District of Ontario
Division No. 07 - Hamilton
Court No. BK-22-00208581-OT-31 31-2856381 (AP Private Equity Limited)
Court No. BK-22-00208582-O-T31 31-2856382 (Aiden Pleterski)

IN THE MATTER OF THE BANKRUPTCY OF
AIDEN PLETERSKI AND AP PRIVATE EQUITY LIMITED
OF THE TOWN OF WHITBY, IN THE PROVINCE OF ONTARIO

TRUSTEE'S REPORT ON ITS PRELIMINARY ADMINISTRATION

SECTION A

Introduction

1. On August 9, 2022 the Ontario Superior Court of Justice (the "**Court**") ordered that Aiden Pleterski ("**Pleterski**") and the company he owned, AP Private Equity Limited ("**AP**" and together with Pleterski, the "**Bankrupts**") be adjudged bankrupt. The Order was made following a petition filed by several creditors represented by Baker McKenzie LLP ("**Baker McKenzie**") who are owed money by the Bankrupts. Grant Thornton Limited was appointed as the trustee in bankruptcy (the "**Trustee**" or "**Grant Thornton**"). Because the assets and liabilities of Pleterski and AP are interrelated, the findings for each bankrupt are consolidated into one report.

Background

2. Pleterski, the self described "Crypto King", claims to have operated AP as an investment business in which, among other things, monies were allegedly invested on behalf of investors in cryptocurrency and foreign exchange positions. Pleterski is the sole officer and director of AP. Investments appear to have been made both through Pleterski personally and through AP. In some cases, investors provided funds to Pleterski directly and, in other cases, they gave funds to AP.

3. The Trustee understands that much of the funding was raised through originators who raised money for the Bankrupts. The Trustee has been advised that the originators included: Mitchell Learning, Tyson Heyes, Patrick Fetras, Mason Doucette, and Colin Murphy (collectively, the "**Originators**"). Many of the Originators appear to have been given the use of expensive vehicles owned or leased by Pleterski such as a

Lamborghini, Range Rover, BMW, etc. to entice investors. The Trustee has attempted to contact the Originators by phone but they have not responded to the Trustee's enquires. As the Trustee has thus far been unsuccessful in contacting the Originators, the Trustee is urging anyone with contact information, including physical addresses, for the Originators, to provide it to the Trustee. The Trustee would like to speak with the Originators as soon as possible and may wish to conduct formal examinations of them pursuant to section 163 of the *Bankruptcy and Insolvency Act* ("**BIA**") in respect of the business and assets of the Bankrupts.

4. The Trustee has been advised that, throughout 2022, creditors became increasingly concerned about recovering the funds they invested with the Bankrupts. On June 27, 2022, a statement of Claim (the "**Singh Claim**") was filed on behalf of Sacha Amar Dario Singh and 9319697 Canada Ltd. (collectively, the "**Singh Creditors**") represented by Walker Law Professional Corporation in order to pursue funds claimed to be owed by Pleterski.

<u>Mareva Proceedings and the Bankruptcy</u>

5. There has been a great deal of confusion among creditors in respect of the Mareva proceedings and the bankruptcies. This section provides some background on the bankruptcies and Grant Thornton's role in an effort to clarify the confusion. Creditors will have the opportunity to ask questions directly of Grant Thornton at the meeting and appoint inspectors who will give directions to the Trustee.

6. On July 7, 2022, the Court issued a Mareva order to "freeze" Pleterski's assets (the "**Mareva Order**") at the request of the Singh Creditors as part of the Singh Claim. The Mareva Order was expanded on July 15, 2022 to include Akil Heywood and Banknote Capital Inc. represented by DMG Advocates LLP.

7. A Mareva Order freezes assets pending a trial in an action commenced by a plaintiff. It prevents the defendant from disposing of his assets. A Mareva Order is intended to preserve assets pending a trial of a lawsuit. It, therefore, benefits the party that brought the Mareva Order. In contrast, a bankruptcy is a legal procedure in which the bankrupt's property is surrendered to a licensed insolvency trustee. Once adjudged

bankrupt, a person or company or an entity holding their assets (for example, a bank holding funds in the name of the bankrupt) must deliver all property to the Trustee (with the exception of certain exempt assets, such as, clothing).

8. The Trustee's role is outlined in the BIA. Grant Thornton was appointed by the Court in this mandate and is an officer of the Court. As a result, its duties are to the Court and to the creditors of the Bankrupt including to:

   (a) impartially represent the interests of all creditors;

   (b) act with an even hand as between competing classes of creditors;

   (c) act for the benefit of creditors generally; and

   (d) take possession of and realize on the assets of the Bankrupts and to distribute the proceeds to creditors based on their proven claims.

9. As part of these duties, the Trustee is also responsible for investigating the affairs of the Bankrupts.

10. At the First Meeting of Creditors, creditors may affirm the appointment of the trustee (or substitute the trustee with another licensed insolvency trustee) and elect up to five inspectors who are responsible for representing the interests of the creditors at large. The Trustee is somewhat analogous to the management of a company and the inspectors to a board of directors. Major decisions made by the Trustee must be approved by the inspectors similar to the way that major decisions of management are approved by a board of directors.

11. The Trustee understands that all of the creditors of the Bankrupts are unsecured. That means that the creditors that gave their money to the Bankrupts to invest have an equal entitlement to any proceeds available for distribution. Creditors will be paid based upon the claims they are able to prove to the Trustee in accordance with the BIA. Distributions are not based upon the claim amounts listed on the Statement of Affairs which was prepared based upon incomplete information for reasons described later in this report.

Rumours Relating to This Proceeding

12. In discussions with creditors, the Trustee has become aware of a number of rumours that the Trustee wishes to directly address. These rumors include:

(a) proof of claims and proxies must be sent to Investigative Counsel;

(b) the Trustee was chosen by Pleterski;

(c) the Trustee takes its instructions from Baker McKenzie; and,

(d) the Trustee does not have experience with fraud or ponzi cases.

Grant Thornton's Experience

13. Grant Thornton Canada a member firm in Grant Thornton International, a global accounting firm with over 50,000 employees worldwide. Grant Thornton Canada has extensive experience with fraud or ponzi scheme cases, including:

(a) Grant Thornton was retained on a confidential basis by a lending syndicate of Canadian banks as their financial advisor for a loan in excess of $200 million. After the discovery of fraud, the mandate included a significant amount of investigative work, including asset tracing focused in Europe;

(b) Grant Thornton was appointed by the Court as Trustee pursuant to section 37 of the *Mortgage Brokerages and Administrations Act* after the discovery of a Ponzi scheme at Tier I Trustee Corporations. As Trustee, Grant Thornton conducted extensive asset tracing, including property traced across Canada, the United States and the Caribbean;

(c) Grant Thornton was appointed as the Court-appointed Receiver of Crystal Wealth Management`s 15 mutual funds on application by the Ontario Securities Commission. The company has assets under management prior to the receivership in the amount of $193 million. More than 3,000 investors were involved across Canada, who invested in the Crystal Wealth Funds via registered and non-registered accounts. The Receiver has engaged in extensive asset tracing, investigative and asset recovery exercises in Canada and the United States.

The Trustee's Independence

14. As discussed above, the Trustee was appointed by the Court on application by certain creditors. The Trustee was not appointed by Pleterski. Prior to its appointment, the Trustee had never spoken to Pleterski.

15. Although the Trustee was appointed by a group of creditors represented by Baker McKenzie, it does not seek or take instructions from Baker McKenzie or its clients. The Trustee has never spoken to Baker McKenzie's clients. The Trustee is an officer of the Court whose mandate is prescribed by the BIA for the benefit of all creditors. Once the inspectors are appointed in these proceedings, the Trustee will work with the inspectors who represent all of the creditors of the Bankrupts. The Trustee has a license to practice and could have its licensed revoked or face other penalties were it found to favour the creditor requesting its appointment or any other creditors.

<u>Conduct of the Bankrupts</u>

16. Shortly before his bankruptcy, Pleterski was the owner (directly or indirectly) of approximately 11 high-end vehicles (in addition to leasing several others) and rented a home on the waterfront in Burlington for approximately $20,000 per month.

17. Immediately after the issuance of the Bankruptcy Orders, the Trustee had a video call with Pleterski and his legal counsel. The next morning (August 10, 2022), the Trustee met with Pleterski at his apartment; he was cooperative and provided his assets in the apartment including jewelry, guitars, etc. as well as information related to certain of his assets and their whereabouts. As a result of the information obtained, the Trustee immediately took steps to secure as many of the vehicles as they could locate with the information provided.

18. Notwithstanding his initial cooperation, starting on the afternoon of August 10, 2022 until August 18, 2022, Pleterski was unresponsive to phone calls, text messages and E-mail. During that time, the Trustee visited Pleterski's apartment outside of the city and even took the step of visiting his family home in Whitby and speaking with his

parents. Due to the unresponsiveness of Pleterski, the Trustee to the extraordinary step of instructing its proposed counsel to begin drafting court materials seeking a contempt order and ultimately, failing compliance with that order, requesting a bench warrant (i.e. an arrest warrant) against Pleterski. Before the materials were completed, on August 18, 2022, Pleterski responded to the Trustee but indicated he was unavailable to speak until the morning of August 21, 2022. Pleterski pushed back the morning call on August 21, 2022 to the afternoon of that same day and then asked to cancel the afternoon call; the Trustee insisted that the call proceed as there were many urgent questions regarding Pleterski's assets and creditors.

19. Without assistance from Pleterski during the period of August 10, 2022 until August 21, 2022, the Trustee:

(a) was unable to review Pleterski's records when putting together the Statement of Affairs which lists all of his assets and creditors. Accordingly, the Trustee was only able to contact creditors of which it was aware pursuant to the existing litigation or the limited records it had in its possession; and

(b) was unable to take possession of the Lamborghini Huracan, BMW M8, Audi R8, Honda Civic Type R, and other vehicles on a timely basis.

20. Even when Pleterski did make himself available on August 21, 2022, he did not provide the documentation he agreed to provide after the call and refused to answer the Trustee's questions related to his conduct before bankruptcy including, contact information for the Originators and details on payments he made before his bankruptcy. The Trustee pressed Pleterski on why, with a creditor pool believed to exceed $25 million, he had so few assets. Pleterski insisted his counsel be present before answering these types of questions. As a result, the Trustee arranged for a video call with Pleterski and his counsel on August 24, 2022 which was subsequently cancelled by Pleterski. The Trustee insisted that if Pleterski did not answer the Trustee's questions within 24 hours that the Trustee would move forward and request a contempt Order from Court. The Trustee was finally able to obtain the information it was seeking and ask its questions on August 25, 2022 (the creditor's list which the

Trustee had been seeking since August 10, 2022 was finally provided by Pleterski's counsel on August 24, 2022).

21. As a result of the above, in addition to delaying the Trustee's investigation and adding needless cost to the administration of this estate, from the period August 10, 2022 until August 24, 2022, the Trustee was unable (despite multiple attempts) to get a proper listing of Pleterski's creditors. The Trustee reached out to the creditors provided by Pleterski within 24 hours via the E-mail addresses provided and has had contact with a number of these creditors. Unfortunately, as a consequence of Pleterski's inaction, certain creditors were not advised about the First Meeting of Creditors until August 25, 2022 – only 4 days before the creditor's meeting. The Trustee has made every effort in a highly condensed timeline to answer the questions of such creditors and assist them in filing claims.

22. Ultimately, Pleterski's conduct has resulted in many creditors not receiving timely notification of the bankruptcy or the First Meeting of Creditors. Furthermore, the lack of cooperation, particularly in locating and securing the vehicles, has greatly added to the cost of the administration of the estate. The Trustee had to attend multiple different locations in order to get each of the cars. In some cases, the cars were not where Pleterski advised they were or the parties holding them would not release them without payment or a significant amount of information from the Trustee. Thankfully, all but one known vehicle, an Audi A4, has been secured by the Trustee as at the date of this report. The Trustee understands that the Audi A4 is being driven by Pleterski's former girlfriend, Mya Patricia Trentadue.

23. The Trustee believes that Pleterski has not complied with his duties pursuant to section 158 of the BIA.

<u>Consolidation</u>

24. It is the Trustee's preliminary view that the bankruptcies of Pleterski and AP should be consolidated into one estate. Pleterski did not appear to separate his business dealings in AP from his personal dealings. For example, in some instances, agreements were entered into with AP but funds were delivered to Pleterski

personally. Following a more thorough consolidation analysis, the Trustee intends to seek approval of the Court to consolidate the two estates thus combining the assets and liabilities of AP and Pleterski for the benefit of creditors. Such application will be discussed with the inspectors to be appointed and will be brought on notice to all creditors.

25. In the meantime, since the Trustee does not yet have the approval from the Court to consolidate, it will continue to separate assets and claims to the extent possible. In the event of a conflict, the Trustee intends to consider the party who actually received the funds is the prevailing bankrupt. For example, if a creditor has a signed contract with AP but paid Pleterski personally, the Trustee will assume that the creditor has a claim against Pleterski rather than AP. Consolidation would greatly simplify administration of the estates and result in an equitable outcome for all creditors who invested with Pleterski (either directly or through AP).

<u>Assets</u>

26. Below is a table summarizing the assets of the Bankrupts given the information currently in the possession of the Trustee and prior to any further investigation. Cars are listed at their estimated wholesale value per the Trustee's appraiser.

	Pleterski	AP	Combined	Comments
Cash & Bank Drafts	561,473	45,000	606,473	
Investments*	281,000	62,000	343,000	
2020 Audi R8 convertible	180,000	-	180,000	
2018 Honda Type R	35,000	-	35,000	
2017 Maclaren 570GT	120,000	-	120,000	
2018 Maclaren 720s	280,000	-	280,000	
2015 BMW I8	70,000	-	70,000	
2020 BMW M8 spider	115,000	-	115,000	
2018 Lamborghini Huracan	350,000	-	350,000	
2019 Range Rover Velar	53,000	-	53,000	
2021 CFMOTO ATV	10,000	-	10,000	
2018 Kawasaki Ninja	5,000	-	5,000	
2020 Audi A4*	30,000	-	30,000	
Jewellery & Personal Effects	32,000	-	32,000	Detailed list available for creditors upon request.
Deposit on Real Estate	-	-	-	Value unknown.
Total	**2,122,473**	**107,000**	**2,229,473**	

**The Trustee believes that these are estate assets, but they have not yet been collected by the Trustee. Investments consist of approximately $120,000 with TD belonging to Pleterski. Investments also consist of $3,000 held by Pleterski, $158,000 in an investment account held by Pleterski and $62,000 held by AP. All investment amounts have been rounded as amounts to be collected are subject to bank fees.*

SECTION B

Conservatory and Protective Measures

27. As noted above, the Trustee has, so far, taken possession of all known vehicles except for an Audi A4.

Carrying on Business

28. The Trustee has not carried on any business conducted by Pleterski or AP's business.

SECTION C

Legal Proceedings

29. The Trustee is not aware of any legal proceedings currently ongoing against the Bankrupts other than the Singh Claim.

SECTION D

Provable Claims

30. The Statement of Affairs of the Bankrupts disclose approximately $13 million in claims. As noted earlier in the Conduct of the Bankrupt section of this Report, the Statement of Affairs was prepared without assistance from Pleterski and the Trustee believes that it does not accurately reflect the true claims against the Bankrupts. The Trustee believes that the true creditor pool exceeds $25 million. Set out below is a table summarizing total unsecured claims of approximately $13 million (as at August 27, 2022 at 11:00 AM). The total balance of the claims pool continues to increase as claims are received. No preferred or secured claims have been filed.

	Pleterski	**AP**	**Combined**
Unsecured Claims	**$ 8,602,976**	**$ 4,313,334**	**$ 12,916,310**

SECTION E

Secured Creditors

31. No secured claims have been filed as is noted above.

SECTION F

Anticipated Realization and Distribution

32. Until the issue of whether the Pleterski and AP estates should be consolidated is resolved, it is not possible to provide accurate guidance on realizations. The Trustee notes that only $2.2 million of assets have currently been located by the Trustee and that claims filed amount to approximately $13 million. The Trustee believes that further investigation is warranted to potentially uncover additional assets of the Bankrupts.

SECTION G

Investigations and Transfers at Undervalue/Preference

33. The Trustee's primary efforts over the past three weeks have focused on locating and taking possession of the known assets of Pleterski, liaising with creditors and their counsel and preparing for the First Meeting of Creditors. The Trustee's investigation efforts thus far include the following:

   (a) Coordinating with counsel that initiated the Mareva application and asking for a copy of the transcripts from their examinations;

   (b) Online research into Pleterski, the Originators and others who may have information related to the assets of the Bankrupts.

   (c) Speaking with creditors and receiving and reviewing documents from them regarding the whereabouts of Pleterski's assets;

(d) Conducting a preliminary examination of the Bankrupt on August 24, 2022 and asking detailed questions about his assets including:

   (1) The whereabouts of vehicles which we understood he had previously owned;
   (2) Questions related to offshore assets;
   (3) Questions related to gold bars Pleterski allegedly possessed;
   (4) Information on why Pleterski's assets are much less than his liabilities and the exact nature of his investments; and
   (5) The role and identity of the Originators.

(e) Searching for undisclosed vehicles by obtaining a list of vehicles from Pleterski's insurance broker and performing Registration Identification Number searches to determine vehicles registered directly or indirectly to Pleterski;

(f) Speaking with Dragan Pleterski (Aiden Pleterski's father) about vehicles registered in his name which were paid for by Pleterski. The Trustee has found Dragan Pleterski to be cooperative thus far and has facilitated the Trustee's efforts to determine if there is equity and take possession of such vehicles;

(g) Requesting that Thornton Grout Finnigan LLP ("**TGF**"), the law firm asked to serve as estate counsel (subject to inspector approval), to conduct land title searches for the residence Pleterski rented as there have been allegations that Pleterski has an ownership interest in the property;

(h) Contacting legal counsel acting for Pleterski requesting details related to a $500,000 deposit made by Pleterski in respect of the acquisition of real property located at 725 Westney Road South in Ajax which has not yet closed to determine if the deposit could be recovered;

(i) Reaching out to the Originators (with the limited information provided) to determine whether certain payments are recoverable as a preference pursuant to the BIA for the benefit of creditors and other information about the Bankrupts; and,

(j) Asking the financial institutions and exchanges which Pleterski dealt with to provide bank statements (most of the funds have already been collected).

34. The Trustee does not want to provide further detail in this Report about its additional investigation efforts since this report will be available to the Bankrupt. The Trustee will share further details with the inspectors elected by the creditors.

35. As is detailed below in this report, the Trustee estimates the gross value of the property that the Bankrupt has disclosed is estimated to be worth an estimated $2.2 million whereas the creditor's have filed claims totalling approximately $13 million and the Trustee believes that the actual creditor pool exceeds $25 million. The deficiency between assets and liabilities is conspicuous and warrants further investigation.

36. As noted above, it may be possible to pursue the payments to the Originators as preferences under the BIA.

SECTION H

Other Matters

37. None.

DATED at Toronto, Ontario this 29th day of August 2022
(based on claims received as at 11:00 AM EDT on August 27, 2022).

GRANT THORNTON LIMITED
In its capacity as Trustee for the bankrupt estate of
Aiden Pleterski
AP Private Equity Limited
and not in its personal or corporate capacity

Per.

RA Stelzer

Rob Stelzer, CPA, CA, CIRP, LIT
Senior Vice President