

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, 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

QUESTIONING PURSUANT TO COURT ORDER OF:

DAVID DENHOLLANDER

CALGARY, ALBERTA, CANADA

MARCH 21, 2018

VOLUME 1

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2 Receiver

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(PROCEEDINGS COMMENCED AT 1:30 P.M.)

DAVID DENHOLLANDER, having
been duly affirmed, questioned by Mr. van Zandvoort,
testified as follows:

Q MR. van ZANDVOORT: Good afternoon, sir. Could
you state your full name for the record, please?

A David DenHollander.

Q Middle name?

A Jeffrey.

Q You swore to tell the truth or were affirmed that you
would tell the truth today?

A Correct.

Q And your date of birth?

MR. POPOWICH: Objection.

(OBJECTION TO A QUESTION)

Q MR. van ZANDVOORT: Is your birthday March
22nd, 1963?

MR. POPOWICH: Objection.

(OBJECTION TO A QUESTION)

MR. van ZANDVOORT: Counsel, just to streamline
this process in examination, is it fair to say that you
take the same position with respect to Mr.
DenHollander's examination and request for undertakings
as you did with respect to Mr. Pahl's examination this
morning?

MR. POPOWICH: Correct.

MR. van ZANDVOORT: So all requests for

1 undertakings will be refused?

2 MR. POPOWICH: They will. And as I said,
3 we will consider all of them afterwards and let you know
4 if we change our position.

5 As I indicated, by the cooperation in having the
6 individuals attend here, we look to assist and cooperate
7 to the extent which is appropriate in the circumstances.

8 Q MR. van ZANDVOORT: Did you start the company
9 647497 B.C. Ltd.?

10 A I did.

11 Q When was that?

12 A I don't really remember the exact date, but it would
13 have been -- I think around 2005 or something like that;
14 six, maybe. Perhaps earlier.

15 Q For what purpose did you incorporate that company?

16 A Initially it was to deal with a real estate development
17 that I had and then -- I think that was the primary
18 purpose initially. And to handle any other business
19 activities that I had.

20 Q And I have a copy here of the B.C. Registry Services
21 printout. I can show it to you. You will see on there
22 it says incorporated 2002 and it lists Marion
23 DenHollander as the sole director?

24 A Correct.

25 Q Is that your wife?

26 A It is.

27 MR. van ZANDVOORT: Perhaps, counsel, we are

1 going to, as we discussed off the record, continue the
2 exhibit numbers from Mr. Pahl's examination this
3 morning, so we will make this Exhibit 9 in the
4 examination of Mr. DenHollander.

5 EXHIBIT NUMBER 9:

6 B.C. REGISTRY SERVICES PRINTOUT OF THE
7 INCORPORATION OF 647497 B.C. LTD.

8 Q MR. van ZANDVOORT: And the registered office
9 and address of both your wife and the company on this
10 printout from B.C. Registry Services says that the
11 address is 3891 Turner Road?

12 MR. POPOWICH: Sorry, for what? May I see
13 it, please?

14 MR. van ZANDVOORT: Yes.

15 Q The registered office of 647 B.C., as well as your
16 wife's address is both listed as the Turner Road
17 property?

18 MR. POPOWICH: The document speaks for
19 itself; right?

20 MR. van ZANDVOORT: Absolutely it does,
21 counsel.

22 Q Does that remain the company's registered address?

23 A That's correct.

24 Q Does that remain your wife's address?

25 MR. POPOWICH: Objection.

26 (OBJECTION TO A QUESTION)

27 Q MR. van ZANDVOORT: Is that a house?

1 MR. POPOWICH: Objection.

2 (OBJECTION TO A QUESTION)

3 Q MR. van ZANDVOORT: Do you live at the Turner
4 Road address, Mr. DenHollander?

5 MR. POPOWICH: Objection.

6 (OBJECTION TO A QUESTION)

7 Q MR. van ZANDVOORT: And at any time, was that
8 residence pledged as security for debts owing by Zomongo
9 Inc.?

10 MR. POPOWICH: Sorry, what residence?

11 MR. van ZANDVOORT: The 3891 Turner Road,
12 Tappen, B.C. residence we have been discussing.

13 MR. POPOWICH: We haven't been discussing
14 any residence at this point in time.

15 Q MR. van ZANDVOORT: That address, Mr.
16 DenHollander.

17 A Sorry, what was your question again?

18 Q Was the 3891 Turner Road, Tappen, B.C. address,
19 property -- was that pledged as security as a result of
20 debts owing by Zomongo Inc.?

21 A I'm not sure if it was Zomongo Inc. or which --

22 Q But a Zomongo entity?

23 A A Zomongo entity, that's correct.

24 Q Just explain to me the circumstances that led you and
25 your wife to mortgaging that property in favour of
26 securing the obligations of the Zomongo entity.

27 MR. POPOWICH: Again, can I ask how that's

1 relevant to the administration of the affairs of Crystal
2 wealth, please?

3 MR. van ZANDVOORT: Certainly. Because that
4 residence was pledged as security for debts owing by the
5 Zomongo entity to the Crystal wealth funds.

6 MR. POPOWICH: Zomongo owes money to
7 Crystal wealth --

8 MR. van ZANDVOORT: Yes, it was pledged as
9 security as a result of debts owing from Zomongo to
10 Crystal wealth.

11 MR. POPOWICH: So it's a Zomongo debt to
12 Crystal wealth? Why does his residence have anything to
13 do with that?

14 MR. van ZANDVOORT: That's an excellent
15 question, counsel, and that's exactly why I'm asking it.

16 MR. POPOWICH: I want to ask --

17 Q MR. van ZANDVOORT: What affiliation do you
18 have --

19 Counsel, don't interrupt.

20 What affiliation do you have with the Zomongo
21 entities?

22 A I have no affiliation with Zomongo.

23 Q Why would you and your wife pledge your residence as
24 security?

25 A Because Jerry had requested -- he said that he needed
26 security for a deal that he had with the company and
27 they were a very strong company and it was a short-term

1 thing and there was no risk and so I was -- so we agreed
2 to do it.

3 Q When you say "Jerry," you say --

4 A Jerry Froese.

5 Q From Frontline Factoring?

6 A That's correct, yeah.

7 Q Why was there no risk?

8 MR. POPOWICH: wait a minute. No risk on
9 what?

10 MR. van ZANDVOORT: He said he provided his
11 residence as security for obligations on Zomongo Inc.
12 because there was no risk, and I want to know why --

13 Q You know, you are providing a mortgage, why is there no
14 risk?

15 MR. POPOWICH: whoa, whoa, counsel, let
16 him answer --

17 MR. van ZANDVOORT: It's relevant.

18 MR. POPOWICH: Objection.

19 (OBJECTION TO A QUESTION)

20 MR. van ZANDVOORT: I just want to know why he
21 said there's no risk.

22 MR. POPOWICH: I have already objected.

23 MR. van ZANDVOORT: On what basis?

24 MR. POPOWICH: It's not relevant to
25 anything.

26 (OBJECTION TO A QUESTION)

27 Q MR. van ZANDVOORT: That mortgage remains

1 registered against title to your property; correct?

2 A Correct. Frontline -- Frontline holds the security on
3 that.

4 Q And why, if the mortgage was to secure the obligations
5 of Zomongo, was Frontline registered as the mortgagee?

6 MR. POPOWICH: Again, I don't know any of
7 that. And if it was to secure --

8 MR. van ZANDVOORT: And I'm not asking --

9 MR. POPOWICH: Yes, you are. And I have
10 to understand the question and you have to establish the
11 foundation for it. So if you have an agreement, if
12 there is something that is relevant to this, might we
13 please refer to it and then it could be fair to the
14 witness.

15 As again, I understand the purpose of this
16 interview or examination, as you put, or the receiver
17 did, is to inquire as to whether the merchants in
18 certain factoring arrangements may be responsible under
19 the agreements.

20 If I'm wrong in that, you can show me otherwise.

21 MR. van ZANDVOORT: Our expectation certainly
22 today, counsel, was that you and your clients would have
23 reviewed the receiver's report in order to prepare for
24 today's examination, given the magnitude of what's at
25 issue.

26 MR. POPOWICH: Now that is hairdresser
27 talk and hand-waving, if I've ever heard it. Next time

1 you want me to review something, respond to the
2 communication that says --

3 MR. van ZANDVOORT: Everything --

4 MR. POPOWICH: -- what would you like from
5 us --

6 MR. van ZANDVOORT: Counsel, I'm going to take
7 you --

8 THE COURT REPORTER: Oh, God.

9 MR. POPOWICH: Thank you. My apologies.

10 Q MR. van ZANDVOORT: At paragraph 137 of the
11 receiver's second report talks about how Frontline's
12 records indicated that no indebtedness was owing by
13 Zomongo into the factoring fund, but nevertheless,
14 Frontline advised the receiver that as security for
15 Zomongo and its indebtedness to the factoring fund,
16 personal guarantees will be provided by each of you
17 which obligations were -- by each of you, which were
18 yourself and Marion -- which were to be secured by a
19 collateral mortgage, which we just discussed, over your
20 residence. And then attached as Appendix 35 were copies
21 of the personal guarantees and mortgage documents.

22 So it's clearly relevant, it's clearly at issue,
23 counsel --

24 MR. POPOWICH: No, that's a statement by
25 Frontline; okay? I took this and understood, and the
26 order that you obtained was to examine the individuals
27 with respect to the factoring arrangements. If you want

1 to put documents to the gentleman and you can ask him
2 about it, but you are now reporting on what probably is
3 third-hand information.

4 MR. van ZANDVOORT: I'm not sure why we are
5 getting into disagreement over a mortgage your client
6 has acknowledged exists and why it was in place.

7 Q Appendix 35 to the second report has the title search
8 printout for the property as well as personal guarantees
9 executed by yourself and your wife. You are free to
10 review them, if you wish. I'm putting them in front of
11 you now.

12 You just let me know when you have done your
13 review, Mr. DenHollander.

14 A Okay. So what is your question?

15 Q I was waiting for you to finish. You are finished
16 reviewing?

17 A Yeah, I think so.

18 Q So the January 16, 2015 personal guarantee, that's your
19 signature on it?

20 A Which one, sorry?

21 Q The personal guarantee you just reviewed from David
22 DenHollander, 3891 Turner Road, to Crystal Enlightened
23 Income Fund re Zomongo Inc. as Appendix 35 to the second
24 report.

25 A No, that's not my signature on there.

26 Q So at page -- just below Section 22, you are saying
27 that's not your signature?

1 A That's correct.

2 Q whose signature is that?

3 A I believe that's my wife's.

4 Q Sorry, sir, you were looking at the wrong document.

5 Again, Appendix 35, your personal guarantee. Just below
6 Section 22, is that your signature --

7 A Yes, I believe so.

8 Q -- on the right side? On the left side, do you know
9 whose signature that is? It appears to be a Rodney A.
10 Chorneyko, Barrister and Solicitor.

11 A Yeah, it's a lawyer.

12 Q That was your lawyer?

13 A Correct.

14 Q If you continue to flip through Tab 35, Marion's
15 guarantee is also there, which you just indicated you
16 thought was her signature.

17 A Correct.

18 Q Were you and Marion together when you both executed
19 these guarantees with Mr. Chorneyko?

20 A I don't remember. It's possible.

21 Q Then if you continue to flip through Tab 35, you see the
22 title documentation for the mortgage?

23 A To the lender, Frontline?

24 Q Yeah. So do you recall now signing these documents and
25 giving the mortgage on the property?

26 A Yes.

27 Q Why did Frontline tell you there was no risk to the

1 mortgage?

2 A Well, I don't know if those were his words. I think
3 Jerry -- it was a long time ago. I don't know the date
4 of this. This was like four years ago almost, three
5 and-a-half years ago, so I don't remember exactly what
6 was said. I was led to believe that there was -- that
7 it was a very strong client and it was for a short term
8 and would I be willing to do this, and I did.

9 Q Did either of you or Marion or 647 B.C. receive any
10 monetary payment in exchange for giving that mortgage?

11 A Yes, 1 percent a month for the value of the principal,
12 like the 700,000. So \$7,000 a month for -- I think it
13 was five months or something like that.

14 Q Why for only five months?

15 A The funds stopped. I don't know why the payments
16 stopped.

17 Q Now, when I went through the documents associated with
18 this mortgage, I've shown them to you, I didn't see
19 anything regarding the arrangement for a 1 percent
20 payment per month on the principal. Where did that
21 arrangement come from?

22 A From Frontline.

23 Q Was there a written agreement setting out that you would
24 receive that payment?

25 A I have no recollection, but -- I would imagine, but I
26 don't remember.

27 Q Was the payment made to you, to you and your wife or to

1 your company?

2 A To the numbered company.

3 Q To the 647 B.C.?

4 A Yeah, I believe so.

5 Q And who was responsible for paying the 1 percent a
6 month? Was that Frontline?

7 A The money came from Frontline, correct.

8 Q But was it Frontline's obligation to pay the 1 percent
9 or was it somebody else's?

10 A I assumed he was collecting it from somebody else. But
11 I was getting paid by Frontline, they were the -- that's
12 where the money came from, from Frontline to me.

13 Q To the numbered company's account?

14 A Yeah, I don't remember. This was obviously a personal
15 asset, so I don't remember if the money came to me
16 personally or to my numbered company.

17 Q Was the money transferred electronically to a bank
18 account? How was it paid?

19 A It would have been deposited to a bank account, I think,
20 yeah.

21 Q In which account?

22 A I have no recollection.

23 Q Where did you do your banking at the time?

24 MR. POPOWICH: Objection.

25 (OBJECTION TO A QUESTION)

26 Q MR. van ZANDVOORT: Can I have an undertaking
27 for the bank statements associated with the account

1 where the 1 percent would have been received?

2 MR. POPOWICH: No.

3 UNDERTAKING NUMBER 1:

4 TO PRODUCE THE BANK STATEMENTS

5 ASSOCIATED WITH THE ACCOUNT WHERE THE 1

6 PERCENT WOULD HAVE BEEN RECEIVED

7 (REFUSED)

8 Q MR. van ZANDVOORT: Did Jerry ever tell you why
9 the 1 percent payment stopped, Mr. DenHollander?

10 A I'm trying -- I don't remember. I remember having a
11 conversation -- I don't remember if the guarantee was no
12 longer required or they had difficulties in making it or
13 I'm not sure.

14 Q Did you ever ask him why he stopped making the payments?

15 A I have no recollection.

16 Q Sure. Have you ever asked that he discharge the
17 mortgage?

18 A Yeah, I did, actually. And I think he was -- he had
19 said that he was under -- I don't know if it was you or
20 somebody, Grant Thornton or whoever had requested that
21 he didn't do anything about it at this stage. So I
22 didn't fight, because there was no -- the security was
23 with Frontline, so --

24 Q Do you know any representatives of Zomongo Inc.?

25 A No, I don't know them. I have never met them. I might
26 have met one of the principals once, but I don't -- I
27 don't really understand their business, I don't know --

1 I couldn't tell you their names. I think the one guy's
2 name is Jeremy or something, but I don't know them.

3 Q Was that the representative you met --

4 A Yeah, I think I met a guy named Jeremy once in passing
5 or something.

6 Q Can you recall any details surrounding that meeting or
7 why you would have ever met him?

8 A No.

9 Q Would anybody else, to your recollection, have been at
10 that meeting with you and Jeremy?

11 A It wasn't a meeting, I think I bumped into him or -- I
12 never had a sit-down meeting with him that I can recall.

13 Q As far as when you bumped into him, what do you
14 remember? Like where was --

15 A I think I bumped into him in Jerry's office or something
16 when he was there and I was stopping through and Jeremy
17 was there. Again, I don't want to --

18 Q That's fine. Like if you don't --

19 A I don't remember.

20 Q I'm just trying to get the full extent of your knowledge
21 and what you do remember. So aside from bumping into
22 him on that one occasion, have you ever had any other
23 interactions with representatives of --

24 A No.

25 Q -- Zomongo Inc.? Have you ever had any other
26 communications or dealings of any nature with
27 representatives of any Zomongo entity?

1 A No, I have not.

2 Q And aside from Jerry requesting that you give this
3 mortgage and guarantee, did you have any other
4 information concerning the business operations of
5 Zomongo entities?

6 A No, I did not.

7 Q Do you have any knowledge as to the nature of the
8 Zomongo entities' obligations which you helped secure
9 through the collateral mortgage and guarantee?

10 A No, I don't.

11 Q Do you know if any Zomongo entities have entered into a
12 factoring arrangement with any of the Crystal wealth
13 funds?

14 A I assume they did, but I do not have any direct
15 knowledge of that.

16 Q I take it, based on your responses, you have never
17 received any sort of financial information or statements
18 from Zomongo entities?

19 A That would be correct.

20 Q On the occasion when you bumped into Mr. Ostrowski at
21 Mr. Froese's office, do you recall whether or not the
22 three of you had a conversation about the Zomongo
23 business or the interplay between it and the mortgage
24 you had given?

25 A No, I have never talked to him about any of this. That
26 was before, I believe, the loan guarantee was put in
27 place.

1 Q I understand that Marion, your wife, is listed as the
2 sole director of 647 B.C., and that Marion is listed as
3 the secretary and you are the president. Does that
4 remain to be the case?

5 A Correct.

6 Q And when we started the examination, you had indicated
7 that you believed 647 B.C. was incorporated in 2002 to
8 deal with a development that you were working on?

9 A Correct.

10 Q Can you just tell me about that?

11 MR. POPOWICH: why? No. Let's go back to
12 why you are here, which is to inquire, if you can, as
13 you said to the court, recover from merchants under
14 these factoring contracts, please.

15 (OBJECTION TO A QUESTION)

16 (DISCUSSION OFF THE RECORD)

17 MR. van ZANDVOORT: Counsel, are all questions
18 concerning 647 B.C.'s business operations refused, aside
19 from the factoring arrangements with the Crystal wealth
20 funds and Frontline Factoring?

21 MR. POPOWICH: well, likely.

22 Q MR. van ZANDVOORT: Explain to me -- you said
23 Jerry was the one who asked you to give the collateral
24 mortgage for Zomongo. How long have you known Jerry
25 Froese?

26 A I think roughly ten years, like from now. In 2014, it
27 would have been even five years.

1 Q Since approximately 2008?

2 A Yeah, something like that. Maybe 2007, but something
3 like that.

4 Q How did you come to know Mr. Froese in 2008,
5 approximately?

6 A I met him I think at a -- just through a friend, I
7 think; a friend of a friend.

8 Q Who was that?

9 MR. POPOWICH: None of that is going to
10 make any difference.

11 THE WITNESS: I don't remember. It seems
12 like I've known him a long time.

13 Q MR. van ZANDVOORT: Between 2008 and the
14 factoring arrangements between 647 B.C. and the Crystal
15 wealth funds which Frontline was involved in, did you or
16 your company ever have any factoring or business
17 arrangements with Mr. Froese's company, Frontline
18 Factoring, Inc.?

19 MR. POPOWICH: I don't know if that's
20 relevant, either. We are looking at the arrangements
21 with respect to Crystal wealth.

22 MR. van ZANDVOORT: I certainly understand.

23 Q Could you please answer the question, sir?

24 MR. POPOWICH: Objection.

25 MR. van ZANDVOORT: Basis for that objection,
26 counsel?

27 MR. POPOWICH: Relevance.

1 MR. van ZANDVOORT: I'm just trying to
2 understand what business would have led Mr. DenHollander
3 to feel comfortable to provide a mortgage over his
4 personal residence at Mr. Froese's request, any
5 knowledge concerning the debtor company, Zomongo.

6 MR. POPOWICH: I have objected.

7 (OBJECTION TO A QUESTION)

8 THE WITNESS: Safe to say I trusted him.

9 Q MR. van ZANDVOORT: Aside from invoices to Dome
10 Mountain, did 647 B.C. ever have any other invoices to
11 entities from Dome Mountain that were factored through
12 Frontline Factoring?

13 MR. POPOWICH: why would that be relevant?

14 MR. van ZANDVOORT: I'm just wondering if the
15 sole invoices factored with Frontline Factoring
16 concerning the Crystal wealth funds, were they solely
17 involving Dome Mountain or were there earlier ones than
18 the 2014 invoices.

19 THE WITNESS: You know, I don't remember
20 dates or which specific invoices you are asking about.
21 If you have copies of the invoices, I can take a look at
22 them now.

23 Q MR. van ZANDVOORT: At Appendix 32 to the
24 second report, I'm putting before you two invoices from
25 your company to Dome Mountain.

26 A Okay.

27 Q would it have been you who generated those invoices?

1 And just for the record, those are Invoice 335 dated May
2 30, 2016 and Invoice June 1, 2016, number 336.

3 A No, I didn't generate these invoices.

4 Q Who does generate the 647 B.C. invoices?

5 A I'm assuming that these were generated by Frontline
6 Factoring, but I don't know that for sure.

7 Q Why would you assume that invoices from your company to
8 Dome Mountain would have been generated by Frontline
9 Factoring?

10 A If I recall correctly, Jerry had stated that he would
11 make sure that the invoices were generated properly so
12 they knew that all the right information and everything
13 would be on them so they were proper.

14 Q And the only information you would agree on these
15 invoices is a description, project management, for the
16 total monetary amount of the invoice?

17 MR. POPOWICH: The invoice says what it
18 says.

19 THE WITNESS: You know, I don't remember
20 specifically talking to him about what was on the
21 invoice or not.

22 Q MR. van ZANDVOORT: Explain to me, how would
23 Mr. Froese have the information necessary to know what
24 monetary amount the invoice should be or what services
25 they were for from 647 B.C.?

26 A Well, we would have discussed it.

27 Q Who would have discussed it?

1 A I would have discussed that with Jerry.

2 Q Like what extent would you have discussed --

3 A Obviously these invoices -- can I just see them again?

4 Q Yeah, sure. One is for the total amount of \$404,985,
5 the second one is for a total of \$173,565 --

6 A Okay, so I think those would have been the invoices
7 pertaining specifically to the Dome Mountain Canada deal
8 for putting that -- and I think it was based on .06
9 percent of the financing package. I don't remember all
10 the details, but there would have been --

11 Q Sorry, what was that figure?

12 A I don't remember. I'm just saying it would have been
13 based on the value of the project or the financing that
14 was put together.

15 Q And the percentage you indicated, I think you said .06
16 percent of the financing package, was that based on the
17 \$80 million proposed financing package from MGE?

18 A I believe that was correct, yeah.

19 Q And who was involved in the decision-making as to how
20 that number would be arrived at?

21 A I think we discussed that that was a fair number for
22 this type of -- and typically, for these financing
23 packages, the numbers tend to be even much larger,
24 but --

25 Q So was the idea that when Crystal wealth advanced the 13
26 or so million dollars to Dome Mountain, that out of that
27 \$13 million, these two invoices from 647 would be paid

1 from those proceeds?

2 A That would be correct.

3 Q And did 647 B.C. receive payment for these two invoices?

4 A We did. They were factored, of course, through Crystal
5 wealth.

6 Q So what was the project management services provided by
7 647 B.C.?

8 A Primarily due diligence in the project.

9 Q So I'm going to ask you to -- it's a significant sum of
10 money, and I'm sure that significant services were
11 provided. Can you walk me through exactly what the
12 project management services were and who on behalf of
13 647 B.C. was involved?

14 A Primarily it was me. I was the only person in 647.
15 Site visits, going through engineering reports and
16 43-101 reports, talking about the projects and the
17 opportunities with the mine with the management of the
18 company.

19 Just basic -- you know, due diligence in the
20 project to establish whether it was worthwhile
21 proceeding with and putting the documentation and things
22 together in terms of cash flow spreadsheets and
23 understanding them and so on.

24 Q And do you have all of the materials which were reviewed
25 and due diligence undertaken and assembled in a package
26 somewhere? Did you maintain those records?

27 A No, I don't know where it would be. I think that -- I

1 don't know where it would be at this stage. I think a
2 lot of it was in the reports.

3 Q Do you have copies of the reports still?

4 A I don't know where they would be at this stage.

5 Q Do you have -- does 647 B.C. have a location where it
6 keeps records?

7 A I have records and things that I have, yes. But I don't
8 know what's there, what I turned over. At this stage, I
9 don't remember exactly.

10 Q We see these two invoices that we looked at at Appendix
11 32, which is \$404,985 and \$173,565. You said both of
12 those were paid --

13 A To 647.

14 Q To 647. Did 647, in addition to receiving those
15 payments, receive any other payments from Dome Mountain
16 or Frontline Factoring with respect to this financing
17 that you referred to?

18 A No.

19 Q Aside from those two payments, did 647 or yourself
20 receive any other payments from the monies advanced by
21 Crystal wealth to Dome Mountain?

22 A No.

23 Q So the sole money received by you and your company was
24 just these two payments?

25 A Correct.

26 Q How did you become involved in the Dome Mountain/Crystal
27 wealth lending arrangement?

1 A I don't know that I was really intricately involved with
2 the Dome Mountain/Crystal wealth financing arrangement
3 from the perspective of other than talking to Jerry,
4 doing a lot of this work. You know, in terms of the
5 paperwork and the actual -- the way that it was all put
6 together, I wasn't involved with that.

7 I was involved with it from the perspective that
8 I was very knowledgeable about the project and provided
9 all the information. And I think Bob was the one that
10 was more involved with Jerry in terms of structuring the
11 deal and so on.

12 Does that answer your question?

13 Q Yeah, I think in part. Why were you very -- when you
14 say "the project," are you talking about the Dome
15 Mountain mine?

16 A Yeah, the Dome Mountain mine. So I had been involved
17 and around that project for a long time, like since '09,
18 I think.

19 Q In what capacity had you been around that project since
20 '09?

21 A Helping raise capital, primarily. Not soliciting, but
22 just being around it and talking about the project and
23 understanding the business side of that project.

24 Q Was that just Dome Mountain or was that the other Gavin
25 Mines mining operations, Big Onion and Taz?

26 A Primarily Dome. I know they had other projects, but I
27 never ever delved into the other ones to the same as I

1 did with this particular project.

2 Q Who commissioned you, I guess, to become involved in
3 2009 with raising capital?

4 A Nobody commissioned me, I just was interested. I had a
5 friend that had mentioned it to me and just started
6 talking about it and got involved with it. So it was a
7 friend a long time ago, and he was involved with it.

8 Q Who was that?

9 A His name was Kim.

10 Q Kim?

11 A Kim.

12 Q Is there a last name for Kim?

13 A His last name was Walker.

14 Q What was Kim Walker's role with the mine?

15 A He was an investor.

16 Q In Gavin Mines?

17 A Yeah. You know, I'm not sure of their equity structure
18 and who holds what or whatever in terms of his position,
19 so I can't answer that.

20 Q I guess what I'm trying to get at is by the time you
21 were commissioned by Dome Mountain to provide project
22 management for the invoices you said you were paid on,
23 you said you were very knowledgeable about the mine, so
24 there's that period between 2009 and call it 2014 where
25 you must have done quite a bit to get so knowledgeable
26 about it, and I'm just trying to understand what your
27 formal role was. Did you have an equity stake in the

1 mine? Were you employed or contracted, an independent
2 contractor to be involved somehow --

3 A No, just looking for opportunities, looking for ways of
4 providing potential investors or capital for the
5 project.

6 Q What was in it for you to be doing that?

7 A Consulting and invoice so I could bill for my time and
8 efforts.

9 Q That's what I'm asking you. Who were you billing for
10 your time and efforts from 2009 to 2014 as you got very
11 knowledgeable by the Gavin --

12 A I wasn't engaged in that process a hundred percent of
13 the time, it was just, you know, looking at it over time
14 or whatever; right? Prior to this financing, I was -- I
15 dug back into it and did -- updated my knowledge on it
16 and whatever.

17 Q But who were you -- going back. You said you do your
18 invoicing --

19 A For this particular funding, for this project.

20 Q Aside from Dome Mountain, though, during the 2009 to
21 2014 period.

22 A Oh, just generally -- I wasn't working for anybody. I
23 was just around it. I knew the project. I was
24 interested in the project. I, you know, was talking to
25 different people about this project and talking to the
26 Tattersals and looking for opportunities.

27 Q Did you know the Tattersals personally?

1 A Yeah -- well, I met them as a result of being introduced
2 to this particular mine and then just --

3 Q Through Mr. Walker?

4 A Through Mr. Walker, correct, yeah.

5 Q Have you ever held any shares in Gavin Mines or any of
6 its affiliates?

7 A No.

8 Q Or Metal Mines or anything like that?

9 A No.

10 Q So my understanding is you are named as a Defendant in a
11 lawsuit both in Alberta and British Columbia that was
12 commenced by Minex Minerals Limited?

13 A Um hmm.

14 Q And that's Alberta Court File Number 1101-15372 and B.C.
15 Court File Number BLC-S-S-128137. Are those lawsuits
16 ongoing?

17 MR. POPOWICH: Are you asking if he knows
18 that number?

19 MR. van ZANDVOORT: No, no, no, I'm just for
20 the record, so the court file numbers are on there,
21 putting those on the record --

22 MR. POPOWICH: It's your words.

23 MR. van ZANDVOORT: You don't have to accept
24 those are the court file numbers.

25 Q But you are aware of those two lawsuits?

26 A Two, no.

27 Q One in B.C., one in Alberta?

1 A No.

2 Q Which one are you aware of?

3 A Do you know, that is such a ridiculous lawsuit, I'm done
4 bothering to defend myself. There's nothing to take,
5 so --

6 Q When you say there is nothing to take, from you
7 personally?

8 A Correct.

9 Q Your judgment group?

10 A I never said that.

11 Q I didn't know what you meant by nothing to take.
12 Usually it's your judgment proof -- there is not
13 anything to --

14 A There is other people -- there's a number of Defendants
15 in that lawsuit. They are actually going for a Summary
16 Judgment at this time, so I'm not -- I'm really not even
17 up to speed with what's going on.

18 Q Do you know if --

19 MR. POPOWICH: How is that at all relevant
20 to what's going on here, which is your examination
21 towards looking for the merchants or to get from the
22 merchants under the factoring agreements, counsel?

23 MR. van ZANDVOORT: We have sat here all day
24 and we have listened to the fact that money was paid
25 from Crystal wealth that made its way to 647 B.C. for
26 project management provided with respect to the Gavin
27 Mines' proposed share acquisition by Dome.

1 Q You are with me so far?

2 A Yeah.

3 Q So the fact that a lawsuit has been commenced by a
4 company claiming 35 percent of the shares of Gavin
5 Mines -- which is what it is for; correct, sir?

6 A I don't know the exact details.

7 MR. POPOWICH: Again, is that relevant to
8 your action --

9 MR. van ZANDVOORT: It's relevant because it
10 concerns the status of the shares of Gavin Mines, sir.

11 MR. POPOWICH: Unless I've missed
12 something, no one has asked for the shares under the
13 security agreement, have they?

14 MR. van ZANDVOORT: Sir, we are here to
15 investigate the validity of the security being provided
16 and what's the status of that security, including the
17 status of Gavin Mines. So litigation commenced by a
18 party, including by Mr. DenHollander --

19 MR. POPOWICH: Commenced by him?

20 MR. van ZANDVOORT: Commenced against Mr.
21 DenHollander by a party seeking to recover shares of
22 Gavin Mines is relevant.

23 MR. POPOWICH: We don't know any of that.
24 If you have the documents here -- I don't know any of
25 that.

26 MR. van ZANDVOORT: Again, counsel, I'm here to
27 examine Mr. DenHollander who is a named Defendant in

1 that proceeding and to ask him questions about it.

2 MR. POPOWICH: No, you are not. You are
3 here to examine into matters which are necessary for the
4 administration of Crystal wealth.

5 MR. van ZANDVOORT: This is necessary for the
6 administration of Crystal wealth.

7 MR. POPOWICH: If you can tell me how
8 somehow, we will move forward with that, but
9 otherwise --

10 Q MR. van ZANDVOORT: Do you know if any of the
11 Defendants in that lawsuit are represented by counsel?
12 Not yourself, others.

13 MR. POPOWICH: Objection. It's of note or
14 import, you can probably look on the court file and get
15 the information --

16 MR. van ZANDVOORT: Thanks, counsel. I'm aware
17 how I can get public court information, but I want your
18 client's evidence today.

19 MR. POPOWICH: I'm not sure why on that.

20 (OBJECTION TO A QUESTION)

21 Q MR. van ZANDVOORT: who is Biodiesel Canada
22 Corp.?

23 A That was a project that was being worked on to put a
24 biodiesel plant in southern Alberta. So again, that was
25 a project that we were working on.

26 Q who was working on?

27 A Bob and I.

1 Q Bob Maljaars?

2 A Um hmm.

3 Q who is the principal or president of Biodiesel?

4 MR. POPOWICH: Again, does it have
5 anything to do with Crystal wealth?

6 Q MR. van ZANDVOORT: Did 647 issue invoices to
7 Biodiesel that were factored through Frontline
8 Factoring?

9 A Correct.

10 Q who is the president of --

11 A You know, I'm not really sure who the president of
12 Biodiesel Canada was.

13 Q what services did 647 B.C. provide --

14 A Helping find the land, putting together the investment
15 package. Just general due diligence on the technology
16 and so on.

17 Q where is that land?

18 A Actually, I know that there was a -- Fort Macleod,
19 Alberta. There was a deposit placed on that property.

20 Q Is Darcy Pahl involved in Biodiesel?

21 A I'm not sure exactly if he was the -- I think he was
22 involved in the financing side of that.

23 Q when you say "the financing side of that," what are you
24 referring to?

25 A There was a company out of Calgary here that was
26 committed to providing the financing for that project.
27 McBean & Associates. The principal is Jordan McBean,

1 who is an ex-RCMP corporate fraud investigator, I
2 believe, who went on to start his own business in
3 financing these type of projects.

4 Q And so I just want to pause for a second to make sure I
5 understand the people involved, because we have talked
6 about a number of people. Who did you know first, Jerry
7 Froese or Bob Maljaars?

8 A Good question. I'm not sure I remember.

9 Q Did one of them introduce you to the other?

10 A I don't think so.

11 Q Did one of them introduce you to Darcy Pahl?

12 A Bob introduced me to Darcy.

13 Q When was that, roughly?

14 A I don't remember. Six, seven years ago, maybe. Yeah,
15 I'm not sure, but within the last ten years.

16 Q In ball park, how long have you known Bob Maljaars for?

17 A Within ten years.

18 Q You said you met Mr. Froese roughly around 2008, you
19 thought. Would it be fair to say, to your recollection,
20 you met the three of them roughly around the same time?

21 MR. POPOWICH: Again, how does any of this
22 matter for anything, please?

23 THE WITNESS: No.

24 Q MR. van ZANDVOORT: why did Bob introduce you
25 to Darcy Pahl?

26 MR. POPOWICH: None of this really
27 matters. You are looking to recover for some factoring

1 invoices that are unpaid. Biodiesel, for example, I
2 don't think it's an unpaid one. I don't know why any of
3 this has anything to do with anything but fishing. If
4 we might use the power of the receiver to focus on what
5 you told the court, which is examination necessary to
6 the affairs of Crystal wealth, please.

7 MR. van ZANDVOORT: Counsel, with respect to
8 the affairs of Crystal wealth, I'm trying to understand
9 the reason why Bob introduced you to Darcy was to
10 provide the project management that resulted in 647
11 B.C. --

12 MR. POPOWICH: Even then, what difference
13 does it make?

14 THE WITNESS: I don't remember.

15 Q MR. van ZANDVOORT: Did you read the receiver's
16 first or second reports to court in this proceeding?

17 MR. POPOWICH: That's not relevant. And
18 it very well may be privileged and you are not going to
19 examine him on the reports.

20 MR. van ZANDVOORT: Of course not.

21 MR. POPOWICH: Thank you.

22 MR. van ZANDVOORT: I'm just wondering if he
23 read them.

24 MR. POPOWICH: Objection.

25 MR. van ZANDVOORT: I'm not sure what's
26 objectionable about that question, counsel, but we will
27 move on.

1 (OBJECTION TO A QUESTION)

2 Q MR. van ZANDVOORT: In the receiver's second
3 report to the court, there was a mandate letter and term
4 sheets between MGE and Dome Mountain.

5 A Okay.

6 Q I'll put Appendix 19 of the second report of the
7 receiver in front of you. Was your project management
8 services -- did those services include assisting Dome
9 Mountain or being involved in the negotiations with MGE
10 in any way?

11 A No.

12 Q And an insurance policy, you may be aware, you may not
13 be, was obtained or was supposed to be obtained to
14 guarantee repayment of the Crystal wealth funds of the
15 monies advanced to Dome. Do you have any awareness of
16 that?

17 A I'm aware that that happened or that was supposed to
18 have happened. That was the only reason that --

19 Q Who would have been sharing information concerning those
20 particulars with you?

21 A Would have been sharing the particular -- I don't know
22 that I know the particulars of the insurance policy, if
23 that's what you are asking.

24 Q But the project management services 647 B.C. provided to
25 Dome I had understood concerned the actual mine and not
26 negotiating the acquisition or financing arrangements
27 with Crystal wealth or with MGE.

1 A Correct.

2 Q And so did you ever learn at any time that the insurance
3 policy to repay Crystal wealth had not been put into
4 place?

5 A That's news to me.

6 Sorry, I have to ask you a question. Are you
7 saying that the insurance policy was never paid? Is
8 that what you're --

9 Q Yeah, I'm asking if you were aware that the premium for
10 the insurance policy was never paid.

11 A No. And I would be extremely surprised if that was the
12 case.

13 Q So this is the first you are learning that the
14 performance guarantee bond was never -- the premium was
15 never paid?

16 A Yes.

17 Q Can I ask you, why are you finding this so shocking?

18 MR. POPOWICH: It doesn't matter why he
19 finds it shocking, it's the first time.

20 Q MR. van ZANDVOORT: You weren't involved in the
21 procurement of this insurance policy, so I'm just
22 wondering why you find it so shocking it wasn't paid --

23 A That was the whole premise, that there was an insurance
24 wrap on the financing. So that would be hugely
25 detrimental if that was not put in place. I don't even
26 believe that. You are saying that there was never a
27 paid-for insurance policy?

1 Q No, I'm asking you if you knew in November 2016 why the
2 premium for the policy wasn't paid.

3 A No. Do I know why? I didn't know that it wasn't.

4 Q So the two invoices from 647, it sounded like that
5 wasn't based on an hourly billing rate, it was based on
6 the total financing package that was supposed to be
7 secured by MGE?

8 A Correct, yeah.

9 Q Was that negotiated just with Jerry from Frontline or
10 was that something you dealt with with Darcy or Al
11 Housego or somebody else or a combination of them?

12 A No, not Al Housego. It would have been Darcy, Bob, we
13 would have talked about it.

14 Q When did you first meet Al Housego, approximately? I'm
15 not looking for an exact date, unless you remember.

16 A Unless I could remember an exact date? I was involved
17 in a network marketing thing that I met Al. Maybe it
18 was like four years, five years ago. Five years ago,
19 maybe, or less.

20 Q Network marketing, what's that?

21 A Multi-level marketing. Like Amway. Being Dutch, you
22 should appreciate that one. It wasn't Amway, it was a
23 multi-level networking company called Linux, which was a
24 merchant loyalty organization.

25 Q So network -- was it Network Inov Inc., like Innovation
26 Inc.? Was that the company?

27 A No. No, that's a telecommunications company that I

1 started in 1988 and sold in 1996. It's called Network
2 Innovations Inc. You are familiar with the term network
3 marketing?

4 Q I'm just trying to understand exactly how you met Al.

5 A I met Al through a network marketing organization.

6 Q Was Jerry Froese or --

7 A No, Jerry lives in Lethbridge; right? Bob lives in
8 Lethbridge --

9 Q You have to just let me finish my question, sir, because
10 Madam reporter cannot get it down.

11 I just want to understand the exact circumstances
12 that you can recollect about the first time you were
13 introduced to Al Housego.

14 MR. POPOWICH: He said he met him network
15 marketing. The exact circumstances and all of that
16 really aren't relevant in any way; okay? Please.

17 MR. van ZANDVOORT: Okay.

18 Q After the first time you met Mr. Housego, when were your
19 next dealings with him?

20 A My next dealings with him?

21 Q Um hmm.

22 A What dealings would you be referring to?

23 Q Well, your factored invoices with Crystal wealth through
24 Frontline Factoring.

25 A Through Frontline, correct.

26 Q And I would assume that you had dealings with Mr.
27 Housego as part of that process?

1 MR. POPOWICH: You can't assume, counsel.

2 Q MR. van ZANDVOORT: Did you?

3 A I'm not sure what you mean by dealings. I never dealt
4 with Al in regards to the paperwork or was he aware of
5 it. He would be talking to Jerry.

6 Frontline was the agent for Crystal wealth --
7 correct? -- for doing factoring deals. So I wouldn't
8 have been dealing with Al in regards to the negotiations
9 and all the paperwork, any of those sorts of things.

10 Q So your evidence is with respect to invoices issued by
11 647 B.C. which were factored through Frontline, you had
12 no direct dealings with anyone on behalf of Crystal
13 wealth, including Mr. Housego?

14 A Correct. I mean Al -- I knew Al and we talked, but in
15 regards to any invoices or amounts or any of that stuff,
16 that would have all been done through Jerry and his
17 relationship with Crystal wealth.

18 So it's not that -- you know, Al and I might not
19 -- might have talked about the Gavin Mines and the
20 details surrounding it, but in regards to the paperwork,
21 putting all that stuff together, that would have been
22 Jerry dealing directly with Al on all that stuff.

23 Q Was there ever a meeting with representatives of Crystal
24 wealth that you attended or a conference call where a
25 discussion took place concerning how the monies to
26 Crystal wealth would be repaid?

27 A Not to my recollection.

1 MR. POPOWICH: Did you ask if Al was on
2 the call? I just missed the question.

3 (DISCUSSION OFF THE RECORD)

4 Q MR. van ZANDVOORT: Does 647 B.C., or you, for
5 that matter, continue to provide any services to Dome
6 Mountain?

7 A I'm not sure I understand your question.

8 Q Well, you issued invoices to Dome Mountain for project
9 management.

10 A Yes.

11 Q My question is, have you continued to provide any
12 services to Dome Mountain?

13 A No.

14 Q Do you have any further involvement with Gavin Mines or
15 the mining projects?

16 A No.

17 Q What led to the cessation of your involvement?

18 A What led to the cessation of my involvement?

19 Q Yeah.

20 A There's nothing for me to be doing at this stage.

21 Q What's Marion's role with the company, anything?

22 A Of course, she is my wife. She is the director of the
23 company. We talk about everything and discuss whatever
24 it is that we are up to. She provides input.

25 Q Would she have ever been having communications with
26 Frontline Factoring or Mr. Pahl or Mr. Maljaars, Mr.
27 Housego?

1 A In regards to the business?

2 Q Um hmm.

3 A No.

4 Q Have you ever had any communications with Clayton Smith?

5 A Never talked to him, no.

6 Q Any e-mails with him ever?

7 A Not to my recollection, no.

8 Q So Al Housego was the sole rep of Crystal wealth you
9 would have had any interaction with?

10 A Yeah, to the best of my memory.

11 Q We marked a number of exhibits -- sorry, 647 B.C.
12 invoices as Exhibit 2 to Mr. Pahl's examination this
13 morning. I'm going to hand those to you now to take a
14 look at.

15 A Sure.

16 Q Just let me know when you are finished.

17 A I'm finished.

18 Q Did 647 B.C. prepare these invoices or were they also
19 prepared by Frontline Factoring?

20 A Also prepared by Frontline, I believe.

21 Q And these invoices were all paid for in full to 647
22 B.C.?

23 A Correct.

24 Q Who issued payment for those invoices? I assume it came
25 from Frontline factoring?

26 A I'm not exactly sure who issues -- where the money was
27 issued from, but I imagine it was Frontline. I don't

1 know that exactly.

2 Q So we looked at the invoices at Exhibit 2 and earlier we
3 looked at the two invoices at Appendix 32, all of which
4 were paid.

5 A Correct.

6 Q I haven't done the precise math, but by rough count,
7 that equates to approximately \$3 million. Would you
8 agree with that? Give or take --

9 A I haven't done the math, either. So if you say so --

10 Q I guess my question, what did 647 B.C. then do with the
11 monies it received on account of these invoices?

12 A On those particular invoices?

13 Q Yeah, the invoices at Exhibit 2.

14 A What did it do with them?

15 Q What were the proceeds of the invoices used for?

16 A You are speaking of the ones that you just showed me
17 that were from 2014, I believe, 2015?

18 Q So the record is clear, the Exhibit 2 is clipped to
19 Exhibit 3, so we are referring to the invoices at
20 Exhibit 2 and Exhibit 3.

21 A Again, this is four years ago, three, four years ago, so
22 to the best of my recollection, the funds were used to
23 pay McBean & Associates for the financing they were
24 supposed to be providing for those projects.

25 Q And the invoices at Appendix 32 of the receiver's
26 report, when those were paid to 647 B.C., were those
27 funds also paid over to McBean & Associates?

1 A No. I don't remember exact breakdown, but a number --
2 the funds went back to Frontline Factoring and to
3 Crystal wealth, because they were not going to provide
4 the payment on the new invoices unless the old ones were
5 paid. So the funds that were derived on these two
6 invoices from Dome Mountain, the latter ones from 2016,
7 the monies went back to Crystal wealth and to Frontline
8 Factoring.

9 And my understanding is that Frontline Factoring
10 used a portion of those funds to pay the insurance
11 policy and whatever other obligations they had.

12 Q I didn't quite follow you. Why was -- the money 647
13 received for the invoices at Exhibits 2 and 3, why was
14 that money, which was a lot of money, paid to McBean &
15 Associates? What did McBean & Associates do to deserve
16 that money?

17 A They were providing us with financing for the Biodiesel
18 projects and Dome Canada. There was 160 -- there was
19 four -- and my numbers could be off, but roughly there
20 was four financings that they were providing, each a
21 value of 640,000 each, and we had to put up 160,000 per
22 financing in order for them to do that. So there was
23 \$640,000 that went to McBean & Associates.

24 So what happened was is that the money came to
25 647, it then went to Biodiesel and Dome Mountain who
26 then paid those \$160,000 fees to McBean & Associates.
27 And he was supposed to provide the financing to replace

1 the -- to pay the invoice -- those companies would pay
2 the invoices.

3 So this is Jordan McBean & Associates based out
4 of Calgary here.

5 Q Are they still based out of Calgary?

6 A Yes, yes. Even as of today, they are still texting us
7 telling us they are still providing the financing.

8 Q Can I have copies of those text messages?

9 A No, I don't have them. I think Darcy has them.

10 Q So he was texting Darcy?

11 A Um hmm.

12 Q I thought you said that you had no more dealings with
13 Dome.

14 A I don't. I just know Darcy -- Darcy and I were together
15 when he got the text messages, and he says: Oh, McBean
16 is still texting me and letting me know that the money
17 is coming.

18 Q And the money, again, is coming to do what?

19 A To fund the projects; to fund Dome Mountain and
20 Biodiesel Canada.

21 Q Is that to replace the MGE financing?

22 A No. The McBean financing was 2014 to provide the
23 financing for Biodiesel and for Dome Mountain Canada.

24 Q Dome Mountain Resources of Canada Inc.?

25 A Sorry, Dome Mountain Resources. So we have been
26 waiting. So that's when the other deal was put together
27 for MGE, and so now that's -- that was the latest one.

1 I'm just saying even two years later, whatever,
2 three years later, he is still threatening to provide
3 the financing.

4 Q So he was trying to raise the 80 million for Dome to buy
5 the --

6 A He did a bond offering and was doing whatever,
7 registering bonds -- I don't really know. That's not my
8 bailiwick, that would be Darcy and Bob.

9 MR. van ZANDVOORT: Let's take a five-minute
10 break, if we can.

11 (BRIEF ADJOURNMENT)

12 Q MR. van ZANDVOORT: Does 647 B.C. have
13 financial statements?

14 A No.

15 Q Has it ever prepared financial statements?

16 A It's had them done, yeah. I have an accountant who is
17 quite old and he is probably four years behind
18 currently, or three years. I'm pushing him to try and
19 get those done.

20 Q Who is the accountant?

21 MR. POPOWICH: Objection.

22 (OBJECTION TO A QUESTION)

23 Q MR. van ZANDVOORT: Earlier in the examination
24 when we talked about your original involvement in Gavin
25 Mines, you said you did site visits?

26 A Um hmm.

27 Q Sorry, you have to say yes or no for the record.

1 A Yes.

2 Q Where were the site visits?

3 A At the mine.

4 Q Which mine?

5 A The mine in question.

6 Q The Dome Mountain mine?

7 A Correct.

8 Q How would you get to the Dome Mountain mine?

9 A You could get there a number of different ways. You
10 could fly or drive.

11 Q I asked you how you got there.

12 A Oh, how I got there. I think I drove and flew, perhaps.

13 Q Flew on a commercial flight or helicopter --

14 MR. POPOWICH: Does it make a difference?

15 THE WITNESS: I don't remember.

16 MR. van ZANDVOORT: I'm wondering how he
17 attended the sites --

18 MR. POPOWICH: I know. How is that
19 relevant --

20 MR. van ZANDVOORT: To the project management
21 invoices that he factored to the --

22 MR. POPOWICH: Again, I'm not sure what
23 this is about other than what was written in the
24 receiver's report that this was an attempt to recover
25 from the merchants under the factoring agreements.

26 As I read the factoring agreements, there are
27 limited remedies, and I haven't heard a question go to

1 that.

2 And I want to state once again for the record, we
3 want to cooperate, we agreed taking the receiver and
4 counsel at their word. I don't understand how that's
5 relevant to any of this.

6 MR. van ZANDVOORT: It is relevant to the
7 property management invoices that are at issue.

8 MR. POPOWICH: That's fair. But so what?
9 Your question is, and what I understood you are looking
10 to do, is to see if you can recover from the merchants
11 under the factoring agreements as written by the
12 receiver in his report.

13 MR. van ZANDVOORT: We are examining in
14 accordance with the order and their agreement. How you
15 want to define --

16 MR. POPOWICH: The order was obtained on
17 the basis of that representation and by my consent.
18 There is an objection now. You want to do something
19 more, you know where to go.

20 MR. van ZANDVOORT: I'm just not sure why there
21 is a level of resistance, counsel, to helping us
22 understand the project management which was provided in
23 the invoices which were factored and at issue, that's
24 all.

25 The invoices that 647 B.C. says are owing by Dome
26 Mountain and the receiver is to look to Dome Mountain or
27 647 B.C. for collections, and we want to understand the

1 nature of the services that were provided.

2 MR. POPOWICH: You are asking how he gets
3 to a mine, so that's far different. It's objected to.

4 MR. van ZANDVOORT: I'm surprised that it's
5 that objectionable, counsel, but I have your refusal and
6 we will move on.

7 MR. POPOWICH: we have been fishing for
8 the better part of that day --

9 MR. van ZANDVOORT: This is not fishing,
10 counsel, please. Again, we are acting as receiver in
11 the best interests of our mandate and the authority
12 given by the court --

13 MR. POPOWICH: I can only take you by your
14 word in the report --

15 MR. van ZANDVOORT: Counsel, please --

16 MR. POPOWICH: And I have no idea how much
17 money, and I asked you -- and I have no idea --

18 MR. van ZANDVOORT: -- do not raise questions
19 about our word that are entirely uncalled for.

20 MR. POPOWICH: You can move on. I can
21 only take you at your word, and it's in the receiver's
22 report.

23 (OBJECTION TO A QUESTION)

24 Q MR. van ZANDVOORT: As you understood it, what
25 was Bob Maljaars' role with the Dome Mountain/MGE
26 financing, Gavin Mines acquisition?

27 A Give me further clarification.

1 Q I'm here, sir, to get your information. I don't
2 unfortunately --

3 A I'm asking you to clarify your question or ask it a
4 different way, perhaps.

5 Q Bob was involved on behalf of Dome Mountain; correct?

6 A Correct.

7 Q And so what was the extent of your dealings with Bob
8 versus Darcy? Did you deal with Bob on some issues and
9 Darcy on other issues? Help me understand.

10 A I was providing information, primarily. So I was giving
11 that to -- and working more with Bob in that regard, I
12 think would be to answer the question. So primarily I
13 would be dealing more with Bob than Darcy.

14 Q Now, were you aware that Frontline Factoring prepared
15 invoice summaries such as the ones at Appendix 38 of the
16 receiver's second report? And I just put the first one
17 from Appendix 38 in front of you.

18 A Was I aware that they were doing this?

19 Q Yeah, have you ever seen this before?

20 A No.

21 Q The first one that we are flipping to lists the merchant
22 as your company, 647 B.C. It lists Invoice Number 256
23 to Biodiesel Canada, Invoice 257 to Dome Mountain,
24 Invoice 258 to GIC Capital Corp. And then there is a
25 due diligence summary. Do you see that?

26 A Yeah, I see it.

27 Q It says the merchant, being 647 B.C., does project

1 management for these projects and has been a client of
2 Frontline Factoring Inc. in the past.

3 Aside from these three projects, you or -- sorry,
4 not you, 647 B.C. had previously done business with
5 Frontline Factoring? Is that an accurate statement by
6 Frontline?

7 A I assume it is if he is -- I'm not sure what capacity he
8 is referring to here. Yeah, I have not seen these
9 reports before, so I can't --

10 Q That's fine, I'm just trying to see if your information
11 aligns with the information that Frontline provided to
12 Crystal wealth.

13 A The date of this particular one was --

14 Q June 9th, 2016.

15 A I'm not really sure there was prior to that -- I guess
16 2014; right?

17 Q But again, it's saying aside from the Dome -- sorry,
18 November 28, 2014 is the date of the invoice summary.
19 It references Biodiesel, Dome and GIC, then the due
20 diligence summary, it says: 647 B.C. has been a client
21 of Frontline Factoring in the past.

22 Beyond those projects, was 647 B.C. a client of
23 Frontline in connection with other projects?

24 A I was a client in that I had some money with them, a
25 small -- I would have to go back and give it some
26 thought. It's possible there were some other deals that
27 were done. I'm not recalling them at this stage.

1 That was four years ago; right? I don't know
2 when they started.

3 Q That's fine. When you say you had money with him, you
4 mean with Jerry Froese?

5 A Yeah, I had put some money into Frontline for my mother,
6 some funds for my mother that I put on there as a
7 client.

8 Q Like invested in Frontline?

9 A Yeah. They were my mother's funds, but I'm not sure he
10 was aware of that.

11 Q Again, you can't speculate as to what he meant, but the
12 only thing that comes to your mind when he references as
13 being a prior client could only have been this
14 investment that you would have made using your mother's
15 money and he may have thought that was you?

16 A Right.

17 Q You weren't so much a client as you were an investor in
18 his company?

19 A Yeah. I have no recollection at this time as to what
20 deals he is specifically referring to in that document.

21 Q Then Mr. Froese continues again in the summary at
22 Appendix 38 to say: "I, Jerry Froese, am personally
23 familiar with the owners of the debtor companies and
24 have good working knowledge that they are well funded."

25 Do you know who the owner was of Biodiesel Canada
26 Corp.?

27 A No, I don't know the corporate structure of that

1 company.

2 Q Do you know if Bob Maljaars or Darcy Pahl or Jerry
3 Froese or yourself has an ownership interest in it?

4 A I don't think I do, but I have no recollection. I don't
5 know.

6 Q What about for GIC Capital Corp.?

7 A Same, I don't know.

8 Q And then Mr. Froese goes on to say: "Through other
9 companies that debtors own." Debtors again referencing
10 to Biodiesel, Dome Mountain and GIC Capital Corp.

11 A I'm not sure what he is referring to there.

12 Q He says: Through the other companies owned by those
13 three entities, Frontline has factored over \$10 million
14 in receivables. But you don't have any information
15 about those?

16 A I don't know what he is referring to there.

17 Q Finally, he goes on to say: "Frontline Factoring has
18 also introduced Al Housego to all the parties involved
19 to ensure his comfort level."

20 Did that ever happen where Mr. Froese introduced
21 you to Mr. Housego?

22 A No. I knew Al before Jerry did, so -- but he might have
23 introduced them to Bob and Darcy and so on.

24 Q Have you ever had any business dealings with Jeffrey
25 Maljaars, Bob Maljaars' son?

26 A Yeah, I bought five cords of firewood from him.

27 MR. POPOWICH: You bought what?

1 THE WITNESS: Five cords of firewood from
2 him.

3 Q MR. van ZANDVOORT: So you guys live relatively
4 close to one another?

5 A Yeah, probably within ten kilometres or so. But I
6 haven't seen him for a long time.

7 Q And aside from buying five cords of firewood from
8 Jeffrey Maljaars, have you otherwise had any business
9 dealings with him?

10 A No.

11 Q In your personal or corporate capacity?

12 A No.

13 Q Did you have any dealings with Stephen Bandola from
14 Frontline or was it always Mr. Froese?

15 A Yeah, I never -- actually, Stephen did a website for me
16 at one stage, but apart from that, no.

17 Q So a website for 647 B.C.?

18 A Correct.

19 Q So Frontline did it or Stephen did it?

20 A No, Stephen did it.

21 Q When was that?

22 A Oh, I don't know, a long time ago.

23 Q One thing I want to clarify from before the break, you
24 said that the invoices at Appendix 32, being Invoices
25 335 and 336, those monies were returned to Crystal
26 wealth or to Dome?

27 A Crystal wealth to repay the invoices. They weren't

1 going to obviously -- there was funds owing to Crystal
2 wealth from 647, so when that was paid, I forwarded
3 funds to Crystal wealth and the balance to Frontline.

4 Q Could you provide the bank statements showing the
5 repayment?

6 MR. POPOWICH: Sorry, repayment...?

7 MR. van ZANDVOORT: If his evidence is that
8 those amounts were transferred to Crystal wealth or
9 Frontline, it would of course be helpful for the
10 receiver to see that, because we are obviously receiving
11 conflicting information. If you have the evidence to
12 support that, we would like to see it. I would think
13 Mr. --

14 MR. POPOWICH: We didn't know you were
15 receiving conflicting information. What I said with all
16 document requests, we are going to consider them as we
17 move along; okay? We are here, we want to cooperate.
18 We thought this was an examination with respect to the
19 factoring agreements. I see there is something else.
20 We are going to re-assess.

21 MR. van ZANDVOORT: What could be more in
22 connection with the factoring agreements than the fact
23 that the invoices at Appendix 32 Mr. DenHollander says
24 was repaid to Frontline or Crystal wealth?

25 MR. POPOWICH: I think he said some of the
26 money was used, but you know what invoices were
27 outstanding.

1 Q MR. van ZANDVOORT: You will see in paragraph
2 65 of the receiver's second report, there is a column
3 647 B.C. which states what amounts are outstanding from
4 647 B.C. Do you see that, sir?

5 A Yeah.

6 Q I guess to clarify, are you saying that those amounts
7 are not outstanding or do you acknowledge --

8 A I acknowledge that these two invoices are still
9 outstanding.

10 Q Okay.

11 A Those aren't.

12 Q Appendix 32 invoices are outstanding, but the invoices
13 at Exhibit 2 and 3 are not?

14 A Correct.

15 Q Thank you. There was a factoring agreement dated
16 November 20, 2014 between the Crystal Enlightened Income
17 Fund and 647 B.C. And I'm going to mark this -- well,
18 I'll show it to you first.

19 Please take a look at that, sir. Just let me
20 know when you are done reviewing.

21 A Okay.

22 Q It was part of the package I provided to your counsel
23 previously.

24 A Thank you.

25 Q Below, I guess on page 7, that was executed -- were you
26 there when your wife executed that?

27 A I have no recollection, but --

1 Q Were you ever with Mr. Smith who appears to have
2 executed it on behalf of the Crystal Enlightened Income
3 Fund --

4 A I have never met Clayton.

5 Q Do you remember who asked you to sign this agreement?

6 A No. Jerry -- I don't know. I don't remember if it came
7 in an e-mail from Stephen or Jerry or -- I don't
8 remember.

9 Q I'm just trying to understand what came first. Did
10 Darcy from Dome Mountain come to you first and say: We
11 want your project management on this Gavin Mines thing,
12 and then you got into a factoring arrangement that led
13 to the execution of this? Or did the relationship start
14 with Frontline approaching you, you sign this and then
15 you made the arrangements with Darcy to provide the
16 project management?

17 A No, it would have been -- we would have been working on
18 that -- on the financing and the project with Darcy and
19 Bob and then presented it to Frontline would be the
20 order of things that that would have happened.

21 Q So somebody would have went to Frontline and said: We
22 stand to gain X percent of this financing for our
23 services, will you pay us now through factoring what we
24 stand to gain?

25 A Yeah, they would factor the invoices for that project
26 that we would get paid on, correct.

27 Q Did anyone raise concerns from Frontline or Crystal

1 wealth that, you know, the financing wasn't guaranteed
2 so we can't advance you on these invoices because the
3 financing never happens?

4 A Not to my knowledge.

5 Q So would it have been you who would have approached
6 Jerry to say: Hey, Jerry, will you front us the money
7 by factoring the invoices to Dome or who facilitated
8 that discussion?

9 A You know, I don't remember. It could have been me, but
10 it probably was Bob.

11 Q Why would Bob --

12 A Because Bob lives in Lethbridge and I live in Salmon
13 Arm, so he would be closer to Jerry.

14 Q Why would Bob have had any interest in facilitating a
15 factoring arrangement between 647 B.C. and Crystal
16 wealth if he wasn't involved in 647 B.C.?

17 A Because he factored his invoices as well.

18 Q His invoices being the invoices from --

19 A I don't know the name of his entity or who he would have
20 done it through.

21 Q Was it 156 Alberta?

22 A I don't know which one it is exactly.

23 Q Sorry?

24 A I don't know the number. I don't know which company he
25 would have been --

26 Q So in other words, did he say to you, and correct me if
27 I'm wrong, I'm just trying to understand why, you know:

1 David, you can get money now from this Frontline
2 Factoring who you know, just like we did on our
3 invoices, then when the financing happens, everybody is
4 paid back and all is good, something to that effect?

5 A Could have happened, I don't remember. I don't remember
6 what the discussions were exactly.

7 MR. van ZANDVOORT: We will mark it Exhibit 10.

8 EXHIBIT NUMBER 10:

9 FACTORING AGREEMENT DATED NOVEMBER 20,
10 2014 BETWEEN THE CRYSTAL ENLIGHTENED
11 INCOME FUND AND 647 B.C.

12 Q MR. van ZANDVOORT: Did you ever have any
13 dealings -- you may have answered this earlier, in which
14 case, I apologize -- with MGE Corporation or Stephen
15 Miller?

16 A Never. Never spoken with him.

17 Q When is the last time you had any communications with Al
18 Housego?

19 A It's a long time ago. Probably many months.

20 Q Does 647 B.C. have a plan in place to repay the amounts
21 owing?

22 MR. POPOWICH: Again, you can't be --

23 MR. van ZANDVOORT: I'm just wondering if
24 there's any sort of plan -- we are here to find out
25 repayment; right? That's the thing you keep talking
26 about all day, counsel.

27 MR. POPOWICH: You have only certain

1 recovery. As I read the factoring agreement, you can
2 ask for there to be a purchase made of the receivable,
3 unless there is something else.

4 MR. van ZANDVOORT: I'm not asking for an
5 interpretation of the factoring agreement, I'm asking
6 for whether Mr. DenHollander has an intention or any
7 plan to repay amounts owing.

8 The answer may be no. The answer may be I don't
9 think I'm legally obligated to --

10 MR. POPOWICH: I don't think that's a
11 proper question to ask what his intention is, counsel.
12 We are here to cooperate. I think you have heard where
13 the funds were, which is in the mine. That is the way
14 matters are now. Factoring is nonrecourse, sales of
15 accounts receivable.

16 MR. van ZANDVOORT: Counsel, thank you. I'll
17 continue. I don't need the explanation.

18 (OBJECTION TO A QUESTION)

19 Q MR. van ZANDVOORT: When was your last
20 communications with Mr. Froese?

21 A When was my last communications --

22 Q When did you have communications last with Mr. Froese?

23 A I don't know. Within the last month.

24 Q What was that concerning?

25 MR. POPOWICH: That's not relevant.

26 MR. van ZANDVOORT: He has executed a factoring
27 agreement pursuant to which I assume Frontline is trying

1 to collect repayment. How is that not relevant?

2 MR. POPOWICH: I don't know.

3 MR. van ZANDVOORT: Let's let the witness
4 answer the question.

5 MR. POPOWICH: Even then, I don't know.

6 MR. van ZANDVOORT: Let's ask him.

7 MR. POPOWICH: No --

8 MR. van ZANDVOORT: There is no privilege
9 between Mr. DenHollander and Mr. Froese --

10 MR. POPOWICH: It depends what the
11 question is for and on whose request. What if it was on
12 my request, counsel?

13 MR. van ZANDVOORT: Then say it was on the
14 request of counsel and therefore it's privileged.

15 MR. POPOWICH: I'll say I'm concerned that
16 any queries that you make are going to elicit privileged
17 information. That's my concern.

18 (OBJECTION TO A QUESTION)

19 Q MR. van ZANDVOORT: The receiver sent a demand
20 letter to 3891 Turner Road addressed to 647 B.C. on
21 November 22nd advising that pursuant to Section 7.1 of
22 the factoring agreement that the receivables will be
23 repurchased from the fund.

24 I'll show you a copy of it.

25 Did you receive that letter?

26 A I didn't receive the registered mail, no.

27 Q I asked you if you received that letter.

1 A I saw the letter in the report that was put out by Grant
2 Thornton.

3 Q Have you taken any steps to contact Frontline or the
4 receiver to make repayment in response to this letter?

5 A I have spoken with Frontline about that, yes.

6 Q Can you tell me what you spoke to Frontline about
7 exactly?

8 MR. POPOWICH: with respect to repayment?

9 THE WITNESS: Yes. That's what you are
10 asking --

11 MR. van ZANDVOORT: No, I'm asking --

12 MR. POPOWICH: I don't want privileged
13 information. No, no, no, you are not going to be able
14 to do that.

15 MR. van ZANDVOORT: what could possibly be
16 privileged between Frontline Factoring and Mr.
17 DenHollander?

18 MR. POPOWICH: Inquiries from me? Legal
19 advice. Objection.

20 MR. van ZANDVOORT: You are providing legal
21 advice, counsel, to Frontline Factoring?

22 MR. POPOWICH: No, information from me.
23 So that's a problem here. And I think it's apparent
24 that -- well, I'm not sure how that's going to make one
25 wit of determination, anyways, what the communications
26 were between them with respect to repayment.

27 MR. van ZANDVOORT: I'm trying to understand.

1 So you are refusing Mr. DenHollander sharing with us the
2 nature of his recent communications with Frontline?

3 MR. POPOWICH: Correct.

4 (OBJECTION TO A QUESTION)

5 Q MR. van ZANDVOORT: At Appendix 33 of the
6 second report, you sent Mr. Froese an e-mail on November
7 7th, 2017, and it says: "Hey, Jerry, sorry for not
8 getting back to you sooner. I'm out of the country and
9 don't know when we will return. Perhaps sometime next
10 year, but at present, not sure."

11 where were you?

12 MR. POPOWICH: why does that matter?

13 Q MR. van ZANDVOORT: I'm just wondering why you
14 were unsure when you would return.

15 I'm just wondering where he was.

16 MR. POPOWICH: Again, how is that relevant
17 to the inquiries of the receiver?

18 MR. van ZANDVOORT: It's relevant because Mr.
19 DenHollander is writing to Mr. Froese in connection with
20 the indebtedness owing under this factoring
21 arrangement --

22 MR. POPOWICH: So if he is having lunch,
23 who cares.

24 (OBJECTION TO A QUESTION)

25 Q MR. van ZANDVOORT: You said: "I have
26 requested from my accountant the tax returns and
27 financial statements to be completed for the past three

1 years, but he has been extremely tardy and
2 nonresponsive. In regards to a repayment schedule, we
3 are working on a plan which I hope will be finalized in
4 the next 30 to 60 days."

5 Just a couple of questions flowing from your
6 e-mail. Is there an update concerning the updating of
7 the financial statements with your accountant further to
8 the November 7th, 2017 e-mail?

9 A I have sent subsequent e-mails and inquiries to him
10 to -- you know, will you please hurry up, this is
11 causing me issues, so I am pursuing to get those
12 completed.

13 MR. van ZANDVOORT: Counsel, any change to the
14 previous refusal for the accountant's information in
15 light of this? You are shaking your head no, for the
16 record.

17 MR. POPOWICH: No change.

18 Q MR. van ZANDVOORT: The repayment schedule you
19 are working on as referenced in your November 7th
20 e-mail, any update concerning the status of that plan?
21 You are hoping to have it finalized by January 7th. You
22 are looking at your counsel.

23 A Yes, we are -- I am --

24 MR. POPOWICH: If and when there is an
25 opportunity for a repayment and if you are interested in
26 a without-prejudice communication, we might, but as of
27 right now, there is not a repayment plan.

1 Q MR. van ZANDVOORT: And you mentioned that your
2 mother invested or you did on her behalf money with
3 Frontline Factoring Inc.

4 A Um hmm.

5 Q Does that money remain invested with Frontline?

6 A You know what? I don't know for sure. I think
7 probably.

8 Q Do you know approximately how much?

9 MR. POPOWICH: why does that make any
10 difference?

11 (OBJECTION TO A QUESTION)

12 Q MR. van ZANDVOORT: You may or may not be aware
13 from the factoring agreement you signed, but again, one
14 of the issues, of course, that concerns the receiver is
15 whether or not there was a conflict in the relationships
16 between Frontline and the merchants and who they did
17 business with, so that's why I'm asking. If you refuse
18 it, that's certainly your --

19 MR. POPOWICH: A conflict -- they are not
20 lawyers, they are not accountants. We will leave that.

21 (OBJECTION TO A QUESTION)

22 Q MR. van ZANDVOORT: Aside from that investment
23 with Frontline Factoring Inc., do or your family members
24 have any other investments with Mr. Froese or Frontline
25 Factoring?

26 MR. POPOWICH: Again, same thing.

27 MR. van ZANDVOORT: Same thing what? Refusal?

1 MR. POPOWICH: It's not relevant.

2 (OBJECTION TO A QUESTION)

3 Q MR. van ZANDVOORT: Do you or companies you are
4 affiliated with have any investments with Mr. Al
5 Housego?

6 MR. POPOWICH: Again, same thing. I don't
7 know what Al has to do with the factoring arrangements
8 or the factoring agreement that you are looking to
9 recover under.

10 MR. van ZANDVOORT: He was the sole
11 representative, according to Mr. DenHollander's
12 testimony, that Mr. DenHollander dealt with from Crystal
13 wealth.

14 MR. POPOWICH: Okay. But so what? He
15 didn't say he dealt with him, either, he said --

16 MR. van ZANDVOORT: I'm hearing you say, so
17 what, counsel, you are not going to allow your client to
18 answer the question, though?

19 MR. POPOWICH: No.

20 (OBJECTION TO A QUESTION)

21 Q MR. van ZANDVOORT: Do you or any companies
22 that you are affiliated have investments with Bob
23 Maljaars or any of his companies?

24 MR. POPOWICH: Again, I don't know how
25 that's relevant.

26 (OBJECTION TO A QUESTION)

27 MR. van ZANDVOORT: I'm just about done, I

1 think, gentlemen. I would like to take a few minutes
2 just to recap my questions. Maybe we can take a
3 ten-minute break and come back at ten to four, if that
4 works for everyone.

5 (BRIEF ADJOURNMENT)

6 Q MR. van ZANDVOORT: Do you know a gentleman --
7 I guess just generally, do you know any of the
8 representatives from the gold investments made by
9 Crystal wealth funds?

10 A Generally speaking, no, I wasn't --

11 Q Do you know Chuck Pinnell? He is the principal of a
12 company called 611802 B.C. Ltd.

13 A He was part of our network marketing group. That's
14 where I met him.

15 Q Who was all in this network marketing group?

16 MR. POPOWICH: Just like a hundred million
17 people.

18 THE WITNESS: Tens of thousands of
19 people. Chuck is actually a network marketing guru.

20 Q MR. van ZANDVOORT: So you met him roughly at
21 the same time as Mr. Housego?

22 A No, I met him before.

23 Q Like for how long?

24 A Oh, I don't know.

25 Q You are going to have to excuse my ignorance, but the
26 network marketing group that you are referring to, is
27 that an actual group or is this --

1 A Are you familiar with Amway?

2 Q I'm not familiar with the exact extent of the people you
3 are dealing with here, so I just want to understand.

4 MR. POPOWICH: off the record he will
5 explain multi-level marketing.

6 Q MR. van ZANDVOORT: I want on the record to
7 understand how you met Al and you met Chuck. Explain
8 that to me.

9 A Through network marketing, which is selling loyalty
10 cards to stores and getting people to use these cards to
11 frequent merchants and so on, and you are paid every
12 time the card gets used. It's like 15 percent of the
13 whole population in Canada is involved in network
14 marketing.

15 Q I understand the concept, I'm just looking for in
16 particular how you met them. I understand you met them
17 through network marketing --

18 A I met Chuck, actually, originally in church.

19 Q I assume you are being serious?

20 A I am being serious, yeah.

21 Q Are you from the same city?

22 A No. I drove to church. He lived closer to it.

23 Q I don't find this that funny, gentlemen.

24 MR. POPOWICH: It is, and it's got nothing
25 to do with any of this. So you are asking about
26 investments that have nothing to do with the factoring
27 arrangements --

1 MR. van ZANDVOORT: You do understand that Mr.
2 Pinnell is also involved with the company that owes
3 money to the Crystal wealth funds --

4 MR. POPOWICH: No, I have no idea. And we
5 don't know any of that. And we are only involved with
6 what we know about.

7 MR. van ZANDVOORT: This is all set out in the
8 publicly available reports, which --

9 MR. POPOWICH: why would that trouble us?
10 why would a client want to pay me to read everything you
11 have been doing for years? So our focus is on -- these
12 are individuals --

13 MR. van ZANDVOORT: Because I thought maybe
14 your client may say to you I actually know this Chuck
15 Pinnell who is also at issue --

16 MR. POPOWICH: Let's go back. why would
17 anybody pay me to read stuff that doesn't have anything
18 to do with them and go through -- these are individuals
19 and --

20 MR. van ZANDVOORT: why speaks for itself, but
21 let's go on. Let's go on.

22 MR. POPOWICH: It's not relevant.

23 (OBJECTION TO A QUESTION)

24 Q MR. van ZANDVOORT: Have you ever had any
25 business dealings with Mr. Pinnell?

26 MR. POPOWICH: Multi-level marketing, he
27 said.

1 Q MR. van ZANDVOORT: Do you have any investments
2 with him?

3 A No.

4 Q My understanding is you are invested in an olive oil
5 farm with Mr. Housego, Mr. Froese, Mr. Pinnell, amongst
6 others; is that right?

7 A No. We anticipated doing that at one time, but it never
8 happened.

9 Q It never happened. I'm going to put to you an e-mail,
10 sir, which I think you will confirm you sent to a group
11 of investors which included Mr. Housego, Bob Maljaars,
12 Jerry Froese, yourself and Mr. Pinnell, amongst others.

13 We will mark that as Exhibit 12.

14 EXHIBIT NUMBER 12:

15 AN E-MAIL SENT TO A GROUP OF INVESTORS
16 WHICH INCLUDED MR. HOUSEGO, BOB
17 MALJAARS, JERRY FROESE, MR.
18 DENHOLLANDER AND MR. PINNELL, AMONGST
19 OTHERS

20 Q MR. van ZANDVOORT: And contrary to what you
21 just said, Mr. DenHollander, this e-mail suggests that
22 it did happen, and in fact on page 4 there is a
23 breakdown of each person's investment in the Laguna
24 Torca olive oil farm.

25 A Right, but it never happened. The transactions have
26 never occurred with these individuals. And currently
27 I'm renting the farm, because it was a vendor take-back

1 on the farm that I couldn't afford to pay anymore, so
2 I'm currently renting the farm.

3 Q At page 4, you say: "In terms of ownership of the farm,
4 this is how it looks."

5 A Correct.

6 Q And then let's just go through who these names are.

7 A Okay.

8 Q A.H., that's Al Housego, 10 percent?

9 A Um hmm.

10 Q You have to say yes or no for the record.

11 A Correct.

12 Q J.N., who is that?

13 A Jeff Normando.

14 Q And where is Jeff Normando from?

15 A No idea where he lives.

16 Q How do you know -- do you know Jeff Normando?

17 MR. POPOWICH: Does it have anything to do
18 with Crystal wealth?

19 MR. van ZANDVOORT: I'm concerned that Mr.
20 DenHollander said he didn't have any investments with
21 these individuals and we have this e-mail here which
22 strongly suggests to the contrary.

23 MR. POPOWICH: He said the deal didn't
24 happen. And even then, what does Jeff got to do with
25 Crystal wealth? And I don't know what business
26 relations have to do with Crystal wealth's factoring
27 arrangements, gentlemen. I don't know how to break it

1 to you, but innuendo has no probative value.

2 MR. van ZANDVOORT: Let me explain this to you,
3 sir. Al Housego and Jerry Froese, being the
4 representative of Crystal wealth and the representative
5 of Frontline Factoring, which Mr. DenHollander dealt
6 with, are both listed as investors in this project.

7 A lot of money is missing from Crystal wealth,
8 which I am to understand the circumstances and the
9 dealings between these various individuals and where
10 investments are made from which they each have an
11 ownership stake, we of course want to know about that.

12 MR. POPOWICH: Holy smokes. Okay, one, I
13 don't know how much money is missing, if any, one.

14 Two, this examination, according to your
15 representations to the court, is to look at --

16 MR. van ZANDVOORT: Don't talk to me, sir,
17 about my representations to the court. We know why we
18 are here --

19 MR. POPOWICH: Three -- I'll keep going
20 on.

21 That will be nothing if not a fishing expedition,
22 and I don't know what if any entitlement or right or
23 claim you have to look at those two individuals.

24 So asking that about somebody else in an olive
25 farm deal that didn't go, is, counsel, really, really
26 going far afield.

27 MR. van ZANDVOORT: Again, counsel, if you read

1 the e-mail marked as Exhibit 12, it's not talking about
2 owning a potential olive oil farm, it's talking about
3 the operations of the farm which are underway by Mr.
4 DenHollander and his children, the revenues being
5 generated and each individual's ownership stake in it.

6 MR. POPOWICH: So? That's great. You can
7 ask about J.N. -- no, you can't. If you have something
8 that has to do with Crystal wealth's factoring, be my
9 guest.

10 THE WITNESS: Just to get to the bottom
11 of this, if you're worried about the money, there was no
12 money that came from these individuals that came to --
13 that went to buy this farm.

14 Q MR. van ZANDVOORT: How was the farm purchased?

15 MR. POPOWICH: Enough. No.

16 THE WITNESS: The farm was not purchased.
17 The farm is currently being rented.

18 Q MR. van ZANDVOORT: Now, at the bottom of page
19 3, the last paragraph, you say: "We are still hoping to
20 be able to honour the original deal, but we have run
21 into a number of delays which seem to be continually
22 making things difficult. I'm very pleased to announce
23 that we originally paid \$1,080,000 (U.S.) for the farm
24 and have paid a total of \$810,000 off and the balance
25 owing is \$270,000 (U.S.). We made a bulk payment a few
26 months ago and do not have to make another payment until
27 January of next year, which would be January 2018. If

1 we are able, we will hope to pay it off before then.
2 Your investments are now at a minimum secured by the
3 equity in the property."

4 Then you go on to list monthly -- typical monthly
5 expenses and everybody's ownership interest.

6 So when you say, sir, your investments are now at
7 a minimum secured by the equity in the property, that to
8 me states you are saying to these individuals that they
9 have made investments. Is that not the case?

10 MR. POPOWICH: Objection. It's got
11 nothing to do with anything and your interpretation may
12 be whatever it may be.

13 MR. van ZANDVOORT: well, if it's nothing, I
14 would just like to hear that from Mr. DenHollander,
15 counsel, but I take your objection.

16 MR. POPOWICH: when you knock on the door
17 and say it's nothing, I just want your blood. That
18 isn't how it goes in Canada.

19 MR. van ZANDVOORT: Is it a refusal, sir?

20 MR. POPOWICH: It's objection. It's got
21 nothing to do with it. This is a fishing expedition and
22 that is crystal clear now what we are going on through.

23 MR. van ZANDVOORT: This is not a fishing
24 expedition. So is that a refusal for all further
25 questions on the issue of the Laguna Torca property --

26 MR. POPOWICH: I don't object until I hear
27 the question, counsel. But you may take from the

1 subject matter where I'm going when you frame your
2 question.

3 (OBJECTION TO A QUESTION)

4 Q MR. van ZANDVOORT: Now, when Mr. Froese
5 referred to you as a prior client, did it have anything
6 to do with this particular property or investment?

7 MR. POPOWICH: How is he going to know
8 what Mr. Froese is referring to?

9 MR. van ZANDVOORT: Only Mr. DenHollander can
10 know what other business dealings he has had with Mr,
11 Froese.

12 MR. POPOWICH: That isn't the question.
13 Only he knows. Mr. Froese knows what he was referring
14 to in his notes.

15 (OBJECTION TO A QUESTION)

16 Q MR. van ZANDVOORT: And there's a Paul Dick
17 listed as a recipient to this e-mail.
18 Refused?

19 MR. POPOWICH: Oh, yes.

20 (OBJECTION TO A QUESTION)

21 MR. van ZANDVOORT: Same with Ryan Waechter?

22 MR. POPOWICH: Yes.

23 (OBJECTION TO A QUESTION)

24 MR. van ZANDVOORT: The questions associated
25 with how this investment project was initiated, are
26 those refused, counsel?

27 MR. POPOWICH: I would have to hear the

1 question.

2 Q MR. van ZANDVOORT: How did the investment of
3 Laguna Torca Farm with the recipients of this letter
4 come about?

5 MR. POPOWICH: Objection.

6 (OBJECTION TO A QUESTION)

7 Q MR. van ZANDVOORT: In your e-mail, you
8 indicated that there was going to be a payment due in
9 January of 2018 on the purchase price of the property or
10 the mortgage owing. Was that payment made?

11 MR. POPOWICH: Objection.

12 (OBJECTION TO A QUESTION)

13 Q MR. van ZANDVOORT: Has the property been sold
14 since you sent this e-mail?

15 MR. POPOWICH: Objection. He said the
16 deal didn't go through and he is renting it as a vendor
17 take-back.

18 (OBJECTION TO A QUESTION)

19 Q MR. van ZANDVOORT: Is Rebecca still managing
20 the European --

21 MR. POPOWICH: Objection.

22 (OBJECTION TO A QUESTION)

23 Q MR. van ZANDVOORT: Is Juan Manuel always down
24 at the property operating it?

25 MR. POPOWICH: Objection.

26 (OBJECTION TO A QUESTION)

27 Q MR. van ZANDVOORT: Your e-mail also talks

1 about Marion's involvement as well as your other
2 children, Astro, Marian, James, Hannah, and Benjamin who
3 help on their farm.

4 I assume it's a refusal for questions concerning
5 their involvement or contact information?

6 MR. POPOWICH: Objection to all of that.

7 (OBJECTION TO A QUESTION)

8 Q MR. van ZANDVOORT: Have there been any more
9 recent e-mail updates on the Laguna Torca project to
10 these individuals?

11 MR. POPOWICH: Objection.

12 (OBJECTION TO A QUESTION)

13 Q MR. van ZANDVOORT: Similar to the examination
14 this morning, Mr. DenHollander, that we did with Mr.
15 Pahl, there's a series of objections which may result in
16 either your counsel reconsidering or court proceedings
17 to compel the disclosure of it or we may request or seek
18 further examination of you. But subject to that, I'm
19 done for the day with my examination. I thank you for
20 your time.

21 MR. POPOWICH: Thank you.

22 (WHICH WAS ALL THE EVIDENCE TAKEN AT 4:10 P.M.)

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CERTIFICATE OF TRANSCRIPT

I, CATHY GINGRAS, hereby certify that the foregoing pages are a complete and accurate transcript of the proceedings taken down by me in shorthand and transcribed from my shorthand notes to the best of my skill and ability.

Dated at the City of Calgary, Province of Alberta, this 28th day of March, A.D. 2018.

Original Copy Signed

C. E. Gingras, CSR(A)

Court Reporter

**EXAMINATION OF DAVID DENHOLLANDER
HELD MARCH 21, 2018**

EXHIBITS	PAGE
EXHIBIT NUMBER 9:	
B.C. REGISTRY SERVICES PRINTOUT OF THE	
INCORPORATION OF 647497 B.C. LTD.	5
EXHIBIT NUMBER 10:	
FACTORING AGREEMENT DATED NOVEMBER 20, 2014	
BETWEEN THE CRYSTAL ENLIGHTENED INCOME FUND	
AND 647 B.C.	58
EXHIBIT NUMBER 12:	
AN E-MAIL SENT TO A GROUP OF INVESTORS WHICH	
INCLUDED MR. HOUSEGO, BOB MALJAARS, JERRY	
FROESE, MR. DENHOLLANDER AND MR. PINNELL,	
AMONGST OTHERS	69

EXAMINATION OF DAVID DENHOLLANDER
HELD MARCH 21, 2018

(UNDERTAKINGS ARE INSERTED AND INDEXED AS A COURTESY
SERVICE TO BE UTILIZED AT THE DISCRETION OF COUNSEL.
THEY ARE INTERPRETATIONS BY THE COURT REPORTER, AND IT
IS REQUESTED COUNSEL REFER TO THE APPROPRIATE PAGE TO
ENSURE ACCURACY.)

UNDERTAKINGS

PAGE

UNDERTAKING NUMBER 1:

TO PRODUCE THE BANK STATEMENTS ASSOCIATED WITH
THE ACCOUNT WHERE THE 1 PERCENT WOULD HAVE BEEN
RECEIVED (REFUSED) 15

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