategy; email to TCA and Zomongo
MJVZ	08/01/18	\$465.00	0.20	\$93.00	Email revised APA and Schedules to Faskens; Email from S. Brotman; Emails with Receiver concerning Media Fund
MJVZ	08/01/18	\$465.00	0.20	\$93.00	Emails with counsel to Frontline and emails with Receiver concerning same
MJVZ	08/01/18	\$465.00	0.10	\$46.50	Email from C. Popowich regarding examinations
MJVZ	08/01/18	\$465.00	0.10	\$46.50	Emails from Y. Martin and S. Graff regarding conference call regarding Restoration Energy
SLG	09/01/18	\$795.00	1.50	\$1,192.50	Attend meeting with B. McKenzie, Clydesdale and GTL to discuss issues
SLG	09/01/18	\$795.00	0.80	\$636.00	Conference call with Weir Foulds and with Blaneys re position on replacement provider and confirm positions of St. Mary
SLG	09/01/18	\$795.00	0.20	\$159.00	Discussion with M. van Zandvoort re coordination of discovery
TSJ	09/01/18	\$305.00	3.80	\$1,159.00	Prepare for and attend meeting with OOM Energy; Follow-up discussion with M. Spence; Review of relevant transactional documents; Review draft standstill; Discussion with S. Graff and M. Spence regarding same (Mortgage Fund)
TSJ	09/01/18	\$305.00	0.90	\$274.50	Email chain with team regarding Restoration Energy debenture; Email to Y. Martin Morrison regarding same; Review TCA Credit Agreement and Subordination; Draft email summarizing key terms for M. van Zandvoort (Factoring Fund)
TSJ	09/01/18	\$305.00	2.80	\$854.00	Telephone call with D. Ferguson and M. Abramowitz regarding St. Mary's Cement; Review of transactional documents; Discuss strategy regarding response with M. Spence, S. Graff; Emails with J. Knight and M. Spence regarding response letter; Draft revisions to response letter; Circulate response letter (Mortgage Fund)

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DS	09/01/18	\$260.00	0.80	\$208.00	Draft summons; Email P. Williams; Email drafts to M. van Zandvoort for review and comment
MES	09/01/18	\$435.00	6.70	\$2,914.50	Prepare for and attend at meeting with B. McKenzie, C. Clydesdale, J. Krieger, J. Knight, S. Graff, T. Jones; Draft standstill letter to B. McKenzie; Incorporate revisions proposed by T. Jones, S. Graff, J. Krieger; Receive and review letter from B. McKenzie; Telephone call with St. Mary's Cement counsel, S. Graff, T. Jones; Office conference with S. Graff and T. Jones regarding strategy; Draft response to B. McKenzie; Exchange emails with S. Graff, T. Jones, J. Knight, J. Krieger regarding revisions to same (Commercial Loans)
MJVZ	09/01/18	\$465.00	0.20	\$93.00	Emails with T. Jones and S. Graff regarding examinations
MJVZ	09/01/18	\$465.00	0.10	\$46.50	Emails with D. Saturno regarding preparation of summonses
MJVZ	09/01/18	\$465.00	0.20	\$93.00	Conference call with S. Graff regarding examinations
MJVZ	09/01/18	\$465.00	0.10	\$46.50	Emails with T. Jones and Receiver regarding Y. Martin conference call
MJVZ	09/01/18	\$465.00	0.20	\$93.00	Emails to and with Receiver regarding Media Fund and regarding Examination timing
MJVZ	09/01/18	\$465.00	0.20	\$93.00	Conference call with B. Bando regarding various receivership matters
MJVZ	09/01/18	\$465.00	0.10	\$46.50	Follow-up email to TCA/Zomongo
MJVZ	09/01/18	\$465.00	0.10	\$46.50	Emails with B. Bando and call to C. Popowich
MJVZ	09/01/18	\$465.00	0.10	\$46.50	Emails with Faskens concerning proposed APA
MJVZ	09/01/18	\$465.00	0.20	\$93.00	Review various correspondence from M. Spence, S. Graff and T. Jones and B. McKenzie regarding OOM

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	10/01/18	\$795.00	0.90	\$715.50	Discussion with M. van Zandvoort; emails with same; consider liquidation; consider intercreditor and restoration opportunities
SLG	10/01/18	\$795.00	0.50	\$397.50	Consider examination, recovery options and other issues
SLG	10/01/18	\$795.00	0.20	\$159.00	Media - Emails with B. Meyerowitz re timing of payment
TSJ	10/01/18	\$305.00	0.40	\$122.00	Review Zomongo materials and discuss same with M. van Zandvoort; Review correspondence with Y. Martin-Morrison; Review correspondence with Y. Martin-Morrison (Factoring Fund)
TSJ	10/01/18	\$305.00	3.40	\$1,037.00	Consider enforcement strategy in light of security position over certain asset; Due diligence into commercial loan counterparties; Discussion with J. Knight regarding company emails; Receive and review email from J. Knight regarding commercial loan diligence; Respond with further comments on same (Mortgage Fund)
TSJ	10/01/18	\$305.00	0.40	\$122.00	Discussion with M. van Zandvoort regarding strategy on Restoration Energy matters (Factoring Fund)
DS	10/01/18	\$260.00	0.40	\$104.00	Attend to summons, Discussion with P. Williams; Email M. van Zandvoort
MES	10/01/18	\$435.00	0.50	\$217.50	Receive and review emails from T. Jones providing additional background regarding OOM loans (Commercial Loans)
MJVZ	10/01/18	\$465.00	0.40	\$186.00	Review and revise summonses; Emails to D. Saturno and P. Williams instructing regarding issuance and service of same
MJVZ	10/01/18	\$465.00	0.60	\$279.00	Review TCA/Zomongo materials and emails with T. Jones and S. Graff regarding same
MJVZ	10/01/18	\$465.00	1.80	\$837.00	Preparation for examination of J. Bentley
MJVZ	10/01/18	\$465.00	0.10	\$46.50	Emails to C. Popowich regarding examinations; Email from C. Popowich

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	10/01/18	\$465.00	1.80	\$837.00	Review file materials regarding Restoration Energy in preparation for conference call; Conference call with Y. Martin, B. Bando and J. Knight regarding Restoration Energy
MJVZ	10/01/18	\$465.00	0.30	\$139.50	Follow-up conference call with B. Bando and J. Knight; Email to Y. Martin further to call and prepare memorandum of same
MJVZ	10/01/18	\$465.00	0.30	\$139.50	Follow-up conference call with S. Graff regarding Restoration Energy and Next Steps
MJVZ	10/01/18	\$465.00	0.40	\$186.00	Meeting with T. Jones regarding next steps Restoration Energy; Meeting with M. Spence regarding Commercial Loan meeting with B. McKenzie
MJVZ	10/01/18	\$465.00	0.20	\$93.00	Emails with J. Bentley, D. Saturno and C. Smith regarding examinations
PW	10/01/18	\$180.00	0.60	\$108.00	Issued two Summons to Witness
SLG	11/01/18	\$795.00	0.10	\$79.50	Emails regarding medical fund recovery
SLG	11/01/18	\$795.00	0.20	\$159.00	Emails regarding insurance and equipment priority
TSJ	11/01/18	\$305.00	0.10	\$30.50	Receive and review correspondence from B. McKenzie (Mortgage Fund)
TSJ	11/01/18	\$305.00	0.20	\$61.00	Receive and review materials from J. Knight regarding Xynergy; Discussion with M. van Zandvoort regarding same (Medical Fund)
MES	11/01/18	\$435.00	0.10	\$43.50	Receive and review email from B. McKenzie (Commercial Loans)
MJVZ	11/01/18	\$465.00	4.00	\$1,860.00	Continued preparation for examination of J. Bentley and preparation for meeting with B. Bando and J. Knight; Attend meeting with J. Knight and B. Bando
MJVZ	11/01/18	\$465.00	0.10	\$46.50	Review emails from B. McKenzie and C. Smith
MJVZ	11/01/18	\$465.00	0.50	\$232.50	Email from J. Knight regarding Medical Fund; Emails with T. Jones, K. Plunkett, and S. Graff regarding same; Conference call with S. Graff

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	11/01/18	\$465.00	0.10	\$46.50	Follow-up email from Y. Martin-Morrison regarding Factoring/Hedge Funds
MJVZ	11/01/18	\$465.00	0.10	\$46.50	Follow-up email to S. Brotman regarding APA; Emails with S. Graff regarding same
MJVZ	11/01/18	\$465.00	0.10	\$46.50	Email from B. Bando regarding compliance manual
SLG	12/01/18	\$795.00	0.30	\$238.50	Review various emails regarding Bron Agreement
SLG	12/01/18	\$795.00	0.50	\$397.50	Prepare response to B. McKenzie; Email to Y. Martin (Restoration Energy)
TSJ	12/01/18	\$305.00	2.50	\$762.50	Review CW email records regarding commercial loans; Receive and respond to email from B. McKenzie; Draft detailed summary memo of findings (Mortgage Fund/Infrastructure Fund/Factoring Fund/ASPF)
SRM	12/01/18	\$350.00	0.40	\$140.00	Factoring Fund: Order, review and report on PPSA searches; Review and update VIN search table
MES	12/01/18	\$435.00	0.50	\$217.50	Receive and review correspondence from B. McKenzie re: further offer and provision of documents; Exchange emails with T. Jones and S. Graff re: same; Propose response to B. McKenzie (Commercial Loans)
MJVZ	12/01/18	\$465.00	0.80	\$372.00	Emails with S. Brotman; Review revised APA; Conference calls with S. Graff and B. Bando concerning same and emails with S. Brotman regarding same
MJVZ	12/01/18	\$465.00	0.20	\$93.00	Emails with Receiver regarding investor filing; Email to Y. Martin; Emails from B. McKenzie and S. Graff
MJVZ	12/01/18	\$465.00	0.80	\$372.00	Review email from B. Bando regarding Single Source; Emails with S. Morris and obtain searches; Draft letter to be sent by Receiver to auctioneer and email to B. Bando regarding same
TSJ	14/01/18	\$305.00	1.10	\$335.50	Review email records of CW pertaining to commercial loans (Mortgage Fund/Infrastructure Fund/Factoring Fund/ASPF)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	14/01/18	\$435.00	0.20	\$87.00	Exchange emails with T. Jones and S. Graff re: call with B. Bando to discuss OOM loans (Commercial Loans)
MJVZ	14/01/18	\$465.00	0.10	\$46.50	Email with T. Jones regarding email review and review attachment provided
TSJ	15/01/18	\$305.00	2.60	\$793.00	Assist M. van Zandvoort with preparation for examinations; Receive and review requested information and documentation from B. McKenzie; File same; Prepare deficiency list of outstanding items; Report to client; consider next steps (Infrastructure Fund/Mortgage Fund/Factoring Fund/ASPF)
SRM	15/01/18	\$350.00	0.20	\$70.00	Mortgage Fund: Order, review and report on corporate profile for 2455436 Ontario Inc.
DS	15/01/18	\$260.00	0.70	\$182.00	Create binder for M. van Zandvoort regarding Offering Memoranda
MES	15/01/18	\$435.00	0.50	\$217.50	Exchange emails with T. Jones, B. Bando re: call to discuss documents received from OOM and summary of documents received (Commercial Loans)
MJVZ	15/01/18	\$465.00	5.40	\$2,511.00	Continued preparation for examinations of J. Bentley and C. Smith; Emails to D. Saturno and T. Jones and M. Gugu regarding examination preparation; Review documentation received from T. Jones regarding Commercial Loans and incorporate same into examination questions
MJVZ	15/01/18	\$465.00	1.20	\$558.00	Prepare for conference call with S. Brotman and A. Davids; Conference call with S. Brotman and A. Davids; Reporting email to Receiver
MJVZ	15/01/18	\$465.00	0.20	\$93.00	Emails with counsel to Frontline and Receiver
MJVZ	15/01/18	\$465.00	0.10	\$46.50	Conference call with B. Bando regarding various receivership matters
MJVZ	15/01/18	\$465.00	0.10	\$46.50	Conference call with S. Graff regarding various receivership matters

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	15/01/18	\$465.00	0.70	\$325.50	Review Mount Nemo offer; Various emails with R. Hooke, S. Graff, T. Jones, J. Knight, J. Wainwright and B. Bando regarding various receivership matters
JAW	15/01/18	\$725.00	0.50	\$362.50	Review and respond to B. Bando email; Telephone call with B. Worndl re: same
BW	15/01/18	\$950.00	0.20	\$190.00	Discussion with J. A. Wainwright re tax matters
SLG	16/01/18	\$795.00	0.30	\$238.50	Telephone call with B. Meyerowitz and J. Krieger re delay with payment and payment terms
TSJ	16/01/18	\$305.00	0.60	\$183.00	Prepare for and attend telephone call with B. Bando regarding commercial loans strategy and next steps (Mortgage Fund)
TSJ	16/01/18	\$305.00	0.50	\$152.50	Draft email to B. McKenzie enclosing detailed request list (Infrastructure Fund/Mortgage Fund/Factoring Fund/ASPF)
TSJ	16/01/18	\$305.00	0.30	\$91.50	Assist M. van Zandvoort in preparing for examination
TSJ	16/01/18	\$305.00	0.60	\$183.00	Review factoring arrangements with Xynergy and SSI; Summarize key terms for M. van Zandvoort and J. Knight; Draft bill of sale (Medical Fund)
DS	16/01/18	\$260.00	0.80	\$208.00	Create binder regarding offering memoranda
MES	16/01/18	\$435.00	1.10	\$478.50	Meet with T. Jones and S. Graff to discuss OOM loans; Telephone call with S. Graff, T. Jones, B. Bando, J. Knight re: same; Review and revise proposed correspondence to B. McKenzie (Commercial Loans)
MJVZ	16/01/18	\$465.00	0.40	\$186.00	Emails with R. Hooke regarding Mount Nemo; Review and revise offer and email same to B. Bando
MJVZ	16/01/18	\$465.00	0.50	\$232.50	Revise Investor Notice; Emails with Receiver and S. Graff regarding same and blackline

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	16/01/18	\$465.00	2.40	\$1,116.00	Continued preparation for examination of J. Bentley; Conference call with B. Bando; Emails and conference call with T. Jones regarding examination; Emails with S. Brotman and S. Graff; Email to B. Bando regarding Single Source
MJVZ	16/01/18	\$465.00	0.20	\$93.00	Review various emails from B. Bando and T. Jones regarding OOM and review agreement; Email to M. Gugu regarding same
SLG	17/01/18	\$795.00	0.60	\$477.00	Discussion with M. Spence and T. Jones re position on Clydesdale loans and approach re exam of St. Mary's payments
SLG	17/01/18	\$795.00	0.30	\$238.50	Telephone call with J. Krieger and update with M. van Zandvoort
TSJ	17/01/18	\$305.00	0.20	\$61.00	Email to B. McKenzie regarding outstanding documents (Mortgage Fund/Infrastructure Fund/Factoring Fund/ASPF)
TSJ	17/01/18	\$305.00	0.30	\$91.50	Revise draft bill of sale; Discussion with M. van Zandvoort regarding same (Medical Fund)
MES	17/01/18	\$435.00	0.10	\$43.50	Receive and review email from T. Jones to B. McKenzie (Commercial Loans)
MJVZ	17/01/18	\$465.00	8.00	\$3,720.00	Preparation for and attendance at examination of J. Bentley
MJVZ	17/01/18	\$465.00	0.30	\$139.50	Review SSI agreement; Conference call with T. Jones to advise of revisions
MJVZ	17/01/18	\$465.00	0.10	\$46.50	Emails with S. Brotman and from S. Graff and S. Brotman
IEA	18/01/18	\$525.00	0.40	\$210.00	Discussion with T. Jones re update and next steps
SLG	18/01/18	\$795.00	0.30	\$238.50	Media - Telephone call with B. Bando, J. Krieger and M. van Zandvoort re Bron deal; IFDS
SLG	18/01/18	\$795.00	0.20	\$159.00	Email re disclaim of IFDS
SLG	18/01/18	\$795.00	0.50	\$397.50	Media - Telephone call with S. Brotman re carve out of assignment re choses in action; telephone call with M. van Zandvoort

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	18/01/18	\$305.00	1.90	\$579.50	Research regarding judicial treatment of provision in Appointment Order regarding executory contracts; Emails to M. van Zandvoort and S. Graff regarding same
TSJ	18/01/18	\$305.00	0.40	\$122.00	Review email from B. McKenzie and attached materials; Emails to A+B team regarding same (Mortgage Fund)
TSJ	18/01/18	\$305.00	0.10	\$30.50	Finalize draft bill of sale and send to client for review
JTN	18/01/18	\$375.00	0.20	\$75.00	Discussion with T. Jones and I. Aversa re potential treatment of certain contracts
MES	18/01/18	\$435.00	0.20	\$87.00	Receive and review emails from S. Graff and T. Jones re: further correspondence from B. McKenzie
MJVZ	18/01/18	\$465.00	0.30	\$139.50	Conference call with T. Jones regarding Bentley examination
MJVZ	18/01/18	\$465.00	0.30	\$139.50	Conference call with S. Graff regarding various receivership matters
MJVZ	18/01/18	\$465.00	0.30	\$139.50	Conference call with S. Graff, B. Bando and J. Krieger
MJVZ	18/01/18	\$465.00	0.40	\$186.00	Emails with T. Jones and S. Graff regarding IFDS
MJVZ	18/01/18	\$465.00	0.30	\$139.50	Conference call with S. Graff and with S. Graff and S. Brotman regarding APA and emails concerning same
MJVZ	18/01/18	\$465.00	0.10	\$46.50	Emails with T. Jones regarding SSI
IEA	19/01/18	\$525.00	0.70	\$367.50	Emails and discussions with M. van Zandvoort and T. Jones regarding update and next steps
SLG	19/01/18	\$795.00	0.40	\$318.00	Media - Telephone call with M. van Zandvoort; review revised APA language in Bron deal
TSJ	19/01/18	\$305.00	0.20	\$61.00	Draft examination questions to assist M. van Zandvoort with C. Smith examination; Prepare binder of supporting materials

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	19/01/18	\$305.00	1.20	\$366.00	Research regarding certain power in appointment order; Telephone calls with I. Aversa regarding same; Review and summarize case law; Consider strategy; Email to M. van Zandvoort and S. Graff regarding same
MES	19/01/18	\$435.00	0.30	\$130.50	Receive and review email from B. McKenzie re: documents to be provided; Exchange emails with S. Graff and T. Jones re: same
MJVZ	19/01/18	\$465.00	0.20	\$93.00	Emails with T. Jones regarding C. Smith examination
MJVZ	19/01/18	\$465.00	3.10	\$1,441.50	Amend Bron APA and schedules and conference call with S. Graff; Emails with S. Graff regarding same and conference call with B. Bando regarding same; Further emails with S. Graff regarding same
TSJ	20/01/18	\$305.00	2.20	\$671.00	Emails with S. Graf and M. van Zandvoort regarding strategy for certain supplier contract; Review underlying contract; Draft letter to supplier
MES	20/01/18	\$435.00	0.20	\$87.00	Exchange emails with S. Graff and T. Jones re: response to B. McKenzie
MJVZ	20/01/18	\$465.00	1.50	\$697.50	Further revisions to Bron APA and Schedules; Email to Receiver regarding same; Email from B. Bando
MJVZ	20/01/18	\$465.00	0.20	\$93.00	Emails with S. Graff and T. Jones regarding IFDS
IEA	21/01/18	\$525.00	0.20	\$105.00	Emails to and from T. Jones
SLG	21/01/18	\$795.00	0.30	\$238.50	Oom - Telephone call with T. Jones and M. Spence to discuss response to McKenzie email and further discussion with GTL
TSJ	21/01/18	\$305.00	1.00	\$305.00	Finalize draft of letter to supplier; Review underlying agreements, consider and summarize analysis regarding contract term issue
TSJ	21/01/18	\$305.00	0.30	\$91.50	Prepare for and attend call with S. Graff and M. Spence regarding strategy for response to B. McKenzie and ongoing standstill matters (Mortgage Fund)

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	21/01/18	\$435.00	0.30	\$130.50	Telephone call with S. Graff and T. Jones re: response to B. McKenzie; Exchange emails with GT re: same
MJVZ	21/01/18	\$465.00	0.10	\$46.50	Email from T. Jones regarding IFDS letter
MJVZ	21/01/18	\$465.00	0.10	\$46.50	Conference call and emails with B. Bando regarding APA
MJVZ	21/01/18	\$465.00	0.20	\$93.00	Email revised APA and Schedules to Faskens
MJVZ	22/01/18	\$465.00	0.60	\$279.00	Conference call with S. Graff and S. Brotman regarding advancing APA
MJVZ	22/01/18	\$465.00	0.10	\$46.50	Conference call with B. Bando regarding advancing APA and conference call scheduled with S. Brotman tomorrow
MJVZ	22/01/18	\$465.00	0.10	\$46.50	Conference call with B. Bando regarding Records retrieval
MJVZ	22/01/18	\$465.00	0.20	\$93.00	Various emails from T. Jones, K. Plunkett and J. Knight regarding SSI
MJVZ	22/01/18	\$465.00	0.10	\$46.50	Email to F. Gucciardo APA transaction
MJVZ	22/01/18	\$465.00	0.10	\$46.50	Emails with B. Bando regarding IFDS
MJVZ	23/01/18	\$465.00	2.50	\$1,162.50	Review prior correspondence and documentation concerning IFDS and draft letter to IFDS and email same to B. Bando
MJVZ	23/01/18	\$465.00	5.80	\$2,697.00	Continued preparation for examination of C. Smith; Emails with T. Jones and C. Dillard regarding same and materials for examination
MJVZ	23/01/18	\$465.00	0.40	\$186.00	Emails and conference calls with counsel to A. Housego; Emails and conference calls with Receiver concerning same and A. Housego examination
MJVZ	23/01/18	\$465.00	0.20	\$93.00	Conference call with S. Brotman and S. Graff regarding APA revisions; Conference call with B. Bando
MJVZ	23/01/18	\$465.00	0.70	\$325.50	Receive and review S. Brotman revisions to APA and Approval and Vesting Order; Emails to F. Gucciardo, S. Graff and B. Bando concerning same and providing

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
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comments

TOTAL:			193.40	\$84,448.50	
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Name	Hours	Rate	Value
Diana Saturno (DS)	6.50	\$254.15	\$1,652.00
Miranda E. Spence (MES)	23.80	\$419.20	\$9,977.00
Jennifer A. Wainwright (JAW)	0.90	\$711.67	\$640.50
Steven L. Graff (SLG)	21.60	\$786.02	\$16,978.00
Randy T. Hooke (RTH)	1.00	\$695.00	\$695.00
Mark J. van Zandvoort (MJVZ)	76.60	\$458.79	\$35,143.00
Timothy S. Jones (TSJ)	60.10	\$301.12	\$18,097.50
Patrick Williams (PW)	0.60	\$180.00	\$108.00
Shannon R. Morris (SRM)	0.60	\$350.00	\$210.00
Barbara Worndl (BW)	0.20	\$950.00	\$190.00
Ian E. Aversa (IEA)	1.30	\$525.00	\$682.50
Jeremy T. Nemers (JTN)	0.20	\$375.00	\$75.00

OUR FEE	\$84,448.50
HST at 13%	\$10,978.31

DISBURSEMENTS

COST INCURRED ON YOUR BEHALF AS AN AGENT

Teranet	\$63.65
Summons to Witness	\$218.26
Search Under P.P.S.A.	\$2.00

Total Agency Costs	\$283.91
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Subject to HST

Deliveries/Parss	\$48.75
Long Distance Charges	\$8.32
Imaging/Scanning	\$50.00
Photocopies - Local	\$396.75
Teraview Search	\$32.70
Conference Calls	\$5.33
Taxi	\$52.30
Service Fee Teranet	\$10.60
Photocopies	\$0.50
Service Provider Fee	\$13.00
Binding and Tabs	\$25.25

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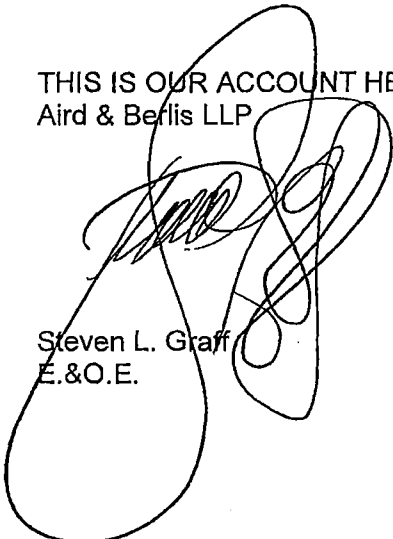
Total Disbursements
HST at 13%

\$643.50
\$83.66

AMOUNT NOW DUE

\$96,437.88

THIS IS OUR ACCOUNT HEREIN
Aird & Berlis LLP



Steven L. Graff
E.&O.E.

PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2, Account number 5221521, Transit number 10202, Swift Code TDOMCATTOR. Please include the account number as reference.

31643012.1

IN ACCOUNT WITH:

AIRD BERLIS

Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Ontario, Canada M5J 2T9
 T 416.863.1500 F 416.863.1515
 airdberlis.com

Grant Thornton Limited
 200 King Street West, 11th Floor
 Toronto, ON M5H 3T4

Attention: Mr. Jonathan Krieger

Account No.: 590587

PLEASE WRITE ACCOUNT NUMBERS
 ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

February 27, 2018

Re: Receivership of Crystal Wealth Management System Limited, et al

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended February 20, 2018

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	22/01/18	\$795.00	0.60	\$477.00	Oom - Telephone call with B. Bando and J. Knight re settlement with Clydesdale and letter to B. McKenzie
SLG	22/01/18	\$795.00	0.50	\$397.50	Media - Telephone call with M. van Zandvoort and S. Brotman re agreement
TSJ	22/01/18	\$305.00	0.10	\$30.50	Review client changes to draft bill of sale; Emails regarding same with K. Plunkett (Medical Fund)
KBP	22/01/18	\$435.00	0.30	\$130.50	Review and respond to email from T. Jones regarding bill of sale.
DS	22/01/18	\$260.00	0.10	\$26.00	Receive instruction from M. Spence regarding drafting summons
MES	22/01/18	\$435.00	1.20	\$522.00	Telephone call with B. Bando, J. Knight, S. Graff re: response to B. McKenzie; Draft letter to B. McKenzie; Revise in accordance with S. Graff comments; Exchange emails with B. Bando re: same (Commercial Loans)
AG	23/01/18	\$595.00	0.80	\$476.00	Reviewing email of F. Gucciardo; Reviewing draft Asset Purchase Agreement; Email to M. Van Zandvoort regarding preliminary GST/HST views

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	23/01/18	\$795.00	0.30	\$238.50	Media Fund - Telephone call with M. van Zandvoort and S. Brotman
SLG	23/01/18	\$795.00	0.20	\$159.00	Telephone call with B. McKenzie
SLG	23/01/18	\$795.00	0.10	\$79.50	Email from A. Housego lawyer
TSJ	23/01/18	\$305.00	0.10	\$30.50	Finalize bill of sale (Medical Fund)
TSJ	23/01/18	\$305.00	0.10	\$30.50	Assist M. van Zandvoort with preparation for examination of C. Smith
MES	23/01/18	\$435.00	0.20	\$87.00	Receive and review letter from B. McKenzie and discuss with S. Graff (Commercial Loans)
AG	24/01/18	\$595.00	0.70	\$416.50	Reviewing additional information provided by M. van Zandvoort and considering HST implications; Email to M. van Zandvoort regarding suggested revisions to the Asset Purchase Agreement and regarding HST implications
SLG	24/01/18	\$795.00	0.40	\$318.00	Discussion with M. van Zandvoort re C. Smith examination
SLG	24/01/18	\$795.00	0.20	\$159.00	Media - Review revisions to APA; telephone call with S. Brotman; discussion with M. van Zandvoort; consider response from tax on HST issue
FG	24/01/18	\$825.00	0.60	\$495.00	Review agreement and Excise Tax Act; Email re exemption and instructions A. Gentile
MJVZ	24/01/18	\$465.00	0.30	\$139.50	Emails from F. Gucciardo and A. Gentile regarding Tax Implications of APA language; Email to F. Gucciardo and A. Gentile concerning same; Further emails with A. Gentile
MJVZ	24/01/18	\$465.00	4.40	\$2,046.00	Continued preparation for examination of C. Smith and conference call with S. Graff to review strategy for examination
MJVZ	24/01/18	\$465.00	1.30	\$604.50	Conference call with S. Graff regarding revisions to Bron APA and schedules; Revisions to same and email same to B. Bando; Conference call with B. Bando regarding same and email revised APA and Schedules to Faskens

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	24/01/18	\$465.00	0.60	\$279.00	Conference call with S. Brotman and A. Davids; Email to B. Bando
MJVZ	24/01/18	\$465.00	0.50	\$232.50	Review B. Bando revisions and comments regarding IFDS and letter to counsel; Conference call with S. Graff regarding same; Revise letter and email to B. Bando; Conference call with B. Bando and email to B. Prentice attaching letter
MJVZ	24/01/18	\$465.00	0.20	\$93.00	Email from J. Knight regarding Geodata amendment; Email updated Service List to J. Knight; Email from B. Bando regarding Single Source
MJVZ	24/01/18	\$465.00	0.20	\$93.00	Emails with C. Venoitte and Receiver regarding return of documentation
SLG	25/01/18	\$795.00	0.20	\$159.00	Media - Review revisions to Bron APA and email with S. Brotman
SLG	25/01/18	\$795.00	2.30	\$1,828.50	Discussion with M. van Zandvoort; attend at outset of examination of C. Smith; discussion with M. van Zandvoort and B. Bando; consider timing of other exams
DS	25/01/18	\$260.00	0.30	\$78.00	Draft summons; Email same to M. Spence
MES	25/01/18	\$435.00	0.20	\$87.00	Letter to counsel for SMC re: direction of funds (Commercial Loans)
MJVZ	25/01/18	\$465.00	9.80	\$4,557.00	Prepare for examination of C. Smith and conference call with S. Graff concerning same; Attend examination of C. Smith and post-examination conference call with B. Bando concerning same; Receive J. Bentley examination transcripts and email same to Receiver
MJVZ	25/01/18	\$465.00	0.20	\$93.00	Email from S. Brotman attaching revised APA and Schedules; Preliminary review of same and email to S. Graff
MJVZ	25/01/18	\$465.00	0.10	\$46.50	Email to GT and from GT regarding discussion regarding APA transaction
MJVZ	25/01/18	\$465.00	0.10	\$46.50	Email from J. Knight regarding S. Spletzer correspondence received and emails with S. Graff and T. Jones regarding same

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	25/01/18	\$465.00	0.20	\$93.00	Emails from A. Housego counsel; Emails to B. Bando and S. Graff and from S. Graff concerning same
IEA	26/01/18	\$525.00	0.30	\$157.50	Discussion with M. van Zandvoort and J. Nemers
SLG	26/01/18	\$795.00	1.20	\$954.00	Media - Telephone call with M. van Zandvoort, B. Bando and J. Knight; review changes to Agreement; consider approach re issues
JTN	26/01/18	\$375.00	0.10	\$37.50	Telephone call with S. Graff and M. van Zandvoort re draft release
MJVZ	26/01/18	\$465.00	0.20	\$93.00	Email from B. Prentice; Email to B. Bando regarding IFDS; Further emails with B. Prentice and with B. Bando
MJVZ	26/01/18	\$465.00	0.60	\$279.00	Review revisions proposed to APA; Emails with B. Bando regarding APA; Conference call with S. Graff regarding same
MJVZ	26/01/18	\$465.00	0.60	\$279.00	Emails and conference calls with B. Bando and I. Aversa regarding Single Source; Review PPSA and draft response
MJVZ	26/01/18	\$465.00	0.60	\$279.00	Review and revise Geodata Bill of Sale Amendment and email same with blackline to J. Knight
MJVZ	26/01/18	\$465.00	0.20	\$93.00	Receive and review SSI Bill of Sale and emails to T. Jones and S. Graff concerning same; Email to J. Knight
MJVZ	26/01/18	\$465.00	0.40	\$186.00	Emails with B. Bando and J. Nemers regarding Housego acknowledgement; Conference call with J. Nemers regarding same; Emails with B. Bando regarding UPS delivery of Records from Housego and email to Housego's counsel concerning same
MJVZ	26/01/18	\$465.00	0.10	\$46.50	Emails with S. Graff regarding conference call
MJVZ	26/01/18	\$465.00	0.50	\$232.50	Conference call with S. Graff and B. Bando regarding APA

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	27/01/18	\$305.00	0.10	\$30.50	Receive and file email from J. Knight regarding Frontline report
MJVZ	27/01/18	\$465.00	0.10	\$46.50	Email from D. Irwin; Check Case Website; Email to J. Knight; Email from J. Knight
MJVZ	27/01/18	\$465.00	0.60	\$279.00	Emails with S. Graff regarding Bron; Conference calls with S. Graff to discuss Quiver call/Bron approach
MJVZ	27/01/18	\$465.00	1.50	\$697.50	Draft Summary of Quiver/Bron details to review in connection with finalizing approach to APA negotiations and review of OSC materials in connection with same; Email summary and appendices to S. Graff
MJVZ	27/01/18	\$465.00	0.20	\$93.00	Emails with S. Graff, B. Meyerowitz and S. Monson
SLG	28/01/18	\$795.00	1.80	\$1,431.00	Telephone call with M. van Zandvoort to discuss issues and review emails; conference call with S. Monson and B. Meyerowitz and follow up with M. van Zandvoort re Bron deal
TSJ	28/01/18	\$305.00	0.30	\$91.50	Receipt and review emails and attached diligence information from Y. Martin-Morrison regarding Restoration Energy (Factoring Fund)
MES	28/01/18	\$435.00	0.20	\$87.00	Exchange emails with T. Jones re: status of OOM loans
MJVZ	28/01/18	\$465.00	0.50	\$232.50	Email with S. Graff regarding Bron; Conference call with S. Graff to review approach in advance of Quiver call
MJVZ	28/01/18	\$465.00	0.10	\$46.50	Emails with Y. Martin-Morrison
MJVZ	28/01/18	\$465.00	1.20	\$558.00	Preparation for Quiver call regarding review of B-Productions and internet information and prepare summary notes concerning same
MJVZ	28/01/18	\$465.00	0.70	\$325.50	Conference call with B. Meyerowitz and S. Monson and further conference call with B. Meyerowitz, S. Monson and S. Graff

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	28/01/18	\$465.00	0.30	\$139.50	Conference call with S. Graff following call with B. Meyerowitz, S. Monson and S. Graff to recap and discuss approach to call with S. Brotman and advancing APA negotiation
MJVZ	28/01/18	\$465.00	0.20	\$93.00	Email with B. Bando regarding agenda for call with counsel to prospective purchaser; Emails with S. Brotman
MJVZ	28/01/18	\$465.00	0.10	\$46.50	Emails with B. Bando regarding Single Source
SLG	29/01/18	\$795.00	0.60	\$477.00	Review and revise Agreement; conference call with S. Brotman and further requirements
TSJ	29/01/18	\$305.00	0.30	\$91.50	Follow-up email to B. McKenzie regarding outstanding documentation and related emails with M. Spence; Emails with M. van Zandvoort regarding Clayton Smith examination (Mortgage Fund/Factoring Fund/Infrastructure Fund)
TSJ	29/01/18	\$305.00	0.60	\$183.00	Draft declaration regarding records and property to be provided to A. Housego; Emails with M. van Zandvoort regarding same
MES	29/01/18	\$435.00	0.30	\$130.50	Exchange emails with S. Graff and T. Jones re: correspondence with B. McKenzie and outcome of examinations (Commercial Loans)
MJVZ	29/01/18	\$465.00	0.10	\$46.50	Conference call with S. Graff regarding Single Source
MJVZ	29/01/18	\$465.00	0.50	\$232.50	Conference call with Receiver (B. Bando and J. Knight) and IFDS (Cosmo) and B. Prentice
MJVZ	29/01/18	\$465.00	0.10	\$46.50	Follow-up conference call with B. Bando to IFDS call
MJVZ	29/01/18	\$465.00	0.10	\$46.50	Emails with B. Prentice and Receiver subsequent to conference call
MJVZ	29/01/18	\$465.00	0.10	\$46.50	Conference calls with S. Graff in advance of call with S. Brotman

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	29/01/18	\$465.00	0.50	\$232.50	Conference call with S. Graff and S. Brotman regarding advancing APA
MJVZ	29/01/18	\$465.00	0.10	\$46.50	Emails with T. Jones regarding review of documentation received from Y. Martin-Morrison
MJVZ	29/01/18	\$465.00	0.20	\$93.00	Email from Housego counsel; Emails with Receiver and T. Jones regarding delivery
MJVZ	29/01/18	\$465.00	0.50	\$232.50	Follow-up conference calls with S. Graff regarding amendments to be made to APA
MJVZ	29/01/18	\$465.00	0.80	\$372.00	Revise APA and Vesting Order as per discussions with S. Graff and S. Brotman; Email same to S. Graff for comments prior to delivery
MJVZ	29/01/18	\$465.00	0.20	\$93.00	Email from S. Graff regarding APA/Vesting Order; Email same to S. Brotman and further email to S. Brotman delivering Proof of Claims as per discussion today; Email to Receiver reporting regarding same; Email to D. Irwin and to Receiver
MJVZ	29/01/18	\$465.00	0.20	\$93.00	Finalize email to auctioneer re SingleSource and email same to B. Bando
MJVZ	29/01/18	\$465.00	0.50	\$232.50	Review and revise declaration and emails with T. Jones regarding same; Emails with B. Bando regarding same
MJVZ	29/01/18	\$465.00	0.10	\$46.50	Emails with T. Jones regarding C. Smith examination; Emails from S. Graff and T. Jones
SLG	30/01/18	\$795.00	0.20	\$159.00	Oom - Emails with B. McKenzie re documentation
TSJ	30/01/18	\$305.00	0.30	\$91.50	Summarize diligence materials provided by Y. Martin-Morrison (Factoring Fund)
TSJ	30/01/18	\$305.00	0.40	\$122.00	Revise Housego declaration; Discuss same with K. Plunkett and M. van Zandvoort
MES	30/01/18	\$435.00	0.20	\$87.00	Receive and review emails from T. Jones, B. McKenzie (Commercial Loans)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	30/01/18	\$465.00	0.10	\$46.50	Conference call with B. Bando regarding obtaining documentation from Housego
MJVZ	30/01/18	\$465.00	0.10	\$46.50	Emails with T. Jones and to Y. Martin-Morrison regarding Restoration Energy
MJVZ	30/01/18	\$465.00	0.20	\$93.00	Emails with T. Jones regarding declarations and documents from Housego
SLG	31/01/18	\$795.00	0.80	\$636.00	Media - Review of agreement and discussion with S. Brotman; attempt to finalize arrangement
TSJ	31/01/18	\$305.00	0.40	\$122.00	Receive and review letter from B. McKenzie; Receive and review letter from D. Ferguson; Consider strategy in response (Mortgage Fund)
MES	31/01/18	\$435.00	0.60	\$261.00	Receive response from SMC re: escrow funds; Exchange emails with S. Graff, T. Jones re: response to same and coordinating meeting/call (Commercial Loans)
MJVZ	31/01/18	\$465.00	0.10	\$46.50	Emails with T. Jones and from B. Bando regarding obtaining documentation from Housego and with Housego counsel; Various emails with T. Jones and Housego counsel and office conference with T. Jones
MJVZ	31/01/18	\$465.00	0.30	\$139.50	Conference call with S. Graff regarding Crystal Wealth various receivership matters and next steps
MJVZ	31/01/18	\$465.00	0.10	\$46.50	Emails with B. Bando regarding Single Source
MJVZ	31/01/18	\$465.00	0.20	\$93.00	Emails and office conference with T. Jones regarding S. Spletzer
MJVZ	31/01/18	\$465.00	0.10	\$46.50	Emails with S. Graff, T. Jones and M. Spence regarding various receivership matters
MJVZ	31/01/18	\$465.00	0.20	\$93.00	Emails with B. Bando and S. Graff regarding APA
SLG	01/02/18	\$795.00	0.20	\$159.00	Review Agenda for meeting

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	01/02/18	\$795.00	1.80	\$1,431.00	Media - Telephone calls with S. Brotman (x2); review Agreement; prepare email re final position and terms; telephone call with J. Krieger; review email and chart from M. van Zandvoort; discussion with M. van Zandvoort; review assignment of claim
TSJ	01/02/18	\$305.00	0.30	\$91.50	Telephone call regarding M. van Zandvoort topic of agenda for upcoming strategy session
TSJ	01/02/18	\$305.00	3.20	\$976.00	Draft assignment agreement regarding Bron claims
JTN	01/02/18	\$375.00	0.30	\$112.50	Telephone calls with T. Jones re draft assignment agreement re claim and matters related thereto
MES	01/02/18	\$435.00	0.20	\$87.00	Exchange emails with T. Jones, B. Bando, J. Krieger re: meeting to review all matters (Commercial Loans)
MJVZ	01/02/18	\$465.00	2.20	\$1,023.00	Review OSC materials and film loan schedules; Prepare analysis concerning same in connection with potential assignment and in preparation of conference call with S. Graff; Email same to S. Graff
MJVZ	01/02/18	\$465.00	0.30	\$139.50	Conference call with S. Graff regarding potential assignment and analysis in advance of S. Graff call with S. Brotman
MJVZ	01/02/18	\$465.00	0.10	\$46.50	Emails from T. Jones and C. Veinotte and B. Bando regarding delivery of documents
MJVZ	01/02/18	\$465.00	0.40	\$186.00	Emails with J. Knight regarding allocation and emails with M. Markussen regarding same; Commence review in connection with same
MJVZ	01/02/18	\$465.00	0.20	\$93.00	Further conference call with S. Graff regarding call with S. Brotman and next steps and concerning meeting with Receiver tomorrow

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	01/02/18	\$465.00	0.40	\$186.00	Conference call with T. Jones regarding Agenda for meeting and preparation of assignment agreement; Review and revise meeting agenda and email same to T. Jones
MJVZ	01/02/18	\$465.00	0.10	\$46.50	Review S. Graff proposed email to S. Brotman and provide comments via email in connection with same; Email from J. Krieger regarding same
MJVZ	01/02/18	\$465.00	0.10	\$46.50	Emails with T. Jones regarding Assignment Agreement
MJVZ	01/02/18	\$465.00	0.30	\$139.50	Meeting with T. Jones regarding meeting and next steps
MJVZ	01/02/18	\$465.00	0.30	\$139.50	Conference call with S. Graff regarding tomorrow's meeting and assignment
MJVZ	01/02/18	\$465.00	0.10	\$46.50	Review C. Smith answers to undertakings; Email to B. Bando regarding same
MJVZ	01/02/18	\$465.00	0.80	\$372.00	Receive and review and revise proposed Assignment Agreement from T. Jones; Email revised version and blackline to T. Jones and S. Graff
MJVZ	01/02/18	\$465.00	2.20	\$1,023.00	Review OSC materials and film loan schedules; Prepare analysis concerning same in connection with potential assignment and in preparation of conference call with S. Graff; Email same to S. Graff
MJVZ	01/02/18	\$465.00	0.30	\$139.50	Conference call with S. Graff regarding potential assignment and analysis in advance of S. Graff call with S. Brotman
MJVZ	01/02/18	\$465.00	0.10	\$46.50	Emails from T. Hones and C. Veinotte and B. Bando regarding delivery of documents
MJVZ	01/02/18	\$465.00	0.40	\$186.00	Emails with J. Knight regarding allocation and emails with M. Markussen regarding same; Commence review in connection with same
MJVZ	01/02/18	\$465.00	0.20	\$93.00	Further conference call with S. Graff regarding call with S. Brotman and next steps and concerning meeting with Receiver tomorrow

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	01/02/18	\$465.00	0.40	\$186.00	Conference call with T. Jones regarding Agenda for meeting and preparation of assignment agreement; Review and revise meeting agenda and email same to T. Jones
MJVZ	01/02/18	\$465.00	0.10	\$46.50	Review S. Graff proposed email to S. Brotman and provide comments via email in connection with same; Email from J. Krieger regarding same
MJVZ	01/02/18	\$465.00	0.10	\$46.50	Emails with T. Jones regarding Assignment Agreement
MJVZ	01/02/18	\$465.00	0.30	\$139.50	Meeting with T. Jones regarding meeting and next steps
MJVZ	01/02/18	\$465.00	0.30	\$139.50	Conference call with S. Graff regarding tomorrow's meeting and assignment
MJVZ	01/02/18	\$465.00	0.10	\$46.50	Review C. Smith answers to undertakings; Email to B. Bando regarding same
MJVZ	01/02/18	\$465.00	0.80	\$372.00	Receive and review and revise proposed Assignment Agreement from T. Jones; Email revised version and blackline to T. Jones and S. Graff
MJVZ	01/02/18	\$465.00	- 2.20	(\$1,023.00)	Review OSC materials and film loan schedules; Prepare analysis concerning same in connection with potential assignment and in preparation of conference call with S. Graff; Email same to S. Graff
MJVZ	01/02/18	\$465.00	- 0.30	(\$139.50)	Conference call with S. Graff regarding potential assignment and analysis in advance of S. Graff call with S. Brotman
MJVZ	01/02/18	\$465.00	- 0.10	(\$46.50)	Emails from T. Hones and C. Veinotte and B. Bando regarding delivery of documents
MJVZ	01/02/18	\$465.00	- 0.40	(\$186.00)	Emails with J. Knight regarding allocation and emails with M. Markussen regarding same; Commence review in connection with same
MJVZ	01/02/18	\$465.00	- 0.20	(\$93.00)	Further conference call with S. Graff regarding call with S. Brotman and next steps and concerning meeting with Receiver tomorrow

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	01/02/18	\$465.00	- 0.40	(\$186.00)	Conference call with T. Jones regarding Agenda for meeting and preparation of assignment agreement; Review and revise meeting agenda and email same to T. Jones
MJVZ	01/02/18	\$465.00	- 0.10	(\$46.50)	Review S. Graff proposed email to S. Brotman and provide comments via email in connection with same; Email from J. Krieger regarding same
MJVZ	01/02/18	\$465.00	- 0.10	(\$46.50)	Emails with T. Jones regarding Assignment Agreement
MJVZ	01/02/18	\$465.00	- 0.30	(\$139.50)	Meeting with T. Jones regarding meeting and next steps
MJVZ	01/02/18	\$465.00	- 0.30	(\$139.50)	Conference call with S. Graff regarding tomorrow's meeting and assignment
MJVZ	01/02/18	\$465.00	- 0.10	(\$46.50)	Review C. Smith answers to undertakings; Email to B. Bando regarding same
MJVZ	01/02/18	\$465.00	- 0.80	(\$372.00)	Receive and review and revise proposed Assignment Agreement from T. Jones; Email revised version and blackline to T. Jones and S. Graff
SLG	02/02/18	\$795.00	0.30	\$238.50	Media - Telephone call with S. Brotman; review revised assignment agreement
SLG	02/02/18	\$795.00	2.50	\$1,987.50	Attend meeting with A&B and GTL to review agenda and status of all items and progress and next steps
SLG	02/02/18	\$795.00	0.50	\$397.50	Media - Review and revise Assignment of Claims and email with S. Brotman; telephone call with M. van Zandvoort
TSJ	02/02/18	\$305.00	4.20	\$1,281.00	Prepare for and attend meeting with Grant Thornton team; Various follow-up emails regarding outstanding action items; Receive and review transcript of C. Smith
MES	02/02/18	\$435.00	2.00	\$870.00	Exchange emails with T. Jones re: meeting; Attend at meeting with J. Krieger, B. Bando, J. Knight, S. Graff, M. van Zandvoort, T. Jones re: strategy sessions (Commercial Loans)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	02/02/18	\$465.00	0.30	\$139.50	Emails with M. Markussen and continue review per J. Knight allocation request
MJVZ	02/02/18	\$465.00	0.10	\$46.50	Email to S. Brotman delivering assignment
MJVZ	02/02/18	\$465.00	0.40	\$186.00	Review S. Graff revisions to assignment; Revise same and email same to S. Brotman
MJVZ	02/02/18	\$465.00	0.80	\$372.00	Review revised assignment agreement from S. Brotman; Meet with S. Graff regarding same; Revise assignment agreement and email back to S. Brotman and further emails with S. Brotman regarding same
MJVZ	02/02/18	\$465.00	0.40	\$186.00	Receive transcripts from C. Smith examination and preliminary review of same regarding CLJ Everest; Email to Receiver regarding same; Email to D. Hewer instructing regarding preparation of undertaking charts
MJVZ	02/02/18	\$465.00	1.70	\$790.50	Meeting with S. Graff and with S. Graff and T. Jones; Meeting with S. Graff, T. Jones; Meeting with S. Graff, T. Jones, J. Krieger and B. Bando
MJVZ	02/02/18	\$465.00	0.20	\$93.00	Emails with S. Bieber and Receiver
MJVZ	02/02/18	\$465.00	0.20	\$93.00	Email from J. Knight and review notice of appeal regarding NFL; Emails with T. Jones regarding Medical Fund Review
MJVZ	02/02/18	\$465.00	0.20	\$93.00	Email to T. McCrary-Singh regarding Conference Call regarding Single Source Status
MJVZ	02/02/18	\$465.00	1.50	\$697.50	Email from S. Brotman regarding acceptance of form of APA and assignment; Final revisions to same and circulate executions copies to Receiver and to S. Brotman; Emails with S. Graff and Receiver concerning preparation of motion materials and emails with S. Brotman concerning same
MJVZ	02/02/18	\$465.00	0.10	\$46.50	Emails with T. Jones regarding next steps regarding Restoration Energy

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	02/02/18	\$465.00	0.20	\$93.00	Draft email to Advanced Metals and review factoring agreement and subordination and website; Emails with J. Knight regarding same
MJVZ	02/02/18	\$465.00	0.10	\$46.50	Conference call with S. Graff regarding Assignment Agreement
MJVZ	02/02/18	\$465.00	0.10	\$46.50	Conference call with B. Bando further to meeting regarding APA and Assignment Agreement
MJVZ	03/02/18	\$465.00	0.10	\$46.50	Emails with J. Knight and to J. Johannsen
MES	04/02/18	\$435.00	0.30	\$130.50	Receive and respond to emails from T. Jones, S. Graff re: OOM issues; Receive and review email from J. Krieger (Commercial Loans)
MJVZ	04/02/18	\$465.00	0.40	\$186.00	Review and revise agenda and next step summary; Emails with T. Jones regarding same
MJVZ	04/02/18	\$465.00	0.10	\$46.50	Emails with T. Jones regarding Advanced Metals
DC	05/02/18	\$260.00	0.50	\$130.00	Emailing T. Jones re review of contract re remedies; Meeting with T. Jones re Xynergy and Crystal Wealth Medical Fund agreement re NFL class action settlement claims; Remedies in purchase and administration agreement or at common law
DC	05/02/18	\$260.00	0.50	\$130.00	Review participation agreement re NFL claims; Factoring re recourse; Remedies on default
SLG	05/02/18	\$795.00	0.40	\$318.00	Coordinate attendance; review agenda and action items; comment on same
DH	05/02/18	\$225.00	1.50	\$337.50	Emails to and from M. van Zandvoort; Review of transcript; Prepare undertakings and refusals chart for the examination of C. Smith held on January 25, 2018; Review of answers provided by C. Smith and cross reference with charts
TSJ	05/02/18	\$305.00	4.40	\$1,342.00	Draft notice of motion; Revise assignment agreement; Email chain with team regarding outstanding action items;

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Prepare master agenda of open items; Draft letter to L. Goos of Imaginea Energy
TSJ	05/02/18	\$305.00	0.30	\$91.50	Instruct D. Collett regarding research on NFL Concussion settlement matters and related contracts (Medical Fund)
MES	05/02/18	\$435.00	0.40	\$174.00	Receive and review emails from T. Jones, S. Graff, M. van Zandvoort re: action items, Imaginea, Clydesdale issues (Commercial Loans)
MJVZ	05/02/18	\$465.00	0.40	\$186.00	Emails with B. Bando, T. Jones, S. Brotman and S. Graff regarding Assignment Agreement and APA; Conference call with S. Brotman; Revise Assignment Agreement and email same to S. Brotman
MJVZ	05/02/18	\$465.00	0.20	\$93.00	Emails with B. Bando and B. Prentice
MJVZ	05/02/18	\$465.00	6.10	\$2,836.50	Review and revise notice of motion and supplement to second report in conjunction with review of relevant portions of First Report (and supplement) and Second Report and Commission Affidavits; Conference call with B. Bando regarding same and emails with S. Graff and T. Jones regarding same; Conference call with S. Graff; Emails with J. Krieger and S. Graff regarding deposit; Emails with T. Jones and S. Graff regarding scheduling of motion
MJVZ	05/02/18	\$465.00	0.10	\$46.50	Revise motion request form and emails with T. Jones regarding same
MJVZ	05/02/18	\$465.00	0.10	\$46.50	Email to T. Jones instructing regarding preparation of draft order for motion
MJVZ	05/02/18	\$465.00	0.20	\$93.00	Email from J. Knight regarding HSBC; Emails with T. Jones regarding agenda and email from S. Graff regarding same; Emails with T. Jones regarding Restoration Energy
DC	06/02/18	\$260.00	1.50	\$390.00	Research re NFL settlement claims; Participation agreement with Xynergy re default; Remedies; Telephone call with T. Jones re same

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DC	06/02/18	\$260.00	1.10	\$286.00	Draft memo to T. Jones re participation agreement; Contractual remedies; Failure of consideration; Frustration and mistake; Emailing T. Jones; Follow-up re same
SLG	06/02/18	\$795.00	0.80	\$636.00	Media - Review and revise draft Report and Notice of Motion; email with B. Meyerowitz
SLG	06/02/18	\$795.00	0.20	\$159.00	Media - Discussion with M. van Zandvoort re sealing docs and redacting info
TSJ	06/02/18	\$305.00	3.10	\$945.50	Revise notice of motion, order, supplementary second report, approval and vesting order, and motion record; Telephone call with M. van Zandvoort regarding same; Emails with Faskens regarding same; Update service list
TSJ	06/02/18	\$305.00	0.30	\$91.50	Discussion with D. Collett regarding research findings; Prepare summary email for M. van Zandvoort (Medical Fund)
MES	06/02/18	\$435.00	0.10	\$43.50	Exchange emails with T. Jones re: Clydesdale exam (Commercial Loans)
MJVZ	06/02/18	\$465.00	1.40	\$651.00	Review S. Graff revisions to notice of motion and report; Review draft Order; Emails with T. Jones and S. Graff regarding same; Revise report and notice of motion and email same with draft Order to GT; Conference call with T. Jones; Email from B. Bando attaching revised report; Emails with T. Jones instructing regarding delivery of same to S. Brotman and emails from S. Brotman regarding same; Various emails from S. Brotman, T. Jones, A. Davids and Receiver
MJVZ	06/02/18	\$465.00	0.10	\$46.50	Emails with S. Bieber regarding conference call
MJVZ	06/02/18	\$465.00	0.40	\$186.00	Review HSBC GIC matter; Conference call with A. Wilkins; Instruct M. Gugu regarding preparation of letter
MJVZ	06/02/18	\$465.00	0.20	\$93.00	Email from and to Y. Martin-Morrison and with T. Jones regarding Restoration Energy

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	06/02/18	\$465.00	0.20	\$93.00	Emails with B. Prentice and Receiver regarding IFDS arrangements
MJVZ	06/02/18	\$465.00	0.20	\$93.00	Review email and memorandum from D. Collett and T. Jones regarding Medical Fund
MJVZ	06/02/18	\$465.00	0.10	\$46.50	Emails with M. Gugu regarding Calgary examinations
MJVZ	06/02/18	\$465.00	1.50	\$697.50	Complete review and allocation for tax return preparation and email to J. Knight regarding same
SLG	07/02/18	\$795.00	0.80	\$636.00	Conference call with S. Bieber re action (class) and claims of Receiver against BDO
SLG	07/02/18	\$795.00	0.50	\$397.50	Media - Discussion with M. van Zandvoort; review of changes to Report; emails with S. Brotman
TSJ	07/02/18	\$305.00	0.50	\$152.50	Revise service list; Review affidavit of service; Emails with M. van Zandvoort regarding same; Emails with S. Brotman regarding same
MJVZ	07/02/18	\$465.00	0.10	\$46.50	Emails with T. Jones regarding D. Dionne demands
MJVZ	07/02/18	\$465.00	1.40	\$651.00	Emails with S. Brotman regarding report revisions; Emails with Receiver regarding same and providing comments; Emails with S. Brotman and T. Jones and Receiver concerning recommended approach in response to S. Brotman further proposed revisions; Email from B. Bando regarding same
MJVZ	07/02/18	\$465.00	0.60	\$279.00	Conference call with S. Bieber, I. Graham and S. Graff; Follow-up call with S. Graff
MJVZ	07/02/18	\$465.00	0.40	\$186.00	Emails with C. Popowich, B. Brando and M. Gugu regarding CW Examinations of DenHollander, Maljaars (x2), and Dahl
MJVZ	07/02/18	\$465.00	0.30	\$139.50	Emails with B. Bando regarding BDO; Conference call with B. Bando regarding BDO; Reporting email to S. Graff and T.

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Jones regarding status of same; Emails with Receiver regarding conference call and next steps
MJVZ	07/02/18	\$465.00	0.10	\$46.50	Email update from J. Knight regarding status of gold loans
SLG	08/02/18	\$795.00	1.00	\$795.00	Conference call with J. Krieger and B. Bando and M. van Zandvoort re BDO claim and later email re Busee claim against Media Fund; complete report and service
TSJ	08/02/18	\$305.00	5.40	\$1,647.00	Various attendances, revisions and email chains with Fasken Martineau in connection with the finalization and service of motion record regarding Second Report Supplement; Attend to service; Telephone call with S. Bieber
CP	08/02/18	\$205.00	0.20	\$41.00	Order verbal and certified PPSAs for Crystal Wealth Media Strategy; Order verbal search for Crystal Wealth Management System Limited
MJVZ	08/02/18	\$465.00	1.30	\$604.50	Numerous emails with T. Jones regarding revising and sending finalized report to S. Brotman and Receiver and emails regarding Nova; Emails with Faskens and Receiver and conference calls with T. Jones regarding same; Review final supplement to report as contained in motion record; Conference call with T. Jones regarding same; Emails from T. Jones, Receiver and Faskens regarding Service List
MJVZ	08/02/18	\$465.00	0.20	\$93.00	Conference call with C. Latulippe at HSBC
MJVZ	08/02/18	\$465.00	0.20	\$93.00	Email to C. Latulippe at HSBC regarding GIC and attaching Appointment Order and Account
MJVZ	08/02/18	\$465.00	0.20	\$93.00	Email from B. Prentice and to the Receiver; Email from B. Bando
MJVZ	08/02/18	\$465.00	0.40	\$186.00	Conference call with S. Graff, J. Krieger and B. Bando

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	08/02/18	\$465.00	0.40	\$186.00	Conference call with S. Bieber and T. Jones; Reporting email to Receiver concerning same
SLG	09/02/18	\$795.00	0.50	\$397.50	Media Fund - Telephone call with M. van Zandvoort; email with B. Meyerowitz
TSJ	09/02/18	\$305.00	0.30	\$91.50	Attend to filing of court copies of motion record; Correspondence with M. van Zandvoort regarding Bron
MJVZ	09/02/18	\$465.00	0.10	\$46.50	Email from B. Bando regarding meeting
MJVZ	09/02/18	\$465.00	1.40	\$651.00	Conference calls with S. Graff; Prepare acknowledgement and release regarding Media Fund and conference call with S. Graff regarding same
MJVZ	09/02/18	\$465.00	0.10	\$46.50	Emails with C. Latulippe at HSBC
MJVZ	09/02/18	\$465.00	0.20	\$93.00	Emails with C. Popowich and B. Bando
MJVZ	09/02/18	\$465.00	0.10	\$46.50	Email to S. Bieber
PW	09/02/18	\$180.00	0.60	\$108.00	Filed Motion Record for February 20, 2018
MJVZ	10/02/18	\$465.00	0.10	\$46.50	Emails with S. Graff regarding Media Fund
TSJ	11/02/18	\$305.00	0.40	\$122.00	Prepare agenda of open items; Email to M. Spence regarding commercial loans status
MJVZ	11/02/18	\$465.00	0.10	\$46.50	Emails with J. Knight regarding Factoring/Hedge Fund
MJVZ	11/02/18	\$465.00	0.10	\$46.50	Emails from T. Jones regarding Declaration revised regarding Housego
SLG	12/02/18	\$795.00	0.30	\$238.50	Media - Telephone call with B. Meyerowitz; telephone call with J. Krieger and M. van Zandvoort re payment to Quiver and terms
TSJ	12/02/18	\$305.00	0.60	\$183.00	Prepare detailed summary memo regarding commercial loans issue for M. Spence (Mortgage Fund)
TSJ	12/02/18	\$305.00	0.20	\$61.00	Receive and review email from I. Graham attaching statements of claim and defence

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	12/02/18	\$435.00	0.20	\$87.00	Review correspondence re: Imaginea and exchange emails with T. Jones re: same
MJVZ	12/02/18	\$465.00	0.20	\$93.00	Emails with IFDS and B. Prentice and conference call with B. Bando
MJVZ	12/02/18	\$465.00	0.40	\$186.00	Emails with C. Popowich, B. Bando and M. Gugu and S. Graff concerning examinations
MJVZ	12/02/18	\$465.00	0.50	\$232.50	Conference call with S. Graff and emails with T. Jones and S. Graff regarding meeting concerning upcoming motion; Update agenda in connection with same
MJVZ	12/02/18	\$465.00	1.00	\$465.00	Receive email from I. Graham attaching Bron pleadings; Review of same and email to Receiver advising of same; Emails with T. Jones
MJVZ	12/02/18	\$465.00	0.10	\$46.50	Review email from T. Jones regarding Imaginea
SLG	13/02/18	\$795.00	0.50	\$397.50	Media - Meet with M. van Zandvoort and T Jones re factum and class action
TSJ	13/02/18	\$305.00	0.50	\$152.50	Meeting with S. Graff and M. van Zandvoort regarding motion strategy; Emails with S. Bieber regarding motion
MES	13/02/18	\$435.00	0.30	\$130.50	Issue letter to L. Goos (Imaginea); Exchange emails with T. Jones re: response; Receive and review email from M. Rada (Commercial Loans)
MJVZ	13/02/18	\$465.00	0.10	\$46.50	Email to C. Popwrich regarding examinations
MJVZ	13/02/18	\$465.00	0.20	\$93.00	Conference call with S. Graff regarding Bron; Email to S. Bieber; Further emails with S. Bieber, S. Graff and T. Jones
MJVZ	13/02/18	\$465.00	0.50	\$232.50	Meeting with S. Graff and T. Jones regarding upcoming motion and next steps
MJVZ	13/02/18	\$465.00	0.10	\$46.50	Email from T. Jones regarding Solid Gold
SLG	14/02/18	\$795.00	0.50	\$397.50	Media - Telephone call with S. Bieber and I. Graham; consider position of Bron and investors on transaction

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
TSJ	14/02/18	\$305.00	0.30	\$91.50	Draft factum and book of authorities; Email to S. Brotman regarding same; Emails to J. Knight regarding status; Receive and review package of documents delivered by B. McKenzie
MES	14/02/18	\$435.00	0.20	\$87.00	Receive and review emails from T. Jones and S. Graff re: documents from OOM (Commercial Loans)
MJVZ	14/02/18	\$465.00	0.50	\$232.50	Review email from B. McKenzie regarding Commercial Loans; Emails with J. Knight regarding investor communication; Further emails from T. Jones and J. Knight; Review email from J. Knight to A. Braun
MJVZ	14/02/18	\$465.00	0.20	\$93.00	Email with T. Jones and S. Graff and S. Brotman regarding motion and factum
MJVZ	14/02/18	\$465.00	0.60	\$279.00	Preparation for and attendance on conference call with T. Jones; Conference call with S. Graff, T. Jones, S. Bieber and I. Graham regarding motion and investor claims
MJVZ	14/02/18	\$465.00	0.20	\$93.00	Follow-up conference call with S. Graff regarding strategy and approach for motion
SLG	15/02/18	\$795.00	0.20	\$159.00	Media - Discussion with M. van Zandvoort and T. Jones re factum
SLG	15/02/18	\$795.00	0.20	\$159.00	Media - Emails with C. Weiler re OSC position and status
TSJ	15/02/18	\$305.00	0.60	\$183.00	Draft factum and book of authorities; attend call with S. Bieber re: second report approval motion; followup office conferences with S. Graff and M. van Zandvoort re: same; emails to J. Knight re: status
TSJ	15/02/18	\$305.00	0.40	\$122.00	Receive, review and summarize package of documents delivered by B. McKenzie (Mortgage Fund/Factoring Fund/ASPF/Infrastructure Fund)
DS	15/02/18	\$260.00	0.20	\$52.00	Attend to Book of Authorities

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	15/02/18	\$465.00	2.50	\$1,162.50	Emails with T. Jones regarding factum preparation; Review and revise factum and further emails with T. Jones regarding same
MJVZ	15/02/18	\$465.00	0.30	\$139.50	Email with B. Bando regarding examinations and declaration; Emails with T. Jones regarding same; Review declaration
MJVZ	15/02/18	\$465.00	0.20	\$93.00	Emails with T. Jones and S. Graff regarding investor position from S. Bieber; Email from I. Graham
DC	16/02/18	\$260.00	1.30	\$338.00	Engaged with D. Saturno re filing at commercial court; Attending commercial list court; Emailing T. Jones and D. Saturno re same
SLG	16/02/18	\$795.00	1.30	\$1,033.50	Media - Review factum; discussion with T. Jones and discussion with M. van Zandvoort; review emails; consider position of Bron and class action
TSJ	16/02/18	\$305.00	1.20	\$366.00	Finalize factum; Instruct D. Saturno regarding service
JTN	16/02/18	\$375.00	0.40	\$150.00	Discussion with T. Jones re Tuesday's hearing and related matters
DS	16/02/18	\$260.00	2.50	\$650.00	Attend to Book of Authorities; Finalize factum and Book of Authorities; Serve same to service list; Arrange for court filing
MJVZ	16/02/18	\$465.00	0.10	\$46.50	Telephone call with D. Saturno re next steps
MJVZ	16/02/18	\$465.00	1.50	\$697.50	Emails with S. Graff, C. Weiler, S. Brotman, I. Graham, T. Jones regarding motion, factum and positions on motion; Conference calls with I. Graham and S. Graff regarding same; Various emails with T. Jones regarding matters to address
TSJ	18/02/18	\$305.00	1.40	\$427.00	Review undertakings and refusals chart regarding C. Smith examination; Prepare for hearing
SLG	19/02/18	\$795.00	1.90	\$1,510.50	Media Fund - Review materials in preparation for motion; telephone call with

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	19/02/18	\$435.00	0.20	\$87.00	T. Jones Receive and respond to emails from T. Jones, S. Graff re: response to Marcel Rada (Commercial Loans)
JTN	20/02/18	\$375.00	0.10	\$37.50	Email exchange with T. Jones re Dionne Design
TOTAL:			147.20	\$69,366.00	

Name	Hours	Rate	Value
Steven L. Graff (SLG)	23.80	\$795.00	\$18,921.00
Timothy S. Jones (TSJ)	30.30	\$305.00	\$9,241.50
Kyle B. Plunkett (KBP)	0.30	\$435.00	\$130.50
Diana Saturno (DS)	3.10	\$260.00	\$806.00
Miranda E. Spence (MES)	6.80	\$435.00	\$2,958.00
Angelo Gentile (AG)	1.50	\$595.00	\$892.50
Francesco Gucciardo (FG)	0.60	\$825.00	\$495.00
Mark J. van Zandvoort (MJVZ)	72.40	\$465.00	\$33,666.00
Ian E. Aversa (IEA)	0.30	\$525.00	\$157.50
Jeremy T. Nemers (JTN)	0.90	\$375.00	\$337.50
Dillon Collett (DC)	4.90	\$260.00	\$1,274.00
Daniella Hewer (DH)	1.50	\$225.00	\$337.50
Christina Pugliese (CP)	0.20	\$205.00	\$41.00
Patrick Williams (PW)	0.60	\$180.00	\$108.00

OUR FEE	\$69,366.00
HST at 13%	\$9,017.58

DISBURSEMENTS

COST INCURRED ON YOUR BEHALF AS AN AGENT

Due Diligence-Gov Fee	\$8.00
Summons to Witness	\$30.00
Filing Fee	\$160.00
Examination Fee	\$472.00
Search Under P.P.S.A.	\$24.00

Total Agency Costs	\$694.00
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AIRD & BERLIS LLP
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Subject to HST

Conference Calls	\$13.14
Due Diligence	\$7.00
Imaging/Scanning	\$108.75
Photocopies - Local	\$633.50
Photocopies	\$342.50
Agency Fee	\$1,502.30
Binding and Tabs	\$98.25
Service Provider Fee	\$13.50
Deliveries/Parss	\$156.63
Travelling Expenses	\$621.28
Discovery	\$1,799.60

Total Disbursements	\$5,296.45
HST at 13%	\$688.54

AMOUNT NOW DUE

\$85,062.57

THIS IS OUR ACCOUNT HEREIN
 Aird & Berlis LLP

Steven L. Graff

E.&O.E.

PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.3% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

31811117.1

IN ACCOUNT WITH:

AIRD BERLIS

Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Ontario, Canada M5J 2T9
 T 416.863.1500 F 416.863.1515
 airdberlis.com

Grant Thornton Limited
 200 King Street West, 11th Floor
 Toronto, ON M5H 3T4

Attention: Mr. Jonathan Krieger

Account No.: 594123

PLEASE WRITE ACCOUNT NUMBERS
 ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

March 30, 2018

Re: Receivership of Crystal Wealth Management System Limited, et al

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended March 30, 2018

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	19/02/18	\$465.00	0.20	\$93.00	Emails with C. Conville and J. Knight regarding Factoring/Hedge Fund regarding examinations
MJVZ	19/02/18	\$465.00	0.10	\$46.50	Email with B. Bando, S. Graff and T. Hill regarding motion
SLG	20/02/18	\$795.00	4.00	\$3,180.00	Review materials and prepare for attendance at Court; attend at court to approve Bron deal
SLG	20/02/18	\$795.00	0.10	\$79.50	Email with M. Rada
TSJ	20/02/18	\$305.00	4.80	\$1,464.00	Prepare for and attend Motion; Attend to entering order; Prepare unofficial transcription of endorsement; Serve same; Respond to various follow-up emails from stakeholders regarding motion; Follow-up telephone call with B. Bando regarding examination; Emails with M. van Zandvoort, S. Graff and M. Spence regarding examinations; Emails with D. Saturno regarding summons; Update agenda of open items
TSJ	20/02/18	\$305.00	1.10	\$335.50	Review offer from factoring merchant; Emails with B. Bando regarding same; Email chain and reporting letter regarding Restoration Energy guarantors

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	20/02/18	\$435.00	0.20	\$87.00	Telephone call with T. Jones; Receive and review emails from T. Jones re: Marcel Rada and OOM (Commercial Loans)
MJVZ	20/02/18	\$465.00	0.10	\$46.50	Email with C. Weiler and S. Graff regarding transcript of examinations of J. Bentley and C. Smith
MJVZ	20/02/18	\$465.00	0.10	\$46.50	Emails with T. Jones, B. Bando, S. Graff and J. Knight regarding Dionne Design
TSJ	21/02/18	\$305.00	3.10	\$945.50	Prepare agenda of action items; Numerous follow-ups with GTL team on outstanding issues; Review draft correspondence from GTL to certain account debtors; Email to P. Masic regarding examination scheduling
MES	21/02/18	\$435.00	0.20	\$87.00	Telephone call with D. Ferguson re: arrangements with SMC and OOM (Commercial Loans)
MJVZ	21/02/18	\$465.00	0.20	\$93.00	Emails with T. Jones, B. Bando, S. Graff and J. Knight regarding Frontline regarding proposal
MJVZ	21/02/18	\$465.00	0.10	\$46.50	Email from B. Bando to B. Ewert, J. Knight and T. Jones regarding accounting
SLG	22/02/18	\$795.00	0.20	\$159.00	Review email response on Frontline offer
SLG	22/02/18	\$795.00	0.20	\$159.00	Review letter form D. Ferguson to Clydesdale
SLG	22/02/18	\$795.00	0.10	\$79.50	Address examination of A. Housego
SLG	22/02/18	\$795.00	0.50	\$397.50	Media - Address further funds receives on files and entitlement and closing deal (Quiver Report and S. Brotman)
SLG	22/02/18	\$795.00	0.20	\$159.00	Media - Emails with B. Meyerowitz re fees for Quiver
TSJ	22/02/18	\$305.00	2.30	\$701.50	Review and revise draft correspondence to certain account debtors; Prepare agenda of open items for internal project management; Review APA in response to email from A. Davids

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	22/02/18	\$435.00	0.30	\$130.50	Receive and respond to emails from T. Jones re: OOM loans and Marcel Rada payment (Commercial Loans)
MES	22/02/18	\$435.00	0.20	\$87.00	Receive and review emails re: status of US realty fund properties (US Realty Fund)
MJVZ	22/02/18	\$465.00	0.10	\$46.50	Review emails from S. Graff, J. Krieger and B. Bando regarding Quiver agreement
MJVZ	22/02/18	\$465.00	0.10	\$46.50	Email with S. Graff, T. Jones and Miranda Spence regarding update and next steps
MJVZ	22/02/18	\$465.00	0.20	\$93.00	Email with S. Graff, T. Jones and M. Spence regarding undertakings and refusals from Clayton examinations
MJVZ	22/02/18	\$465.00	0.20	\$93.00	Email from A. Davids and with S. Graff and T. Jones regarding accounting
MJVZ	22/02/18	\$465.00	0.20	\$93.00	Email with S. Graff, B. Bando, J. Froese, J. Knight and T. Jones regarding Frontline offer
SLG	23/02/18	\$795.00	0.50	\$397.50	Media - Address payment to Quiver and closing of Bron deal
TSJ	23/02/18	\$305.00	3.40	\$1,037.00	Telephone call regarding insurance issue; Preparatory telephone call with J. Knight regarding same; Follow-up discussions with S. Graff; Email to C. Veinotte regarding examination scheduling; Emails with D. Dionne; Review Restoration Energy materials; Review correspondence from D. Ferguson; Email to M. Rada; Draft examination questions for C. Clydesdale; Email to C. Smith regarding undertakings
MES	23/02/18	\$435.00	0.50	\$217.50	Receive and review notice of default from SMC re: OOM provision of services; Receive and review emails from S. Graff, B. Bando re: same; Receive and review emails from T. Jones and M. Rada re: settlement payment (Commercial Loans)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	23/02/18	\$435.00	0.10	\$43.50	Receive and review email from T. Jones re: scheduling examination of A. Housego (US Realty)
MJVZ	23/02/18	\$465.00	0.20	\$93.00	Email with C. Veinotte, A. Crabtree, S. Graff and T. Jones regarding Housego Insurance and exam
MJVZ	23/02/18	\$465.00	0.20	\$93.00	Email with S. Graff, T. Jones, M. Spence and B. Bando regarding Energy Services Agreement
MJVZ	23/02/18	\$465.00	0.10	\$46.50	Email with M. Markussen
MJVZ	23/02/18	\$465.00	0.10	\$46.50	Email with S. Graff, T. Jones and J. Knight regarding Dionne Design
MES	24/02/18	\$435.00	0.20	\$87.00	Receive and review emails re: examination of A. Housego (US Realty)
MJVZ	24/02/18	\$465.00	0.10	\$46.50	Email with S. Graff regarding Dionne Design
MJVZ	24/02/18	\$465.00	0.20	\$93.00	Email with S. Graff, T. Jones and J. Knight regarding CW, Quiver and Bron
MJVZ	24/02/18	\$465.00	0.10	\$46.50	Email with T. Jones regarding Ontario Securities Commission
DS	25/02/18	\$260.00	0.30	\$78.00	Update examination spreadsheet
MJVZ	25/02/18	\$465.00	0.20	\$93.00	Emails with J. Krieger, B. Bando and S. Graff regarding CW, Quiver and Bron
MJVZ	25/02/18	\$465.00	0.10	\$46.50	Emails with S. Graff regarding Dionne Design
SLG	26/02/18	\$795.00	0.30	\$238.50	Telephone call with B. Bando re Energy Services Agreement with St. Mary's Cement and D. Ferguson letter
SLG	26/02/18	\$795.00	0.20	\$159.00	Media - Email to B. Meyerowitz re closing
SLG	26/02/18	\$795.00	1.00	\$795.00	Meeting with T. Jones, M. Spence and D. Saturno to do update review of all outstanding matters
TSJ	26/02/18	\$305.00	3.40	\$1,037.00	Meeting with D. Saturno regarding next steps on various open items; Emails with E. Plytas and updates to service list; Emails with various parties regarding

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					examination scheduling; Receive and respond to email from C. Smith regarding undertaking and refusals; Meeting with S. Graff and M. Spence regarding project management and next steps
TSJ	26/02/18	\$305.00	0.50	\$152.50	Telephone call with B. Bando regarding commercial loans; Follow-up discussion with S. Graff and M. Spence (Mortgage Fund/Infrastructure Fund)
MES	26/02/18	\$435.00	1.70	\$739.50	Conference call with S. Graff, T. Jones, B. Bando re: Clydesdale and SMC; Further discussions with T. Jones re: next steps; Meeting with S. Graff, T. Jones, D. Saturno re: transition meeting; Exchange emails with T. Jones and D. Saturno re: summons to C. Clydesdale
MJVZ	26/02/18	\$465.00	0.20	\$93.00	Emails with T. Jones and counsel regarding Housego scheduling of examination
MJVZ	26/02/18	\$465.00	0.10	\$46.50	Email to M. Markussen
MJVZ	26/02/18	\$465.00	0.20	\$93.00	Email with Y. Martin-Morrison regarding CW/Restoration Energy; Emails with T. Jones
MJVZ	26/02/18	\$465.00	0.20	\$93.00	Email with T. Jones regarding C. Smith regarding providing answers to undertakings from the examination of January 25
MJVZ	26/02/18	\$465.00	0.10	\$46.50	Email with A. Crabtree regarding scheduling of examinations for Housego
SLG	27/02/18	\$795.00	0.20	\$159.00	Telephone call with J. Krieger re call with OSC
DH	27/02/18	\$225.00	0.20	\$45.00	Emails to and from T. Jones; Update to undertakings charts of C. Smith
JKM	27/02/18	\$575.00	0.40	\$230.00	Meeting with T. Jones and D. Saturno re closing process; Email to D. Saturno re bringdown certificate
DS	27/02/18	\$260.00	0.20	\$52.00	Revise summons for C. Clydesdale; Email M. Spence and T. Jones for review

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	27/02/18	\$435.00	0.40	\$174.00	Receive and review emails from T. Jones and B. Bando re: documents received from B. McKenzie; Review and revise summons to C. Clydesdale (Commercial Loans)
MJVZ	27/02/18	\$465.00	0.20	\$93.00	Email with T. Jones and D. Hewer regarding update on undertakings chart
MJVZ	27/02/18	\$465.00	0.20	\$93.00	Email with T. Jones and P. Masic regarding J. Froese affidavit and examinations
MJVZ	27/02/18	\$465.00	0.20	\$93.00	Email with T. Jones and B. Bando regarding examinations scheduling for A. Housego
MJVZ	27/02/18	\$465.00	0.10	\$46.50	Emails to and from B. Meyerowitz regarding Quiver agreement of Final Compensation
MJVZ	27/02/18	\$465.00	0.30	\$139.50	Emails with B. Prentice regarding IFDS proof of claim and attached draft agreement; Emails with T. Jones
CC	28/02/18	\$300.00	0.10	\$30.00	Receipt and review of instructions from T. Jones for title search
CC	28/02/18	\$300.00	0.20	\$60.00	Search of title for 1237 Beechgrove Crescent, Oakville and email to T. Jones with Parcel Register attached thereto
SLG	28/02/18	\$795.00	0.40	\$318.00	Media - Telephone call with S. Brotman; discussion with T. Jones; review emails and Quiver Agreement; telephone call with J. Krieger
SLG	28/02/18	\$795.00	0.50	\$397.50	General - Review all update emails on multiple loans
SLG	28/02/18	\$795.00	0.50	\$397.50	Conference call with OSC and J. Krieger re compliance with fees and regulatory licencing framework; telephone call with J. Wainwright re same
TSJ	28/02/18	\$305.00	0.30	\$91.50	Attend meeting regarding Bron closing (Medical Fund)
TSJ	28/02/18	\$305.00	1.30	\$396.50	Emails to various parties regarding examinations; Email to C. Smith regarding undertakings and refusals;

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Receive and review emails regarding IFDS
TSJ	28/02/18	\$305.00	6.80	\$2,074.00	Review and revise draft IFDS contract; Discuss novation issued with A. Swan; Summarize open issues in email to B. Bando; Correspondence with B. Prentice regarding documents; Phone calls and emails with M. Spence regarding Craig Clydesdale examination; Draft examination questions; Prepare binder of supporting documents; Instruct D. Saturno regarding various next steps
DS	28/02/18	\$260.00	0.30	\$78.00	Email P. Williams to arrange for issuing summons; Revise summons for C. Clydesdale
MES	28/02/18	\$435.00	1.40	\$609.00	Receive and review email from D. Ferguson re: SMC payments to OOM; Exchange emails with S. Graff, T. Jones, B. Bando re: same; Various exchange of emails and discussions with T. Jones re: Clydesdale examination; Review documents re: same (Commercial Loans)
MJVZ	28/02/18	\$465.00	0.30	\$139.50	Email with T. Jones, B. Bando and J. Knight regarding Receivership of the Crystal Wealth Group regarding IFDS
MJVZ	28/02/18	\$465.00	0.30	\$139.50	Email with T. Jones, B. Bando, S. Graff and J. Knight regarding Receivership of the Crystal Wealth and regarding Jerry Froese examination
MJVZ	28/02/18	\$465.00	0.10	\$46.50	Email with T. Jones and A. Crabtree regarding Crystal Wealth - Examination Scheduling for AI Housego / US Real Estate LP
MJVZ	28/02/18	\$465.00	0.20	\$93.00	Email with T. Jones, B. Bando, S. Graff and J. Knight regarding Crystal Wealth - Response from Metal Mountain (L. & V. Tattersall) phone call scheduling
MJVZ	28/02/18	\$465.00	0.10	\$46.50	Email with T. Jones and B. Prentice regarding Receivership of the Crystal Wealth Group regarding IFDS Proof of Claim

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
JAW	28/02/18	\$725.00	0.20	\$145.00	Review S. Graff email; Telephone call with S. Graff re: Crystine wealth compliance issues with OSC
PW	28/02/18	\$180.00	0.60	\$108.00	Issued Summons to Witness
SLG	01/03/18	\$795.00	0.20	\$159.00	Telephone call with B. Bando re Mount Nemo property
TSJ	01/03/18	\$305.00	0.20	\$61.00	Instruct D. Saturno regarding funding direction (Media Fund)
TSJ	01/03/18	\$305.00	0.10	\$30.50	Email chain with C. Smith regarding productions
DS	01/03/18	\$260.00	0.50	\$130.00	Discussion with J. Merk regarding review of Bron closing documents (Bron); Email B. Bando and J. Knight T1 and T2 received from C. Smith
MJVZ	01/03/18	\$465.00	0.30	\$139.50	Email with B. Bando and J. Knight and J. Dutrizac regarding Receivership of the Crystal Wealth regarding Jerry Froese examination; Emails with D. Saturno and M. Gugu
MJVZ	01/03/18	\$465.00	0.20	\$93.00	Email with B. Bando and S. Graff regarding Receivership of the Crystal Wealth regarding 5043 Mount Nemo Cr. and review attachment
MJVZ	01/03/18	\$465.00	0.20	\$93.00	Email with B. Bando and S. Graff, C. Smith and D. Saturno regarding Receivership of the Crystal Wealth regarding providing answers for completing the undertakings from C. Smith's examinations for discovery
SLG	02/03/18	\$795.00	0.20	\$159.00	C. Smith property - Review summary of listing and email with B. Bando
DS	02/03/18	\$260.00	1.30	\$338.00	Review Bron documents; Email Victory Verbatim to secure booking for C. Clydesdale examination; Email comments to J. Merk (Bron); Attend to file; Email P. Masic regarding follow up on documentary evidence
MES	02/03/18	\$435.00	0.20	\$87.00	Receive / review email from B. McKenzie re: SMC issues; Review summons of C. Clydesdale (Comm Loans)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	02/03/18	\$465.00	0.10	\$46.50	Email with B. Bando and S. Graff regarding Receivership of the Crystal Wealth Group regarding 5043 Mount Nemo Cr.
MJVZ	02/03/18	\$465.00	0.10	\$46.50	Email with P. Masic, J. Fogarty, S. Graff, J. Knight, B. Bando and Diana Saturno regarding Receivership of Crystal Wealth Group regarding scheduling of Jerry Froese Examinations
MJVZ	02/03/18	\$465.00	0.10	\$46.50	Email with D. Saturno and M. Gugu regarding examinations for discovery of J. Froese and instruct M. Gugu to schedule examinations accordingly
MJVZ	02/03/18	\$465.00	0.20	\$93.00	Receive and review letter from C. Popowich regarding Receivership of Crystal Wealth Group regarding productions of documents
MJVZ	02/03/18	\$465.00	0.10	\$46.50	Email with B. Bando, S. Graff, J. Knight and Diana Saturno regarding Receivership of Crystal Wealth Group regarding Undertakings and Refusals - C. Smith Response
MES	03/03/18	\$435.00	0.10	\$43.50	Receive and review email from D. Ferguson re: proposed conference call (Commercial Loans)
MJVZ	03/03/18	\$465.00	0.10	\$46.50	Email with S. Graff, B. Bando, J. Knight and Diana Saturno regarding Weekly Crystal Wealth Portfolio Report
MES	04/03/18	\$435.00	0.50	\$217.50	Receive and review emails from B. McKenzie and S. Graff re: conference call; Review summons of B. McKenzie and emails with B. Bando re: dates (Commercial Loans)
SLG	05/03/18	\$795.00	0.20	\$159.00	Media - Telephone call with S. Brotman
DS	05/03/18	\$260.00	0.30	\$78.00	Update progress chart/action items chart; Circulate same to A&B team; Email S. Graff and J. Merk
MES	05/03/18	\$435.00	0.20	\$87.00	Email to B. McKenzie re: Clydesdale examination; Receive and review email from B. Bando (Commercial Loans)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	05/03/18	\$465.00	0.10	\$46.50	Email with J. Dutrizac, B. Bando, P. Masic, S. Graff, J. Knight and D. Saturno regarding Receivership of Crystal Wealth Group regarding examination of J. Froese
MJVZ	05/03/18	\$465.00	0.10	\$46.50	Email with J. Dutrizac, B. Bando, P. Masic, S. Graff, J. Knight and D. Saturno regarding Receivership of Crystal Wealth Group regarding examination of J. Froese and cancellation of meeting with Mr. Mullen
MJVZ	05/03/18	\$465.00	0.10	\$46.50	Email with S. Graff, M. Spence, J. Merk, K. Plunkett and D. Saturno regarding Receivership of Crystal Wealth Group regarding updated Agenda of Action Items and Open Issues
MJVZ	05/03/18	\$465.00	0.10	\$46.50	Email from S. Graff regarding appeal period
SLG	06/03/18	\$795.00	0.40	\$318.00	Media - Address closing and timing, delivery and confidentiality of Quiver Report
SLG	06/03/18	\$795.00	0.20	\$159.00	Oom - Email with D. Ferguson and B. Mackenzie
DS	06/03/18	\$260.00	0.70	\$182.00	Draft letter from M. van Zandvoort to K. Popowich regarding request for documentation prior to examination
MES	06/03/18	\$435.00	0.30	\$130.50	Receive and review correspondence from B. McKenzie re: examination; Receive and review emails from B. McKenzie and D. Ferguson re: SMC funds held in trust (Commercial Loans)
MJVZ	06/03/18	\$465.00	0.30	\$139.50	Emails with B. Bando and counsel regarding Single Source and with D. Saturno and S. Graff regarding Factoring Fund
MJVZ	06/03/18	\$465.00	0.20	\$93.00	Review Mount Nemo listing update in preparation for call with B. Bando regarding same
MJVZ	06/03/18	\$465.00	0.20	\$93.00	Emails with B. Bando and C. Popowich regarding examinations

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	06/03/18	\$465.00	0.60	\$279.00	Review agenda items regarding next steps and various emails with Receiver, A&B personnel and third parties including HSBC
MJVZ	06/03/18	\$465.00	0.20	\$93.00	Emails with D. Saturno regarding Metal Mountain
MJVZ	06/03/18	\$465.00	0.20	\$93.00	Emails from S. Graff and S. Brotman; Emails with Receiver regarding closing date; Emails with J. Merk
MJVZ	06/03/18	\$465.00	0.10	\$46.50	Emails with J. Krieger and B. Bando regarding follow-up to Feb discussion regarding consultation
MJVZ	06/03/18	\$465.00	0.20	\$93.00	Telephone call with S. Graff regarding various receivership matters
SLG	07/03/18	\$795.00	0.50	\$397.50	OOM - Telephone call with D. Ferguson and M. Spence and St. Mary's reps and B. Mackenzie
DS	07/03/18	\$260.00	0.70	\$182.00	Receive instructions from M. van Zandvoort regarding preparation of examination questions and Mount Nemo research; Attend to file regarding signed declaration; Email B. Bando regarding examination dates for A. Housego; Email A. Crabtree regarding same
MES	07/03/18	\$435.00	0.70	\$304.50	Telephone call with S. Graff to prepare for call; Conference call with D. Ferguson, SMC counsel, B. McKenzie re: SMC/OOM dispute (Commercial Loans)
MJVZ	07/03/18	\$465.00	0.50	\$232.50	Emails with D. Saturno regarding declaration; Emails with B. Bando; Conference call with D. Saturno regarding examination preparation and research to be undertaken; Emails regarding J. Froese examination
MJVZ	07/03/18	\$465.00	0.10	\$46.50	Emails with S. Graff regarding Bron transaction
MJVZ	07/03/18	\$465.00	0.90	\$418.50	Review and revise Investor notice and emails with B. Bando regarding same; Cross-reference to report an APS

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	07/03/18	\$465.00	0.70	\$325.50	Preparation for and attendance on call with M Mountain representatives and Receiver
MJVZ	07/03/18	\$465.00	0.10	\$46.50	Telephone calls with B. Bando
SLG	08/03/18	\$795.00	0.40	\$318.00	Discussion with M. van Zandvoort re OSC claim and exemption from registration
MES	08/03/18	\$435.00	0.20	\$87.00	Telephone call with B. Bando re: Clydesdale examination (Commercial Loans)
MJVZ	08/03/18	\$465.00	0.40	\$186.00	Emails with B. Bando and D. Saturno and J. Wainwright regarding IFDS
MJVZ	08/03/18	\$465.00	0.10	\$46.50	Emails from B. Bando and S. Monson regarding Media Fund
MJVZ	08/03/18	\$465.00	1.60	\$744.00	Emails with OSC Staff and S. Graff; Review Enforcement Notice and assessment of response; Emails with Receiver concerning and advising regarding same; Conference call with S. Graff to address same and regulatory discussion to be had with OSC Regulations; Emails with J. Krieger and B. Bando regarding Enforcement Notice
MJVZ	08/03/18	\$465.00	0.20	\$93.00	Emails with S. Graff regarding enforcement steps
JAW	08/03/18	\$725.00	0.10	\$72.50	Review and respond to M. van Zandvoort; Email re: International Financial Data Services Agreement
DS	09/03/18	\$260.00	1.70	\$442.00	Arrange for attendance money; Research regarding Mount Nemo property; (Bron 0.1) Emails with S. Graff and J. Merk regarding Bron closing
MES	09/03/18	\$435.00	0.20	\$87.00	Exchange emails with B. Bando re: C. Clydesdale examination.
MJVZ	09/03/18	\$465.00	0.30	\$139.50	Call with M. Markussen; Emails with J. Krieger and OSC and S. Graff; Emails with J. Wainwright
MJVZ	09/03/18	\$465.00	0.20	\$93.00	Emails with B. Bando and D. Saturno regarding Mount Nemo

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	09/03/18	\$465.00	0.10	\$46.50	Emails from B. Bando and M. Spence regarding Clydesdale examination
MJVZ	09/03/18	\$465.00	0.10	\$46.50	Conference calls from and to J. Wainwright regarding IFDS
MJVZ	09/03/18	\$465.00	0.20	\$93.00	Emails with B. Bando regarding flow of funds and review spreadsheet
JAW	09/03/18	\$725.00	0.50	\$362.50	Review and respond to emails re: call with OSC staff; Review International Financial Data Services Agreement; Voicemail to M. van Zandvoort re: same
DS	10/03/18	\$260.00	2.30	\$598.00	Research regarding Receiver's duty; Draft memo; Email same to M. van Zandvoort
MJVZ	10/03/18	\$465.00	0.10	\$46.50	Emails with B Bando regarding examinations
MJVZ	10/03/18	\$465.00	0.30	\$139.50	Receive and review memo from D. Saturno and cases; Instruct D. Saturno regarding follow-up research to be undertaken and further emails with D. Saturno concerning same
DS	11/03/18	\$260.00	3.70	\$962.00	Research regarding receiver's duty regarding sale of property; Revise memo regarding same
MES	11/03/18	\$435.00	2.00	\$870.00	Prepare for examination of C. Clydesdale (Commercial Loans)
MJVZ	11/03/18	\$465.00	1.00	\$465.00	Review updated memorandum and case law from D. Saturno and cases; Email to D. Saturno regarding same; Prepare Schedule C to Mount Nemo APS and email to B. Bando regarding same; Emails with B. Bando
DS	12/03/18	\$260.00	2.20	\$572.00	File No. 137794: Read second report in preparation for examinations
DS	12/03/18	\$260.00	0.40	\$104.00	Update and circulate action items agenda to team
MES	12/03/18	\$435.00	7.00	\$3,045.00	Prepare for and attend at examination of C. Clydesdale

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	12/03/18	\$465.00	0.40	\$186.00	Conference call with J. Wainwright and preparation for conference call with Receiver and OSC
MJVZ	12/03/18	\$465.00	0.50	\$232.50	Conference call with J. Wainwright, Receiver, and OSC re registrations; Follow-up conference call with J. Krieger
MJVZ	12/03/18	\$465.00	0.30	\$139.50	Conference call with J. Wainwright further to discussion with Receiver and OSC today; Emails with S. Graff
MJVZ	12/03/18	\$465.00	0.20	\$93.00	Email from M. Spence and conference call with M. Spence and B. Bando regarding Clydesdale examination
MJVZ	12/03/18	\$465.00	0.50	\$232.50	Emails and conference call with B. Bando; Review APS offer; Emails from listing agent and B. Bando
MJVZ	12/03/18	\$465.00	0.30	\$139.50	Email from D. Saturno and review action items and consideration of next steps; Review email regarding D. Dionne
JAW	12/03/18	\$725.00	0.90	\$652.50	Telephone call with M. van Zandvoort; Conference call with M. van Zandvoort, J. Krieger, OSC staff; Follow-up call with M. van Zandvoort
DS	13/03/18	\$260.00	0.20	\$52.00	Email D. Dionne regarding update on falsified document; Email A. Crabtree regarding follow up on executed declaration
MES	13/03/18	\$435.00	3.60	\$1,566.00	Prepare for and attend at continued examination of C. Clydesdale (Commercial Loans)
MES	13/03/18	\$435.00	0.10	\$43.50	Receive email from S. O'Neill providing update (US Realty Fund)
MJVZ	13/03/18	\$465.00	0.10	\$46.50	Email to S. Graff regarding Mount Nemo
MJVZ	13/03/18	\$465.00	0.70	\$325.50	Emails with B. Bando, J. Knight and D. Saturno regarding Master Assignment Agreement and review of DropBox files in connection with same regarding Mortgage Fund; Conference call with J. Tan and emails with B. Bando

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	13/03/18	\$465.00	0.10	\$46.50	Emails with B. Bando, listing agent and S. Graff regarding Mount Nemo
MJVZ	13/03/18	\$465.00	0.10	\$46.50	Emails from D. Saturno and D. Dionne and to counsel to A. Housego
MJVZ	13/03/18	\$465.00	1.10	\$511.50	Letter from counsel to Maljaars et al.; Prepare response and documents; Email to Receiver concerning same; Emails with B. Bando concerning same
SLG	14/03/18	\$795.00	0.50	\$397.50	Media Fund - Telephone call with J. Merk and D. Saturno re bring down certificate and payment of receipts pre-closing
JKM	14/03/18	\$575.00	1.60	\$920.00	Revise draft closing documents; Draft GT Officer's Certificate; Email to S. Graff re additional representation in bring-down certificate; Telephone call with S. Graff and D. Saturno re same
DS	14/03/18	\$260.00	6.10	\$1,586.00	Review data room for Spectrum agreement; Email M. van Zandvoort regarding dropbox upgrade; Prepare examination questions; Draft examination questions; Attend to dropbox search for document(1.4 Bron) Bron: Telephone call with J. Merk; Draft Bring Down Certificate; Email J. Merk regarding same; Attend to closing documents; Emails with J. Merk; Email T. Peters regarding closing documents; Conference call with J. Merk and S. Graff regarding Bring Down Certificate
MES	14/03/18	\$435.00	0.20	\$87.00	Exchange emails with B. Bando re: C. Clydesdale (Commercial Loans)
MJVZ	14/03/18	\$465.00	0.20	\$93.00	Emails regarding OOM and review of same as sent by B. Bando; Email from M. Spence; Emails with D. Saturno
MJVZ	14/03/18	\$465.00	0.10	\$46.50	Emails with D. Saturno regarding examination preparations
MJVZ	14/03/18	\$465.00	1.10	\$511.50	Review email from J. Merk regarding outstanding sum; Review Fintage account and previous correspondence with Bron counsel; Email to J. Merk regarding Media Fund

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	14/03/18	\$465.00	0.20	\$93.00	Review email from HSBC; Emails with B. Bando; Emails with D. Saturno
MJVZ	14/03/18	\$465.00	0.20	\$93.00	Review Single Source PPSA sale documentation received from bailiff and emails with B. Bando concerning same
MJVZ	14/03/18	\$465.00	0.20	\$93.00	Emails with D. Saturno regarding Master Assignment and review of same
IV	14/03/18	\$180.00	0.20	\$36.00	Obtained the British Columbia profile report for Bron Releasing Inc.
SLG	15/03/18	\$795.00	0.20	\$159.00	Bron - Telephone call with M. van Zandvoort and J. Merk
JKM	15/03/18	\$575.00	0.30	\$172.50	Revise Officer's Certificate; Email to D. Saturno re Buyer not in good standing
DS	15/03/18	\$260.00	0.40	\$104.00	Attend to Bron closing agenda items; Emails with I. Vieira and J. Merk; Email closing documents and blacklines to T. Peters
DS	15/03/18	\$260.00	4.40	\$1,144.00	Revise and draft examination questions
MJVZ	15/03/18	\$465.00	0.60	\$279.00	Prepare letter of direction and email same to B. Bando
MJVZ	15/03/18	\$465.00	0.20	\$93.00	Emails with B. Bando regarding Mount Nemo
MJVZ	15/03/18	\$465.00	0.60	\$279.00	Emails with J. Merk, Bron US counsel, Bron Canada Counsel and Quiver regarding Fintage/Freeway outstanding amounts; Emails with S. Graff; Conference call with B. Bando
MJVZ	15/03/18	\$465.00	0.60	\$279.00	Review PPSA and prepare response to B. Bando regarding auction and to send to bailiff; Emails with S. Morris regarding registrations regarding Factoring Fund
MJVZ	15/03/18	\$465.00	0.50	\$232.50	Revise letter and review and revise enclosures to Maljaars et al counsel and deliver same via emails; Consult file documentation in connection with upcoming examinations.

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	15/03/18	\$465.00	0.20	\$93.00	Email to J. Wainwright regarding exemption; Emails with J. Wainwright and B. Worndl concerning same
MJVZ	15/03/18	\$465.00	0.10	\$46.50	Email from I. Graham regarding meeting
MJVZ	15/03/18	\$465.00	1.40	\$651.00	Review of First and Second Reports in preparation for Calgary examinations next week
JAW	15/03/18	\$725.00	0.10	\$72.50	Email to B. Worndl re: RSP eligibility of CW funds if manager noted in default
SLG	16/03/18	\$795.00	0.20	\$159.00	OOM - Email with D. Ferguson re possible resolution
DBJ	16/03/18	\$695.00	1.00	\$695.00	Receive instructions from M. van Zandvoort; re GDPR compliance
JKM	16/03/18	\$575.00	1.10	\$632.50	Draft undertaking to adjust amounts received by Bron; Email to M. van Zandvoort re same; Telephone call with M. van Zandvoort re same; Review revised closing documents; Draft Buyer undertaking re adjustments
KBP	16/03/18	\$435.00	1.20	\$522.00	Review and provide comments on draft engagement/service agreement with NB tax filing agent; email exchanges with M. van Zandvoort regarding same.
DS	16/03/18	\$260.00	1.10	\$286.00	Emails with J. Merk regarding Bron closing; Receive and review comments from T. Peters regarding closing documents; Revise documents; Email J. Merk regarding same; Discussion with J. Merk (Bron)
DS	16/03/18	\$260.00	0.40	\$104.00	Attend to file
MES	16/03/18	\$435.00	0.10	\$43.50	Review email from D. Ferguson re: settlement with OOM (Commercial Loans)
MJVZ	16/03/18	\$465.00	1.20	\$558.00	Emails with J. Wainwright and B. Worndl; Conference call with B. Worndl; Email to J. Krieger; Emails with OSC; Conference call with M. Denyszyn; Emails with J. Krieger

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	16/03/18	\$465.00	0.10	\$46.50	Emails with S. Monson
MJVZ	16/03/18	\$465.00	0.80	\$372.00	Emails with S. Graff and J. Merk; Review undertaking; Conference call with J. Merk; Emails with A. Davids; Emails with J. Merk regarding Assignment Agreement
MJVZ	16/03/18	\$465.00	1.50	\$697.50	Email from Receiver regarding Fund Administration Agreement; Review agreement; Conference call with K. Plunkett and B. Bando concerning same; Emails with K. Plunkett concerning revisions to be made to agreement; Emails with D. Johnston regarding same; Review K. Plunkett revisions and received revised version from D. Johnson
MJVZ	16/03/18	\$465.00	0.20	\$93.00	Emails with I. Graham, S. Graff, M. Markussen and B. Bando concerning meeting regarding Class Action
MJVZ	16/03/18	\$465.00	4.80	\$2,232.00	Emails with opposing counsels regarding Calgary and Vancouver examinations; Emails with D. Saturno and B. Bando concerning same; Email from D. Saturno regarding examination questions and document binders; Preparations for examinations and emails with M. Gugu regarding same
MJVZ	16/03/18	\$465.00	0.20	\$93.00	Emails with B. Bando regarding HSBC; Email to HSBC regarding GIC maturity and retrieval
MJVZ	16/03/18	\$465.00	0.30	\$139.50	Review email and attachment from B. Bando and email to B. Bando regarding same regarding discharge and sale
MJVZ	16/03/18	\$465.00	0.20	\$93.00	Review email and agreement received from B. Bando re Mount Nemo and email to S. Graff regarding same
MJVZ	16/03/18	\$465.00	0.20	\$93.00	Emails with S. Graff and conference call and emails with J. Knight regarding Nova warrants/shares
MJVZ	16/03/18	\$465.00	0.10	\$46.50	Conference call with B. Bando

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
JAW	16/03/18	\$725.00	0.20	\$145.00	Review and respond to B. Worndl emails; M. van Zandvoort emails re: RSP eligibility of funds pending registration suspension by OSC
BW	16/03/18	\$950.00	0.50	\$475.00	Emails; Consider tax matters; Call with M.V. Zandvoort
MES	17/03/18	\$435.00	0.10	\$43.50	Review email from S. Graff to D. Ferguson (Commercial Loans)
MJVZ	17/03/18	\$465.00	1.50	\$697.50	Review D. Johnston revisions and review and further revisions to SS&C Agreement; Emails same with blackline to B. Bando
MJVZ	17/03/18	\$465.00	0.10	\$46.50	Emails with B. Bando regarding examinations
DS	18/03/18	\$260.00	0.30	\$78.00	Re Bron: Email J. Merk regarding closing documents; Attend to Bron closing; Email B. Bando regarding closing documents
MES	18/03/18	\$435.00	0.10	\$43.50	Email to S. Graff re: settlement with SMC/OOM (Commercial Loans)
MJVZ	18/03/18	\$465.00	3.40	\$1,581.00	Continue preparations for examinations regarding Jeffrey and Robert Maljaars, DenHollander and Dahl; Emails with B. Bando and J. Knight
SLG	19/03/18	\$795.00	0.30	\$238.50	OOM - Resolutions of deal with OOM and St. Mary's
JKM	19/03/18	\$575.00	0.40	\$230.00	Email to D. Saturno re closing documents; Email to D. Saturno re closing date; Review revised accounting undertaking; Email to D. Saturno re same
DS	19/03/18	\$260.00	0.30	\$78.00	Attend to Bron closing; Emails with J. Merk, B. Bando and S. Graff regarding same; Receive email from T. Peters; Email J. Merk and S. Graff regarding same
DS	19/03/18	\$260.00	0.10	\$26.00	Update Action Items Agenda and circulate internally to team

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MES	19/03/18	\$435.00	0.20	\$87.00	Discussion with S. Graff re: Clydesdale exam and status; Receive and review email from M. van Zandvoort (Commercial Loans)
MJVZ	19/03/18	\$465.00	0.30	\$139.50	Conference call with B. Bando; Further revise SS&C agreement; Email to B. Bando attaching revised agreement and blackline
MJVZ	19/03/18	\$465.00	5.80	\$2,697.00	Emails with B. Bando and M. Gugu regarding examinations and booking of same regarding Housego; Email M. Gugu regarding additional documents to be included in Calgary examination package; Continued preparation for examinations; Emails with counsel regarding J. Froese examination; Email to S. Graff regarding examination strategy; Revise and add additions to exhibit binder for witnesses
MJVZ	19/03/18	\$465.00	0.20	\$93.00	Review APA regarding extension of closing and Order of Justice Dunphy; Emails with S. Graff, D. Saturno and J. Merk regarding Bron APA closing
MJVZ	19/03/18	\$465.00	0.10	\$46.50	Emails with S. Monson; Conference call with J. Merk regarding Bron closing
MJVZ	19/03/18	\$465.00	0.10	\$46.50	Review email from D. Ferguson and S. Graff regarding St. Mary's/OOM proposal
MJVZ	19/03/18	\$465.00	0.10	\$46.50	Emails with J. Merk, D. Saturno regarding Bron closing
MJVZ	19/03/18	\$465.00	0.10	\$46.50	Emails with J. Knight regarding Metal Mountain
MJVZ	19/03/18	\$465.00	0.10	\$46.50	Emails with OSC
SLG	20/03/18	\$795.00	0.80	\$636.00	OOM - Telephone call with B. Bando and M. Spence; review email and issues; telephone call with D. Ferguson
SLG	20/03/18	\$795.00	0.50	\$397.50	Media Fund - Discus with S. Brotman; discussion with D. Saturno and J. Merk re undertaking

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DH	20/03/18	\$225.00	0.30	\$67.50	Receive transcript from examination held on March 12, 2018; Preparation of undertaking, under advisement and refusals charts and preliminary review of transcript
JKM	20/03/18	\$575.00	0.70	\$402.50	Meeting with S. Graff and D. Saturno re comments on undertaking; Revise undertaking re same; Email to D. Saturno re same
DS	20/03/18	\$260.00	0.80	\$208.00	Attend to Bron closing; Meeting with S. Graff and J. Merk; Email T. Peters with updated undertaking regarding funds and follow up regarding same; Email Fasken undertaking for accounting; Internal discussion with team
DS	20/03/18	\$260.00	0.10	\$26.00	Attend to file
MES	20/03/18	\$435.00	1.50	\$652.50	Receive transcript of Clydesdale examination and email to B. Bando and J. Knight; Review proposed email to D. Ferguson and discuss strategy with S. Graff; Review transcript of examination of C. Clydesdale (Commercial Loans)
MJVZ	20/03/18	\$465.00	6.70	\$3,115.50	Preparation for examinations of D. Pahl, D. DenHollander, R. Maljaars and J. Maljaars and attendance at Calgary for same; Meetings with B. Bando concerning same; Review documentation received by J. Froese today in connection with same and augment examination questions to address and incorporate; Emails with counsel to Frontline; Conference call with S. Graff and B. Bando; Emails with counsel to A. Housego; Email from J. Knight to L. Tatersall
MJVZ	20/03/18	\$465.00	0.40	\$186.00	Call with OSC and email to J. Wainwright and S. Graff
MJVZ	20/03/18	\$465.00	0.50	\$232.50	Emails from M. Spence regarding Clydesdale transcript and preliminary review of same
MJVZ	20/03/18	\$465.00	1.10	\$511.50	Review emails from J. Knight and B. Bando regarding SS&C agreement; Emails with K. Plunkett regarding same;

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					Revise agreement and email same to J. Knight and B. Bando; Email from B. Bando
MJVZ	20/03/18	\$465.00	0.20	\$93.00	Emails with S. Graff, D. Saturno, J. Merk and from counsel to Bron; Email concerning APA provision at issue in response
SLG	21/03/18	\$795.00	0.50	\$397.50	Review and revise email to D. Ferguson
DH	21/03/18	\$225.00	3.50	\$787.50	Begin to prepare undertakings, under advisement s and refusals chart from the examination of C. Clydesdale held on March 12, 2018
DS	21/03/18	\$260.00	0.20	\$52.00	(Bron) Emails with J. Merk and T. Peters; Update closing agenda
MES	21/03/18	\$435.00	0.30	\$130.50	Discussion with S. Graff re: response to D. Ferguson; Exchange emails re: response to M. Rada (Commercial Loans)
MJVZ	21/03/18	\$465.00	1.00	\$465.00	Preparation for examination of D. Pahl and D. DenHollander today
MJVZ	21/03/18	\$465.00	0.10	\$46.50	Emails with K. Plunkett and J. Knight regarding SS&C
MJVZ	21/03/18	\$465.00	7.70	\$3,580.50	Attendance to conduct examinations under oath of D. Pahl and D. DenHollander; Emails with S. Graff and M. Spence
MJVZ	21/03/18	\$465.00	0.10	\$46.50	Emails from T. Peters and D. Saturno
MJVZ	21/03/18	\$465.00	0.10	\$46.50	Email from S. Graff regarding OOM/St. Mary's
DH	22/03/18	\$225.00	2.80	\$630.00	Receive and review transcript; Preparation of the undertakings, under advisements and refusals chart from the continued examination of C. Clydesdale held on March 13, 2018
SRM	22/03/18	\$350.00	0.10	\$35.00	Factoring: Review search summary and confirm registration is in-tickler

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DS	22/03/18	\$260.00	0.40	\$104.00	Attend to Bron closing; Follow up with Fasken regarding closing date; Emails with T. Peters, team and S. Monson; Update closing agenda
MES	22/03/18	\$435.00	0.20	\$87.00	Exchange emails re: examination follow-up call (Commercial Loans)
MJVZ	22/03/18	\$465.00	12.10	\$5,626.50	Preparation for and attendance at examinations of R. Maljaars and J. Maljaars in Calgary; Review email and attachment from B. Bando regarding Single Source; Emails with S. Morris; Emails with M. Gugu and reporter regarding transcripts; Emails with B. Bando, J. Knight, M. Spence and S. Graff regarding examinations; Email from opposing counsel regarding examinations
MJVZ	22/03/18	\$465.00	0.20	\$93.00	Various emails from and to D. Saturno, J. Merk, T. Peters and A. Davids regarding Bron transaction
MJVZ	22/03/18	\$465.00	0.10	\$46.50	Email from J. Wainwright regarding OSC/registration issue
JKM	23/03/18	\$575.00	0.30	\$172.50	Email to D. Saturno re closing mechanics; Email to D. Saturno re escrow release
JTN	23/03/18	\$375.00	0.10	\$37.50	Email exchange with D. Saturno re receiver's certificate
DS	23/03/18	\$260.00	1.40	\$364.00	Email J. Merk regarding next steps regarding Bron; Email S. Monson regarding closing; Attend to file; Receive wire request from A. Davids; Email B. Bando and J. Knight regarding wire confirmation; Emails from B. Bando confirming closing; Telephone call with J. Merk; Telephone call with J. Nemers regarding Receiver's Certificate; Send Receiver's Certificate to T. Peters; Internal emails with team (BRON)
MES	23/03/18	\$435.00	0.20	\$87.00	Exchange emails with S. Graff, D. Ferguson re: flow of funds from SMC; Email to M. Rada re: payment (Commercial Loans)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	23/03/18	\$465.00	1.60	\$744.00	Emails with M. Gugu regarding examinations and transcripts and review of notes regarding same in connection and preparation with Receiver conference call scheduled for Monday regarding next steps; Email from M. Spence regarding Rada outstanding funds
MJVZ	23/03/18	\$465.00	0.50	\$232.50	Various emails with D. Saturno, B. Bando, T. Peters, J. Merk, S. Graff, A. Davids; Review Receiver's Certificate and emails to D. Saturno; Email from I. Aversa and J. Nemers
MJVZ	23/03/18	\$465.00	0.20	\$93.00	Emails from and to K. Dunlop at HSBC regarding maturity of GIC
SLG	26/03/18	\$795.00	1.90	\$1,510.50	Review report to investors; update call and meeting on examinations; consider next steps; address M. Rada; consider Quiver comments
DBJ	26/03/18	\$695.00	0.20	\$139.00	Review sections 11.3-11.6 of SS&C agreement
JTN	26/03/18	\$375.00	0.10	\$37.50	Follow-up discussion with D. Saturno re receiver's certificate
DS	26/03/18	\$260.00	4.40	\$1,144.00	Pick up original signing pages of closing documents for Bron from B. Bando; Email M. van Zandvoort and J. Merk regarding next steps (Bron); Emails and telephone call with J. Nemers regarding Receiver's Certificate (Bron); Travel to and attend Commercial List to file Receiver's Certificate; Email court-stamped receiver's certificate to T. Peters; Draft cover letter to Fasken; Attend conference call with M. van Zandvoort, M. Spence, S. Graff, B. Bando and J. Krieger (1.0) regarding debrief of factoring examinations; Receive instructions regarding preparing demand letters to Dome, 156 and 647; Begin drafting letters; Circulate updated action items agenda (0.9) (BRON = 2.5 hrs.)
MJVZ	26/03/18	\$465.00	1.50	\$697.50	Preparation for conference call with Receiver regarding examinations and next steps; Conference call with Receiver

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					and A&B personnel; Meeting with D. Saturno regarding demands; Various emails with D. Saturno, T. Peters, J. Merk
MJVZ	26/03/18	\$465.00	0.20	\$93.00	Emails with S. Monson
MJVZ	26/03/18	\$465.00	2.50	\$1,162.50	Review revised Service Agreement; Emails with D. Johnson regarding same; Revise Agreement; Conference call with B. Bando regarding same and email revised agreement and blackline to B. Bando; Conference call with S. Graff concerning same
MJVZ	26/03/18	\$465.00	0.80	\$372.00	Review and revise investor notice; Email revised notice to Receiver and further emails and conference call with S. Graff regarding same
MJVZ	26/03/18	\$465.00	0.30	\$139.50	Emails with S. Graff and V. Nunes and conference calls with S. Graff and G. Wainwright; Review notes from prior calls with OSC and GT in preparation of same
MJVZ	26/03/18	\$465.00	0.10	\$46.50	Emails from D. Saturno regarding demand and agenda
SLG	27/03/18	\$795.00	0.70	\$556.50	Conference call with OSC re Bron deal and update on matters
SLG	27/03/18	\$795.00	0.20	\$159.00	OOM - Email with B. Mackenzie
SLG	27/03/18	\$795.00	0.20	\$159.00	Address update to investors and revise
SLG	27/03/18	\$795.00	0.20	\$159.00	Review [REDACTED] issue
SLG	27/03/18	\$795.00	0.30	\$238.50	Address Agreement with S, S and J
DS	27/03/18	\$260.00	0.10	\$26.00	Attend to file regarding dating Bron closing documents
MJVZ	27/03/18	\$465.00	0.10	\$46.50	Conference calls with B. Bando regarding various receivership matters
MJVZ	27/03/18	\$465.00	0.20	\$93.00	Emails with D. Saturno and B. Bando regarding Bron closing documents
MJVZ	27/03/18	\$465.00	0.10	\$46.50	Email from B. Bando regarding investor notice

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	27/03/18	\$465.00	0.20	\$93.00	Emails with C. Norval and B. Bando regarding SS&C agreement and with M. Markussen and B. Bando regarding OOM payment received; Conference call with M. Spence
MJVZ	27/03/18	\$465.00	0.10	\$46.50	Emails with M. Spence regarding M. Rada settlement and review M. Spence email to M. Rada
MJVZ	27/03/18	\$465.00	0.20	\$93.00	Emails with S. Monson and B. Bando and S. Graff and J. Merk regarding Bron closing and Fintage
MJVZ	27/03/18	\$465.00	0.10	\$46.50	Conference call with D. Saturno regarding Bron closing
MJVZ	27/03/18	\$465.00	1.00	\$465.00	Conference calls with S. Graff, J. Wainwright and OSC Regulatory Branch
MJVZ	27/03/18	\$465.00	0.10	\$46.50	Review email and LTCA Order from V. Nunes
MJVZ	27/03/18	\$465.00	0.70	\$325.50	Conference call with S. Graff and OSC
MJVZ	27/03/18	\$465.00	0.10	\$46.50	Email from A. Huculak; Email to A. Huculak
MJVZ	27/03/18	\$465.00	0.10	\$46.50	Reporting email to G. Thornton requesting conference call regarding OSC discussions today
MJVZ	27/03/18	\$465.00	0.60	\$279.00	Conference calls with Receiver and SS&C
MJVZ	27/03/18	\$465.00	0.80	\$372.00	Revise SS&C Agreement further to conference call and email B. Bando same; Email from B. Bando to SS&C delivering same
MJVZ	27/03/18	\$465.00	0.40	\$186.00	Review and revisions to Demand
MJVZ	27/03/18	\$465.00	0.10	\$46.50	Email to C. Popowich delivering exhibits
SLG	28/03/18	\$795.00	0.80	\$636.00	Conference call with B. Bando, H. Knight and M. van Zandvoort re update on OSC matters and re questions and position

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DS	28/03/18	\$260.00	0.40	\$104.00	Receive instruction from M. van Zandvoort regarding [REDACTED] research; Find same in system and email to M. van Zandvoort
MJVZ	28/03/18	\$465.00	0.20	\$93.00	Emails from B. Bando and C. Norval; Conference call with B. Bando and with S. Graff regarding SS&C Agreement
MJVZ	28/03/18	\$465.00	0.10	\$46.50	Emails with A. Huculuk at OSC
MJVZ	28/03/18	\$465.00	1.20	\$558.00	Preparation for and attendance on conference call with B. Bando, J. Knight and S. Graff regarding various receivership issues
MJVZ	28/03/18	\$465.00	0.40	\$186.00	Follow-up reporting emails to Receiver discussing next steps; Emails with M. Spence regarding outstanding answers to undertaking
MJVZ	28/03/18	\$465.00	0.20	\$93.00	Conference call with B. Bando; Emails with C. Norval
MJVZ	28/03/18	\$465.00	0.20	\$93.00	Emails with D. Saturno
MJVZ	28/03/18	\$465.00	0.30	\$139.50	Emails with J. Dutriac and B. Bando
SLG	29/03/18	\$795.00	0.40	\$318.00	Telephone call with M. van Zandvoort re [REDACTED]; further research; consider Agreement re T3 distribution and indemnity
MJVZ	29/03/18	\$465.00	1.30	\$604.50	Review and revise APS offers (x2) received; Emails and conference call with R. Hooke regarding same; Emails and conference call with B. Bando regarding same; Emails with M. Gugu regarding Schedule C
MJVZ	29/03/18	\$465.00	0.10	\$46.50	Email to counsel to Frontline regarding examination and with M. Markussen
MJVZ	29/03/18	\$465.00	2.50	\$1,162.50	Commence preparations for examinations of A. Housego and J. Froese
MJVZ	29/03/18	\$465.00	0.10	\$46.50	Email from B. Bando and C. Norval
MJVZ	29/03/18	\$465.00	0.20	\$93.00	Emails with D. Saturno

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	29/03/18	\$465.00	0.40	\$186.00	Receive and review OSC record and reporting email to Receiver concerning same; Email to OSC
MJVZ	29/03/18	\$465.00	0.30	\$139.50	Review SS&C revisions to engagement; conference calls with S. Graff and B. Bando regarding same; emails with J. Knight and B. Bando
MJVZ	29/03/18	\$465.00	1.10	\$511.50	Review email from C. Graff regarding [REDACTED] and emails with S. Graff and D. Saturno regarding same; conference calls with S. Graff
MJVZ	30/03/18	\$465.00	8.70	\$4,045.50	Review jurisprudence and literature concerning recovery item in connection with potential litigation; emails with S. Graff and D. Saturno concerning same; preparation of draft for review and discussion and email to S. Graff concerning same
TOTAL:			231.30	\$100,934.50	

Name	Hours	Rate	Value
Mark J. van Zandvoort (MJVZ)	108.50	\$465.00	\$50,452.50
Steven L. Graff (SLG)	18.70	\$795.00	\$14,866.50
Timothy S. Jones (TSJ)	27.30	\$305.00	\$8,326.50
Miranda E. Spence (MES)	23.20	\$435.00	\$10,092.00
Diana Saturno (DS)	35.70	\$260.00	\$9,282.00
Daniella Hower (DH)	6.80	\$225.00	\$1,530.00
Jeffrey K. Merk (JKM)	4.80	\$575.00	\$2,760.00
Carlos Casasola (CC)	0.30	\$300.00	\$90.00
Jennifer A. Wainwright (JAW)	2.00	\$725.00	\$1,450.00
Patrick Williams (PW)	0.60	\$180.00	\$108.00
Ivone Vieira (IV)	0.20	\$180.00	\$36.00
Donald B. Johnston (DBJ)	1.20	\$695.00	\$834.00
Kyle B. Plunkett (KBP)	1.20	\$435.00	\$522.00
Barbara Worndl (BW)	0.50	\$950.00	\$475.00
Shannon R. Morris (SRM)	0.10	\$350.00	\$35.00
Jeremy T. Nemers (JTN)	0.20	\$375.00	\$75.00

OUR FEE	\$100,934.50
HST at 13%	\$13,121.49

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DISBURSEMENTS

COST INCURRED ON YOUR BEHALF AS AN AGENT

Summons to Witness	\$141.28
Non Taxable Cash to UBD	\$17.50
Wire Charges	\$15.00
Miscellaneous HST Exempt Re:	\$12.99
REIMBURSE PETTY CASH issued to CASH	

Total Agency Costs	\$186.77
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Subject to HST

Conference Calls	\$23.60
Deliveries/Parss	\$160.45
Photocopies - Local	\$450.00
Taxi	\$8.85
Binding and Tabs	\$55.00
Photocopies	\$87.75
Imaging/Scanning	\$56.00
Teraview Search	\$31.80
Travelling Expenses	\$2,038.62

Total Disbursements	\$2,912.07
HST at 13%	\$378.57

AMOUNT NOW DUE

\$117,533.40

THIS IS OUR ACCOUNT HEREIN

Aird & Berlis LLP

Steven L. Graff
E.&O.E.

PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

32177892.1

IN ACCOUNT WITH:

AIRD BERLIS

Brookfield Place, 181 Bay Street, Suite 1800
 Toronto, Ontario, Canada M5J 2T9
 T 416.863.1500 F 416.863.1515
 airdberlis.com

Grant Thornton Limited
 200 King Street West, 11th Floor
 Toronto, ON
 M5H 3T4

Attention: Mr. Jonathan Krieger

Account No.: 600106

PLEASE WRITE ACCOUNT NUMBERS
 ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

May 31, 2018

Re: Receivership of Crystal Wealth Management System Limited, et al

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended May 31, 2018

LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DS	26/02/18	\$260.00	5.80	\$1,508.00	Meeting with T. Jones regarding Crystal Wealth transition and overview of file; Review material; Meeting with team regarding agenda action items; Review Receiver reports; Email Clydesdale summons to M. Spence for review
DS	27/02/18	\$260.00	0.50	\$130.00	Read and review materials in preparation for Crystal Wealth Transition; Meeting with J. Merk and T. Jones regarding Bron Closing Agenda
DS	28/02/18	\$260.00	0.30	\$78.00	Meeting with T. Jones regarding Bron closing agenda
MES	26/03/18	\$435.00	1.20	\$522.00	Review and discussion with S. Graff re: communications from D. Ferguson; Conference call with J. Krieger, B. Bando, S. Graff, M. van Zandvoort re: outcome of examinations and next steps
MES	27/03/18	\$435.00	0.40	\$174.00	Exchange numerous emails re: receipt of payment re: OOM/SMC agreement (Commercial Loans)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
JAW	27/03/18	\$725.00	0.70	\$507.50	Conference call with M. van Zandvoort, S. Graff, V. Nunes re: Crystal Wealth registration status; Internal follow-up telephone calls re: same
MES	28/03/18	\$435.00	0.20	\$87.00	Exchange emails with M. van Zandvoort; Email to B. McKenzie re: answers to undertakings
RTH	29/03/18	\$695.00	0.70	\$486.50	Review offers; Email to M. van Zandvoort
MES	29/03/18	\$435.00	0.10	\$43.50	Receive email from B. McKenzie re: answers to undertakings
SLG	02/04/18	\$795.00	1.40	\$1,113.00	Conference call with M. van Zandvoort, B. Bando and J. Knight re OSC enforcement notice; settlement; [REDACTED] claim and Mt. Nemo, etc. review email and draft Notice of Action
RTH	02/04/18	\$695.00	0.40	\$278.00	Review agreement; Email to M. van Zandvoort
DS	02/04/18	\$260.00	3.20	\$832.00	Research regarding [REDACTED] [REDACTED]; Draft memo regarding same; Receive instructions regarding [REDACTED] [REDACTED]; Search through dropbox for same; Update Crystal Wealth Action Item Agenda and circulate to team
MES	02/04/18	\$435.00	0.20	\$87.00	Receive payment from St. Mary's Cement; Receive email from M. Rada re: settlement payment (Commercial Loans)
MJVZ	02/04/18	\$465.00	3.40	\$1,581.00	Review Temporary Order, Enforcement Notice and Claim issues in preparation for conference call with Receiver and S. Graff and review of receivership files and jurisprudence with respect to claim in connection with same; Meeting with S. Graff in connection with same

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	02/04/18	\$465.00	0.50	\$232.50	Conference call with Receiver and S. Graff regarding Temporary Order, Enforcement Notice and Claim
MJVZ	02/04/18	\$465.00	2.50	\$1,162.50	Review and revise Notice and emails with S. Graff and Receiver and summarize procedure in connection with same
MJVZ	02/04/18	\$465.00	0.20	\$93.00	Emails with B. Bando regarding Mount Nemo offer; Emails with R. Hooke and B. Bando regarding same and review of R. Hooke comments and revisions
MJVZ	02/04/18	\$465.00	0.40	\$186.00	Conference call with B. Bando and email to S. Graff; Email to D. Saturno; Emails with D. Collett; Email to M. Gugu; Email from B. Prentice; Email from D. Saturno regarding Agenda
DH	03/04/18	\$225.00	0.20	\$45.00	Emails to and from M. van Zandvoort re transcripts; Preliminary review of 4 transcripts for examinations held in Calgary
DS	03/04/18	\$260.00	1.10	\$286.00	Attend to file regarding attendance at J. Froese examination; Further research, revisions, and drafting of memo regarding [REDACTED]
MJVZ	03/04/18	\$465.00	2.00	\$930.00	Emails with B. Bando regarding Notice; Conference call with B. Bando regarding same; Review and revise and finalize same; Emails with M. Gugu, S. Graff and B. Bando concerning same and conference call with J. Krieger
MJVZ	03/04/18	\$465.00	0.50	\$232.50	Receive transcripts from examinations of Maljaars (R. and J.), D. Pahl and D. DenHollander; Reporting email to Receiver concerning same; Email to D. Hewer concerning preparation of undertaking and refusals charts; Preliminary review of same

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	03/04/18	\$465.00	0.10	\$46.50	Emails with R. Hooke and B. Bando regarding APS offer
MJVZ	03/04/18	\$465.00	0.60	\$279.00	Review PPSA registrations; Emails with P. Hoosain regarding same; Conference call to ScotiaBank in connection with same and February motion; Email to P. Hoosain
MJVZ	03/04/18	\$465.00	0.10	\$46.50	Emails with J. Knight regarding service list
MJVZ	03/04/18	\$465.00	0.60	\$279.00	Emails with S. Graff regarding OSC conference call and limitation; Review OSC record in connection with same and consider request regarding Temporary Order; Email to A. Huculak
SLG	04/04/18	\$795.00	0.50	\$397.50	Conference call with M. van Zandvoort and OSC to discuss extension of OSC order and form of settlement
DH	04/04/18	\$225.00	2.70	\$607.50	Review transcript from the examination of D. Pahl held on March 21, 2018; Preparation of refusals and objection charts re same
DS	04/04/18	\$260.00	0.90	\$234.00	Review, revise memo regarding [REDACTED] Email memo to M. van Zandvoort and S. Graff
MES	04/04/18	\$435.00	0.10	\$43.50	Exchange emails with M. van Zandvoort re: OOM summary (Commercial Loans)
MJVZ	04/04/18	\$465.00	0.70	\$325.50	Review and revisions to IFDS proposed agreement; Emails with J. Wainwright regarding same
MJVZ	04/04/18	\$465.00	0.80	\$372.00	Emails with D. Saturno regarding [REDACTED] and email to S. Graff concerning same
MJVZ	04/04/18	\$465.00	0.60	\$279.00	Emails with A. Huculak and preparation for conference call

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	04/04/18	\$465.00	0.50	\$232.50	Conference call with S. Graff, A. Huculak, M. Tillie
MJVZ	04/04/18	\$465.00	0.60	\$279.00	Multiple conference calls with S. Graff regarding, in anticipation of and subsequent to OSC call
MJVZ	04/04/18	\$465.00	0.10	\$46.50	Email from B. Bando regarding Single Source
MJVZ	04/04/18	\$465.00	0.10	\$46.50	Emails with M. Spence regarding Commercial Loan summary update
MJVZ	04/04/18	\$465.00	0.20	\$93.00	Reporting email to Receiver further to OSC conference call
MJVZ	04/04/18	\$465.00	0.20	\$93.00	Further emails with S. Graff and with A. Huculak
MJVZ	04/04/18	\$465.00	0.10	\$46.50	Emails from J. Knight regarding Metal Mountain and Spletzer; Email to J. Knight
SLG	05/04/18	\$795.00	0.60	\$477.00	Discussion with M. van Zandvoort; telephone call with GTL; review GTL opinion; telephone call with J. Krieger
DH	05/04/18	\$225.00	2.20	\$495.00	Review transcript from the examination of R. Maljaars held on March 22, 2018; Preparation of refusals and objection chart re same
KBP	05/04/18	\$435.00	2.00	\$870.00	Review and respond to emails from M. van Zandvoort; draft demand letter to Solid Holdings; email exchange with J. Knight regarding same; review and consider emails from J. Knight regarding previous correspondence.
DS	05/04/18	\$260.00	0.80	\$208.00	Receive instruction from M. van Zandvoort regarding filesite search for OOM summary; Conduct search; Email same to M. van Zandvoort
MES	05/04/18	\$435.00	0.20	\$87.00	Receive and review emails from J. Knight and S. O'Neill re: US Realty Fund update (US Realty Fund)

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	05/04/18	\$465.00	0.20	\$93.00	Emails with K. Plunkett regarding Spletzer email; Review draft letter
MJVZ	05/04/18	\$465.00	0.40	\$186.00	Emails with D. Saturno regarding Commercial Loans and conference call with S. Graff concerning same
MJVZ	05/04/18	\$465.00	0.10	\$46.50	Conference calls with S. Graff in advance of OSC call
MJVZ	05/04/18	\$465.00	0.10	\$46.50	Conference call with A. Hukulak and M. Tillie
MJVZ	05/04/18	\$465.00	0.30	\$139.50	Conference calls with S. Graff
DH	06/04/18	\$225.00	0.90	\$202.50	Review transcript from the examination of J. Maljaars held on March 22, 2018; Preparation of objection chart re same
DH	06/04/18	\$225.00	1.80	\$405.00	Review transcript from the examination of D. DenHollander held on March 21, 2018; Preparation of refusals and objection chart re same
MJVZ	06/04/18	\$465.00	2.50	\$1,162.50	Continued preparation for examination of A. Housego
MJVZ	06/04/18	\$465.00	0.20	\$93.00	Emails with J. Wainwright regarding IFDS; Call with B. Bando regarding same
MJVZ	06/04/18	\$465.00	0.10	\$46.50	Conference call with S. Graff
MJVZ	06/04/18	\$465.00	0.10	\$46.50	Email from D. Hower attaching undertaking/refusal charts from examinations of D. Pahl, D. DenHollander, R. Maljaars and J. Maljaars
JAW	06/04/18	\$725.00	0.10	\$72.50	Review and respond to M. van Zandvoort email re: Grant Thornton services required from IFDS
RTH	09/04/18	\$695.00	0.50	\$347.50	Review agreement; Email to client; Telephone call from M. van Zandvoort

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DS	09/04/18	\$260.00	1.20	\$312.00	Attend to file regarding A. Housego; Book motion date for May 2; Telephone call and emails with Commercial List; Update action items agenda
MJVZ	09/04/18	\$465.00	0.10	\$46.50	Conference call with B. Bando
MJVZ	09/04/18	\$465.00	8.50	\$3,952.50	Review Mount Nemo Offer received today; Conference call and emails with B. Bando, R. Hooke and D. Saturno and conference calls with B. Bando and R. Hooke; Prepare initial draft of factum for motion; Conference calls with D. Saturno and emails with Court; Continued review of receivership materials and preparation for examination of A. Housego
MJVZ	09/04/18	\$465.00	0.20	\$93.00	Receive and review OSC Extension Order and email to Receiver concerning same; Email to OSC
MJVZ	10/04/18	\$465.00	6.50	\$3,022.50	Continued preparation for examination of A. Housego and compile exhibits to same; Conference call and emails with B. Bando
SLG	11/04/18	\$795.00	0.20	\$159.00	Telephone call with M. van Zandvoort re update and examinations
MJVZ	11/04/18	\$465.00	7.20	\$3,348.00	Continued preparation for examination of A. Housego in Vancouver and travel to same
MJVZ	11/04/18	\$465.00	0.20	\$93.00	Emails with B. Bando and with M. Gugu
MJVZ	11/04/18	\$465.00	0.20	\$93.00	Emails and conference call with S. Graff
MJVZ	11/04/18	\$465.00	0.10	\$46.50	Email from B. Bando regarding Mount Nemo
SLG	12/04/18	\$795.00	0.30	\$238.50	Telephone call with M. van Zandvoort re update on exam

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
RTH	12/04/18	\$695.00	0.40	\$278.00	Review agreement of purchase and sale; Provide comments
DS	12/04/18	\$260.00	0.30	\$78.00	Attend to file; Email claims document regarding A. Housego to M. van Zandvoort
MJVZ	12/04/18	\$465.00	0.40	\$186.00	Emails with B. Bando, Ayesha Mawaz-Khan, S. Graff, R. Hooke, J. Krieger and A. Muhit regarding offer on 5043 Mount Nemo; Discussions with B. Bando concerning same
MJVZ	12/04/18	\$465.00	0.10	\$46.50	Emails with M. Gugu regarding materials for examination of April 12, 2018
MJVZ	12/04/18	\$465.00	8.20	\$3,813.00	Preparation for and attendance at examination of A. Housego
MJVZ	12/04/18	\$465.00	0.20	\$93.00	Emails with D. Saturno regarding materials for examination of April 12, 2018
RTH	13/04/18	\$695.00	0.50	\$347.50	Email from client; Review and revise agreement
DS	13/04/18	\$260.00	0.20	\$52.00	Receive instructions from M. van Zandvoort regarding demand letters; Leave message and email Joanne at Commercial List regarding adjourning and rescheduling hearing date
MJVZ	13/04/18	\$465.00	0.50	\$232.50	Emails with B. Bando, S. Graff, J. Krieger, R. Hooke and A. Muhit regarding letter and motion date; Voicemail from commercial list court and emails with D. Saturno
MJVZ	13/04/18	\$465.00	1.70	\$790.50	Review and revise demand letters and source documentation in connection with same; Email to D. Saturno instructing regarding finalizing of same and 244 Notices
MJVZ	13/04/18	\$465.00	4.50	\$2,092.50	Preparation for examination of J. Froese and return to Toronto
MJVZ	13/04/18	\$465.00	0.20	\$93.00	Conference call with S. Graff regarding A. Housego examination

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	14/04/18	\$465.00	0.10	\$46.50	Emails with B. Bando regarding Motion Date
DS	15/04/18	\$260.00	1.20	\$312.00	Attend to demand letters and 244 notices; Email to M. van Zandvoort for review
MJVZ	15/04/18	\$465.00	0.10	\$46.50	Email from J. Knight regarding Solid Holdings Letter
SLG	16/04/18	\$795.00	0.10	\$79.50	Review emails re gold contracts
SRM	16/04/18	\$350.00	0.50	\$175.00	Review release; Prepare, submit and review PPSA partial discharge verification statement; Order and review post-amendment search; Update chart re same
KBP	16/04/18	\$435.00	0.60	\$261.00	Revise and finalize default letter for Solid Holdings re gold contracts;
DS	16/04/18	\$260.00	0.60	\$156.00	Attend to file; Attend to commercial list motion date; Telephone call with J. Nicoara at Commercial List regarding new dates; Email Commercial List regarding new dates
MJVZ	16/04/18	\$465.00	0.30	\$139.50	Review revised and finalized letter and enclosures and emails with K. Plunkett, M. Gugu, and to S. Spletzer regarding Solid Holdings letter
MJVZ	16/04/18	\$465.00	0.20	\$93.00	Emails with D. Saturno and Commercial List Court regarding motion date and review Request; Emails with Receiver and A&B regarding motion date and delivery of materials
MJVZ	16/04/18	\$465.00	0.10	\$46.50	Emails with D. Saturno regarding Demand Letters
MJVZ	16/04/18	\$465.00	5.30	\$2,464.50	Preparation for examination of J. Froese
MJVZ	16/04/18	\$465.00	0.20	\$93.00	Review Single Source registration issue and emails with B. Bando regarding discharge; Email to S. Morris regarding discharge

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	16/04/18	\$465.00	0.10	\$46.50	Conference call with B. Prentice regarding IFDS
SRM	17/04/18	\$350.00	0.20	\$70.00	Mortgage Fund: Order parcel abstracts for Alberta properties
MJVZ	17/04/18	\$465.00	6.40	\$2,976.00	Continued preparation for examination of J. Froese; Order parcel abstracts; Various emails with S. Morris, B. Bando, OSC, R. Hooke, J. Wainwright, S. Graff; Review APS Addendum; Review Froese productions and add same to examination; Review notes from Froese telephone interview and incorporate same into examination; Review transcripts and notes of Housego, Pahl, DenHollander and Maljaars examinations in connection with incorporating statements of query to J. Froese; Obtain and review various profile reports for examination; Emails with counsel to A. Housego
IV	17/04/18	\$180.00	0.20	\$36.00	Obtained the Alberta profile report for Recline Ridge Developments Ltd.
IV	17/04/18	\$180.00	0.10	\$18.00	Obtained the Alberta profile report for Frontline Factoring Inc.
DS	18/04/18	\$260.00	9.00	\$2,340.00	Attend examination of J. Froese
MJVZ	18/04/18	\$465.00	2.00	\$930.00	Continued preparation for examination of J. Froese
MJVZ	18/04/18	\$465.00	9.00	\$4,185.00	Attend at examination of J. Froese; Emails with OSC and S. Graff and J. Wainwright
JAW	18/04/18	\$725.00	0.30	\$217.50	Telephone call with B. Worndl; Review and respond to M. van Zandvoort email re: OSC staff call
BW	18/04/18	\$950.00	0.20	\$190.00	Discussion with J. Wainwright; consider tax matters; emails
SLG	19/04/18	\$795.00	0.40	\$318.00	Conference call with J. Tan and A. Huculak of OSC and M. van Zandvoort re issue of deregulation and update on exams and

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					monetization
SRM	19/04/18	\$350.00	0.20	\$70.00	Brief review of parcel pages
MJVZ	19/04/18	\$465.00	1.00	\$465.00	Email from J. Wainwright regarding OSC call; Conference call with S. Graff; Call with S. Graff and OSC (Staff); Conference call with OSC (Compliance); Reporting emails to Receiver and emails from Receiver in response; Call with S. Graff regarding J. Froese examination
MJVZ	19/04/18	\$465.00	0.10	\$46.50	Emails with B. Bando regarding Weekly Summary
SLG	20/04/18	\$795.00	0.30	\$238.50	Telephone call with J. Krieger re [REDACTED]
DS	20/04/18	\$260.00	0.70	\$182.00	Attend to file; Instruct E. An regarding creating list of undertakings from J. Froese examination; Attend to Clydesdale exhibits
MES	20/04/18	\$435.00	0.30	\$130.50	Receive and review email from B. McKenzie re: exhibits and answers to undertakings; Instruct D. Saturno re: same (Commercial Loans)
MJVZ	20/04/18	\$465.00	0.60	\$279.00	Emails from B. Bando regarding TM renewals and conference call with B. Bando regarding same; Emails with M. Gugu regarding exhibits from Froese examination and discussion with M. Gugu and D. Saturno regarding same; Emails from B. McKenzie and D. Saturno; Emails and conference call with S. Graff regarding Monday meeting
DS	21/04/18	\$260.00	1.00	\$260.00	Research and prepare regarding drafting [REDACTED]
DS	22/04/18	\$260.00	2.30	\$598.00	Draft [REDACTED] Prepare for and consider same
MJVZ	22/04/18	\$465.00	0.30	\$139.50	Emails with S. Graff regarding meeting preparation for tomorrow

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	23/04/18	\$795.00	2.00	\$1,590.00	Meeting with Iris and Simon Bieber re class actions and claims against BDO and Braun; consider approach and issues with funding and transfer of derivative claim
RTH	23/04/18	\$695.00	0.10	\$69.50	Email from M. van Zandvoort
DS	23/04/18	\$260.00	0.30	\$78.00	Attend to file regarding HSBC GIC maturity; Email M. van Zandvoort regarding same; Update agenda of action items and circulate to team
MJVZ	23/04/18	\$465.00	2.60	\$1,209.00	Preparation for meeting with SB and IG and Receiver and SG and conference call with S. Graff in connection with same and attendance at meeting; Follow-up email to Receiver; Email to SB and IG
MJVZ	23/04/18	\$465.00	0.20	\$93.00	Emails with D. Saturno and B. Bando regarding HSBC and emails with B. Bando regarding Mount Nemo; Email to R. Hooke regarding Court date and closing
MJVZ	23/04/18	\$465.00	0.10	\$46.50	Emails with K. Clark regarding Trademark renewal
MJVZ	23/04/18	\$465.00	0.20	\$93.00	Follow-up emails with S. Bieber and I. Graham; Emails with Receiver
SLG	24/04/18	\$795.00	0.50	\$397.50	Follow up call with J. Krieger re [REDACTED]
MJVZ	24/04/18	\$465.00	0.20	\$93.00	Emails with S. Bieber and Receiver
MJVZ	24/04/18	\$465.00	0.10	\$46.50	Emails with K. Clark regarding TM renewal
MJVZ	24/04/18	\$465.00	0.40	\$186.00	Preparation for and attendance on conference call with S. Graff, J. Krieger and B. Bando
MJVZ	24/04/18	\$465.00	0.30	\$139.50	Emails with OSC and with S. Bieber; Emails to Receiver reporting regarding same; Email with J. Wainwright

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	25/04/18	\$795.00	0.10	\$79.50	Emails re suspension or revocation of licence
SLG	25/04/18	\$795.00	0.20	\$159.00	Email re sale of Mt. Nemo
MJVZ	25/04/18	\$465.00	0.20	\$93.00	Emails with J. Wainwright and OSC Regulatory Branch; Emails with M. Gugu regarding examinations
JAW	25/04/18	\$725.00	0.40	\$290.00	Review of M. Denyszyn email; Review and respond to M. van Zandvoort email re: same; Review Ontario Securities Act; Email to M. Denyszyn re: revocation of Crystal Wealth registration
MJVZ	26/04/18	\$465.00	0.30	\$139.50	Emails with B. Prentice; Review Vesting Order and emails with B. Bando regarding APS and Housego Examination
MES	27/04/18	\$435.00	0.20	\$87.00	Receive and review emails from J. Knight, S. O'Neill, J. Harker re: US Realty Projects status (US Realty)
MES	27/04/18	\$435.00	0.10	\$43.50	Receive wire transfer from SMC (Commercial Loans)
MJVZ	27/04/18	\$465.00	3.80	\$1,767.00	Review file and productions from J. Froese and preparation of demands to various entities; Emails with D. Saturno and B. Bando regarding same
MJVZ	28/04/18	\$465.00	0.20	\$93.00	Emails from B. Bando regarding demands and Vesting Order
MJVZ	29/04/18	\$465.00	0.30	\$139.50	Review Vesting Order; Email to B. Bando regarding same; Email from B. Prentice; Emails with B. Bando regarding same
SLG	30/04/18	\$795.00	0.20	\$159.00	Review FDS emails
MJVZ	30/04/18	\$465.00	0.20	\$93.00	Arrange for delivery of demands; Email to B. Bando
MJVZ	30/04/18	\$465.00	6.20	\$2,883.00	Review first and second report and appendices and C. Smith transcript; Preparation of [REDACTED] Email same to S. Graff for

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					comments; Conference call with B. Bando and emails with B. Bando and B. Prentice; Review email thread from B. Bando regarding RGMP; Emails with S. Spletzer, J. Knight and B. Bando; Emails with A. Crabtree
SLG	01/05/18	\$795.00	0.30	\$238.50	Discussion with M. van Zandvoort re [REDACTED]
DH	01/05/18	\$225.00	0.10	\$22.50	Email from M. van Zandvoort re examination of J. Froese
DH	01/05/18	\$225.00	1.60	\$360.00	Email from M. van Zandvoort re examination of A. Housego; Review transcripts; Preparation of undertakings chart from the examination of A. Housego held on April 12, 2018
MJVZ	01/05/18	\$465.00	8.10	\$3,766.50	Emails with D. Saturno regarding preparation and service of motion materials this week; Emails with I. Graham and S. Bieber; Preparation of notice of motion, draft Order, draft Approval and Vesting Order; Draft SSI Vesting Order and draft Geoloop Vesting Order; Receive and review and revise Receiver's Third Report and emails with B. Bando regarding same; Further review and revisions to draft pleading and email to GT for comments; Conference call with S. Graff
MJVZ	01/05/18	\$465.00	1.00	\$465.00	Receive and review email and list of undertakings, advisements and refusals from J. Dutriz; Emails with B. Bando regarding same; Emails with B. Bando and S. Morris regarding discharge; Emails with S. Spletzer, J. Knight and B. Bando regarding conference call; Receive transcript from A. Housego examination; Emails with D. Hower regarding undertakings chart; Email undertakings chart to A. Crabtree; Conference call with J. Knight

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
SLG	02/05/18	\$795.00	1.00	\$795.00	Review and comment on [REDACTED]
DH	02/05/18	\$225.00	0.20	\$45.00	Emails to and from M. van Zandvoort re Calgary discoveries; Attend to compiling same
DH	02/05/18	\$225.00	4.10	\$922.50	Email from M. van Zandvoort; Review of transcript; Preparation of undertakings, under advisements and refusals from the examination of J. Froese held on April 18, 2018; Review of list of undertakings provided by opposing counsel; Cross reference with chart to ensure everything has been captured
RTH	02/05/18	\$695.00	0.40	\$278.00	Review AVO; Revise; Email to M. van Zandvoort
SRM	02/05/18	\$350.00	0.50	\$175.00	Prepare, submit, review and report on partial discharge; Order, review and report on post-discharge search
JTN	02/05/18	\$375.00	0.10	\$37.50	Telephone call with M. van Zandvoort re vesting order
MJVZ	02/05/18	\$465.00	7.50	\$3,487.50	Email with D. Saturno regarding preparation and service of motion materials tomorrow and conference call and office conferences with D. Saturno regarding same; Emails with R. Hooke regarding Approval and Vesting Order; Emails with J. Krieger and B. Bando; Emails with S. Bieber; Email with P. Williams and email from S. Graff regarding same and incorporate revisions; Finalize notice of motion and Orders for motion and email same to Receiver; Update service list and email same to J. Knight; Receive revised Receiver's Report and implement further revisions to same; Revisions to factum and finalize same; Instruct D. Saturno regarding preparation of Brief of Authorities; Email revised Report and Motion Materials to Receiver; Various emails with S. Graff, D. Saturno and Receiver regarding finalize motion

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					materials to be served tomorrow
MJVZ	02/05/18	\$465.00	0.30	\$139.50	Conference call with B. Bando and J. Knight regarding Third Report
MJVZ	02/05/18	\$465.00	0.30	\$139.50	Emails with S. Morris, B. Bando and G. Reid regarding discharge
MJVZ	02/05/18	\$465.00	0.40	\$186.00	Receive Froese examination transcript; Emails with D. Hewer regarding undertakings chart and cross-reference to list provided by Froese' counsel yesterday; Email undertakings chart to counsel; Emails with B. Bando; Email response from J. Dutrizac
MJVZ	02/05/18	\$465.00	1.00	\$465.00	Conference call with S. Graff; Conference call with B. Bando, J. Knight, S. Spletzer, J. Lopahandra and follow-up email to same and follow-up call with B. Bando and J. Knight
DS	03/05/18	\$260.00	5.40	\$1,404.00	Attend to arranging materials to be served and filed; Serve materials
MJVZ	03/05/18	\$465.00	1.00	\$465.00	Office conference and conference call with D. Saturno to finalize motion materials for service; Emails with D. Saturno; Various emails with Receiver regarding filing and serving and filing of materials; Emails with P. Williams; Review McCready letter; Conference call with M. Fingerhut; Conference call with M. Tamminga; Emails with Receiver; Email from S. Bieber and email to Receiver
PW	03/05/18	\$180.00	0.60	\$108.00	Filed Statement of Claim
KRC	04/05/18	\$635.00	0.20	\$127.00	Emails with M. van Zandvoort regarding trademark issues
DS	04/05/18	\$260.00	0.30	\$78.00	Attend to file; Arrange filing
MJVZ	04/05/18	\$465.00	0.10	\$46.50	Emails with K. Clark regarding trademark renewals

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	04/05/18	\$465.00	1.50	\$697.50	Receive draft Notice to Investors; Review reports and revise same and emails to Receiver in connection with same
PW	04/05/18	\$180.00	0.60	\$108.00	Filed Record, Factum and Brief for May 15, 2018
MJVZ	07/05/18	\$465.00	0.10	\$46.50	Receive Notice email from Receiver and review of same
RTH	08/05/18	\$695.00	0.20	\$139.00	Email from M. van Zandvoort re closing and Vesting Order
DS	08/05/18	\$260.00	0.20	\$52.00	Amend orders; Email same to M. van Zandvoort
MJVZ	08/05/18	\$465.00	0.30	\$139.50	Email from counsel to Home Trust and emails with Receiver regarding payout statement; Email from R. Hooke; Letter from Sotheby's; Email to R. Hooke and Receiver concerning same
MJVZ	08/05/18	\$465.00	0.10	\$46.50	Emails with D. Saturno regarding revisions to draft orders for motion
KRC	09/05/18	\$635.00	0.20	\$127.00	Emails regarding takeover of trademarks and renewals
DS	10/05/18	\$260.00	0.10	\$26.00	Attend to file
MJVZ	10/05/18	\$465.00	0.20	\$93.00	Review revised draft orders and email to D. Saturno instructing regarding finalizing same for motion with blacklines
MJVZ	10/05/18	\$465.00	0.10	\$46.50	Email from B. Bando regarding Government of Alberta correspondence and email to B. Bando regarding same
RTH	11/05/18	\$695.00	0.10	\$69.50	Email from M. van Zandvoort re advance of closing
DS	11/05/18	\$260.00	0.20	\$52.00	Attend to file
MJVZ	11/05/18	\$465.00	2.00	\$930.00	Emails with D. Saturno regarding materials for motion; Email to S. Graff regarding motion; Preparation for motion returnable May 14, 2018

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					and finalize orders
MJVZ	11/05/18	\$465.00	0.40	\$186.00	Receive email from Miller Thomson regarding Dome Mountain; Prepare letter to Dome Mountain; Emails to B. Bando; Send letter to Dome Mountain with enclosures
MJVZ	11/05/18	\$465.00	0.20	\$93.00	Conference calls with B. Bando regarding motion and anticipated closing
MJVZ	11/05/18	\$465.00	0.20	\$93.00	Conference call with L. Klimek of Haber & Associates Lawyers; Email to R. Hooke
IEA	14/05/18	\$525.00	1.60	\$840.00	Discussions with M. van Zandvoort and S. Graff regarding the hearing; Engaged with reviewing the draft report and providing comments; Emails and discussions with M. van Zandvoort and S. Graff regarding same
SLG	14/05/18	\$795.00	0.30	\$238.50	Discussion with M. van Zandvoort and I. Aversa; review draft supplementary report; review and discuss same
RTH	14/05/18	\$695.00	1.60	\$1,112.00	Respond to requisitions; Draft closing documents; Prepare statement of adjustments
SRM	14/05/18	\$350.00	0.10	\$35.00	Medical Fund and CLJ - Order, review and report on PPSA verbal searches against CLJ Everest Ltd. and Crystal Wealth Medical Strategy
DS	14/05/18	\$260.00	4.70	\$1,222.00	Travel to and attend court; Receive instructions from M. van Zandvoort regarding updating orders; Attend to filing and serving supplement to Third Report
MJVZ	14/05/18	\$465.00	1.80	\$837.00	Preparation for Court attendance and submissions for same; Conference call with S. Graff regarding Court attendance; Emails with counsel to Home Trust; Emails with D. Saturno

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	14/05/18	\$465.00	0.10	\$46.50	Emails with J. Wainwright regarding Alberta CW registration
MJVZ	14/05/18	\$465.00	2.30	\$1,069.50	Attendance at Court before Justice Patillo for motion in connection with Receiver's Third Report
MJVZ	14/05/18	\$465.00	5.40	\$2,511.00	Drafting, review, and revisions to Receiver's Supplement to Third Report; Various emails and conference call with Receiver and AB personnel to finalize same and concerning Mount Nemo closing; Attend to confirming service and filing of Receiver's supplement; Commence preparation of supplementary submissions for court attendance tomorrow
JAW	14/05/18	\$725.00	0.30	\$217.50	Review and respond to M. van Zandvoort email re: Alberta letter re: structuring extra-provincial registration
IEA	15/05/18	\$525.00	0.20	\$105.00	Telephone call and emails with M. van Zandvoort re update re hearing
SLG	15/05/18	\$795.00	0.20	\$159.00	Discussion with M. van Zandvoort re outcome of motion
SRM	15/05/18	\$350.00	0.10	\$35.00	Medical: Review and report on certified PPSA searches
DS	15/05/18	\$260.00	1.80	\$468.00	Travel to and attend court; Attend to issuing orders
MES	15/05/18	\$435.00	0.50	\$217.50	Discussions with M. van Zandvoort re: attending to closing; Exchange emails with M. van Zandvoort, D. Saturno, R. Hooke re: closing issues
MJVZ	15/05/18	\$465.00	1.30	\$604.50	Preparation for Court Attendance
MJVZ	15/05/18	\$465.00	1.70	\$790.50	Attendance at Court before Justice Pattillo for motion in connection with Receiver's Third Report; Obtain Order and arrange for entering of same and distribution to service list; Various emails with A&B Personnel and from Receiver regarding Mount Nemo closing; Emails with S. Morris

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					regarding searches
MJVZ	15/05/18	\$465.00	0.10	\$46.50	Email from A. Davids and email to J. Merk regarding same
MJVZ	15/05/18	\$465.00	0.20	\$93.00	Emails with counsel to A. Housego and emails with Receiver
MJVZ	15/05/18	\$465.00	0.20	\$93.00	Email from S. Bieber; Conference call with S. Graff
IEA	16/05/18	\$525.00	0.20	\$105.00	Telephone call with M. van Zandvoort re update and next steps re hearing
SLG	16/05/18	\$795.00	0.50	\$397.50	Review email from M. van Zandvoort to J. Krieger and GTL re class action
RTH	16/05/18	\$695.00	0.30	\$208.50	Emails from purchaser's counsel; Email to purchaser's counsel re closing documents
MES	16/05/18	\$435.00	0.30	\$130.50	Receive and respond to various emails re: closing Mount Nemo sale
MJVZ	16/05/18	\$465.00	0.10	\$46.50	Emails with J. Wainwright regarding Alberta registration; Email from B. Bando
MJVZ	16/05/18	\$465.00	0.10	\$46.50	Emails from Receiver and R. Hooke regarding closing; Letter from purchaser's counsel
MJVZ	16/05/18	\$465.00	1.50	\$697.50	Review pertinent file correspondence and draft Reporting email to Receiver and review application; Emails with S. Graff regarding same; Conference call with S. Graff; Emails with Receiver and with AGB
JAW	16/05/18	\$725.00	0.30	\$217.50	Review and respond to emails re: lapsed Alberta filing
SLG	17/05/18	\$795.00	0.10	\$79.50	Email with S. Bieber re [REDACTED]
SLG	17/05/18	\$795.00	0.10	\$79.50	Emails with Y. Martin Morrison
MES	17/05/18	\$435.00	0.30	\$130.50	Exchange emails re: closing of Mount Nemo sale

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	17/05/18	\$465.00	0.20	\$93.00	Emails with Y. Martin-Morrison, S. Graff, B. Bando and A. Collins regarding Status of Restoration Energy
MJVZ	17/05/18	\$465.00	0.20	\$93.00	Emails with R. Hooke, B. Bando, L. Klimek, S. Miceli regarding Mount Nemo Closing
MJVZ	17/05/18	\$465.00	0.10	\$46.50	Email with I. Graham regarding [REDACTED]
MJVZ	17/05/18	\$465.00	0.20	\$93.00	Email with S. Graff, S. Bieber, J. Knight, J. Krieger, B. Bando and I. Graham
RTH	18/05/18	\$695.00	1.20	\$834.00	Attend to closing and post closing issues
MES	18/05/18	\$435.00	0.50	\$217.50	Exchange emails re: closing of Mount Nemo deal; Arrange for filing of receiver's certificate with court; Emails to clients re: same
MJVZ	18/05/18	\$465.00	0.10	\$46.50	Emails with Y. Martin-Morrison, S. Graff B. Bando regarding Restoration Energy Inc.
MJVZ	18/05/18	\$465.00	0.20	\$93.00	Emails with R. Hooke, B. Bando, L. Klimek, S. Miceli regarding Mount Nemo Closing
SLG	22/05/18	\$795.00	0.50	\$397.50	Conference call with M. van Zandvoort, I. Graham, S. Bieber, J. Krieger and B. Bando re [REDACTED]
MJVZ	22/05/18	\$465.00	0.80	\$372.00	Preparation for and attendance on conference call with Y. Martin-Morrison; Emails with B. Bando regarding same and follow-up conference call with B. Bando regarding same
MJVZ	22/05/18	\$465.00	1.20	\$558.00	Review letters in preparation for call; Conference call with S. Graff; Conference call with S. Graff, Receiver and AGB; Follow-up emails with IG and Receiver; Follow-

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
					up conference call with S. Graff
JAW	22/05/18	\$725.00	0.20	\$145.00	Email to V. Clayton re: Alberta filing for Crystal Wealth Management System Limited
MJVZ	23/05/18	\$465.00	0.70	\$325.50	Emails with counsel to Housego; Prepare statutory declaration and email same; Email with Receiver; Receive and preliminary review of answers to undertakings
SLG	24/05/18	\$795.00	0.30	\$238.50	Telephone call with M. van Zandvoort re transfer of shares in Gavin Mines and emails re offer on same
MJVZ	24/05/18	\$465.00	0.30	\$139.50	Emails with S. Graff and D. Hower regarding Housego examinations and review of information in connection with same
MJVZ	24/05/18	\$465.00	0.10	\$46.50	Emails from B. Bando, R. Hooke and A. Byrne regarding closing
MJVZ	24/05/18	\$465.00	0.70	\$325.50	Emails with C. Popowich and B. Bando; Conference call with S. Graff; Emails with counsel to Froese; Email to T. McCrary Singh; Emails with M. Gugu; Emails with B. Bando re: action items
SLG	25/05/18	\$795.00	0.40	\$318.00	Review engagement letter for S. Bieber and GTL
DH	25/05/18	\$225.00	0.60	\$135.00	Emails to and from M. van Zandvoort; Review documents provided; Review undertakings chart of A. Housego and reference answers to undertakings to list
MJVZ	25/05/18	\$465.00	0.50	\$232.50	Email from I. Graham and review letter; Emails with S. Graff regarding same
MJVZ	25/05/18	\$465.00	0.20	\$93.00	Emails from J. Wainwright, Telephone call to and emails with S. Smith

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
JAW	25/05/18	\$725.00	0.30	\$217.50	Review and respond to emails re: extra-provincial registration; Email to B. Bando re: extra-provincial registration of Crystal Wealth
MJVZ	27/05/18	\$465.00	0.10	\$46.50	Emails with S. Graff re: conference call
SLG	28/05/18	\$795.00	0.80	\$636.00	Review and revise engagement letter; discussion with M. van Zandvoort to review changes
DH	28/05/18	\$225.00	0.30	\$67.50	Emails to and from M. van Zandvoort; Attend to downloading answers to undertakings from J. Froese
MJVZ	28/05/18	\$465.00	0.90	\$418.50	Review website in preparation for call with S. Smith; Conference call with S. Smith; Email to S. Graff
MJVZ	28/05/18	\$465.00	0.80	\$372.00	Conference calls with S. Graff re revisions to proposed engagement
MJVZ	28/05/18	\$465.00	1.00	\$465.00	Revisions to proposed engagement and prepare blackline; Email to GT concerning and attaching same
MJVZ	28/05/18	\$465.00	0.20	\$93.00	Emails with OSC and S. Graff; Conference call with S. Graff
MJVZ	28/05/18	\$465.00	0.30	\$139.50	Emails with J. Dutrizac re Froese answers to undertakings; Emails with Receiver and D. Hewer re: same; Further email to J. Dutrizac re: missing undertaking and response from J. Dutrizac
MJVZ	28/05/18	\$465.00	0.10	\$46.50	Emails from Y. Martin-Morrison and with Receiver
BC	29/05/18	\$180.00	0.60	\$108.00	Receive instruction re: Crystal Wealth Management System Limited extra-provincial registrations in Saskatchewan and Alberta; review status report of same; email to corporate clerk at Parlee McLaws LLP re: status of Alberta registration of same; email to corporate clerk at MLT Aikins LLP re: status of Saskatchewan registration of same

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
DH	29/05/18	\$225.00	0.40	\$90.00	Emails to and from M. van Zandvoort and J. Dutrizac; Compile answers to undertakings and update chart
MJVZ	29/05/18	\$465.00	0.10	\$46.50	Email to Y. Martin-Morrison
MJVZ	29/05/18	\$465.00	0.10	\$46.50	Emails with C. Popowich, B. Bando, and S. Graff
BC	30/05/18	\$180.00	0.30	\$54.00	Telephone call from corporate clerk at Parlee McLaws LLP re requirements for Alberta extra-provincial annual returns; discussion with V. Clayton re same; email to corporate clerk at MLT Aikins LLP re conflict and required forms
MJVZ	30/05/18	\$465.00	0.30	\$139.50	Emails with Receiver and S. Graff and C. Popowich; Conference call with S. Graff
BC	31/05/18	\$180.00	1.40	\$252.00	Draft required forms to bring extra-provincial registrations up to date in Alberta and Saskatchewan; draft email to J. Wainwright re requirements from Grant Thornton before forms are executed
DH	31/05/18	\$225.00	0.70	\$157.50	Office discussion with M. van Zandvoort; Review of productions provided re answers to undertakings of A. Houesgo; Compile and cross reference with chart; Reporting email to M. van Zandvoort
MJVZ	31/05/18	\$465.00	0.20	\$93.00	Preparation for and attendance on conference call with S. Graff and with S. Graff and OSC
MJVZ	31/05/18	\$465.00	0.20	\$93.00	Emails with Receiver regarding motion and conference call
MJVZ	31/05/18	\$465.00	0.20	\$93.00	Emails with D. Hower regarding Housego answers to undertakings; Emails with D. Hower and B. Bando concerning same
MJVZ	31/05/18	\$465.00	0.50	\$232.50	Conference call with J. Krieger, S. Graff and B. Bando regarding AGB letter and OSC call

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LAWYER	DATE	RATE/ HOUR	TIME	VALUE	DESCRIPTION
MJVZ	31/05/18	\$465.00	1.40	\$651.00	Revise letter; Emails with S. Bieber and I. Graham; Email to Receiver attaching revised draft and blackline; Email from B. Bando
TOTAL:			243.70	\$105,568.00	

Name	Hours	Rate	Value
Diana Saturno (DS)	42.10	\$260.00	\$10,946.00
Miranda E. Spence (MES)	4.60	\$435.00	\$2,001.00
Jennifer A. Wainwright (JAW)	2.60	\$725.00	\$1,885.00
Randy T. Hooke (RTH)	6.40	\$695.00	\$4,448.00
Steven L. Graff (SLG)	11.30	\$795.00	\$8,983.50
Mark J. van Zandvoort (MJVZ)	150.20	\$465.00	\$69,843.00
Daniella Hewer (DH)	15.80	\$225.00	\$3,555.00
Kyle B. Plunkett (KBP)	2.60	\$435.00	\$1,131.00
Shannon R. Morris (SRM)	1.60	\$350.00	\$560.00
Ivone Vieira (IV)	0.30	\$180.00	\$54.00
Barbara Worndl (BW)	0.20	\$950.00	\$190.00
Jeremy T. Nemers (JTN)	0.10	\$375.00	\$37.50
Patrick Williams (PW)	1.20	\$180.00	\$216.00
Kenneth R. Clark (KRC)	0.40	\$635.00	\$254.00
Ian E. Aversa (IEA)	2.00	\$525.00	\$1,050.00
Brandon Church (BC)	2.30	\$180.00	\$414.00

OUR FEE	\$105,568.00
HST at 13%	\$13,723.84

DISBURSEMENTS

COST INCURRED ON YOUR BEHALF AS AN AGENT

Non Taxable Cash to UBD	\$52.50
Notice of Action/Statement of Claim	\$220.00
Search Under P.P.S.A.	\$166.50
Due Diligence-Gov Fee	\$14.00
Filing Fee	\$160.00
Wire Charges	\$15.00
Miscellaneous HST Exempt Re:	\$12.99
REIMBURSE PETTY CASH	
Dropbox subscriptions fee / Approved by M. Van Zandvoort issued to CASH	

Total Agency Costs	\$640.99
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Subject to HST

Corporate Search	\$21.00	
BC On Line-Service Provider Fee	\$3.00	
Deliveries/Parss	\$10.00	
Photocopies - Local	\$994.25	
Transcripts	\$11,119.35	
Photocopies	\$579.25	
Imaging/Scanning	\$609.50	
Agency Fee	\$923.50	
LPIC Transaction Levy	\$100.00	
Binding and Tabs	\$178.50	
Travelling Expenses	\$1,153.78	
Service Provider Fee	\$269.00	
Due Diligence	\$21.00	
Taxi	\$135.83	
Postage	\$75.53	
Teraview Search	\$103.95	
White Print	\$10.00	
Total Disbursements		\$16,307.44
HST at 13%		\$2,119.97

AMOUNT NOW DUE

\$138,360.24

THIS IS OUR ACCOUNT HEREIN
Aird & Berlis LLP

Steven L. Graff
E.&O.E.

PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Translt number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

Tab B

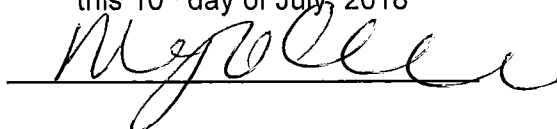
Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF MARK VAN ZANDVOORT

Sworn before me

this 10th day of July, 2018

A handwritten signature in cursive script, appearing to read "M. J. O'Leary", is written over a horizontal line.

Commissioner for taking Affidavits, etc

STATEMENT OF RESPONSIBLE INDIVIDUALS

Aird & Berlis LLP's professional fees herein are made with respect to the following individuals:

Lawyer	Call to Bar	Year	Hourly Rate	Total Time	Value
Johnston, D.	1978	2017/2018	\$695.00	1.2	\$834.00
Worndl, B.	1985	2017/2018	\$950.00	0.9	\$855.00
Hooke, R. T	1989	2017/2018	\$695.00	8.2	\$5,699.00
Graff, S. L	1991	2017	\$775.00	67.0	\$51,925.00
		2018	\$795.00	65.7	\$52,231.50
Wainwright, J. A	1992	2017	\$695.00	2.6	\$1,807.00
		2018	\$725.00	5.1	\$3,697.50
Clark, K.	2001	2017	\$615.00	1.6	\$984.00
		2018	\$635.00	0.4	\$254.00
Merk, J.	2004	2017	\$550.00	11.1	\$6,105.00
		2018	\$575.00	4.8	\$2,760.00
Gucciardo, F.	2004	2017	\$795.00	1.0	\$795.00
		2018	\$825.00	0.6	\$495.00
Gentile, A.	2007	2017/2018	\$595.00	1.5	\$892.50
Aversa, I	2008	2017	\$495.00	0.5	247.50
		2018	\$525.00	3.6	\$1,890.00
van Zandvoort, M	2010	2017	\$425.00	239.7	\$101,872.50
		2018	\$465.00	395.8	\$184,047.00
Plunkett, K	2011	2017	\$395.00	5.4	\$2,133.00
		2018	\$435.00	4.1	\$1,783.50
Spence, M. E	2011	2017	\$395.00	30.5	\$12,047.50
		2018	\$435.00	49	\$21,315.00
Nemers, J.	2014	2017/2018	\$375.00	1.4	\$525.00
Gebert, A. E.	2016	2017/2018	\$295.00	17.5	\$5,162.50
Jones, T.	2017	2017	\$295.00	193.3	\$57,023.50
		2018	\$305.00	94.4	\$28,792.00

Clerk/Student/Librarian	Call to Bar	Year	Hourly Rate	Total Time	Value
Hewer, D.	N/A	2017/2018	\$225.00	24.1	\$5,422.50
Morris, S. R	N/A	2017/2018	\$350.00	33.0	\$11,550.00
Pugliese, C	N/A	2017	\$180.00	5.1	\$918.00
		2018	\$205.00	0.2	\$41.00
Vieira, I.	N/A	2017/2018	\$170.00	0.5	\$85.00
Casasola, C.	N/A	2017/2018	\$300.00	0.3	\$90.00
Waslowski, J.	N/A	2017/2018	\$250.00	1.4	\$350.00
Williams, P.	N/A	2017/2018	\$180.00	3.0	\$540.00
Saturno, D.	N/A	2017	\$250.00	5.9	\$1,475.00
		2018	\$260.00	83.6	\$21,736.00
Collett, D.	N/A	2017	\$250.00	5.5	\$1,375.00
		2018	\$260.00	4.9	\$1,274.00
Church, B.	N/A	2017/2018	\$180.00	2.3	\$414.00

****Standard hourly rates listed. However, in certain circumstances adjustments to the account were made.***

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto**

AFFIDAVIT OF MARK VAN ZANDVOORT

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TAB 1

CONFIDENTIAL APPENDICES

TAB 2

CONFIDENTIAL APPENDICES

TAB 3

CONFIDENTIAL APPENDICES

ONTARIO SECURITIES COMMISSION

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, *ET AL.*

Applicant

Respondents
Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
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MOTION RECORD

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