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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

VP/asb

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 & 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

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This is the Examination out of Court of JOANNE BENTLEY, taken at the offices of VICTORY VERBATIM REPORTING SERVICES INC., 222 Bay Street, Suite 900, Ernst & Young Tower, Toronto-Dominion Centre, Toronto, Ontario, on the 17th day of January, 2018.

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A P P E A R A N C E S:

MARK VAN ZANDVOORT	--	for Grant Thornton, Limited in its capacity as Court-Appointed Receiver of the Crystal Wealth Group

ALSO PRESENT:

Bruce S. Bando

INDEX OF PROCEEDINGS

--- upon convening at 10:00 a.m.
--- upon commencing at 10:05 a.m.

JOANNE BENTLEY, sworn

EXAMINATION BY MR. VAN ZANDVOORT:

1. Q. Good morning, Ms. Bentley, can you state your full name for the record, please?
A. Joanne Bentley.
2. Q. Thank you. And Ms. Bentley, you understand that I'm here as the lawyer for the receiver in the Crystal Wealth Group proceedings?
A. Yes.
3. Q. Okay. Have you been monitoring the receivership proceeding since Grant Thornton Limited was appointed?
A. Yes.
4. Q. Okay. And have you had the opportunity to read the receiver's first report dated June 22, 2017?
A. Yes.
5. Q. And have you been able to read the receiver's second report to the court dated November 24th, 2017?
A. Yes.
6. Q. Okay. And at paragraph 32 of the

receiver's second report to the court, the receiver set out a number of conclusions and I'll provide this copy of it to you. It's at paragraph 32, the receiver set out a number of conclusions in its second report based on its observations. Did you have an occasion to read that when you reviewed the second report?

A. Yes.

7. Q. Okay. And based on the receiver's conclusions, do you have any reason to disagree with any of the conclusions drawn?

A. May I read it over again?

8. Q. Of course.

A. Is it just (a) or is it the whole thing?

9. Q. It's 32, subparagraph (a) through (i).

A. In paragraph (h), it says

"...The company disclosed false or manipulated net asset values..."

I wasn't aware of that, so I don't know that if I could say that I agree with it.

10. Q. Based on what you understand now, based on what you've read in the receiver's reports to the court, would you not agree that

the net asset values were incorrect for certain of the Funds?

A. Yes.

11. Q. Okay. And besides the comment you just made, do you have any other basis to otherwise object or disagree to the statement made in subparagraph 32(h), the second report?

A. No.

12. Q. And 32(i)?

A. 32(i)? No, that's fine.

13. Q. Ms. Bentley, can you just tell me what education and training you have?

A. My education was basically high school and then some college. And after that I worked in offices and gained experience with bookkeeping and finance. I did several courses in the industry, Canadian Securities Course, Canadian Investment Finance, trained with an accountant, then I worked in the industry for many years.

14. Q. Okay, and do you have any diplomas or degrees, certifications...

A. No.

15. Q. Okay.

A. Certifications. I'm a Chartered

Investment Manager.

16. Q. Okay. And when did you obtain that certification?

A. 2014.

17. Q. Okay. And you were previously employed by Crystal Wealth Management System Limited?

A. Yes.

18. Q. Okay. And during what period of time?

A. From September 2011 to May 2017.

19. Q. And what was your position during that time?

A. It changed over the course of time. Initially, it was a very junior role, doing administration, account transfers, opening accounts. The company did grow a little bit and we hired some more administrators. So, some of that was alleviated. I did do mostly administration and I ended up doing trading and wire transfers for the investments, things like that. But it was administration.

20. Q. And when did you become a registered associate advising representative of Crystal Wealth?

A. That was also in 2014.

21. Q. After you obtained your CIM...

A. Yes.

22. Q. ...certification? And is that when your role changed from pure administrative tasks to involved on the opening accounts, wiring for investments?

A. I did the account opening, I actually stopped doing the account opening in 2014, but I had always done the wire transfers for investments. I had done transfers in between the Funds. The only thing that really changed is, I think, in 2015, Clayton had asked me to start checking the NAVS. So, I would check the NAVS provided by AIS just against cash balances and positions and the reports that Clayton had as a check.

23. Q. And with respect to effecting transfer of monies from the Funds into various investments. Were you simply directed to do that or were you actually involved in the investments themselves?

A. I was direct to do it.

24. Q. And who would directed you to transfer monies for investments?

A. Clayton.

25. Q. Always Clayton?

A. Yes.

26. Q. For each of the Crystal Wealth Funds named in this proceeding?

A. Yes.

27. Q. And how were those directions issued?

A. Sometimes by email and sometimes verbally.

28. Q. Now, when the receivers was appointed, all emails from your email inbox with the company and sent box were deleted. Why is that?

A. Oh, I didn't do that. All my emails were deleted?

29. Q. Correct.

A. Oh no, I had nothing to do with that.

30. Q. Did anybody else have access to your email?

A. Not on my computer. There would be the server level which I don’t have access to. Only Clayton would have access to that.

31. Q. Do you still have access or

copies of all of your emails while you were with Crystal Wealth?

A. Oh no. No.

32. Q. And why is that?

A. I don't have my computer anymore.

33. Q. So, was that a Crystal Wealth computer?

A. Yes.

34. Q. Okay. Do you know who deleted the emails from your Crystal Wealth email account?

A. No idea.

35. Q. Okay. And did you have a formal contract of employment setting out the terms of your employment with Crystal Wealth?

A. Initially, yes.

36. Q. Will you provide a copy of that to the receiver?

A. It actually wasn't a contract, it was...well, I guess it was an agreement, an employment agreement, and that was back in 2011, but I don't have that.

37. Q. You don't have a copy anymore?

A. No.

38. Q. And who hired you at Crystal

Wealth?

A. Clayton and Scott Whale.

39. Q. Okay, and how did you find the position?

A. It was advertised on Kijiji.

40. Q. And prior to applying to the position, were you familiar with any of the personnel at Crystal Wealth?

A. No.

41. Q. Any of the, you know, recent or former investment advisors at Crystal Wealth?

A. No.

42. Q. And you didn't know Clayton Smith before being hired at Crystal Wealth?

A. No.

43. Q. Okay. And what was Scott Whale's involvement at the time you were hired?

A. When I was hired, Scott was a shareholder. He owned 24 percent of the company. He was the portfolio manager for the Enhanced Mortgage Funds and he was an advisor with his own book of business. He was a licensed portfolio manager.

44. Q. Okay. So just...I'm painting a picture as to when you started at Crystal Wealth

in, I believe you said September 2011. Who was all working here at the Crystal Wealth office?

A. It was Scott Whale, Clayton Smith and myself.

45. Q. And were there investment advisors at the time?

A. Al Housego.

46. Q. Yes.

A. And then when I started Dale Wells brought clients over, shortly after I started. Which was why they had hired me, because they knew Dale was coming over.

47. Q. Did you know Dale previously?

A. No.

48. Q. And were there any other investment advisors at Crystal Wealth at that time?

A. At that time? No.

49. Q. And what was each person's role at the outset of your employment with Crystal Wealth?

A. Well, Clayton did...he was the portfolio manager for...I think they started the Media Fund around 2011 as well. So, that was just started when I started. He managed the

Enlightened Funds and Scott managed the Enhanced Mortgage Fund. Clayton at that time didn't have any book of business, he just had his own family accounts with Crystal Wealth. So, he did all of the Fund accounting, all of the trading, the investing, he ,you know, looked after all of that.

Scott looked after the Mortgage Fund and had his own clients that he looked after. And I did administration so I did, you know, filing and mailing and accounting opening, transfers, that type of thing.

50. Q. Okay. And what was Al Housego's role at that time?

A. That time he had...I believe he was operating under a referral agreement with Crystal Wealth. So, he had clients there and I believe the majority of those clients were invested in the Crystal Wealth Funds.

51. Q. Do you know which ones?

A. I would say the Enlightened Funds. I think there was the Enlighted Precious Metals Fund, there was a Enlightened Income Fund, which turned into the Factoring Fund that later on...and then there was...I think he started investing in the Media Fund and the Mortgage Fund. The Mortgage Fund had been running for a while.

52. Q. And with the Enlightened Funds, were you also referring to the Hedge and Bullion Funds?

A. They weren't around then.

53. Q. So, subsequently?

A. Subsequently, yes.

54. Q. And what was Gary Allen's role with the company?

A. He was a shareholder only. He didn't have any other involvement. I believe Clayton, you know, would sometimes go to him for advisory services. And he would come in quarterly for shareholder meetings with Clayton and Scott.

55. Q. So, who all would attend the quarterly meetings?

A. Just Clayton and Scott and Gary.

56. Q. The investment advisors didn't attend?

A. No. No, it was just for shareholders.

57. Q. And can you just explain to me,

during your time at Crystal Wealth, what was the reporting structure internally between investment advisors and Clayton Smith and other personnel and how it may have changed over time?

A. Well, initially I could deal with Dale and Al when it came to anything to do with the administration of the accounts. Just setting up the accounts and getting the accounts over. And when it came to investing those accounts, Clayton would look after that. He would deal with Al and Dale and I think at that time Clayton was actually doing the trading.

58. Q. For all managed account clients?

A. Yes. That shifted to me eventually. I took that on.

59. Q. At what point...

A. And when I took that on I would get the instructions from Clayton. And we also established...what we did is, because our Funds only traded on Fridays, I could...they would sit on the system, I could enter the trades at any point during the week and they would sit on the system. And then Clayton would look at them prior to close of trading on Fridays and if there was anything that he didn't approve of then he would let me know.

60. Q. Okay. And was it Clayton who encouraged you to get the CIM certification?

A. Yes.

61. Q. And why was that? How did that come about?

A. He encouraged me to do that because he felt that the company was expanding and that he wanted me to be able to take a role working with his clients. He was intending to start up his own book of business and get his own clients, and he wanted somebody to be able to work with those clients. And, also, potentially lead into helping with the management of the Funds.

62. Q. Okay. And how did you go about obtaining the certification? When did you do it, where was it obtained?

A. It was in 2014. I had already taken a couple of the courses that were required so then I called the Canadian Securities Institute. I found out what I needed to do, they told me...they basically told me the path, it was to take two different courses; Canadian Investment Management and Portfolio Management

Techniques I think were the courses. So, I did those in a six-month period between, I think, March and September. And then when I passed those exams I automatically became a CIM. And then once I was a CIM, Clayton applied to the OSC to become an associated advising rep. And the reason he did that was at that point we had...Jeff Mushaluk had also come on board on a referral basis and because he was not licensed in any capacity, there was somebody from head office who was licensed who had to go over the IPS with each client that came on board. So, Jeff could fill out the paperwork and the documentation for his clients and send that to Crystal Wealth. At that point, I was no longer opening accounts it was another administrator that we had hired.

63. Q. Who was that?

A. Amanda Tasch. And so then once the...we got the documentation and we went through the account opening process, Clayton had to approve the documentation as Chief Compliance Officer. And then before we invested the client's monies than somebody from our office who was licensed would have to call one of those clients and just go over what was written and the investment policy statement to confirm the information. So, Clayton wanted me to do that so that he wouldn't have to be calling people all the time. So, that's what I ended up doing.

64. Q. Understood. And so, just taking a step back, we're talking about reporting structure how it changed over time and who was involved. You said Amanda Tasch came into the account opening procedures, Jeffrey Mushaluk joined around what time approximately?

A. Jeff would have joined in I think around 2014.

65. Q. And what about Tim Johnston?

A. Tim came on in...it was 2016 sometime, right in the summer 2016.

66. Q. Okay. And what was he brought in to do?

A. He brought in his own client base and he was licensed as an advising rep. So, he was a full advisor, so he didn't manage any accounts, he just brought his clients over and then invested their money into the Crystal Wealth Funds.

67. Q. So, he effected the investments of his clients into the Crystal Wealth Funds or

were you doing those trades?

A. I was doing those trades but he would send the instructions to Jill and Clayton, Jill was Clayton's assistant, and then they would give those instructions to me and then I would execute the trades.

68. Q. Okay. And when was Jill Van Osch brought in?

A. She was brought in I believe in 2015.

69. Q. And what was her former role or formal role?

A. She was the executive assistant to Clayton.

70. Q. And I understand she has a personal relationship with Mr. Smith and has a child with him?

A. Yes.

71. Q. Did she already have that relationship with him when she started working at Crystal Wealth?

A. It's hard to say. I don't know.

72. Q. And as an executive advisor, what was her role?

A. It was hard to say what her role.

she helped Clayton with everything. So, she went to the meetings with Clayton and took notes. She arranged his schedule, she, I guess, would contact for all of his clients, worked with the...on some spreadsheets. She did some reporting to the...places like Globefund and Morningstar.

73. Q. Okay. And Jeff Reiner? When did he join?

A. It would have been probably 2015.

74. Q. What was he brought in to do?

A. I believe he became licensed as an incent market dealer and he was just hired to bring in clients to Crystal Wealth and Clayton would act as advisor for those accounts.

75. Q. Do you know if either Jeff Reiner or Tim Johnston had any background or relationship with Clayton Smith or Al Housego prior to bringing their clients into Crystal Wealth?

A. I don't think so.

76. Q. Do you know for sure, or just don't think so?

A. I can't say for sure, but I don't think so.

77. Q. Okay. And what about Sameer Azam, when was he brought in?

A. He came in slowly. I think they started bringing him on board in maybe late 2014, and but it went for a long...took at least six or seven months to bring him on board and so I would say that he ended up mid 2016, I believe.

78. Q. Okay. And was it always Clayton who brought in the referral agents or advisors like Jeff Reiner, Sameer Azam, Tim Johnston and Jeffery Mushaluk or did other people introduce them to Crystal Wealth?

A. Jeff Reiner was part of a marketing firm that Clayton had hired initially. And with Tim, I believe Tim and Sameer, Tim came through a referral from Edward Galvez who had worked at Crystal Wealth as an administrator for about a year. And Sameer came through I believe it was through some advertising that the marketing firm had established on LinkedIn. And I think that's how Sameer heard about it and initially would have spoken with Troy Claus with marketing firm and then after conversations with him it would have then gone to Clayton and...

79. Q. Sorry you said Troy Claus?

A. Yes.

80. Q. Is that C-L-A-U-S?

A. Yes.

81. Q. And he was with Jeff Reiner at the marketing firm?

A. Yes.

82. Q. And what marketing firm is that?

A. I think the name was Perspectus or Persistus or something like that? Persistus?

83. Q. P-E-R-S-I-S-T-U-S?

A. Yes, I'm not 100 percent sure if it'sthat...but it sounds like that.

84. Q. Okay. And just a couple other names that I just want to ask you about; Natalie Pearson-Workman?

A. M'hmm.

85. Q. What was her role?

A. She was receptionist.

86. Q. Okay. And so, in the last year before your employment at Crystal Wealth ended, who would generally be at Crystal Wealth's premises on a day to day basis?

A. Clayton and Jill and Amanda and me, we were definitely the ones that were there on a daily basis. Scott Whale was there until

November, 2017 when we moved our office.

87. Q. 2016?

A. Sorry, 2016.

88. Q. And then why did he stop?

A. Clayton had bought him out as a shareholder and we moved the office so Scott didn't have an office in our new space.

89. Q. Did he have any further involvement with the company after November 2016?

A. He still had his client base but that was it.

90. Q. Okay and other than the names we've talked about, was there anyone else employed either as an employer, advising rep, advisor, referral agent at Crystal Wealth?

A. No. There was a referral agreement with...what is his name? Phil...I can't think of his last name right now. Phil...he's with Integrity Wealth Management, he had an office beside Crystal Wealth at our old premises and he had a referral arrangement with Clayton and had referred about a dozen clients to Crystal Wealth, and Clayton was the advisor on those accounts. Everdeen, that was his last name, Phil Everdeen.

91. Q. Okay. And I just want to make sure I get this clear as far as how trades or investments were made for managed account clients over time, what the actual sequence was. So, perhaps maybe the best way to do it is, give me an example of, if a client brought in by Al Housego was to be invested into the Media Fund. How would that investment take place, what chain would it go through amongst the personnel involved in Crystal Wealth to effect that trade to occur?

A. Initially, that would come from Clayton, so whether it was a conversation that he had with Al or the client, or whatever, but Clayton would make the decision for the investment and then he would either do it himself or he would ask me to do it. So, it was just the two of us that would do it. Scott wasn't involved in that.

Scott Whale did some of the trading if Clayton was absent from the office then Scott would take that over. But then when Al got his...became a full advising representative then he had the authority to make those decisions on behalf of the client. So, then I could take instructions directly from him. So, he would usually email those instructions to me.

92. Q. And what would those emails...what decision making went into instructing to affect a trade? Was there an analysis done or was it simply invest, you know, Joe X into the Media Fund for you know a hundred units?

A. There was usually some kind of a trade allocation. So, he would either give me a dollar amount for whatever Funds he wanted to invest in, or a percentage of the portfolio. But that was his decision.

93. Q. Whose decision?

A. Al's decision.

94. Q. Okay. Or Clayton's if Clayton was...

A. Or Clayton's.

95. Q. Okay. So, was there ever any...from your perspective, did you ever engage into the analysis as to why the trade was being made or did you simply receive a direction from either Clayton or Al to effect the trade?

A. That's it. I received the...I didn't make the decision at all. I received instructions to do it and I just followed the instructions.

96. Q. Okay. And do you know what decision-making process Clayton was involved in when deciding what trades to effect for clients? What the thinking was or the procedures he followed to make those decisions?

A. No, I don't.

97. Q. Where there ever any meetings, staff meetings to discuss that decision making process?

A. No.

98. Q. Did you ever ask him, you know, "How are we making the decisions to invest clients into certain Funds?"

A. Well, I believe that what he did is he just, he...everything was going into the Crystal Wealth Funds, you know, pretty much, and he just would split them up. You know he'd try to diversify it, you know maybe 33 percent into three different Funds. I think it was, he would look at the IPS and see what the client's risk tolerance was, as far as I knew, and invest the accounts according to that, it was his decision.

99. Q. Are you just speculating that

that's what he did?

A. Yes, sort of.

100. Q. What are you actually...let's just, if we could just kind of answer directly on the issue. Like, do you believe he just simply, you know, took an investor and said, "Let's just get him invested pretty much entirely in the Crystal Wealth Funds and I'll just split it up arbitrarily," or do you truly believe that he weighed the, you know, know your client information for a specific investor and made decisions based upon that investor's particular interest?

A. I believe that's what he did.

101. Q. Okay. And what basis do you have to believe that?

A. Well, I would see him sometimes looking at the client's IPS before he made a decision.

102. Q. Any other reason to believe that he underwent that type of a process?

A. No.

103. Q. Were there ever any sort of meetings held with Clayton and the investment advisors?

A. They were usually out of province.

104. Q. M'hmm.

A. They were out in B.C, I know that Clayton would go out a couple of times a year to meet with them in their locations but it wasn't in our office.

105. Q. And was there a formal agenda for those meetings or?

A. Probably. I don't know.

106. Q. Okay, but you were never included within those meetings?

A. No.

107. Q. Just Clayton. And aside from Al Housego did any of the other advisors direct you to execute trades aside from Clayton?

A. Dale Wells, eventually, he became a full advising rep. So, he could direct us to do the trades and also Tim Johnston.

108. Q. And from each of them again was the direction simply an email saying, execute investor X into Fund Y for however many units?

A. With Tim, there was a spread sheet that he sent to Clayton and Jill and Clayton usually initialed that and gave it to me.

With Dale, he actually would email and then follow up with a hard copy of a printout of the client's portfolio account and he would you know, usually he was enclosing a cheque and he would attach a cheque to a copy of the client statement and then he would write on that what he wanted to do and he would sign it.

109. Q. And did Crystal...investors of the Crystal Wealth Funds or managed account clients come into Crystal Wealth's office?

A. No, rarely.

110. Q. Were in-person meetings ever held with investors?

A. Clayton would have meetings with investors, it usually wasn’t in the office. But occasionally it was in the office, in fact that would have been...I think that was mostly with the clients that were referred to him through Phil Everdeen because he was local.

111. Q. And so, where would the managed account agreements for clients be filled out?

A. They would have been filled out by the person who was going to see the client with the documentation, so it would have been Al in his office or in the client's location, Dale.

That was all done by the individual advisors and then it was sent to head office and then Amanda would go through it to make sure that everything was filled in correctly and then she would give it to Clayton who would review the IPS and sign off as chief compliance officer.

112. Q. And you mentioned earlier that you were also responsible for transferring monies from the Funds accounts at I believe NBCN to invest in various investments for them?

A. Correct.

113. Q. And can you explain to me the process as to how you would learn about which transfers to make, why, who directed you, and just walk us through the process?

A. Sure. When it came to the management of the Funds it was Clayton who would give me directions for any of the Funds that he was manager for. So, if there was an external transfer say to MCS Energy or somebody like that, then Clayton would email me to send the money. And he would also email me the backup for that which would be some form of an agreement. I would take that and I would go on the NBCN system and request the wire transfer and then send them the backup documentation that Clayton had provided.

Same with Al, once he was managing the Enlightened Funds he would send subscription agreements that had already been completed and then I would request a wire transfer and then send NBCN the subscription agreement as backup, and also send a copy of that to Clayton and to Al and to our Fund accounting people to let them know what we were doing.

Eventually, that system changed at NBCN but it was in let's say early in 2016, so they no longer wanted firms to have off-book assets. They wanted everything to be registered at NBCN in nominee form. So, the process changed and when we would get some subscription agreement or any form of an agreement then a blank copy would be sent to NBCN as well as a completed copy, and then NBCN would set it up on their system as a security and then we would execute it as a trade as opposed to a wire transfer.

114. Q. Okay.

A. But that was like 2016 that started.

115. Q. So, maybe just to help me out

here. We can use a specific example and you can tell me how that transfer out of the Funds accounts would have been affected and how it was directed. So, are you familiar with Dome Mountain Resources of Canada?

A. Yes.

116. Q. Okay. And you know that advances to Dome Mountain totalling, call it 12 and a half million approximately were made by both the Factoring Fund and the ACM Growth Fund?

A. Yes.

117. Q. Yes. Okay. And who directed those transfers and who you know, what were the steps taken to execute them and what supporting documentation was given to NBCN as well as the person who directed NBCN?

A. At that time, we would have received instructions initially from Al Housego in the form of and there would be an invoice and then some supporting documentation, an agreement that was sent to Clayton. I believe Clayton sent that agreement to his own legal counsel.

118. Q. Who was that?

A. I don't know for sure, but I know that for investments if he was having something checked out he usually used Miller Thomson.

119. Q. Do you know who at Miller Thomson?

A. Jonathan Dyck. So, I believe Clayton in that particular place Clayton had his lawyer look at it and he talked to Al about it, I think we were both...I was uncomfortable with it. And then they came to the conclusion that the insurance policy would cover the investment should anything go wrong. So, then I was given the instructions from Clayton and I don't remember if it was in an email or just verbally, but he said it was okay to go ahead with it, so I would have requested the wire transfer on the NBCN system and I believe the only thing I provided to them was a copy of the invoice.

120. Q. The invoice from Dome Mountain to NGM?

A. Yes.

121. Q. Okay. Or MGE rather. But you'd agree that that invoice is not a true reflection of why those monies were advanced, correct?

A. Correct.

122. Q. And it was more of a bridge loan facility as described by the receiver?

A. That's what it looks like.
123. Q. So, when you say Al Housego could direct you to transfer monies from the Funds for various investments for the Enlightened Funds, that would have been for the Resource Fund, Bullion Fund, Hedge Fund and Factoring Fund?
A. Correct.
124. Q. Any other Funds?
A. No.
125. Q. Okay. And would it generally be...was it always Al who provided the initial instruction to transfer monies from those Funds for investments?
A. Yes.
126. Q. And would it then always flow to Clayton to approve?
A. Not always. Not always, sometimes. Clayton had actually told me that because Al is the manager for those accounts, it was okay for me to send money out for these subscription agreements and he would review it afterwards. In some cases, only if he wasn't in the office if he...
127. Q. Okay. For investments made by those Funds?

A. Yes.

128. Q. And aside from taking direction from Al Housego for those four Funds to transfer out monies for investments was there any other representatives who directed you to transfer Funds for the purposes of investments or was it just Clayton on all the other Funds and then Al on these four?

A. Yes. It was Clayton and Al.

129. Q. Okay. Would it be fair to say that the supporting documentation which you would be provided by either Clayton or Al in support of transferring monies from a Fund to a third party for an investment was minimal?

A. Yes.

130. Q. And would it be fair to say that you didn't review the supporting documentation with any sort of a critical eye to see whether or not it legitimately supported the transfer of monies that would go out of the Fund to a third party?

A. Correct.

131. Q. Okay. Did you ever, aside from just following directions, did you ever have any substantive role in the investment decisions made

by any of the Funds?

A. No.

132. Q. Or for any investors?

A. No.

133. Q. Did Crystal Wealth or any of the Funds have due diligence procedures or policies in place in connection with potential investments to be made by the Funds?

A. I don't know.

134. Q. Do you know who was involved in any due diligence processes in connection with examining potential investments for the Funds?

A. To the best of my knowledge it was Al doing the due diligence for the investments that he made and Clayton would do the due diligence for the investments that he made and Clayton sometimes involved his legal counsel if he wasn't sure about something and I'm not sure what Al did.

135. Q. I mean you say, for the investments he made, you mean for Al the Factoring Fund, Hedge Fund, Bullion Fund and Resource Fund investments?

A. Right. Right. Those were his decisions.

136. Q. Okay. And Clayton for the remainder of the Funds?

A. Correct, yes.

137. Q. You mentioned a little bit earlier about your role in the NAV assessment and determination for the Funds.

A. Right.

138. Q. Yes. So, how was the NAV for each of the Funds evaluated and determined? Can you just walk me through the process?

A. I know very little about that because I wasn't involved in the Fund accounting side of things at all. Only to provide AIS with information on any investments that were made that I would send them a copy of the subscription agreement to say, "This is what was done in this Fund".

Other than that, I believe that Clayton had his own spread sheets that he used to track the investments in each of the Funds. He provided those spreadsheets to AIS and they used those to value the off-book assets. They had access to the NBCN accounts view only so they could see the position that NBCN also had interactive brokers and then they did the calculations of the NAV and then they would send that to us on Monday mornings and then I would look at it and just...you know just basically check off that the cash was correct, the positions were correct.

And Clayton had asked me to just check that the numbers, you know for the off-book assets that the numbers reported on the NAV calculation reconciled with the numbers on his spreadsheets, but he told me just to check the NAV against the final number of the spreadsheet and that I didn't have to look at the spreadsheet and the spreadsheet calculations.

139. Q. So, did you have any role in the substantive assessment of what the NAV should be?

A. No.

140. Q. Were you simply the conveyor of information between...

A. Correct.

141. Q. ...Clayton and IAS and vice versa?

A. Right.

142. Q. Okay. Did Crystal Wealth have any sort of internal policy and procedural manual which addressed how to evaluate and assess the

NAV or other corporate governance type issues?

A. There was a policies and procedures manual.

143. Q. And did it address the NAV assessment?

A. Yes, it addressed the calculation of the NAV.

144. Q. And what was done I guess internally? Were there meetings or what type of process was followed to ensure the manual was complied with?

A. There were no meetings. Clayton did hire a compliance company; Canadian Compliance Law I think is their name. And he worked with them on creating the policies and procedures manual and once...initially for a while once they started working with us, they would...someone from their office would come in and do a compliance check and just to see if procedures were being followed. Now, I don't know what they did to check on the calculation of the NAV because that didn't really involve me.

145. Q. And were there any sort of...with respect to this manual, were there meetings internally or with the advisors to sit down and

go over the procedures that must be abided by to be in compliance with the manual or was the manual more prepared just to make sure it was on hand to be able to confirm with the...

A. No, it was distributed.

146. Q. ...securities regulators?

A. It was distributed to all the advisors and all of the staff, everyone, you know employed by Crystal Wealth got a copy of the policies and procedures manual. Any updates were always sent to each individual. And parties had to sign off that they had read it and I believe Clayton had a file where he kept that. I think that was a procedure that was put in place by the compliance company.

147. Q. Okay.

A. And then they would have conference calls. They had meetings where we would actually sit in the board room and have a conference call and go over you know, maybe you know, the code of ethics or something like that.

148. Q. And were there ever any instances were error in the NAV of a Fund was identified or raised by Clayton?

A. Yes, I think there were times

when he questioned.

149. Q. And what was the nature of his questioning? Was it because he believed that the NAV came back too low and thought it should be higher?

A. Yes, in some cases, yes. He would look at the...because he'd check the NAVs before they were actually sent in and made public, so he would look at it and he kind of had an idea where the NAV should be, knowing what the investments were and how they were valued and sometimes he thought it was too high or too low. So, he would look at it himself and see if something didn't look right or he would ask AIS to check.

150. Q. Okay. Can you give me any specific instances?

A. No.

151. Q. Were there ever any instances where you received the NAV back and questioned the NAV of a particular Fund?

A. Yes.

152. Q. Can you explain those instances?

A. It was just...there was one with one of the ACM Funds where I think AIS had made a mistake and...

153. Q. You mean to say IAS.

A. Sorry, IAS, we used to use AIS...

154. Q. Okay.

A. ...for client accounting and we switched it to IAS.

155. Q. No, I understand.

A. They had missed a distribution I believe on one of the ACM Funds at one point which meant that the NAV was overstated and I had caught that and emailed them about it and they didn't respond and then another NAV got calculated the next week and that still wasn't fixed and so I emailed them again and then they looked into it and because it was more than 50 basis points it was...the NAV was restated. So, there was a two-week time period where...but there were, I don't even know if there were any trades in those Funds for that time.

156. Q. Understood.

A. Other than that, it would just be if cash didn't reconcile or something like that I would question.

157. Q. And are you aware that the NAV per unit of the Media Fund, essentially between

the stretch of 2011 and 2017 for the series A units was within $10 and $10.26 during that time?

A. M'hmm. Yes.

158. Q. And were any issues raised internally by the fact that there is such little variation in the value of those units despite the uncollectability of the Media loans?

A. Yes, I think some of the advisors questioned. They were questioning what was going on with the Media Funds.

159. Q. Can you elaborate for me whose questioning it?

A. Scott was questioning, Dale was questioning, Al was questioning.

160. Q. I mean you said they were questioning, questioning to who?

A. To Clayton.

161. Q. To Clayton?

A. To Clayton.

162. Q. Yes. Okay. And what was being done? What was the response?

A. Clayton was able to address their issues, he just said that he believed that the loans were good. That they were collectable and at a certain point I think he stopped accruing interest on some of them. But he just said he always felt that the loans were in good standing and that there was no reason to assume otherwise.

163. Q. Now, and at that time you're executing at his direction the inter Fund investments into the Media Fund, correct?

A. Yes.

164. Q. And did you not have concerns that you were executing those investments for other Funds to essentially Fund redemptions given the NAV was overly inflated?

A. That wasn't necessarily the case. I mean the liquidity of the Funds didn't...it wasn't a concern, you know until around 2015. And I believe what happened was when Al Housego got his...became an advising representative and portfolio manager, so he was able to you know be a manger for those Enlightened Funds.

Shortly after that, Dale Wells also became an advising rep and so he started a Fund as well which was the Retirement One Fund. Both of those people had all of their money invested in the other Crystal Wealth core Funds when that happened, so when they started their Funds they wanted to take money out of those Crystal Wealth

Funds to put them in their own Funds so that they could you know, they had a different strategy or whatever and they wanted to invest in their own Funds.

That's when the liquidity issue happened because that's when those two advisors in particular started their own Funds, wanted to take money out. It was mostly the Enhanced Mortgage Fund and the Media Fund. That's when liquidity became an issue.

Other than that, Clayton always had said that the inter Fund loans were because there was excess money in one Fund and not enough money in...there was opportunities to invest in...within the other Funds and so he said it didn't make sense for him to have cash sitting around in one Fund when he could invest it and it could be making money in one of the other Funds.

165. Q. But at some point, it got to the stage where the inter Fund investments were just being done for the sole purpose of Funding redemptions for investors out of certain Funds? And when did that start?

A. I don't think that was ever Clayton's intention.

166. Q. But that was the result.

A. He wasn't transferring in my...you know, in my understanding anyway. He didn't appear to be transferring money to Fund redemptions.

167. Q. Now, you mentioned you had sent documentation to IAS with respect to setting the NAV. Did you prepare workbooks that you had sent to IAS?

A. No. I would just send them a copy of the subscription agreement.

168. Q. All right. I just want to make sure we're using the right terminology so when you say you would send them the subscription agreement, what information is contained in that?

A. That was mostly for the Hedge Fund and the Factoring Fund and maybe the Precious Metals Fund, the Enlightened Funds. It would be an agreement provided by a company to subscribe to units of private placement. So, there would be...I don't know maybe a 25 page agreement on all of the terms of you know what the money was going to be used for and...

169. Q. You provide subscription agreements from specific investors into that

Fund?

A. They weren't investors. Those were investments that the Fund was making.

170. Q. Understood.

A. So, the subscription agreement would initially have been sent to Al from the company who's doing the issue, private issue, and then Al's office would complete the subscription agreement and then send it to us. So, that's what we used as backup for the transfer request from the Fund to make that investment. So, once that was done I would then send the instructions to IAS to let them know that we had done this transfer and here was a copy of the subscription agreement.

171. Q. Okay, but for instances where it was an off-book investment, you know the transfer to Dome Mountain, you wouldn't have had the subscription agreement would you?

A. No.

172. Q. Exactly.

A. I just had an invoice.

173. Q. So, what would you send to IAS for the purposes of say, the NAV?

A. Just the invoice.

174. Q. You just send that to IAS?
A. Well, that's what I sent and maybe Clayton sent them something else?
175. Q. Okay.
A. He probably did send them something else, he would have had to have given them details on how to do the Fund accounting for...
176. Q. You have before you a second report, can you just turn to paragraph 220 on page 107?
A. 107?
177. Q. Yes. All right. Sorry, it would be page 70 of the report, section 107 of the record that you're looking at. Page 107 of the record.
A. Which paragraph, sorry?
178. Q. Yes, paragraph 220. Just take a moment to look at it. Now, what is being reported on by the receiver in this paragraph is the significant inter Fund investments made into the Media Fund by six of the Funds, totalling just over $11.3 million, do you see that?
A. Yes, I do.
179. Q. Okay. Now, when these...you can

see for example, the ACM Income Fund, the percentage of the NAV of that Fund was 61.4 percent invested into the Media Fund. At some point did you not become concerned when effecting the inter Fund investments and the Media Fund as to what was happening and why it was being done?

A. I didn't necessarily agree with everything that was done and I did speak with Clayton about things from time to time and it was his decision.

180. Q. And when you spoke to him, I would assume the conversation went something like, "Why are we investing all of this money into the Media Fund, what's it for, the films aren't performing, there are no new investments, what's being done with all this money?"

A. I believe at the time he felt it was appropriate for whatever reason.

181. Q. But surely you don’t...you must have actually had...you said you had a discussion with him, what was the discussion?

A. It wasn't exactly a discussion. It was more of a comment, I would say it's a very high percentage and it wasn't up to me.

182. Q. You must have felt uneasy about

transferring so much money into the Media Fund.

A. It wasn't all done at one time it was done over a course of time.

183. Q. No, I understand that, but you would still know to what extent each of the Funds was invested into another Fund. Were you not concerned that the Media Fund wasn't performing and this amount of investor money was going into it?

A. I think the Media Fund was performing when that money was put into it and it wasn't performing. It became...the liquidity became a problem afterwards I don’t think there were any new investments in the income Fund for at least a year, year and a half.

184. Q. And what led you to believe the Media Fund was performing?

A. Clayton was convinced it was performing. He said the loans were good. He was the person who dealt with...

185. Q. Okay.

A. ...Media House.

186. Q. All right. So, I understand. So, bottom line you may have felt uneasy about it but you were just following directions so, it's

above your paygrade so to speak to look into it?

A. Well, exactly, I didn't have any authority to look into it.

187. Q. Okay. What is the purpose of the Conscious Capital strategy?

A. Conscious Capital? I'm not really sure, that was a brand new Fund which I believe was set up to invest in companies that were environmentally friendly, eco companies. He, I believe did an investment in Pond biofuels within the Conscious Capital.

188. Q. And was this supposed to be a venture between Pond, Crystal Wealth and Imaginea?

A. I don't think Imaginea was involved as a partner. I was never involved in any of those discussions. I think Imaginea was looking into potentially working with Pond using some of their technology but I wasn't in on any of those discussions.

189. Q. And so, I appreciate the Retirement One Fund was essentially wound down, there is nothing left into it towards the end, correct?

A. Correct.

190. Q. But for the other 14 Funds are you aware of for each of them what was involved in the due diligence process for investments?
A. No.
191. Q. Okay, or who was involved in conducting due diligence for investments?
A. Clayton would have been involved and whoever the portfolio manager was.
192. Q. So, there was only two portfolio managers? So, Al for the four Enlightened Funds which we discussed and Clayton for the remainder?
A. Right.
193. Q. Now, in some of the offering memorandum for the Funds there is a research analyst mentioned, for example, for the ACM Funds, Jeffrey Mushaluk, is noted to be involved in research and due diligence into potential investments. Similarly, Sameer Azam, for the Absolute Dividend and Property Fund isn't mentioned to be the primary research analyst. There is no similar position mentioned in the other offering memorandum. Do you have any insight as to why that is?
A. With the ACM Funds, it was mostly the accounts that Jeff Mushaluk had referred to

Crystal Wealth who were primarily invested in those ACM Income Funds. And when Sameer Azam came on board his...the majority of his clients were...wanted to be Sharia compliant and he had had discussions with Clayton about potentially having...could Clayton create a Sharia compliant Fund and he...where he could invest his clients' money and they had those discussions and so that's the reason that those two were more involved and because they weren't licensed they...Clayton set up a relationship with them where they could be the research analysts on those accounts and they could make recommendations.

194. Q. And do you know what went into preparing the offering memorandum for each of the Funds?

A. No.

195. Q. Do you know who was involved in drafting the offering memorandum for each of the Funds?

A. That would have been Clayton.

196. Q. Okay. And did anyone other than Clayton review the OOM's prior to their issue?

A. I believe he sent them to one of

his lawyers but I don't know which one. They would have gone to the lawyer before anything would have been officially sent out.

197. Q. Okay. And you said one of his lawyers. Did Crystal Wealth have multiple lawyers as I understand it?

A. I think so, but I don't know who they were. I just don't think he used the same lawyer for everything.

198. Q. So, you had mentioned Jonathan...

A. Dyck.

199. Q. ...Dyck of Miller Thomson. And do you know what Brechin and Huffman did? I believe it was used by Crystal Wealth for corporate law matters.

A. No, I didn't hear of them. Didn't know them.

200. Q. What about Margaritis Law Securities Regulation in commercial law?

A. Yes, she initially was with the Canadian Compliance Group. She was working with them which is how Clayton first met her. And then she went on maternity, well, she had a baby she took about two days maternity leave and I think she started her own firm after that and

Clayton...I know Clayton used her for certain things but I don't know what.

201. Q. Okay, sorry what's her name?

A. Kelly Marggaritis.

202. Q. And what about lawyers in other provinces? Did Crystal Wealth use anyone?

A. I don't know.

203. Q. Have you ever heard of the name Derrin Smiths?

A. No.

204. Q. Did any conflicts ever arise to your knowledge with Crystal Wealth lawyers that caused them to change lawyers or...

A. No. Not that I'm aware of but I wasn't involved in most of that.

205. Q. You didn't deal with the lawyers ever?

A. Ever. No.

206. Q. Okay. And I mentioned earlier about your emails having being deleted. We noticed that emails have been deleted for Clayton and Al as well. Do you have a sense if somebody was going to delete them who it probably was?

A. Only Clayton would have access to the server. So, this must have been done after you guys terminated us?

207. Q. Well, I'll stick with the questions if that is all right, Ms. Bentley. I'm just trying to..

A. I'm just saying you knew that we'd been terminated. I had everything was there on my computer, everything, I hadn't...it all appeared to be there.

208. Q. Okay. And aside from Clayton, nobody else would have had access?

A. I don't think so.

209. Q. I want to speak to a couple of the investments made and in some of the Funds. We talked about the Media Fund, you had mentioned that Clayton was the portfolio manager in the Media Fund that made the directions concerning Funds to be invested by the Media Fund, correct?

A. What do you mean, "Funds to be invested by the Media Funds"?

210. Q. Well...

A. So, he would make decisions on the movies.

211. Q. Yes.

A. Yes.

212. Q. What we would call film loans...

A. Right. Right.

213. Q. ...or Media loans, Clayton made those decisions?

A. Yes.

214. Q. And Al Housego or any of the other advisors, they weren't involved in that, it was just Clayton?

A. No.

215. Q. Correct. How did Clayton become introduced to Media House or the broad entities, are you aware?

A. I don't know. I don't know. I believe he had met them prior to me working there because they already had plans to start that Fund when I started.

216. Q. And did you ever have any dealings with Media House's representatives?

A. No.

217. Q. No?

A. No.

218. Q. Okay. And do you understand or have knowledge of the due diligence which was involved in the film loans which were purchased or invested into by the Media Fund?

A. No, I don’t know what the process

was but I know that Aaron Gilbert was the person who sourced the loans and I don't know how far he got into any due diligence process when he discussed it with Clayton and Clayton would make a decision as to whether he wanted to do the loan or not. But I don't know what due diligence he took or Aaron took.

219. Q. Do you know why Clayton brought Paco Alvarez into the fold last year?

A. Yes, it was initially when Clayton started with the Media Fund. Media House Capital was supposed to be doing all of the administration looking after you know the loans making sure the payments were coming in, et cetera. I think he made the incorrect assumption that they were on top of things and looking after things. And I mean most of those loans I believe were 18 months...had an 18 month term and then after 18 months the interest would go up until it was paid off. So, he didn't you know...he wasn't too concerned about payments and administration and for the first couple of years basically but...

220. Q. He wasn't monitoring how they were performing or checking on...

A. Well, I'm sure he was checking in with Aaron and they had their conversations...

221. Q. M'hmm.

A. ...but from an administrative standpoint we....well, I shouldn't say "we", Clayton started to realize that the reporting by Media House Capital wasn't very accurate and wasn't very good and he tried very hard to get reports from Media House from Aaron and Steven, I don't remember Steven's last name but...

222. Q. Thibault?

A. Yes. I know that Clayton talked with them on a regular basis and tried to get reports from them and the reports you know would come in but then if you tried to follow them, you know over a course of time their estimates would never come in. They weren't accurate. So, Clayton had I believe, Tim Johnston had referred Paco to Clayton as somebody that he knew in the same business, a similar business. And so Clayton hired him to try to pull all the administration together to get a better understanding of the value of the loans and to be on top of the payments that were coming in because it seemed to not have been done very well by Media House.

223. Q. And did Crystal Wealth maintain and organize structure for each of the Media loan investments you know, files which had, you know due diligence materials or ongoing progress reports concerning each film?

A. Clayton would have had anything on the loans.

224. Q. Okay. One of the concerns which you would have known and raised by the receiver is the fact that for a lot of these off-book investments, it doesn't appear that there was a very organized structure or any structure in place at Crystal Wealth concerning the backup and support for many of the off-book investments. Would you agree with that?

A. I can't really speak to that because it was Clayton who kept those files. I know he had electronic folders set up and files set up for each of the movie loans. He kept his own spreadsheet where he tracked payments and whether he had hard copy files or not, I'm not sure.

225. Q. And for all of the film loans which were purchased or invested into buy the

Media Fund were you always the individual who caused those Funds to be transferred to Media House, at Clayton's direction?

A. It was either me or him.

226. Q. And what do you know about the monies that flowed back from Media House to Clayton?

A. I knew nothing about it.

227. Q. When's the first time you learned about it?

A. When the receivers report or the court order...I think it was in the court order or the OSC order.

228. Q. So, prior to that time you had no knowledge or suspicion that Clayton was receiving monies back from Media House or its affiliates or principals?

A. No, I didn’t.

229. Q. Now, the Factoring Fund had already been established by the time you started at Crystal Wealth, correct?

A. The Factoring Fund initially was the Enlightened Income Fund.

230. Q. Yes, but it was...

A. And then...

231. Q. ...it was in place in 2010...
A. You're right.
232. Q. ...it would have been in there...
A. Right.
233. Q. ...when you started.
A. Right.
234. Q. And how did the investment decisions in the...just so we're clear for the record, I'm always going to call it the Factoring Fund you know even when it was the Income Fund so who was involved initially when you started the investment decisions of the Factoring Fund?
A. I believe that was Clayton.
235. Q. Okay. And then at some point the decisions changed to Al Housego when he obtained his...
A. Yes.
236. Q. ...registration? And when you began was the Factoring Fund using Frontline Factoring?
A. No.
237. Q. Okay. And whose decision was it to begin working with Frontline Factoring?
A. I believe it was...well, Al brought Frontline to Crystal Wealth, and but

Clayton would have entered into those discussions.

238. Q. Okay. So, what was the nature of the Factoring Funds' investments prior to its dealings with Frontline?

A. It was pretty inactive actually. I don't...it was very small. I think there was only...I don't know, I'm thinking it was about $3 million or something it was really small. And there was very little activity as far as I know there wasn't...there really wasn't anything going on with that Fund and it didn't have very good performance.

239. Q. And did Al Housego know Jerry Froese at Frontline Factoring prior to introducing him to Crystal Wealth?

A. I don't know.

240. Q. And so that...frontline was introduced in 2014 to Crystal Wealth?

A. Okay.

241. Q. No, I'm asking you.

A. I don't know. Whenever the Factoring Funds started up, when it was taken over.

242. Q. Well, the Factoring Funds started

in 2010, as we just said. There was a Factoring procurement and administration agreement signed with frontline in November 2014. So, is that when the dealings started with Frontline?

A. Yes, as far as I know.

243. Q. And do you recall how the nature of the investments of the Factoring Fund changed after Frontline became involved?

A. Well, I think the offering memorandum and the mandate of the Fund changed so that it was the Factoring Fund was going to be investing in the receivables, it was going to be for Factoring contracts, so...

244. Q. Did you ever have dealings with frontline or Jerry Froese?

A. No.

245. Q. Were you ever directed to transfer monies from any of the Funds to Frontline?

A. Only from the Factoring Fund.

246. Q. Now, when the Factoring Fund would...let's take a step back. Are you familiar with the merchant for the purposes of the Factoring Fund?

A. With who?

247. Q. What we call a merchant, you know, Dome Mountain or Single Source.
A. Right.
248. Q. The entities which are receiving the monies in exchange for the underlying invoices.
A. Right.
249. Q. Yes. So, were the monies always transferred directly to the merchants or did they always flow from the Factoring Fund to Frontline?
A. They went directly to Frontline.
250. Q. And then was Frontline to release the monies to the merchant from that point?
A. I believe so.
251. Q. And who would provide you with the direction to transfer the money to Frontline?
A. Al.
252. Q. Always Al?
A. Sometimes Clayton.
253. Q. And why would it be sometimes Clayton and...
A. Well, initially I would always ask Clayton.
254. Q. Okay.
A. If it was okay to do this. I

would send him the contract and say, "You know, can I go ahead with this?" He would look at it and say yes or no and then eventually he told me...

255. Q. You can just listen to Al.

A. ...that I can just follow instructions from Al and to just let him know and copy him on anything that was happening.

256. Q. And did the Fund ever receive monies back directly from merchants or any of the underlying debtors whose invoices were factored?

A. No, it came from Frontline.

257. Q. And what type of reporting would come back from Frontline along with the payment?

A. There would be a report sent to Clayton about the payment and what the payment represented.

258. Q. Is that simply the report, the weekly summary type report that Frontline would provide showing payments received?

A. No, I think that he would send an email to Clayton if there was payment to let him know what it was, but I don't know whether he did it in a form of a spreadsheet or whether he just emailed him. But he communicated to Clayton not to me.

259. Q. And would Frontline remit to the Fund the entirety of the monies it received for the payment or would it hold back some?

A. I don't know.

260. Q. You wouldn't see the reports to Clayton?

A. No.

261. Q. And Frontline wouldn't write to you concerning repayment?

A. No.

262. Q. Did you ever have any direct dealings or conversations with Jerry Froese...

A. No.

263. Q. ...or anyone at Frontline?

A. No.

264. Q. Who was involved...who were the representatives at Frontline that Crystal Wealth was dealing with?

A. I believe they dealt with Jerry and with a guy named Steven Bandola, I think is his name. Steven did the reports and I think Jerry had a partner initially, I don't remember his name but he left, I can't think of his name.

265. Q. And do you know why Steven

Bandola left Frontline?

A. No.

266. Q. Were you aware that he left Frontline?

A. No.

267. Q. So, we talked earlier about the monies advanced to Dome Mountain, you recall that?

A. Yes.

268. Q. And the fact that it wasn't a true Factoring arrangement.

A. Correct.

269. Q. And did you have any concerns at that time given the fact that it wasn't a Factoring arrangement, the Factoring Funds OM to the public says that the nature of the Funds business is Factoring?

A. My concern over that agreement, I didn't look at all the details of the agreement, I just got a copy. I saw a copy of the invoice, I didn't know all of the details of the investment. Clayton had looked at it, Clayton had sent it to his own legal counsel to look at it. I was concerned with the amount of money and it...

270. Q. And to your knowledge, where did the $12 and a half million in advances to Dome Mountain, where did that money go?

A. I believe it went to...well, it went to Frontline. It was sent to Frontline and then they were to advance the money.

271. Q. Do you know where they advanced the money to?

A. No.

272. Q. Did you ever have any dealings with Darcy Pauhl?

A. No.

273. Q. Do you know who that is?

A. No.

274. Q. Do you know who Robert Maljaars is?

A. No.

275. Q. Do you know who Steve Miller is or Stephen Miller of MGE?

A. No.

276. Q. Do you know anything about the dealings between MGE and Dome Mountain?

A. No.

277. Q. Do you know anything about Gavin Mines?

A. No.
278. Q. Or the status of it?
A. No.
279. Q. Why would Al Housego instruct Jerry Froese concerning the contents of Frontline's invoice summaries to Crystal Wealth?
A. I'm sorry, say that again?
280. Q. Why would Al Housego instruct Jerry Froese of Frontline concerning Frontline's invoice summaries to Crystal Wealth?
A. Why would Al talk to Jerry about it?
281. Q. Why would Al be providing input to Frontline as to how it should be reporting to Crystal Wealth concerning the Factoring Fund investments?
A. Well, because Al Housego was the portfolio manager for the Factoring Fund...well, I'd have to assume I...
282. Q. Sorry, go ahead.
A. I don't know, maybe Al had spoken with Clayton and Clayton wanted to see things a certain way and Al communicated that to...I don't know.
283. Q. So, we...the receiver received an

email from Jerry Froese in November, it was attached at appendix 30 to the second report. I can give you a copy of it, but Mr. Froese recounts in his view the chronology of what led to the advances to Dome Mountain and he says that at one point in reference to a November 14th, that he received instructions from Al Housego regarding wording of invoice summary and what needs to happen with the internal structure. So again, my question would be why would Al Housego be advising Frontline how to do its reporting on the structure of the Dome Mountain lending?

A. I don't know.

284. Q. Do you know who Jeff Maljaars is?

A. No.

285. Q. What do you know about 1566496 Alberta Limited?

A. I don't know.

286. Q. So, it wasn't one of the merchants of the Factoring Fund as well, and you'll...

A. I don't remember if it was. It's a numbered company.

287. Q. Okay. Well, you may recall that there was two of the seven merchants of the

Factoring Funds was this 156 Alberta Limited and a 647 B.C Limited...

A. Okay.

288. Q. ...and both of them had underlying debtors who just happened to be Dome Mountain.

A. M'hmm.

289. Q. Does that refresh your memory?

A. No, I didn't know that.

290. Q. But you would have been provided the invoices I assumed before you transferred money to Frontline to the benefit of 156 Alberta and 647 B.C?

A. I would have been given invoices, yes.

291. Q. Yes. And would you have not noted that Dome Mountain was the debtor under the underlying invoices?

A. If it was on the invoice?

292. Q. Yes.

A. Was it on the invoice?

293. Q. Well, I'm asking you.

A. Well, I don't remember.

294. Q. Yes. Okay.

A. I don't remember.

295. Q. And do you know the relationship between the 156 Alberta entity and the 647 B.C entity and Dome Mountain?

A. No, I don't.

296. Q. Do you know...have you heard of the names Marion Den Hollander or David Den Hollander?

A. Only from the receiver's report.

297. Q. You have no other knowledge about their involvement with Dome Mountain or the Zomongo entities?

A. No, I don't.

298. Q. And prior to the report you had no knowledge of the report concerning security given by them over their house in connection with indebtedness owing to the Factoring Fund?

A. No.

299. Q. And you're familiar with Zomongo TV Corp?

A. Familiar with the name, it was a merchant.

300. Q. Yes.

A. The Factoring Fund.

301. Q. And of the Hedge Fund. And of the Hedge Fund?

A. I remember it being a merchant of the Factoring Fund.

302. Q. Okay.

A. I don't remember...

303. Q. But you have no reason to disagree with me if I say it was...

A. Well...

304. Q. Yes.

A. ...no, if that's what...

305. Q. Okay. So...

A. I figure at this point you guys know more about these than we did.

306. Q. No, that's fine. And just so we're clear, did as a concern of Factoring arrangements with merchants and debtors and Frontline, did the Factoring Fund and Hedge Fund operate in the exact same manner I would assume?

A. I don't think the Hedge Fund was set up to do Factoring contracts but yes, to me the investments didn't seem the same.

307. Q. Okay, but you do understand that the fact the Hedge Fund is owed money by the fact that some of the Factoring merchants?

A. Okay. If that's what you're telling me...

308. Q. Okay.
A. ...I wasn't aware.
309. Q. What do you know about the relationship between Zomongo TV and Zomongo Inc.?
A. None.
310. Q. Did you ever have any dealings with any of the principals of Zomongo TV?
A. No.
311. Q. Have you ever heard of an individual named Tim Barnes?
A. No.
312. Q. Or BFF Ventures?
A. No.
313. Q. What did you know about the monies advanced for the purpose of them to Zomongo TV by the Factoring Fund?
A. The only thing that I knew was we were...there was a Factoring contract set up between Frontline Fund and Zomongo TV. We would send money to Frontline, Frontline would...was I guess, sending the funds to Zomongo TV. That's all I really know about it.
314. Q. Okay.
A. Zomongo was a pretty knew company going to...putting some technology...

315. Q. Yes, so I guess that's kind of....look, my thinking was that you might know something about it because over $6 million was advanced by the Factoring Fund to Zomongo TV and I was wondering if that raised any alarm bells as to why such a great amount was being invested in a relatively new startup.

A. Right. You'd have to ask Clayton about that.

316. Q. Are you familiar at all with Zomongo's dealings with its lender TCA?

A. No.

317. Q. What do you know about the business of Restoration Energy, another merchant?

A. I don't know.

318. Q. Have you heard of a company called DDI Distribution Corp?

A. No.

319. Q. Or Dionne Design Inc.?

A. No.

320. Q. Have you heard of an individual named Yvonne Martin-Morrison who's the principal of Restoration Energy?

A. No.

321. Q. Never had any dealings with her?

A. No.

322. Q. Do you know why Crystal Wealth was granted a mortgage over certain lands in Alberta to secure part of the indebtedness of Restoration Energy?

A. No.

323. Q. And that...Clower mortgage was given by another numbered company, 1312163 Alberta Limited, have you heard of that entity?

A. No.

324. Q. Have you heard of the Pine Lake Lands in Alberta?

A. No.

325. Q. Do you know if Frontline paid any monies which it received from Restoration Energy to this numbered company Alberta, who provided the mortgage?

A. No.

326. Q. No, they didn't, or no, you're not aware?

A. I'm not aware.

327. Q. And with respect to the final two merchants Advanced Metal and Single Source, do you know anything about those entities or the particulars of the funds advanced to them through

Frontline?

A. No, I don’t.

328. Q. You never had any dealings or interactions with Tanya McCrary-Singh?

A. No.

329. Q. If you could turn to page 62 of the second report. 62 in the bottom right hand corner. Beginning at paragraph 187, the receiver has set out that under Frontline's agreement there were certain requirements concerning due diligence to be undertaken before monies were advanced to a particular merchant. Do you know what level of due diligence if any was done either by Frontline or the Factoring or Hedge Funds before you effected the transfer of monies to Frontline?

A. No.

330. Q. Did anybody talk to you about due diligence efforts which were being undertaken?

A. No.

331. Q. And do you know how Frontline was compensated for its services to the Factoring and Hedge Funds?

A. No.

332. Q. And did you read in the

receiver's report that Frontline is putting forth the explanation that it had a verbal arrangement with Clayton concerning how it's to be paid its fees? Do you have any familiarity with that?

A. No.

333. MR. VAN ZANDVOORT: Okay. That may be a good time to take a break, if that works?

--- upon recessing at 11:45 a.m.

--- A BRIEF RECESS

--- upon resuming at 12:01 p.m.

JOANNE BENTLEY, resumed

CONTINUED EXAMINATION BY MR. VAN ZANDVOORT:

334. Q. So, Ms. Bentley, there is just a couple of follow up items from before we took the break, that I just wanted to go back and get some clarification on. You talked about when trades were being executed but I was a little unclear as to were trades executed on behalf of investors throughout a week, or was that only done on a specific day of the week?

A. The trades would actually be trade date on the last Friday of the week because those were...there was only a calculation of a net asset value on Fridays. But I could enter trades on the system anytime throughout the week but they would just sit on the system and they wouldn't be executed until end of day Friday.

335. Q. Okay but you received the NAV you said on...did you receive it on Monday of each week or Friday?

A. Clayton got a copy of it on Friday and that's what he used to approve the NAV. I would get a copy of it on Monday because they would...I believe they used the prices as of the close of on Friday at 4:00 o'clock. So, then I would get a report from them on Monday mornings.

336. Q. Okay. And when investors would make a trade to obtain a unit of a Crystal Wealth Fund...sorry, let me rephrase, during the week as you would queue up trades for the upcoming Friday, you would do that despite not knowing of course, what the NAV was going to be at the time the trade was executed, correct?

A. That's right.

337. Q. Okay. You also talked about the liquidity crunch which arose from additional

Crystal Wealth Funds being created after 2015, and the consequences of Mr. Wells and Mr. Housego that wanted to redeem their clients out of existing Funds to put them into certain of the other Funds which they were responsible for, correct?

A. Correct.

338. Q. Now, knowing that that was a possibility that could arise, was there not concern on Clayton's part as to allowing these new Funds to be created?

A. Yes, I had asked him about that myself, and he said that it was in their agreement that he had with Al and with Dale that at some point when they were qualified they would be allowed to create their own Fund. So, it was part of their advisory agreement.

339. Q. Do you know...why did Scott Whale sell out his interest in November 2016 but remain, you know involved with the company? Why not just sell the entirety of his book to the company as well?

A. He liked looking after his client base. Most of his clients were friends of his and he had a small book. Not a lot of work and he enjoyed looking after his clients.

340. Q. Now, one thing that I didn't understand when I asked you about the deleted emails was you said that when Grant Thornton was appointed, they were still on your computer. Do you know that for sure?

A. Well, yes. I didn't see anything disappear from my computer.

341. Q. Okay. And when's the last time you remember seeing them on your computer?

A. Well, I never really looked at my...to see what was deleted but I didn't notice that anything was deleted, let me put it that way. And I never checked to see if anything was deleted. It just never occurred to me.

342. Q. Another point for clarification was just on the issue of the off-book at investments. I think you said something to the effect of, at some point NBCN would no longer administer off-book investments, and I wasn't clear what you meant by that.

A. It was just the way they didn't want to be sending wire transfers out to pay for assets that weren't being held by them in safekeeping. So, the way the off-book assets were working is we would send you know a wire transfer to NBCN and then we would say that we wanted that it would be registered as NBCN in trust for the Funds. So, it was in nominee form and their certificates would be sent to NBCN but they weren't set up by them as a security. It was just done as a wire transfer out where as they changed their procedure so that they would actually set up a security on the system for whatever document, whatever agreement we sent them. And then we would execute that transaction as a trade as opposed to a wire transfer and it would be settled as delivery against payment and go into the Fund account from there. Now, this was only...this was done like in February. It was...

343. Q. Of 2017?

A. Yes. It was very recent. It might have been late 2016.

344. Q. Okay. So, I'm not sure that I'm entirely getting what it is you're saying. So maybe we can just use an example. So, it sounds to me like you're saying they changed the procedure by which you were allowed to transfer Funds out of the account for the purposes of an

off-book investment?

A. Right.

345. Q. Yes. So, let's say you were transferring Funds out of the Factoring Fund to Frontline on account of Dome Mountain, they changed their procedures about how you could affect that transfer.

A. Right.

346. Q. Because they wanted it. Whereas before you simply directed them to transfer it as a wire, NBCN changed their policy so that it had to be essentially recorded as a security of some form and...

A. That's right, it would be...

347. Q. ...it's more of an accounting exercise than anything else?

A. Yes, it would be set up in their security data base.

348. Q. Do you know where the sign-offs were kept by Clayton with respect to people's receipt and review of the compliance, the policy manual we talked about?

A. I don't know where he kept them. I believe that Jill filed things like that. She had...they would have had in their office because

Clayton and Jill shared an office. There would have been files in their office, which would have been employee files, compliance files, anything to do with you know the Media Fund files, you know that kind of stuff was in their office.

349. Q. And you had access to the Dropbox account at Crystal Wealth, correct?

A. Yes.

350. Q. Which had all of the files that Clayton maintained for you know, various investments.

A. Yes.

351. Q. Did you ever go into the Dropbox to review any of those files?

A. Yes.

352. Q. And why would you do that? For what purpose?

A. I would go in to look at the spreadsheets, sometimes to...just to see if it was you know reconciling with the NAV reports. I would go back just to look at maybe a...or maybe to try to find a document if there was a question about something. But generally speaking, I didn't go into the investment folders too much.

353. Q. Okay, and just a final follow up

item from this morning, you mentioned it took Sameer Azam about five or six months to come into the company? What did you mean by that?

A. He was transferring his clients over. So, from the time he started transferring his clients to the time he finished transferring his last client over, it took about you know five or six months.

354. Q. Okay. Was that because he needed to get authorizations from each of the clients, or what...

A. Yes...

355. Q. ...what caused it to...

A. ...well, he was also...I think he was just busy. He had a young family, he was doing his CFA he was you know trying to meet with clients and fill out the documentation and transfer people over and it just took him a long time.

356. Q. So, before the break, we were talking about the investments, the current investments of the Factoring and Hedge Fund and you don't seem to have much if any information concerning the nature of them. You just effected the transfers of money from the Funds' NBCN.

accounts to Frontline, correct?
A. Correct.
357. Q. So, you're also familiar from reviewing the second report about a number of what the receiver refers to as gold loans, which had been invested into, correct?
A. Yes.
358. Q. And did you ever have any dealings with any of the settlement loans as the receiver has called them or the entities whom they were with?
A. For the gold contract? There was one guy Chuck...
359. Q. Pinnell?
A. Pinnell, that's right. He had contacted...he had phoned our office for...I'm not sure why he phoned us but he phoned our office and he said that he wanted to wire transfer money back to us because it was...the contract had ended and so I just gave him the wire transfer instructions to transfer money back into the Fund. Who else would there be?
360. Q. Did he transfer the money back in?
A. Yes, he did.

361. Q. And when was that?
A. Oh God, I don't know. Early 2016, I'm guessing. I don't remember. I just remember him calling to say that he was sending money back. And there was another guy, I use to deal with a controller, I didn't actually deal with the same people that Al would have dealt with.
362. Q. Alan Braun?
A. No, I never dealt with him. He was the controller of one of the companies and I would reach out to him for information sometimes when contracts were rolling.
363. Q. Do you know which company? Was it OnStar?
A. It might have been OnStar.
364. Q. Inca?
A. Inca. Yes, it was Inca.
365. Q. And do you remember the controller's name of Inca?
A. I do not, sorry. And it changed actually while during that time period.
366. Q. Okay. And did you ever...do you recall any dealings with OnStar?
A. No.

367. Q. Or Solid Holdings?
A. Is that Stan...somebody?
368. Q. Yes.
A. I think I had reached out. I had an email address, I had reached out for some information on some contracts but it wasn't him who responded. There was...
369. Q. And you're referring to Stan Spletzer?
A. Spletzer, yes. I was looking for information and I believe it was one of his assistants that would respond to me with...just information on contracts that had...were rolling.
370. Q. What do you mean contracts that were rolling?
A. Well they would...the gold contracts had different expiry periods. Some of them were 30 days, some of them were three months, some of them were six months. So, we would buy so many ounces of gold at a discounted price and when that contract period was over then they would actually kind of sell the gold back to us at...or buy the gold back from us at the current market price. So, we bought it at a discount then we got paid for it at the market

price when the contract expired. And then we would then that very same day, buy more ounces of gold at a discounted price so that's what I mean by rolling.

371. Q. No money was actually coming back into the Fund, it was more of an accounting mechanism that they were deemed to have it essentially rebought it...

A. That's right.

372. Q. ...at an elevated price that when the agreement finally matured after all of the rollover, let's say 30 day rollover period had ended, you would then get essentially a profit on the initial investments, correct?

A. Right.

373. Q. Okay. And of Inca and Solid Holdings and OnStar and Chuck Pinnell's company 611802 B.C Limited, did any of those entities ever actually send the Funds back monies when the agreements matured?

A. Yes. Not Stan, Chuck Pinnell.

374. Q. Okay.

A. He sent money back but then I believe we bought another contract from him, then sent money out again and then the future contracts just rolled without him sending money back in.

375. Q. Yes, So, other than the one occasion where money was sent back from Chuck Pinnell, there were no other occasions where monies were received back from any of these...

A. That's right.

376. Q. ...entities. Okay. And essentially, they almost operate as if they're term loans, is that essentially the case?

A. It's kind of...I guess it could be a term loan, yes. I think you can consider it. But we're actually buying the physical ounces of gold, so I believe in the contract we could have settled it for cash or for physical gold.

377. Q. But no actual gold was ever...

A. No.

378. Q. ...received by the Factoring or Hedge or Bullion Funds or any of the other Funds?

A. No.

379. Q. You're agreeing with me?

A. Yes.

380. Q. Now, the receiver has gone through all of the Crystal Wealth records very

diligently as you can imagine, but there was very little information concerning On-Star and 611 BC which is Mr. Pinnell's company and Inca and Solid Holdings. What did you know of the business of On-Star or Alan Braun's business?

A. I didn't know anything about the business, I only...I'm not sure what we got in a way of a contract with them but it was a gold contract similar type thing, there would have been a purchase of gold at a discounted price to be held for a certain term and then the contract would roll.

381. Q. And it just seems to me but based on your responses, that you seem to have a little bit more familiarity or involvement with the administration of the gold loans than say you had with the factoring type agreements, is that fair?

A. It is fair to say that because what happened was initially we thought it was one or two contracts so there really was no tracking taking place at Crystal Wealth. But then when we noticed, we realized that there was a lot more. Clayton created a spreadsheet to track all of the various contracts and then I was kind of in charge of monitoring that on a weekly basis to make sure that anything that was maturing, I would reach out to the companies to get information if they didn't send it to me.

Because we were finding that the companies weren't reporting on a timely basis, which made it difficult for us to kind of keep track of it. So, having everything in a spreadsheet, knowing when contracts were expiring, the prices, the number of ounces we were buying and selling. So, I maintained that spreadsheet on a weekly basis, so that's why I'm a little more familiar with it.

382. Q. And was that kept in the Dropbox?

A. Yes. Yes.

383. Q. And so, what was...now, these were investments made as I said by the Factoring, Hedge and Bullion Funds which were Funds in which Al Housego was the portfolio manager. So, you mentioned Clayton maintained the spreadsheets and you would double-check and deal with each of the four entities. What was Al's role with the gold loans?

A. He identified the loans and I believe he negotiated the terms of the contracts and the contracts would initially be sent directly to him and then he would forward those on to Crystal Wealth.

384. Q. So, why was Clayton involved in...well, sorry, let me rephrase. So, what was the division of labour as far as the ongoing administration of the gold loans? Al would make the introduction to the Inca, Solid Holdings, OnStar and 611, he'd negotiate the terms with each of them. Would it be Al who would direct you, "Joanne, transfer the monies to each of them"?

A. He would email either just me or Clayton and myself. When it was a new agreement with somebody I always checked with Clayton before I sent the money out and he would review the contract and then from that point onward if there were any deemings, then if Clayton had approved it already then it was okay for me to act on Al's instructions.

385. Q. Okay. And after the initial investment was made, how did Al remain active in managing the investment and recovery of it?

A. Well, as far as I know we didn't have any recovery of it.

386. Q. M'hmm.

A. It was just...

387. Q. No.

A. They were just continuing to roll. I provided the receivers with a spreadsheet which identified the terms of the contracts and when they were expiring.

388. Q. M'hmm.

A. But no, Al...if I was having trouble getting reports from a company about a rolling contract or then I would contact Al and tell him to contact the company and get the report sent to me as soon as possible. But that's...

389. Q. And do you...

A. That's all I was aware of.

390. Q. Do you have any insight into the due diligence which was done with each of these companies prior to the investments being made?

A. No.

391. Q. Do you know who Taz Faryad is?

A. Taz Faryad? No, the name kind of sounds familiar but I can't think of who he is.

392. Q. Taz had an email address @sutton.com, does that ring any bells?

A. No.

393. Q. What about Jerry Braun?
A. No.
394. Q. Or Rene Gladu?
A. No.
395. Q. Or Brent Johnson?
A. No.
396. Q. So, these names come from an appendix at appendix 45 of the receiver's second report. It was a letter which had been sent by Clayton Smith to the British Columbia Securities Commissions. I'll just put it in front of you. Would Clayton show you a copy of a letter like this or engage with you about it before sending it, typically?
A. No. I didn't see this. But he had asked me at one point if I would check to see if I had had...that's maybe why I remember this name, he had asked me to check to see if I had had any communication with these individuals because he did tell me there was something the BC Securities Commission was investigating something around these guys and wanted to know who at Crystal Wealth had communicated with them. So, I had done a search through my emails on all of these names and I mean Chuck Pinnell, I had

contact with but there was nobody else. No, I had never communicated with any of them.

397. Q. Do you know of any purported agreement where Mr. Housego told Alan Braun that the Funds would commit to providing $10 million U.S. in Funding?

A. No.

398. Q. Do you know anything about the development of a mine in Juneau, Alaska?

A. No.

399. Q. By OnStar? Have you ever heard of a mine operated or that was to be developed by On-Star in Juneau, Alaska?

A. No.

400. Q. Do you know anything about any of the mines where the gold which was the subject of the gold contracts was evidently being mined?

A. No.

401. Q. Were executed gold certificates ever obtained from OnStar?

A. I think so, yes.

402. Q. Where are they?

A. If they're not at...I seem to remember seeing certificates for OnStar in the files that had the subscription agreements. Now, the only reason I was thinking about it when I read the report I'm trying to remember if I'd seen any or not. The only reason that Crystal Wealth would have kept a certificate like that would be if it came in just registered to the Fund as opposed to registered as NBCN in trust for. So, there were file folders that had subscription agreements in them for each of the Funds and there may have been a separate file for OnStar or there might have just been a big folder with all of the contracts for the Factoring Fund or Bullion Fund. And I believe I had seen those certificates in the folders when I was providing information for BDO for the audit.

403. Q. Okay. Now, Clayton had told the receiver that when he was asked about the gold certificates that you handled most of the admin stuff and he thought the certificates may have been filed with NBCN.

A. Well if they came in as "NBCN in trust for," then they would have gone to NBCN. I remember questioning one time and I don't remember if it was OnStar or if it was the Real Estate LP, but I wasn't doing the filing and something that had been filed with the subscription agreement...then I asked why and was told that Clayton had told them to put it there and I believe it was because it was registered to the Fund as opposed to NBCN. But I'm pretty sure I saw, I mean I can't say I'm a hundred percent sure but I'm 90 percent sure I saw a contract from OnStar.

404. Q. Not contracts, executed gold certificates.

A. Yes, certificates.

405. Q. Okay. And so, you know nothing else about On-Star, it's business...

A. Yes.

406. Q. ...or its principals? No? Okay. And what do you know about the business of the 611 BC entity which is Chuck Pinnell's.

A. I don't know. Just that we did a gold contract with them.

407. Q. Did you know whether or not 611 BC actually engages in any mining activity?

A. No.

408. Q. Have you ever heard of an entity called Black Sand?

A. No.

409. Q. Or Place One Mines?

A. No.
410. Q. Or New North Construction?
A. No.
411. Q. Do you know about any litigation which is commenced by those entities against Chuck Pinnell?
A. No.
412. Q. Or against each other?
A. No.
413. Q. Have you ever heard of an entity called Petra Capital Corporation?
A. No.
414. Q. And are you aware of any goldmines operating in Columbia or Louisiana in connection with the 611 BC...
A. No.
415. Q. ...dealings? No. Now, based upon the receiver's review, it doesn't look like any due diligence was done on any of the four gold sellers or however you want to call them, Inca, Solid Holdings, 611 BC and OnStar. It doesn't look like any due diligence was done to any of these companies before the monies were advanced by the Funds to them. Do you have anything to suggest otherwise?

A. No.

416. Q. And do you know what was done to confirm that the gold loans fit the investment criteria outlined in the Factoring, Hedge and Bullion Funds' offering memorandums?

A. No.

417. Q. Do you know why the mortgage, High Yield Mortgage and Factoring Funds all began to make commercial loans as well?

A. No.

418. Q. Did that raise any concerns for you given that those Funds were making commercial loans which was not really the intent of the Funds based upon the offering memorandum?

A. I'm trying to remember what those commercial loans would be.

419. Q. Well, if you turn to page 85 of the receiver's second report you can see a table which outlines outstanding principal and interest to various entities on commercial loans on the Mortgage Funds, Factoring Fund, High Yield Mortgage Fund, infrastructure Fund and Sustainable Property Fund. Is that assisting in refreshing your memory at all?

A. Yes.

420. Q. Okay. So, did you not find it strange that the mortgage, High Yield Mortgage and Factoring Funds would be entering into commercial loan arrangements?

A. Yes.

421. Q. And what did you do in response to that?

A. I asked Clayton about it but he...it was his decision. He just said that you know the...he was doing the loan, and it wasn't up to me at all.

422. Q. Okay. And is it fair to say as we have spent quite a bit of time this morning that regardless of what the OMs actually said, the objective or intention was of specific Funds, the Funds were using monies to essentially invest in whatever they wanted to even if it wasn't in reference to the OMs, is that fair?

A. It appears that way.

423. Q. Yes. Have you heard of an individual named Craig Clydesdale?

A. Yes.

424. Q. Okay. What do you know about Mr. Clydesdale?

A. Craig, can't remember how Craig

was introduced to Clayton but he came to Crystal Wealth initially with a deal with MCS Energy and I believe that...I mean he had this project that he worked on installing generators that ran on natural gas which could be converted to electricity and he was doing large scale generators for companies like St. Marys Cement. And there was I believe a car manufacturer in the States that he was also lining up and he had these contracts with companies, but he needed Funding. So, I know that the initial loan that was done for MCS Energy was done in the Enhanced Mortgage Fund. And that was $1.8 million and yes...

425. Q. Is that the loan to 1472 Ontario reflected in the chart at paragraph 276?

A. It was MCS Energy that that loan was to, and that may have been paid back or moved to another Fund. But anyway, I know that Craig initially came on board with that and Clayton was very keen to help him with his financing so he and Clayton worked out an arrangement to get financing in place for some of these projects he was working on.

426. Q. And just so we're clear, 1472

Ontario is reflected in the chart. That would be one of what we call the "OM" entities so to speak. So, could that be the initial investment that you are referring to?

A. It could be, yes.

427. Q. Okay. So, and how did Clayton come to be introduced to Mr. Clydesdale or wanting to help Mr. Clydesdale with raising financing for his own companies?

A. I'm pretty sure that came through a company called 2GS or something, it was a company that specialized in arranging financing for other firms. And I believe Craig had gone to them and had not been able to get the financing through them but they had a mutual friend who was Jennifer Pinto who was working with Crystal Wealth as well and David Bodanis. And she was friends with these guys at 2GS and they introduced Craig to Clayton. That's how I remember it.

428. Q. So, sorry. Jennifer Pinto and David Bodanis were at 2GS?

A. No, they were working for Crystal Wealth.

429. Q. Okay. And they knew Craig?

A. They knew these guys at...there were payments being made to these guys. You would see it in the Mortgage Fund transactions if you look at those transactions every month, there was money going to these guys, I'm pretty sure it was 2MG, you'll see it in the Enhanced Mortgage Fund transactions because this loan was making payments to Crystal Wealth on a monthly basis, regular payments and out of that payment that was coming in, there was a percentage of that payment that was going to 2MG because it was like their referral fee or something, so...

430. Q. So, sorry.

A. I'm sorry. I know it’s a little convoluted.

431. Q. No, I understand. So, let's take a step back here. So, Jennifer Pinto and David Bodanis worked for Crystal Wealth?

A. Correct.

432. Q. When did they work for Crystal Wealth?

A. I believe they started probably in 2014 maybe. And they didn’t work inside our office, and they weren't employees, they were on contract. So, Jennifer worked for David Bodanis, she was his assistant. David was...he had shared office space I believe in Mississauga and...

433. Q. Shared with who? Anyone...

A. It was just...

434. Q. Yes.

A. ...one of those companies that you know with shared office space.

435. Q. Yes.

A. Yes, so David Bodanis was hired by Clayton to you know, bring money into the firm to do marketing and business development.

436. Q. What do you mean bring money into...

A. You know raise money, like get clients.

437. Q. Like with investors?

A. Yes.

438. Q. Okay.

A. Yes, just try to raise money through investors and to the best of my knowledge he never did. Anyway, Jennifer was his assistant.

439. Q. Okay. And when did they stop being engaged by Crystal Wealth?

A. Probably early in 2016.

440. Q. Okay. And when David shared space in Mississauga, what was his company or what was he doing?

A. I don't...I think they had a company called Jade, Jade something. That was Jennifer and David together.

441. Q. Were they...did they have a personal relationship...

A. No.

442. Q. ...or business relationship.

A. No, business. Yes, so that's what I mean what David was supposed to be bringing, or trying to bring money into the firm reaching out to investors. I don't think he ever brought any money in.

443. Q. Okay. And we started this line of conversation based on the question of Clydesdale and how he was introduced. So, now let's take a step back. So, somehow you said David and Jennifer knew Craig and introduced Craig to...

A. No. No, Jennifer knew these guys at this MGS company. I'm saying MGS, it's not MGS, it's like MG2 or something, 2GS, something like that. But you would see it in the Enhanced

Mortgage Fund transactions you would see monthly wires going to them for around $2000 and some odd dollars or close to $3000 every month. But anyway, this company MGS, the partners of that company I don't know their names I think they both started with a G...

444. Q. Sorry, what was that acronym again?

A. I think it's 2GS, I think its two G's, because the partners names were both starting with a G.

445. Q. Do you know their names?

A. 2GS, no, I don't. Anyway, Jennifer knew them. David didn't know them. Jennifer knew them and she had reached out to them potentially to...as some kind of an avenue to find investors or maybe make some deal of some sort, just to network I guess, and they told her about this deal that with Craig within MGS. And so, it was her suggestion to Clayton to meet with them. So, it was them that introduced Craig to Clayton.

446. Q. And again, MGS is who?

A. I think it was 2GS.

447. Q. Okay, a couple of times you said

MGS and sometimes 2GS...

A. Well, because I don't remember.

448. Q. Well, now you're talking about the same entity?

A. It's the same.

449. Q. Okay.

A. It's the same. Sorry.

450. Q. That's okay. And do you have like the contact information or know where this 2GS is...

A. No...

451. Q. ...or who it is?

A. No, but you know what if you can find the...look at the wire transfers on the NBCN system, it has their address on it because all wire transfers have an address.

452. Q. Okay. And did David Bodanis ever receive loans from any of the Crystal Wealth or the Funds or Clayton?

A. Clayton told me he had provided a personal loan to David Bodanis for about $40,000 I think. I'm not sure why he told me that, I think he was frustrated because he wasn't able to get a hold of David. And I think I saw it in a receiver's report that there was a mortgage in the mortgage Fund for David Bodanis. I saw that somewhere but I wasn't aware of that until I saw it on the report. I think Clayton was paying him from Crystal Wealth advancing him money from Crystal Wealth because he was supposed to be working on commissions, but he wasn't bringing any money in so it was...he was getting advances from Crystal Wealth.

453. Q. Why?

A. I don't know.

454. Q. How much is he getting?

A. I don't know.

455. Q. So, even though he wasn't essentially doing his job, he was getting money from Clayton from the Funds?

A. Well, I don't know if it was from the Funds, it was from Crystal Wealth, it was as a management company.

456. Q. Through the management fees that Crystal Wealth was earning from the Funds...being paid from the Funds?

A. Right.

457. Q. Yes.

A. So it was Crystal Wealth Management Company revenue.

458. Q. And you have no insight as to why Clayton would do that?

A. No. No, I think Clayton just thought that David would produce and that he would give him some time.

459. Q. Okay. And why did the relationship with Bodanis ultimately come to an end in early 2016?

A. Because David didn't bring any money in.

460. Q. Okay. Do you know if he ever paid back the $40,000 to Clayton?

A. I don't know. Probably not.

461. Q. So, again just going back to where we were starting with the introduction to Clydesdale. So, through Jennifer Pinto and David Bodanis, the connections made to 2GS, 2GS advises of an opportunity perhaps with Craig Clydesdale and his companies?

A. Right.

462. Q. And suggest to David Bodanis and Jennifer Pinto that they have their guy Clayton meet with him to see if...

A. Right.

463. Q. ...there will be a match there

that works for them both?

A. That sounds right.

464. Q. Okay. And so, what happens? When does the meeting happen? You know, where does the relationship go from there?

A. I was never involved in those meetings so some of it is just kind of guessing, but the way I remember it is Craig came in with the guys from 2GS and Jennifer I believe. And they met in our boardroom the first time and that was the introduction. And then from there I think after that it was just Clayton and Craig.

465. Q. And were you ever involved with the meetings or discussions with Craig Clydesdale?

A. No.

466. Q. Did Clayton ever consult with you or share information with you concerning the commercial loan lending arrangements with Clydesdale's companies?

A. Not information. I mean he just generally felt enthusiastic about these investments, he shared videos of the generators being installed at St. Marys things like that.

467. Q. Aside from the installation of

the cogeneration...well, I guess first of all are you aware of the cogeneration facility that was installed at St. Marys Cement in Leaside?

A. Yes.

468. Q. In Toronto? Okay. And are you aware of whether any other of the OOM Energy installations or were any other OOM Energy installations like Clydesdale installations financed by Crystal Wealth?

A. I know that some of these companies are the same guy...are Craig's deals. I know that there was a GM contract...I can't remember there was a car manufacturer in Detroit, I think, that wanted to install a generator. But other than that, I'm not aware of any of the projects.

469. Q. Aside from Leaside, were any of the other projects successful?

A. I don't know that.

470. Q. Successfully installed?

A. I don't know.

471. Q. Was Bill Mackenzie ever at any of the meetings with Clydesdale?

A. I don't know.

472. Q. Have you heard of Bill Mackenzie?

A. No.

473. Q. Who is Clayton Vrenjak, V-R-E-N-J-A-K?

A. He worked for Troy Claus and Jeff Reiner.

474. Q. At the marketing place?

A. Yes.

475. Q. Persistus?

A. Right.

476. Q. And what was Clayton and Troy...Clayton Vrenjak's and Troy Claus' involvement with the commercial loans with Clydesdale's companies?

A. I wasn't aware of any connection.

477. Q. Okay.

A. But Troy works for Craig now.

478. Q. And where is he based out of?

A. Craig?

479. Q. Troy.

A. Troy?

480. Q. They have an office somewhere where they all work?

A. I don't know if they still have it. They used to have an office on the South Service Road in Burlington on the east side of

Walkers Line. I'm not sure of the address, I don't remember the address.

481. Q. Now, did they move to that office because of its proximity to Crystal Wealth's office?

A. I don't think...I think they were already there when Clayton met them. Oh, and that's not Craig. That's Persistus that's the...

482. Q. Persistus, okay.

A. I don't know about Craig. Craig might be in that office now, actually.

483. Q. So, just help me out with...what is the exact business of Persistus? So, they're just a marketing company?

A. I believe they...I think they just did marketing and maybe some coaching? Business coaching?

484. Q. And so, going back to the table that we were looking at, at page 91, sorry if you could turn to the table on page 91. And if you could also keep open at the same time, keep open page 85 of the second report.

A. Okay.

485. Q. So, were you the one who would have received the directions for the advances

made by the Crystal Wealth Funds for each of these commercial loans?

A. I can't say that I did all of the wire transfers because there may have been some that were initiated by Clayton.

486. Q. M'hmm.

A. But if it wasn't Clayton, then it was me.

487. Q. Okay. And again, the direction for the commercial loans would have always been from Clayton...

A. Right.

488. Q. ...no one else?

A. Right.

489. Q. Okay. And what supporting documents if any would have been provided to you if he told you to transfer you know X dollars to a magnitude or another of Craig's entities. Did he give you anything or he just sent an email to...

A. In those cases, I believe what he sent me were promissory notes.

490. Q. And who is Saurin Patel?

A. Saurin is an accounting...has an accounting firm. He's an accountant and he met

Clayton through Clayton's yoga studio. And Clayton hired him to do the Fund accounting for a while but then he realized that Saurin wasn't the right person to do the Fund accounting and he was capable of just much more...he was more a big picture guy. So, Clayton sort of hired him on a contract basis from time to time to help him with some of these projects that Craig was doing and he also was on the board of directors at Pond.

491. Q. And so how did he come to be on the board of directors of Pond?

A. I believe that when Clayton was...when they were discussing the terms of the investment, the terms of the loans they were doing, part of the agreement was that Clayton wanted somebody from Crystal Wealth on their board of directors and so they agreed to that and then Clayton decided that it should be Saurin.

492. Q. And did you have or do you have a working understanding of the differences between Mr. Clydesdale's various entities and the OOM Energy group?

A. No.

493. Q. What their businesses are?

A. No. I thought all of the

businesses were doing the generators at different facilities.

494. Q. And again, aside from Leaside are you aware of any other facilities where the generators have been successfully installed?

A. No. At St.Marys Cement, right?

495. Q. And when did you become aware that Clayton was actually receiving payments for consulting fees from the OOM Energy entities?

A. That Clayton was receiving these...

496. Q. What consulting fees from OOM.

A. I didn't know about it.

497. Q. You weren't ever aware that Clayton through...have you heard of CLJ Everest?

A. Yes.

498. Q. Which is one of Clayton's holding companies.

A. Yes.

499. Q. Did you know that CLJ Everst was being paid consulting fees from OOM?

A. No.

500. Q. Do you have any understanding of receivables which were owing by Clydesdale's companies to Pond?

A. No.
501. Q. You know Steve Martin of Pond or have you heard of him?
A. Yes.
502. Q. What do you know about Mr. Martin?
A. I believe he's the CEO of Pond and he's the person who brainstormed the whole LG idea, and the lighting to produce this LG bit, it's carbon dioxide or something...whatever that is. It's his company, he's the main researcher.
503. Q. And what do you know of as it concerns the dealings between Pond and Mr. Clydesdale's companies?
A. The only thing I was aware of where they were trying to...is that they thought that the two technologies were compatible and that they were going to try installing them together.
504. Q. Okay. Have you heard of Marcel Rada?
A. No.
505. Q. If you could turn to page 84 of the second report. Reference is made at subparagraph (c) to a promissory note between

1092545 BC limited as borrower and Crystal Wealth as lender. Do you remember that for $125,000 US?

A. I don't remember it, no.

506. Q. And...

A. So, you said this is to the company, so this is Crystal Wealth as a company...

507. Q. Yes.

A. ...and not a Fund?

508. Q. Well it was oftentimes Crystal Wealth in its capacity as manager...

A. Right. Right.

509. Q. ...and trustee in some of the documents, but bottom line are you aware of the $125,000?

A. I don't remember it.

510. Q. And that was reflected as an investment of the Factoring Fund as you can see on page 85.

A. No, I don't remember it.

511. Q. Okay. Turn to page 99. Now, this is relatively recent, November 9, 2016. That promissory note was assigned to the Factoring Fund.

A. Okay.

512. Q. And it was supposed to be secured by a trust account deposit out of Morton Law LLC, do you have any awareness of that?

A. No.

513. Q. Were you involved or do you have any understanding of the participation interest in the mortgage issued to Kenwal Investments?

A. No.

514. Q. And that’s an interest of the Mortgage Fund?

A. Yes, I don't know. Doesn't ring a bell.

515. Q. What about there was a promissory note issued by a sign Cinnos Mission Critial Incorporated which is purchased by the infrastructure Fund for 300,000, do you know anything about that?

A. I think that was an investment that came through...was it around 325,000, something...

516. Q. Yes, the...

A. ...or 385,000.

517. Q. ...principal and interest is 342,000 but the provisional principal balance is 300.

A. That came through a connection at the Angel One Network.

518. Q. Who's the connection at the Angel One Network?

A. Well, Clayton used to go to the Angel meetings and I think he saw...he just saw this investor at one of those meetings and decided to invest in the project but I don't know the guy's name.

519. Q. And what do you know about Susan West's, participation in the Pond loan?

A. Clayton had approached Susan to see if she would be interested in doing this investment as part of a financing that Clayton was putting together for a Pond deal. Susan was interested in doing it and I think she did it privately. It wasn't through her company.

520. Q. Her company being Imaginea?

A. Right.

521. Q. Now, before the break this morning you had mentioned at one point briefly just about some dealings you had with the US Real Estate LP can you just tell me about your involved with the US Real Estate LP and the investments made by the Hedge and Factoring Funds

into it?

A. I had you know, no involvement other than sending the wire transfers.

522. Q. Now, these were investments of the Factoring and Hedge Fund of which Mr. Housego is the portfolio manager. So, was Mr. Housego the one who was directing you to transfer these monies?

A. Yes. But that's something that Clayton was involved in and Clayton had that checked out by his legal counsel and then Clayton gave me the okay to do it.

523. Q. Now, when you say "checked out by his legal counsel," what do you mean?

A. Clayton was saying that the infrastructure for the company, the whole...what do you call it? Where the corporate structure, anyway for that company, just seemed so confusing there was so many different levels to it. So, he sent the documentation that we would have received from Al and the agreement he sent that to his lawyer. It was probably Jonathan Dyck, don't know for sure, to have him go over the agreement and to I guess, it was a form of due diligence.

524. Q. Would opinion be issued by Jonathan Dyck or Crystal Wealth's lawyers concerning...
A. I don't know.
525. Q. ...the investment?
A. I don't know.
526. Q. Okay. And aside from transferring the Funds, did you have any dealings or involvement and dealings with Albert Storelli?
A. Alberto Storelli?
527. Q. Yes.
A. No. No, I heard his name but he dealt with Al.
528. Q. Do you know how Al Housego learned about this investment opportunity?
A. No.
529. Q. Do you know how he knew Alberto Storelli?
A. No.
530. Q. Were you aware of the involvement of Brian Peoples?
A. No. No, I just heard the name. I'm not sure where I heard the name.
531. Q. M'hmm, or Joe Harker?
A. Those are the partners?

532. Q. M'hmm.
A. That's where I heard the name. I'm aware of the names but I don't know.
533. Q. You never had any dealings with them?
A. No.
534. Q. So, again just transferring the Funds...
A. Yes.
535. Q. ...for the investments? And aside from whatever you think Clayton may have sent to Crystal Wealth's lawyers, are you aware of what due diligence was done into this investment, the US Real Estate LP?
A. I think Al might have travelled there to actually look at the apartment building. He may have but...
536. Q. And who's in charge of the investment decisions for the Medical Fund?
A. Clayton.
537. Q. And how did Clayton get connected with Xynergy?
A. I'm trying to remember. I don't remember. I don't remember. I'll keep kind of thinking about it. I was there. I was around at

the time and I know there was a partnership that came in there. I don't remember the guys' names. But there were a couple of guys that dealt with Xynergy that wanted to work with Clayton to start a Fund but Clayton didn't like these guys. He didn't. So, he kind of eliminated those guys and went directly with Alejandro at Xynergy. He was introduced to Alejandro by these guys that wanted to open a Fund but Clayton didn't want to work with them. I don't remember who the guys were.

538. Q. They were at Xynergy as well?

A. No, they had another company.

539. Q. Okay.

A. But they wanted to work with Xynergy to basically do a Medical Fund type thing.

540. Q. M'hmm.

A. Clayton just didn't want to work with them.

541. Q. So how did the Medical Fund get into the NFL participation agreements?

A. I don't know for sure but I believe it was introduced to Clayton by Alejandro.

542. Q. And again, were concerns raised

given the fact that the NFL participation agreements didn't really coincide with the stated intention of the medical Fund as set out in its offering memorandum?

A. Yes, that was Clayton's call.

543. Q. Was there ever raised a concern that you discussed with him about it?

A. No.

544. Q. Now, when...so BDO was the auditor of each of the Funds in Crystal Wealth. Who was involved when dealing with BDO from Crystal Wealth including you know, advisors and personnel, employees whoever it may have been. Who dealt with BDO on the audits?

A. Clayton. Cayla Altorf and it was really 99 percent Clayton and Cayla. I provided them with copies of subscription agreements usually in electronic form and I printed out maybe price histories for investments at year end to prove you know, with the marketable securities what the year end prices were. That was the extent of my involvement with the audit.

545. Q. Okay. And I don't think we spoke about Cayla earlier as I recall.

A. No.

546. Q. So, what's Cayla's last name?
A. Altorf. It's A-L-T-O-R-F.
547. Q. And what was her position?
A. She was hired to do the Fund accounting.
548. Q. When was she hired?
A. She was hired in January of 2014.
549. Q. And remained employed by Crystal Wealth until when?
A. I think she left in late 2016.
550. Q. Okay. And was she a full-time employee?
A. Yes.
551. Q. Did she work out of Crystal Wealth's office?
A. Yes.
552. Q. Okay and if you could just explain generally speaking the process of when you know BDO would be given its audit for each of the Funds on an annual basis and how the provision of information was addressed with BDO from the Funds.
A. I believe they would come in maybe November of a certain year and they would meet with Clayton. Once Cayla was around they

would also meet with Cayla and Clayton and they would come up with their plan for the audit. When it would start. And Clayton, I believe, started providing them with information prior to year end. Anything that would be useful to them copies of NAVs, whatever. But he and Cayla worked together on the audits. So, I really don't know how they addressed...I would imagine that Clayton sent them mostly everything.

553. Q. And who would come in from BDO? Who were the main individuals involved?

A. Scott...I can't think of his last name. But he was one of the...I don't know if he was a partner yet, he might have been a partner. I'm not sure, Scott something, I don't know his last name. And then every year it was pretty well a different team of people that worked under him. But there would be I think about four people in our boardroom and they would be there for a least a month.

554. Q. So, four people in your boardroom on a full-time basis for a month or so?

A. Yes.

555. Q. And from the time you're at Crystal Wealth was it always BDO that was the

auditor?

A. Yes.

556. Q. And always Scott leading the team?

A. Yes.

557. Q. You know how Clayton was introduced to Scott or...

A. No, no idea.

558. Q. At what point did Dale Wells exit Crystal Wealth as an advisor?

A. I think it was August 2016.

559. Q. And do you know why he left as an advisor or ceased being an advisor of Crystal Wealth?

A. He started his own investment management firm.

560. Q. And where is that?

A. In Alberta. Lloydminster, Alberta.

561. Q. Did any Crystal Wealth representatives employees, advisors, whatever it may be go work for him in Alberta?

A. Not initially.

562. Q. Or not necessarily in Alberta but worked for his company?

A. Not initially. Initially, he went on his own. I know that Jeff Mushaluk has some of the clients that he referred to Crystal Wealth are now with Dale's company. And I worked for Dale during the summer on a contract basis from home. But that's over now.

563. Q. And what were you doing on that contract basis during the summer?

A. He had had his main guy then...had quit on him without notice and he was like...been with Dale 20 years. He was Dale's right-hand person. So, Dale was scrambling, he didn't know how to do administration. So, I went in, I set up some spreadsheets for him to calculate management fees, calculate commissions, do the anti-terrorism and anti-money laundering reports. I helped him a lot with just establishing some procedures for compliance and just general information and I got him set up with currency hedging and interactive workers for his US dollar investments. That's about it but then he found somebody in Lloydminster to work in his office, so she started and I transferred that stuff over to her once she started.

564. Q. And then since you ceased working

for Mr. Wells, is that Wells Asset Management...
A. Yes.
565. Q. ...was the name of the firm? What have you been doing for income or employment since that time?
A. I'm not working right now.
566. Q. So, in the receiver's first report to court, dated June 22nd, 2017 appended to the first report at appendix five were affidavits which had been filed by the Ontario Securities Commissions staff, members in support of the receivership application and the BDO audit that was ongoing leading up to the end of you know, leading up to shortly before the receiver's appointment as discussed. And at paragraph 61 of the affidavit of Marcel Tillie, is reference made to a Macoretta, do you know who that is?
A. Selena?
567. Q. From BDO?
A. Yes, Selena.
568. Q. Okay. Carmen, I believe. Carmen Macoretta?
A. I never met him but I heard of him.
569. Q. And your manager. And Mr. Tillie

in his affidavit says that Macoretta advised him that towards March 31st, 2017 Smith's reactions to BDO's request for information became a lot more concerning, upset and aggressive and Smith sent an email on March 31st stating,

"...With all due respect, it seems like you're deliberately trying to piss me off and block us from completing the financial statements..."

So, do you remember tensions kind of escalating?

A. Yes.

570. Q. So, do me a favour and just kind of walk me fully to the best detail that you can recall as to what issues were being encountered in early 2017 concerning the audit, the problems that were arising and the concerns being raised.

A. I know generally speaking, like I say, I wasn't involved in it, I would just hear you know Clayton from time to time would mention things that frustrated him. One of them was the amount of detail they were asking for in the mortgage Fund.

Normally they did, like a random selection of quality control of maybe a dozen or two dozen mortgages. But this time they chose a lot more mortgages and they were actually following up calling to find out who holds the deed on the mortgage. Things that they hadn't done before, so that took a while.

They were requesting...they wanted to see like all the payout statements from Spectrum. They were asking for a lot. Generally speaking, a lot more information. With the Media Fund they were trying to get some form of evidence of the validity of the loans and the payments other than just a spreadsheet from Media House. They were trying to get confirmation from the production companies of loans that were outstanding and payments that had been made and that was definitely a difficult task to try to do that.

Generally speaking, I don't know about the other Funds specifically what they were asking for but I know in general, Clayton said they were asking for a lot more information, a lot more detail than they ever have. And then as we were approaching the deadline for filing the financial statements, they just kept coming back to us with more questions about things, wanting more information that they'd never requested before.

And then the day before the statements were due when I think...when Clayton would have emailed them about how urgent it was to file the statements with the OIC, I think they came back to him with 72 additional questions and this was the day before the statements were due. This was really not typical of them.

They had always...they usually with auditors, a lot of them get very close to the deadline you know, within a day or two of having to file the statements. It was very rare for auditors to go beyond the deadline so, that was strange. I was worried about that.

571. Q. Okay. So, is it fair to say then that in previous years, would BDO just relied on a simple spread sheet as the backup for Funds investments, things of that nature?

A. I would have to speculate.

572. Q. Okay.

A. Yes, I wasn't involved so.

573. Q. And at paragraph 62 of Mr. Tillies affidavit which I showed you at appendix five of the receiver's service report, he states that Macoretta also advised him of a potential transaction involving assets of the Media Fund

arranged by Clayton Smith and Dale Wells, who had started Wells Asset Management in Alberta. And this transaction would have involved the sale of six of the Media Fund loans...

A. All right.

574. Q. ...to Wells for approximately 80 cents on the dollar because Wells had clients who were invested in the Media Fund and the objective of the transaction was for Wells to redeem his clients out of it. Are you aware as to that proposed transaction or...

A. Yes.

575. Q. Okay. Can you tell me about the full extent of what you were aware?

A. I know that Dale had been trying to get liquidity for quite some time for his clients and he had left Crystal Wealth, started up his own firm. He had his own Fund going he had started an entertainment Fund with I think the objective to do you know, similar types of gap financing. He...

576. Q. Do you know the name of the Fund?

A. He had that in his...it was his Entertainment Fund, it was the Wells Entertainment Fund, but he was planning to do this in...but I don't think he ever got there. He never actually did it. But anyway, this was an attempt I think from Dale to try to get some control over the situation because he was basically at the mercy of Clayton and Aaron to provide him with reports and he wasn't comfortable with that. So, he thought that if he could...I don't remember the amount of money he had invested still.

577. Q. That his clients had invested?

A. That his clients had invested.

578. Q. In the Media Fund?

A. Right. So, what he did was once he started his own firm, he actually sold the Media Fund from his client accounts and bought it into his...I think it was his Retirement One Fund account. Because he thought it was safer position for investors if instead of owning this position in the Media Fund privately in their own account, he felt that he could if he put it into his own Fund account, his own portfolio, he could manage it a little easier and maybe diversify with some other investments and try to provide a bit of a buffer.

He anticipated losses in the Media Fund.

He did that to try to protect his investors. And then he saw this as an opportunity to get a little bit of control over the situation to try to...he had been trying for a long time to get liquidity and it wasn't coming as quickly as he wanted it to.

So, he thought that if he could buy out some of these loans then he would cut Clayton out as the middle person and he would deal directly with Media House and with Aaron and he could...if there was going to be losses then he could manage the losses, more easily within a Fund account.

579. Q. And so, did he ever purchase any film loans? No?

A. He didn't...it never...that transaction never transpired because he couldn't get permission from the Alberta Securities Commission to do you know, basically his dilemma was that he had an entertainment Fund for doing the movie loans but he had money in his Retirement One Fund. The Retirement One Fund which owned the Media Fund...I'm sorry, it's confusing but so he transferred his clients out of Crystal Wealth over to Wells.

Once they were at Wells he sold the

Media Fund in the client accounts and bought it in his Retirement One Fund because that's the Fund that they were all invested in at Crystal Wealth his Retirement One Fund. So, that's where the transaction took place.

That's where he had the money but he wanted to buy these movies in his entertainment Fund but he couldn't buy the movies in the Entertainment Fund because it meant a transfer of assets between the Entertainment Fund and his mortgage and his Retirement One Fund, I'm not sure. I don't think I'm explaining it a hundred percent. He couldn't anyway. He couldn't do it, the Alberta Securities Commission wouldn't allow the transaction so, it just never happened.

580. Q. So, explain to me how is he able to get his clients out of the Media Fund? How are those redemptions Funded?

A. Well, he sold them in his clients' Funds, in his clients' individual accounts.

581. Q. M'hmm.

A. He bought the exact same amount back in his Fund account.

582. Q. In which Fund account?

A. His...

583. Q. The Retirement Fund?

A. The Retirement Fund.

584. Q. So, investors received the monies back based on monies that his Retirement Fund paid into the Media Fund.

A. It was basically a switch at the same market value so it was a switch out of this account into this account, so.

585. MR. VAN ZANDVOORT: Maybe it's a good time to take a break for like a lunch break.

--- upon recessing at 1:35 p.m.

--- A BRIEF RECESS

--- upon resuming at 2:17 p.m.

JOANNE BENTLEY, resumed

CONTINUED EXAMINATION BY MR. VAN ZANDVOORT:

586. Q. Okay, Ms. Bentley. So, there's a couple other further follow up items just from what we talked about earlier. Who is Daryl Boyce, B-O-Y-C-E?

A. Don't know.

587. Q. Okay. There was an email on the Crystal Wealth system where he's referenced as

being an EVP for Crystal Wealth?

A. Really?

588. Q. Yes.

A. No, I don't know.

589. Q. Never called, never heard the name?

A. No.

590. Q. Daryl Boyce?

A. Daryl? There was...it might have been the guy...there was a guy that came in that I think he was going to do try to do some work with Clayton on putting deals together...this might have been him, but I'm not positive. There was a guy that came on board that was going to try working with Clayton just on how to structure some investments such as Pond.

I think that might have been when this guy was introduced. They were trying to figure out how to structure some financing for Pond Biofuels and I think this guy was supposed to work with Clayton on a continuing basis but then he decided not to. He didn't want to continue. If that's the guy. That's the only person I can think of.

591. Q. Do you know how much he was paid?

A. No.

592. Q. And what about Selena Mastroianni?

A. She worked for BDO.

593. Q. And you had mentioned that with respect to setting the NAV you dealt with IAS and IAS would be the actual one to set the NAV for each of the Funds?

A. Yes.

594. Q. And Clayton had his own idea of what the NAV should be for each of the Funds. And did it almost always match? What came back from IAS compared to what Clayton had?

A. I don't think Clayton actually calculated the NAV but he provided all the backup, all the spreadsheets for the investments. So, he had an idea of what the NAV should be. I don't think he actually calculated the NAV to look at them side by side.

595. Q. Okay. And who from IAS were you specifically dealing with? Who actually set the NAV from IAS?

A. I don't remember.

596. Q. Do you remember who from IAS Crystal Wealth was dealing with?

A. No. Like, I would have to hear the names and then I would remember one. But I never really dealt with them, I just sent you know, an email to like, trust accounting to provide them with the subscription agreements.

597. Q. Okay. And can you just tell me aside from Crystal Wealth's head office where else did Crystal and NBCN, where else did Crystal Wealth store records or documents to your knowledge or including for any of the Funds?

A. I don't think there were any outside storage facilities. There was no...I know they had talked about sending some stuff to Iron Mountain, you may want to check. Iron Mountain might have some storage boxes, but they would be old files if they did go ahead with that. But there would be nowhere else. I mean other than the advisor,s offices, like Al's got his office in Salmon Arm, or Armstrong, BC and Dale has his office in Alberta. They might keep copies of client documentation but the originals were all sent to Crystal Wealth and then sent to NBCN.

598. Q. Now, before the break you were talking a little bit about a complex, essentially

swap, whereby Dale's clients who were invested in the Media Fund were redeemed out of the Media Fund and instead were invested in the Retirement One Fund, correct?

A. Right. It was...so, Dale had started his own firm.

599. Q. M'hmm.

A. And he had Wells Retirement One Fund, right? And his clients, once they transferred out of their own Crystal Wealth Media Fund. So, he and Clayton came to an agreement that because Dale didn't want his clients to own it personally, he wanted it in a Fund because he felt it offered them a bit more protection on their investments.

So, what he did was he did a switch. So, same day, it was like a switch transaction out of Crystal Wealth Media Fund into Wells Retirement One Fund. I'm a client of Wells, I own Crystal Wealth Media Fund and as of Friday I sell the Crystal Wealth Media Fund, I buy the Crystal Wealth...not the Crystal Wealth, the Wells Retirement One Fund, right? And then that exact same day the sum of all of those purchases are bought within the Wells Retirement One Fund, he then puts an order in to buy the Crystal Wealth Media Fund. So, essentially for the exact same amount of money, right? Which is kind of estimated.

600. Q. So, essentially, investors are redeemed out of the Media Fund at you know, let's say a NAV of $10.25 a unit and they go into the Retirement One Fund at the exact same NAV because it would have had to been aligned, is that how the math...

A. Not necessarily. They would have sold out of the Media Fund for whatever the market value was on that day and they would have bought into the Retirement One Fund at whatever the market value was that day. But the Retirement One Fund would have bought back the Crystal Wealth Media Fund at the same price that it was...that the client sold it for.

601. Q. Okay. And where would the Retirement One Fund have obtained the Funds in order to be able to effect that swap?

A. Well, from the purchase. So, the clients sell the Media Fund and they buy his Retirement One Fund. So, because they're buying that exact amount of his Retirement One Fund, that's the money that he's using to buy the Crystal Wealth Media Fund.

602. Q. So, nothing ends up changing at the end of the day.

A. That's right.

603. Q. It goes in a circle.

A. That's right.

604. Q. And was this really what was able to happen? This happened around September of 2016? Would have been probably about that?

A. Yes. Yes, right.

605. Q. The way this was able to happen, the way the money became available to allow this to happen, was because of the raising of series F units to Fund this, that's how that occurred, correct?

A. No. No, because there was no money required to do that.

606. Q. M'hmm.

A. So, Dale's client sells the Media Fund. So, the Media Fund...he sells $100 worth of Media Funds, so the Media Fund, $100 goes to the client, but the client bought Retirement One Funds so that $100 goes to the Retirement One Fund, the client is flat. There's no extra cash.

The Media Fund is down $100, the Retirement One Fund is up $100, but the Retirement One Fund bought the Media Fund so the Media Fund is now back...got that $100 back.

607. Q. Does that not...the fact that that actually happened, does that not cause you extreme concern as to zero interest is being put into investors?

A. Well, no. I think the interest on behalf of the investors is that to hold...because they were still holding the Media Fund.

608. Q. Indirectly through the Retirement Fund.

A. Indirectly but because they were...it was within another Fund, like say the Media Fund, Dale was nervous about the Media Funds. He wanted out of it and he knew he couldn't get out of it, so he felt that if there were going to be significant losses in the Media Fund then if he had that within his...a portfolio as opposed to just the client's account he can buffer some of those losses himself.

609. Q. So, okay...

A. Like, within the Fund.

610. Q. ...and then after that though the Retirement One Fund gets wound down.

A. No, that Retirement One Fund is still going because that's the Wells Retirement One Fund.

611. Q. But the Crystal Wealth Retirement One Fund over which the receivers...

A. Yes, but that was already wound down by the time this happened.

612. Q. Okay. So, let's do it this way. I'm going to put before you an affidavit that was filed as part of the...it's the affidavit of Michael Ho at appendix five to the receiver's first report to court. It's at page 35 of the affidavit paragraph 75.

A. Do I have it or...I don't have it.

613. Q. I will give it to you. Just bear with me. So, I'm just putting before you the Michael Ho affidavit, attached as appendix five to the receiver's first report to court. And it's sworn April 17, 2017. And Mr. Ho references at paragraph 75 that an email correspondence dated September 12th, 2016, addressed to others at Crystal Wealth, Smith wrote that,

"...We launced F Class versions of both
Mortgage, Media, Medical and
Infrastructure Funds on Friday and 2.8
million was invested for 69 clients by a
third party broker in the Media Fund..."

Do you see that there?

A. Yes, I do.

614. Q. Yes. And in the same email, Smith described the use of the new investor monies as follows:

"...I know we discussed this briefly at
the Edmonton meeting but I want to
revisit the idea of using part of new
money in the Fund to invest in new loans
in part to satisfy your desired
redemptions..."

He goes on to say:

"...I know you all want your redemptions
as quickly as possible so it seemed to
make sense to devote all available money
in the Fund to satisfying those
redemptions..."

So, it seems to me that on September 12th money is raised in class F units of four of the Funds in primarily the Media Fund, simply to Fund investor redemptions.

A. It wasn't raised to Fund redemptions but it was raised to go into the Fund but then he did use that money to Fund redemptions...

615. Q. yes. So, who was he talking...A) have you seen this email previously?

A. No.

616. Q. Okay. Now, that email was attached at appendix 96 to Mr. Ho's affidavit and your email address was joanneb@crystalwealth.com, so you were on the email along with Jeffrey Mushaluk, Dale Wells, Al Housego and Scott Whale. And you were cc'd on the email. So, you don't recall seeing this at the time?

A. I might have. It just doesn't...like when I'm reading it now it seems new. It doesn't ring any bells.

617. Q. Okay. So, who had the concerns and whose investors were being redeemed through the raises referred to here?

A. I think mostly it was Dale and Al were mostly redeeming. I think there was also some money coming out of the ACM Income Fund because of the high percentage, the large concentration of Media Fund within that Fund. I don't think Scott had a lot to do with that. I think it was just those three.

618. Q. Okay. And what was the Edmonton meeting he refers to in his email?

A. I think Clayton flew out to Alberta to meet with Dale at one point. Dale likes to have what he calls airport meetings. Where people would meet at...fly into a certain airport and meet and discuss things. So, I think Clayton had flown out to and had a meeting...that's the only thing I can think of is that he would have flown out, had a meeting with Dale in Edmonton.

I don't think it would be just for the purpose of discussing this. I think it was just part of one of the trips that he would do to go out and visit investors or not investors, but visit the advisors and he probably would have also gone out to see Al, I would think on that same trip. So, it was probably Dale.

619. Q. Okay, and then if you flip over the page of paragraph 77, Mr. Ho continues to go on in his affidavit about on September 16th, there were redemptions totalling about 2.4

million from the Media Fund including 2.37 in redemptions by the same three Funds that redeemed Media Fund units on September 9th. So, is this how the Retirement One Fund clients were redeemed?

A. No. No, the Retirement One Fund...

620. Q. Is that not how the Retirement One Fund redeemed its units in the Media Fund?

A. No, you're talking about the Retirement One...the Crystal Wealth Retirement One Fund...

621. Q. M'hmm

A. ...as opposed to Dale's individual clients?

622. Q. Well, either. I'm asking you...

A. Because you're getting those things confused but the...okay, so the Crystal Wealth Retirement One Fund held Media Fund.

623. Q. Yes.

A. So, yes. In that Fund, the Crystal Wealth Retirement One Fund if Clayton was redeeming units in the Media Fund for like, say Dale's clients or whatever. He would have done that in the Crystal Wealth Retirement One Fund.

624. Q. Okay. But then, my theory is very simply the money raised through the class F units of the Media Fund, that money was then used to allow the Retirement One Fund to redeem its units in the Media Fund.

A. Some of it. Some of it, yes.

625. Q. And did you not find it again, concerning that money was being raised, new units were being raised specifically to Fund redemptions?

A. It wasn't presented that way. It was new money was coming in and Clayton was wanting to invest it but then he had to satisfy redemptions, so.

626. Q. You're smiling and I think it's because...

A. I know, it just sounds...I know what it sounds like.

627. Q. It has certain hallmarks of you know a Ponzi scheme where you're raising money to allow people to be moved out, does it not?

A. That is what it looks like, yes.

628. Q. And I asked you before the break if you were familiar with a law firm called Brechin and Huffman and you weren't familiar with

it?

A. Not that I can think of, no.

629. Q. Okay. So, I can tell you I went back and I was able to identify during the break, that was the law firm which I believe Clayton...which I know Clayton used to purchase the Mount Nemo property...

A. Okay.

630. Q. ...are you familiar with the Mount Nemo property?

A. Yes.

631. Q. Okay. And do you know that that property is owned by CLJ Everest, Clayton's holding company?

A. Well, I didn't know who owned it but I knew Clayton had bought it.

632. Q. Okay. And if you could turn to Mr. Ho's affidavit at appendix five to the first report, page 252 of the record.

A. Okay.

633. Q. At paragraph 47 Mr. Ho talks about the analysis he performed on Clayton's TD Bank account, sorry the account for CLJ Everst. Which analyzed how Funds were transferred from MHC to the CLJ Account. And it showed that 2.3

million from MHC was used in the following manner. If you turn the page it says 1.2 million, 1.255 and change went to Brechin and Huffman in trust which I later determined was related to the purchase of residential property for Smith at 5043 Mount Nemo Crescent in Burlington. 200,000 was paid to the Sutton Group, Sutton Realty Inc. in trust for the Mount Nemo property and that other amounts were transferred to Crystal Wealth, Smith's personal account Spectrum and Chrysalis Yoga studio. Did you ever learn that payments was coming back from MHC to Clayton or any of his companies?

A. No. Not until I saw the OSC order.

634. Q. Okay. Have you read these affidavits before in this appendix five to the receiver's first report?

A. I don't know if I read all of the appendices. I know I read the reports. I may have in the second report, I just didn't read all of the backup emails and stuff like that.

635. Q. Okay. Well, what Mr. Ho sets out in his affidavit is a tracing of instances where the Media Funds sent money to MHC or to Bron and

on the same day, the same monies were coming back either CLJ or in some instances to Spectrum and those Funds were ultimately used by Clayton Smith for the reasons I've set out. Does that not look to you at all problematic?

A. Yes.

636. Q. Okay. And you were the ones who would have sent the Funds to MHC or Braun.

A. That's right.

637. Q. Correct? And this never came to your attention?

A. Well, no. Never. Why would it? I don't have access to any of his bank accounts.

638. Q. And then if you turn to paragraph 61 at page 259 of the record Mr. Ho cites that on January 15, 2015 Smith responded to Steven Thibault of MHC stating,

> "...Should anyone call from Home Trust being the mortgagee of the Mount Nemo property, please confirm that these amounts are commission payments for finance arranged and are not repayable by CLJ Everest..."

So, again, do you know the arrangements which were made by Clayton?

A. No

639. Q. In receiving these payments?

A. No.

640. Q. Okay. Since this all blew up have you asked Clayton about you know why he effected these transactions and received monies from the Funds?

A. Initially when the OSC put a halt trade on the Funds he said it was because of the delay in the audited financial statements. But then after he went to court he came back and told me about this particular transfer and he said that...what he told me was that he had arranged for a personal loan from Aaron Gilbert and that the OSC was accusing him of fraud stating that the money had actually come from the Media Fund but he said it was just a coincidence. That's all I knew about it. Even then, I mean best case scenario, it’s a conflict of interest.

641. Q. Do you know anything about the purchaser who entered into an agreement to buy the Mount Nemo property around the time of the receiver's appointment, Martin McCreedy?

A. Clayton had told me that he had an offer...

642. Q. M'hmm

A. ...from the guy and that he was saying his sister didn't trust him but he seemed to think that the deal was going to go through. Clayton had just told me that, I didn't know anything. I had nothing else to do with it other than he said that this guy was making an offer on the house and then he told me when the offer fell through.

643. Q. And do you know anything else about that prospective purchaser, Mr. McCreedy?

A. No, I don't.

644. Q. Who was in charge in administering the payroll for Crystal Wealth to investment advisors and to make sure they got their various fees?

A. Cayla Altof

645. Q. Who?

A. Cayla.

646. Q. Okay. Did you have any involvement in that?

A. No.

647. Q. Were you aware of what all the investment advisors were being paid?

A. No.

648. Q. And did you happen to take note of page 132 of the receiver's second report, if you could turn that up.

A. Is that the creditors list?

649. Q. No.

A. Okay, its right here.

650. Q. It's a heading "Investmetn Advisor Compensation," and you'll see in paragraph 456, it says for the 12 months ending April 26, 2017, certain investment advisors received payments from the Funds totaling 1.699 million. And you'll see Al Housego was paid $713,785 in those 12 months. Does that surprise you?

A. Yes.

651. Q. What did Mr. Housego do to earn $713,000 because all I've heard today based on...you know, based on what you've told me is that a lot of investor money was spent on investments for which there doesn’t appear to be any due diligence done, any recovery on, and the only thing that seemed to...the only practical result that was effected was a lot of investment advisors got rich. Do you have anything to suggest otherwise that that is the case?

A. I can't...I have no idea how...what went into Al's compensation, I really don't know.

652. Q. Okay. Do you think it's fair that Mr. Housego was paid $713,000 in a 12 month period based on the performance of the Enlightened Funds that you've administered?

A. Well, it's not for me to say. I don't know what makes up that number. I really don't.

653. Q. And in the affidavit of evidence filed by commission staff that I took you to earlier there was also the tracing of Funds into Chrysalis Yoga Studio in Burlington. What do you know about Claytons involvement and Funding of the yoga studio?

A. Well, Clayton was an owner of the yoga studio. He and Shanine were partners in that yoga studio. It was opened about...it must have been in 2011 at some point because it was open when I started working there. So, he was partners in the yoga studio.

654. Q. Do you know where he got the money to invest in it?

A. No, I don't.

655. Q. What's Clayton doing now for work? Anything?

A. I have no idea.

656. Q. When's the last time you had communications with him?

A. The day we were terminated.

657. Q. You've had no communications with him otherwise since May 10th or so...

A. No.

658. Q. ...of 2017?

A. Just when I went out to see Dale, I sent Clayton a text saying I'm going out to see Dale, I'm going to give him some help and he said, "Great, thanks for letting me know." And that was it.

659. Q. Have you maintained any communications since you were terminated with Al Housego?

A. No. I haven't spoken to Al since before we were terminated.

660. Q. Why's that?

A. He just never called the office. I never talked to him. I haven't spoken with Clayton, I haven't spoken with Jill. I spoke with Sameer once because he wanted me to be a reference for him. Of course, I've seen Dale. I've spoken with Jeff because Jeff has a new arrangement with Dale. That's it. Nothing with Clayton or Jill.

661. Q. In reviewing the entirety of what the receivers reported on, and your own experience having worked there and seeing how monies were transferred out, having come back and seem to have benefited only third parties to the deprivation of investors, have you formed a view of in fact, you know, there is some serious elements of fraud being perpetrated by people involved with the Crystal Wealth Funds?

A. Well, this is...I mean it's hard to speculate but yes, it looks bad. Looks really bad.

662. Q. And do you have a...you know, an idea of really who, it seems like, Clayton and Mr. Housego, you said were the ones who directed you to transfer monies, nobody else did, correct?

A. Correct.

663. Q. So, have you formed an opinion as to who the blame falls on in your mind?

A. Well, I was aware...well, I was aware after I read the reports of this transfer of Funds which I was surprised. This is the one, the 2.3 million that came back.

664. Q. From Media House to...

A. From Media House.

665. Q. ...to CLJ Everest.

A. So, I've only ever been aware of that. I never ever suspected Al Housego of anything. I was really surprised when I saw the creditor...the list of creditors and saw that Bron Studios had put in a creditor claim for over $11 million that was pretty shocking. And Bron Animation, so not knowing what else is going on I just...looks really bad.

666. Q. And you filed a creditor's claim as well as part of the claims process and do you have aside from what you've filed, you've said that the claims for the amount of $53,958 but again there was no agreement underlying where that compensation was calculated from.

A. No agreement, no.

667. Q. But you're always paid the same amount, 87.5?

A. Well, the last year that I worked there that was my...well as of 2017...

668. Q. M'hmm.

A. ...that was my salary and then I had a percentage of...I had a monthly bonus based on a percentage of assets I managed. When I started at Crystal Wealth it was 65,000 and it's gone up annually.

669. Q. Can you just turn back to Michael Ho's affidavit sworn April 17, 2017?

A. So, that's the first report, right

670. Q. Yes, first report, appendix five.

A. Okay. I think I'm still on it.

671. Q. Yes. At page 236 of the record.

A. Okay.

672. Q. At paragraph 11, it says...it makes reference to a spreadsheet that was attached to an email chain in which the author was Clayton Smith and referred to five film projects: Henchmen, Kingdom, Mercy, Money Monsters, and Hunter of the Stars. And then if you turn the page, at paragraph 14 it says the spreadsheet contains a summary page which does not refer to the film production companies as one would expect to see, instead the borrowers appear to be Smith, Smith's company, CLJ Everest, Chrysalis Yoga, Crystal Wealth Mortgage Strategy

or MHC or Gilbert. Have you seen that spreadsheet before?

A. No.

673. Q. Okay. That was never provided to you?

A. No.

674. Q. Okay. As the receiver's administration remains ongoing Ms. Bentley, it may be possible that we may need to examine you further on some additional developments or follow up information, but for today that concludes my questions. Thank you.

--- upon adjourning at 2:53 p.m.

REPORTER'S NOTE:

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Certified Correct:

Vanessa Perpetuo
Verbatim Reporter