

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

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**MAY 19, 2020**



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

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**MAY 19, 2020**

## BACKGROUND AND INTRODUCTION

### THE OSC APPLICATION AND APPOINTMENT ORDER

- 1 The Ontario Securities Commission (the “**OSC**”) issued a temporary order on April 7, 2017 (as extended by the OSC on April 13, 2017 and April 28, 2017 (the “**Temporary Order**”)), providing that the trading of units of all of the Crystal Wealth Funds cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith (“**Smith**”) and Crystal Wealth Management System Limited (the “**Company**”), with limited exception that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant Crystal Wealth Fund. On October 2, 2017, the OSC extended the Temporary Order to April 10, 2018 (the “**First Extension Order**”), while modifying the Temporary Order issued April 7, 2017 to remove the portions of paragraphs 4 and 5 thereof referring to Smith in his capacity as advising representative, given that Smith’s registration was automatically suspended when he was terminated by the Receiver. On April 9, 2018, the OSC further extended the Temporary Order to July 5, 2018 (the “**Second Extension Order**”). The Temporary Order issued April 7, 2017, the First Extension Order and the Second Extension Order are attached hereto as **Appendix “1”** to this Fifth Report of the Receiver (the “**Fifth Report**”).
- 2 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), the Honourable Justice Newbould issued an Order (the “**Appointment Order**”) appointing Grant Thornton Limited as: (i) receiver and manager (in such capacities, the “**Receiver**”), without security, of all of the assets, undertakings and properties (collectively, the “**Property**”) of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the “**Crystal Wealth Group**”); and (ii) Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “**Chrysalis Account**”), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the “**OSC Application**”) under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”). The said receivership proceedings shall be referred to herein as the “**Receivership Proceedings**”. Copies of the Appointment

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

- 3 Staff of the OSC and Clayton Smith executed a Settlement Agreement dated May 28, 2018 (the “**Smith Settlement Agreement**”), a copy of which was included in the Receiver’s Fourth Report to Court dated July 20, 2018 (the “**Fourth Report**”). On June 14, 2018, the OSC issued an Order approving the Smith Settlement Agreement, and released Oral Reasons for Approval of Settlement, copies of which were also included in the Fourth Report. The Receiver was not involved in connection with the negotiation of the Smith Settlement Agreement, or the OSC hearing in which it was approved, but a discussion of this matter was included in the Fourth Report.
- 4 As a consequence of the foregoing, the July 4, 2018 hearing date to further extend the Temporary Order was vacated by Order of the Commission issued June 14, 2018, attached hereto as **Appendix “3”**.
- 5 A summary of the circumstances leading to the appointment of the Receiver is outlined in the Receiver’s First Report to Court dated June 22, 2017 (the “**First Report**”), which is attached hereto, without appendices, as **Appendix “4”**. The complete OSC Application can be found on the Receiver’s case website at [www.GrantThornton.ca/CrystalWealth](http://www.GrantThornton.ca/CrystalWealth) (the “**Case Website**”).

#### **THE FIRST REPORT APPROVAL MOTION – JUNE 30, 2017**

- 6 On June 22, 2017, the Receiver provided the Court with its First Report and served a motion record in support of a motion to, among other things, approve a proposed Sales Process (as defined and described in the First Report) to be conducted by the Receiver, by which prospective purchasers and managers could submit bids to the Receiver to either purchase the assets of certain Crystal Wealth Funds (as defined below), or to take over the management of certain Crystal Wealth Funds. On June 29, 2017, the Receiver provided the Court with its Supplement to the First Report dated June 29, 2017 (the “**First Report Supplement**”) which is attached hereto, without appendices, as **Appendix “5”**.
- 7 On June 30, 2017, the Honourable Justice Hainey issued an Order and Endorsement (the “**June 30 2017 Order and Endorsement**”) and a Creditor Claims Procedure Order (the “**Creditor Claims Procedure Order**”) that, among other things, approved:

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

Copies of the June 30<sup>th</sup> Order and Endorsement and the Creditor Claims Procedure Order are attached hereto as **Appendix "6"**.

#### **THE SECOND REPORT APPROVAL MOTION – DECEMBER 11, 2017**

- 8 On November 24, 2017, the Receiver provided the Court with its Second Report to Court dated November 24, 2017 (the "**Second Report**") and served a motion record (the "**November 24, 2017 Motion**") in support of a motion to, among other things: (i) approve the Receiver's methodology and proposal to make an interim distribution to the investors in certain Crystal Wealth Funds, and authorize the Receiver to make such interim distribution; (ii) direct certain entities and/or individuals to provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the Crystal Wealth Group; and (iii) authorize the Receiver to examine certain individuals. A copy of the Second Report, without appendices, is attached hereto as **Appendix "7"**.
- 9 The Second Report detailed the Receiver's significant concerns over the quality and ultimate collectability of many of the recorded investments of the Crystal Wealth Funds.
- 10 On December 11, 2017, the Honourable Justice Myers issued an Order and Endorsement (the "**December 11, 2017 Order and Endorsement**") that approved, among other things, the Receiver's activities as set out in the Second Report, and which authorized the Receiver to proceed with its proposed interim distribution to the investors of certain Crystal Wealth Funds. Copies of the December 11, 2017 Order and Endorsement are attached hereto as **Appendix "8"**.

#### **THE SECOND REPORT SUPPLEMENT APPROVAL MOTION – FEBRUARY 20, 2018**

- 11 On February 8, 2018, the Receiver provided the Court with a Supplement to the Second Report to Court dated February 8, 2018 (the "**Second Report Supplement**") and served a motion record (the "**February 8, 2018 Motion**") in support of a motion for, among other

things, approval by the Court of: (i) an Asset Purchase Agreement dated February 2, 2018 entered into between the Receiver and Bron Releasing Inc. (the “**APA**”) pursuant to which Media Loan assets of the Media Fund would be sold to Bron Releasing Inc.; and (ii) an Assignment Agreement entered into between the Receiver, as assignee, and Bron Studios Inc. and Bron Animation Inc., each as assignors, (the “**Assignment Agreement**”), which Assignment Agreement was conditional upon the completion of the transaction set out in the APA. A copy of the Second Report Supplement, without appendices, is attached hereto as **Appendix “9”**.

- 12 On February 20, 2018, the Honourable Justice Dunphy issued an Order and Endorsement (the “**February 20, 2018 Order and Endorsement**”) that, among other things, approved the relief as sought in the February 8, 2018 Motion. Copies of the February 20, 2018 Order and Endorsement are attached hereto as **Appendix “10”**.
- 13 On March 23, 2018, the transaction subject of the APA was completed. On March 26, 2018, the Receiver’s Certificate was filed with this Honourable Court confirming that the APA transaction had been completed to the satisfaction of the Receiver.

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

- 14 On May 3, 2018, the Receiver served its Third Report to Court dated May 3, 2018 (the “**Third Report**”) and served a motion record (the “**May 3, 2018 Motion**”) in support of a motion to, among other things, obtain an order: (i) approving an Agreement of Purchase and Sale dated April 11, 2018 and the amendment thereto dated April 17, 2018 (the “**Palmer APS**”) entered into by the Receiver, as vendor on behalf of CLJ Everest Ltd., and Daniel Palmer, as purchaser, regarding the sale of a property municipally known as 5043 Mount Nemo Crescent, Burlington, Ontario (the “**Mount Nemo Property**”); (ii) vesting title in the Mount Nemo Property to Daniel Palmer free and clear of any liens, claims, and encumbrances; and (iii) vesting in Xynergy Medical Capital LLC all of the rights, title and interests in the Geodata Participation (as defined in the Second Report) and the SSI Participation (as defined in the Third Report), being assets of the Medical Fund. A copy of the Third Report, without appendices, is attached hereto as **Appendix “11”**.
- 15 On May 14, 2018, the Receiver served and filed with the Court a Supplement to the Third Report to Court dated May 14, 2018 (the “**Third Report Supplement**”) in support of the

May 3, 2018 Motion. A copy of the Third Report Supplement, without appendices, is attached hereto as **Appendix “12”**.

16 On May 15, 2018, the Honourable Justice Pattillo issued an Order and Endorsement (the **“May 15, 2018 Order and Endorsement”**) that approved, among other things, the relief as sought in the May 3, 2018 Motion. Copies of the May 15, 2018 Order and Endorsement are attached hereto as **Appendix “13”**.

17 On May 18, 2018, the transaction subject to the Palmer APS was completed.

#### **THE FOURTH REPORT APPROVAL MOTION – AUGUST 20, 2018**

18 On July 20, 2018, the Receiver served its Fourth Report and served a motion record (the **“July 20, 2018 Motion”**) in support of a motion to, among other things, obtain an order: (i) approving the Receiver’s methodology and proposal to make a further interim distribution to the investors of certain Crystal Wealth Funds, and authorizing the Receiver to make such interim distribution; (ii) directing the people identified below to answer the outstanding undertakings and the questions taken under advisement (which were refused at the Smith Examination, Clydesdale Examination, DenHollander Examination, Pahl Examination, Bob Maljaars Examination, Jeffrey Maljaars Examination, Housego Examination, and the Froese Examination) by Smith, Clydesdale, DenHollander, Pahl, Bob Maljaars, Jeffrey Maljaars, Housego, and Froese; and (iii) approving the Receiver’s engagement of Adair Goldblatt Bieber LLP (**“AGB LLP”**) as the Receiver’s lawyer of record in an Ontario Superior Court of Justice (Commercial List) action (CV-18-595063-00CL) against BDO Canada LLP (**“BDO”**) (the action herein referred to as the **“Receiver’s Action”**). A copy of the Fourth Report, without appendices, is attached hereto as **Appendix “14”**.

19 On August 20, 2018, the Honourable Justice Conway issued an Order and Endorsement (the **“August 20, 2018 Order and Endorsement”**) that approved, among other things, the relief as sought in the July 20, 2018 Motion. Copies of the August 20, 2018 Order and Endorsement are attached hereto as **Appendix “15”**.

#### **PURPOSE OF THE FIFTH REPORT**

20 The purpose of this Fifth Report is to inform the Court of the Receiver’s activities regarding the Receiver’s Action and to support the Receiver’s request for an order, among other things:

- a) approving this Fifth Report, including the actions and activities of the Receiver as described in this Fifth Report;
- b) approving the settlement of the Receiver's Action, on the terms set out in the Settlement Agreement entered into between BDO and the Receiver dated January 14, 2020 (the "**Settlement Agreement**"), on a contingent basis subject to the AMP Contingency (as defined below), and authorizing and directing the Receiver to consummate and carry out and complete the terms of the Settlement Agreement;
- c) sealing the Settlement Agreement, being **Confidential Appendix "1"** to the Fifth Report, until further Order of the Court;
- d) approving the Receiver's methodology and proposal to make an interim distribution to the investors of certain Crystal Wealth Funds, including the proceeds of funds which the Receiver will receive pursuant to and arising from the Settlement Agreement, and authorizing the Receiver to make such interim distribution;
- e) approving the fee resolution entered into by the Receiver and AGB LLP in settlement of any and all claims to compensation or payment otherwise that AGB LLP has pursuant to the AGB LLP Engagement Letter attached as Confidential Appendix "1" to the Fourth Report;
- f) approving the Receiver's Interim Statement of Receipts and Disbursements for the period ending February 29, 2020;
- g) approving the fees and disbursements of the Receiver and its counsel, Aird & Berlis LLP ("**A&B**"), for the period of June 1, 2018 to February 29, 2020 and for the period of April 24, 2018 to February 28, 2020, respectively, and the allocation of the fees and disbursements of the Receiver and its counsel, as described and detailed in the Fifth Report and in the Bando and John Affidavits (as defined below); and
- h) sealing the **Confidential Appendices** to this Fifth Report until further Order of the Court.

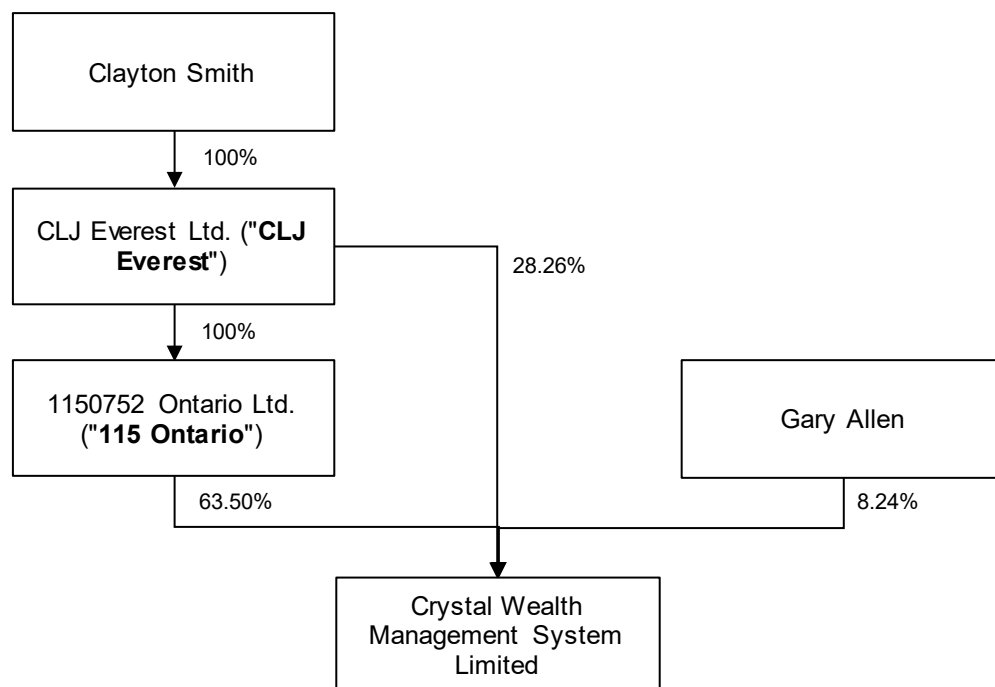
## RESTRICTIONS AND TERMS OF REFERENCE

- 21 In preparing this Fifth Report, the Receiver has relied upon unaudited and certain audited financial information, the Crystal Wealth Group's books and records, certain financial information obtained by third parties, and discussions with and examinations of various individuals (collectively, the "**Information**"). Except as described in this Fifth Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
- 22 This Fifth Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought in the Receiver's Notice of Motion dated May 19, 2020. This Fifth Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Fifth Report contrary to the provisions of this paragraph.
- 23 Capitalized terms not defined in this Fifth Report are as defined in the First Report, the First Report Supplement, the Second Report, the Second Report Supplement, the Third Report, the Third Report Supplement and the Fourth Report. All references to dollars are in Canadian currency unless otherwise noted.
- 24 Copies of materials filed in these Receivership Proceedings are available on the Receiver's Case Website at: [www.GrantThornton.ca/CrystalWealth](http://www.GrantThornton.ca/CrystalWealth).



## CORPORATE STRUCTURE

- 25 At the time of the Appointment Order, the Company was a corporation registered with the OSC in the categories of: “Exempt Market Dealer”, “Investment Fund Manager”, “Portfolio Manager”, and “Commodity Trading Manager”.
- 26 At the time of the Appointment Order, Smith was the controlling mind of the Company, was listed as the sole director and officer, and held a controlling interest of 91.76% in the Company. The ownership structure of the Company was as follows:



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

28 The Company created and managed the following 15 proprietary investment funds:

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

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

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

- 29 The Crystal Wealth Funds were structured as open-ended mutual fund trusts. Units in each of the Crystal Wealth Funds were distributed to investors on an exempt basis, pursuant to offering memoranda (“**OMs**”). The Company managed the day-to-day business of the Crystal Wealth Funds and was required to make investment decisions consistent with each of the Crystal Wealth Funds’ investment objectives.

## **SUMMARY OF THE RECEIVER’S CONCERNS AND RELATED ACTIONS**

- 30 The Executive Summary of the Second Report summarized the significant concerns of the Receiver over the quality and ultimate collectability of approximately 60% of the valuation package, dated April 20, 2017 (the “**April 20<sup>th</sup> Package**”), which valuations were reflected in the Company’s Books and Records at the time of the Receiver’s appointment, and which outlined the investments in, and the purported values of, each investment for each of the Crystal Wealth Funds. The April 20<sup>th</sup> Package indicated a total net asset value of \$193,198,912.

- 31 To summarize, the concerns of the Receiver included the following:

- a) The investments contained within the Crystal Wealth Funds were largely unconventional, whereby the Receiver has had to spend a significant amount of time, together with its advisors, to understand and assess the underlying investments, and the quality and realizable value of same. Furthermore, the significant deficiencies in the Company’s books and records with respect to the documentation (or lack thereof) associated with such investments, and the refusal by certain individuals to provide required information to the Receiver to properly conduct its mandate, created additional complexities for the Receiver and its counsel in understanding and supporting the investments and their respective values.
- b) The Receiver’s investigation of the Company’s affairs also identified serious concerns around the conduct of certain parties associated with the Crystal Wealth Funds and the underlying investments therein.
- c) The Receiver had drawn the following conclusions:
  - i) the lack of segregation of duties in performing the day to day operations and governance thereof (e.g. Smith was the controlling mind, sole director, and Chief Compliance Officer, among others) resulted in the Company not having

an effective organizational structure to ensure proper oversight and governance of the Crystal Wealth Funds;

- ii) the decisions of the Company and specific individuals to cause certain of the Crystal Wealth Funds to advance monies to third parties, purportedly on account of investments, which investments had questionable return and recovery prospects, were inconsistent with the Crystal Wealth Funds' investment objectives as set out in the OMs, and/or lacked the security which was to be provided by third parties to the Crystal Wealth Funds in connection with such investments;
- iii) the Receiver expressed concern with the relationships between Smith, Al Housego ("**Housego**"), administrators of certain investments in the Crystal Wealth Funds, and the principals of the companies in which certain of the Crystal Wealth Funds advanced monies purportedly on account of investments;
- iv) certain Crystal Wealth Funds' exposure was concentrated within a few companies who received substantial monies from the Crystal Wealth Funds;
- v) the Receiver was concerned as to the ultimate use and lack of accountability for the investors' monies once such investments were made by the Company, Smith, and/or Housego on behalf of the Crystal Wealth Funds;
- vi) the Company transferred significant money between Crystal Wealth Funds which may have been used to falsely create liquidity to meet investor distributions and/or redemptions;
- vii) the Company made payment of distributions to investors in Crystal Wealth Funds, which Funds had no sources of income, or cash flow. Such payments appear to have been only supportable by Inter-fund Investments or advances; and
- viii) the Company disclosed false or manipulated net asset values ("**NAVs**") of the Crystal Wealth Funds, causing the NAVs of certain Crystal Wealth Funds to be materially overstated.

- 32 In the Executive Summary of the Fourth Report, the Receiver cautioned that there were challenging circumstances surrounding the large majority of the remaining assets in the Crystal Wealth Funds. Although significant work remained and continues to remain ahead in respect of the Receiver's realization efforts, the Receiver believes that the cost of pursuing recoveries on the remaining assets may be disproportionately high compared to the ultimate recovery. However, as set out by the Receiver in certain of its' previous reports, the Receiver believes that in the absence of taking further aggressive recovery efforts, including litigation, the recoveries will be minimal.
- 33 Although the Receiver will be providing a fulsome update and analysis of the remaining assets in the Crystal Wealth Funds in future reporting to the Court, such remaining assets include:
- a) Factoring Contracts;
  - b) Certain Commercial Loans;
  - c) Gold Loans;
  - d) US Real Estate LP; and
  - e) NFL Participation Agreements.
- 34 On December 20, 2019, the Receiver issued its twenty-sixth Notice to Investors (the "**December 20, 2019 Notice to Investors**") which provided an update regarding the investigations and realizations with respect to the foregoing remaining assets, otherwise known as Off-Book Investments. Such efforts have included, among other things, issuing demands for payment, commencing litigation and commencing bankruptcy proceedings against over 20 specific companies and individuals. A copy of the December 20, 2019 Notice to Investors is attached hereto as **Appendix "16"**.
- 35 An updated chart concerning the status of the Receiver's efforts in this regard as of March 16, 2020 is attached hereto as **Appendix "17"**.

## THE BDO ACTIONS – THE PROPOSED CLASS ACTION

### Pleadings and the Certification Motion

36 As outlined in paragraphs 412b) and 419 to 422 of the Second Report, Anthony Whitehouse (“**Whitehouse**”), an investor in certain of the Crystal Wealth Funds, issued an action on July 20, 2017 against BDO (the “**Whitehouse July 20, 2017 Statement of Claim**”). BDO was the auditor of the Company and the BDO Audited Funds (as defined below) prior to the Receiver’s appointment. The Whitehouse July 20, 2017 Statement of Claim outlined Whitehouse’s claim for, among other relief:

- a) an order certifying the Class Action Proceeding (as defined in the Whitehouse July 20, 2017 Statement of Claim) (the “**Proposed Class Action**”) and appointing Whitehouse as Representative Plaintiff on his own behalf and on behalf of the Class (as defined in the Whitehouse July 20, 2017 Statement of Claim);
- b) a declaration that BDO had a duty of care to the Class which it breached by negligently performing its professional services, causing damages (as described in the Whitehouse July 20, 2017 Statement of Claim);
- c) damages for negligence in the sum of \$150,000,000; and
- d) punitive damages of \$25,000,000.

37 In essence, the Whitehouse July 20, 2017 Statement of Claim argued that BDO owed a duty to the Class, that it breached its duty to the Class by not conducting audits of the BDO Audited Funds in accordance with established auditing standards, and that it was negligent in the performance of its duties.

38 Although the Company operated 15 Crystal Wealth Funds, BDO audited the following funds (the “**BDO Audited Funds**”):

- a) Mortgage Fund;
- b) Resource Fund;
- c) Factoring Fund;

- d) Medical Fund;
- e) Bullion Fund;
- f) Media Fund;
- g) High Yield Mortgage Fund;
- h) ACM Income Fund;
- i) ACM Growth Fund; and
- j) Retirement Fund.

- 39 Whitehouse is represented by AGB LLP in the Proposed Class Action. All materials filed with respect to the Proposed Class Action (and which are referred to in the Fifth Report) are available on the AGB LLP's Case Website: <http://www.agblp.com/class-actions.html>. Due to the large volume of materials relating to the Proposed Class Action, such documents are not attached as appendices to this Fifth Report.
- 40 On June 15, 2018, AGB LLP served BDO with a motion record (the "**June 15, 2018 Motion Record**") in support of a motion to certify the Proposed Class Action as a class proceeding pursuant to the *Class Proceedings Act, 1992*, S.O. 1992, c. 6; 1 -2- (b) (the "**CPA**").
- 41 On August 30, 2019, BDO filed a Responding Motion Record (the "**August 30, 2019 Responding Motion Record**"), in opposition to the request that the Proposed Class Action be certified by the Court. The August 30, 2019 Responding Motion Record included an opinion report of a Senior Managing Director in the turnaround & restructuring practice of FTI Consulting Canada Inc., who was engaged to comment on the role, duties and powers of a court-appointed receiver. The Senior Managing Director concluded that the Receiver is an adequate representative of unitholders of the Crystal Wealth Funds such that unitholders do not require supplemental representation for the purposes of pursuing recoveries against third parties, including BDO, and that the Receiver has acted in a manner that is consistent with its duty to maximize recoveries for all stakeholders, including unitholders.
- 42 On September 13, 2019, BDO filed a Statement of Defence in the Proposed Class Action.

- 43 On September 30, 2019, AGB LLP served a Reply Motion in support of the motion to certify the Proposed Class Action.
- 44 On November 13, 2019, Whitehouse issued an Amended Statement of Claim (the **"Whitehouse November 13, 2019 Amended Statement of Claim"**) which, among other things:
- a) added two more investors as proposed Representative Plaintiffs;
  - b) defined the Class as being investors who made investments in the Crystal Wealth Funds during the period April 12, 2007 to April 7, 2017 and who retained investments of the Crystal Wealth Funds on April 7, 2017;
  - c) specified the audit opinions rendered by BDO with respect of the financial reporting of the Company to the BDO Audited Funds; and
  - d) Increased damages claimed from \$150,000,000 to \$250,000,000.
- 45 On November 15, 2019, AGB LLP served BDO with an amended motion record (the **"November 15, 2019 Motion Record"**) in support of Whitehouse's motion to certify the Proposed Class Action as a class proceeding. The November 15, 2019 Motion Record includes the Whitehouse November 13, 2019 Amended Statement of Claim and other information and affidavits supporting the Proposed Class Action.
- 46 On November 15, 2019, AGB LLP served its Certification Factum and Book of Authorities (the **"November 15, 2019 Certification Factum"**). The purpose of the November 15, 2019 Certification Factum was to provide the Court the Plaintiffs' summary of arguments for the Court to certify the Proposed Class Action.
- 47 On November 29, 2019, BDO served its Responding Factum and Book of Authorities (the **"November 29, 2019 Responding Factum"**) in opposition to the certification motion.
- 48 On December 5, 2019, AGB LLP served a Reply Certification Factum and Book of Authorities which responded to the November 29, 2019 Responding Factum.

#### Certification Hearing Results

- 49 The hearing for the certification of the Class was heard by the Honourable Mr. Justice



Perell of the Ontario Superior Court of Justice on December 9 -11, 2019.

- 50 On January 8, 2020, Justice Perell released a 28-page decision with respect to the motion for certification of the Proposed Class Action (the “**January 8, 2020 Order**”), a copy of which is attached hereto as **Appendix “18”**. Justice Perell dismissed the certification motion and declined to certify the Proposed Class Action.
- 51 Justice Perell found that the Plaintiffs satisfied the identifiable class and the common issues criteria for certification. However, there are three other criteria for certification, the first one being the cause of action criterion. In this regard, Justice Perell held that “*while BDO has potential contractual liability to Crystal Wealth for negligent auditing, it does not have a proximate duty of care to the Plaintiffs and the putative Class Members. Thus, in the case at bar, the cause of action criterion for certification is not satisfied and with its failure all other certification criteria fail. Had the Plaintiffs satisfied the cause of action criterion, with some qualifications, I would have certified their action as a class proceeding*”.
- 52 On January 30, 2020, AGB LLP served a Notice of Appeal (the “**January 30, 2020 Notice of Appeal**”) asking that the January 8, 2020 Order be set aside and requesting that an Order be granted to, among other things, set aside the January 8, 2020 Order and certify the Proposed Class Action as a class proceeding pursuant to the CPA.
- 53 Further updates concerning the status of the appeal of the January 8, 2020 Order will be made available on AGB LLP’s Case Website: <http://www.agblp.com/class-actions.html>.

## **THE BDO ACTIONS – THE RECEIVER’S ACTION**

- 54 On April 3, 2018 and May 3, 2018, respectively, on behalf of the Company and the Crystal Wealth Funds, the Receiver issued a Notice of Action and Statement of Claim against BDO. A copy of the Receiver’s Notice of Action and Statement of Claim in the Receiver’s Action was attached as Confidential Appendix 2 to the Fourth Report.
- 55 In the Fourth Report, the Receiver outlined the basis for its request that the Court approve the Receiver’s engagement of AGB LLP as the Receiver’s lawyer of record in the Receiver’s Action pursuant to the AGB LLP Engagement Letter dated June 11, 2018, which was appended as Confidential Appendix 1 to the Fourth Report. The August 20, 2018 Order and Endorsement, attached above as Appendix “15”, approved AGB LLP’s

engagement pursuant to the AGB LLP Engagement Letter.

56 The Receiver's Action primarily pertains to the audit services provided by BDO to the Company and the Crystal Wealth Funds prior to the Appointment Order, and it is being advanced by the Receiver on behalf of the Company and the Crystal Wealth Funds as opposed to by the investors directly. In other words, while the substance of the allegations against BDO is similar in both the Receiver's Action and the Proposed Class Action, the Receiver's Action primarily concerns alleged duties owed by BDO to the Company and the Crystal Wealth Funds, whereas the Proposed Class Action concerns alleged duties owed by BDO to Crystal Wealth Fund investors.

57 The Receiver's Action claims, among others:

a) a declaration that the audit opinions and reporting delivered by BDO with respect to the financial reporting of the Crystal Wealth Group and all attestations delivered by BDO with respect to the Crystal Wealth Group's financial statements were given for the purpose of allowing the Company to continue to operate as an Exempt Market Dealer, Investment Fund Manager, Portfolio Manager, and Commodity Trading Manager registered in Ontario pursuant to the *Securities Act* and its Regulations and for the purpose, and with the expectation and knowledge, that:

- i) the OSC would rely on BDO's opinion and BDO's representations as the basis for: (i) Commission registration renewals; and (ii) continued, additional or new investment by existing or prospective investors of the Crystal Wealth Funds;
- ii) the Crystal Wealth Group would rely on the audit opinions and reporting to solicit investments for the Crystal Wealth Funds from investors and prospective investors; and
- iii) unitholders, shareholders, and management of the Crystal Wealth Group (as applicable) would rely on BDO's audit opinions and representations as the basis for making investment decisions, and management oversight, in connection with the Crystal Wealth Group (as applicable).

b) a declaration that BDO owed a duty of care to each of the Crystal Wealth Group entities;

- c) a declaration that BDO breached the duty of care it owed to the Crystal Wealth Group entities by its negligent performance of its audit services, negligent misrepresentations contained in its audit opinions and reporting, breach of contract, and/or gross negligence thereby causing the Crystal Wealth Group entities to suffer damages;
- d) damages for negligence, negligent performance of a service, negligent misrepresentation, breach of contract, and/or gross negligence in the amount of \$160,000,000, and as will be further quantified and particularized prior to trial; and
- e) punitive damages in the sum of \$1,000,000.

58 On September 13, 2019, BDO delivered its Statement of Defence in the Receiver's Action, which is attached hereto as **Appendix "19"**, whereby BDO alleged, among other things, that:

- a) the Company and Crystal Wealth Funds are unjustifiably seeking to hold BDO responsible as an "insurer" for the entirety of the losses sustained by them. In this case, any compensable losses by unitholders were not caused by BDO but by the intentionally deceptive conduct of the Company's founder and directing mind, and the fund manager of the Company, Smith;
- b) BDO is itself a victim of the "scheme" alleged in the Statement of Claim in the Receiver's Action, which was sophisticated and designed to evade detection by standard audit procedures. Smith employed several tactics, including forgery and outright lies, that were designed to mislead and did in fact mislead not only BDO but also staff of both the OSC and the B.C. Securities Commission;
- c) BDO denies that it was negligent in failing to detect Smith's carefully concealed misconduct or otherwise failing to prevent the losses alleged by the Crystal Wealth Funds and the Company;
- d) BDO denies liability in negligent misrepresentation. The Company and Smith, its directing mind, misled BDO. Neither negligent misrepresentation nor detrimental reliance can be established by the Company or the Crystal Wealth Funds in the circumstances; and

- e) the damages claimed by the Company and Crystal Wealth Funds are both premature and overstated. Among other factors: the claimed damages fail to account for the ongoing recoveries of the Receiver in the Receivership Proceedings; the misconduct, to the extent it occurred, was confined to a limited timeframe near the end of BDO's relationship with the Company and Crystal Wealth Funds; and inherent risks associated with many of the Crystal Wealth Funds "direct" investments, as is elaborated upon by BDO in its Statement of Defence.

## THE STATEMENT OF ALLEGATIONS ISSUED BY THE OSC ENFORCEMENT BRANCH

59 On October 12, 2018, in connection with BDO's audit of certain Crystal Wealth Funds, a Statement of Allegations was issued against BDO by staff of the Enforcement Branch ("**Staff**") of the OSC under subsection 127(1) and section 127.1 of the *Securities Act*, R.S.O. 1990, c. S.5 (the "**Act**") (the "**Statement of Allegations**") (such proceedings being referred to herein as the "**OSC-BDO Proceedings**"), whereby Staff requested that the OSC make Orders:

- a) that BDO be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
- b) that BDO pay an administrative penalty of not more than \$1 million for each failure by BDO to comply with Ontario securities law, pursuant to paragraph 9 of subsection 127(1) of the Act;
- c) that BDO disgorge to the OSC any amounts obtained as a result of the non-compliance with Ontario securities law, pursuant to paragraph 10 of subsection 127(1) of the Act;
- d) that BDO pay the costs of the OSC investigation and hearing, pursuant to section 127.1 of the Act; and
- e) such other order as the OSC considers appropriate in the public interest.

60 The Statement of Allegations was amended by Staff on September 16, 2019. Pursuant to an Order of the OSC issued on August 19, 2019, the hearing on the merits was scheduled to commence on March 2, 2020. Documentation and Orders concerning the OSC-BDO Proceedings can be found on the OSC's website at: <https://www.osc.gov.on.ca/en/58359.htm>.

## THE SETTLEMENT OF THE OSC-BDO PROCEEDINGS AND THE RECEIVER'S ACTION

### The September 20, 2018 and April 24, 2019 Mediations

- 61 A mediation of the Receiver's Action and the Proposed Class Action was held on September 20, 2018, but failed to result in a settlement being agreed upon with BDO.
- 62 Thereafter: (i) AGB LLP and the Receiver subsequently obtained and reviewed copies of BDO's audit working papers; and (ii) BDO requested and was provided access to the Company's files that the Receiver seized immediately upon the commencement of the Receivership Proceedings.
- 63 Following this exchange of information, the parties re-attended a mediation of the Receiver's Action and the Proposed Class Action on April 24, 2019. Terms of a resolution could not be agreed upon by the parties, and accordingly, the mediation concluded on that date.

### The Mediation of the Receiver's Action and the OSC-BDO Proceedings – January 13 & 14, 2020

- 64 After the certification motion was held in the Proposed Class Action on December 9–11, 2019, the Receiver agreed to participate in a mediation on January 13 and 14, 2020, which included not only BDO, but also Staff of the OSC. As the issues in the OSC-BDO Proceedings are different than the issues in the Receiver's Action, despite the overlap in subject matter, the mediation between the OSC and BDO was conducted in parallel but formed part of the overall settlement between all the parties, as is further discussed below.
- 65 The Receiver understands that there were contribution issues between BDO and Media House Capital (Canada) Corp., Bron Capital Partners Corp., Bron Studios Inc., Bron Animation Inc., Bron Media Corp., Bron Developments Inc., Aaron Gilbert and Steven Thibault Media House (collectively, "**Media House**"). Media House attended the first mediation in order to explore the possibility of resolving the contribution issues. The Receiver further understands that the contribution issues remained outstanding at the time of the second mediation, and Media House requested to attend and participated in the second mediation.
- 66 As indicated above, the decision of Justice Perell dismissing the certification motion in the Proposed Class Action was released on January 8, 2020. The proposed Class was not

included in the January 13 and 14, 2020 mediation. As indicated, the Notice of Appeal of the January 8, 2020 Order was subsequently served on January 30, 2020.

- 67 On the second day of the mediation, a settlement of both the OSC-BDO Proceedings and of the Receiver's Action was reached, subject to OSC and Court approval. The Receiver understands that the contribution issues with respect to Media House were also resolved, but the Receiver is not aware, nor was it a party to, a settlement of same.
- 68 There are two components to the overall settlement that directly affect the investors of the BDO Audited Funds (with the exception of the Retirement Fund): (i) the settlement agreement between Staff and BDO (the "**OSC Settlement Agreement**"); and (ii) the Settlement Agreement between the Receiver and BDO. The OSC Settlement Agreement is attached hereto as **Appendix "20"**. The Settlement Agreement is attached hereto as **Confidential Appendix "1"**. A redacted version of the Settlement Agreement is attached hereto as **Appendix "21"**.

#### **THE OSC SETTLEMENT AGREEMENT**

- 69 The OSC Settlement Agreement was approved by an Order of the OSC issued on January 24, 2020 (the "**OSC Approval Order**"). The OSC Approval Order is attached hereto as **Appendix "22"**.
- 70 Pursuant to the terms of the OSC Settlement Agreement and the OSC Approval Order, BDO was required to pay an administrative penalty (an "**AMP Penalty**") in the amount of \$3,500,000, as well as costs in the amount of \$500,000.
- 71 Pursuant to the OSC Settlement Agreement, upon the Court's approval of the Settlement Agreement between the Receiver and BDO, Staff will recommend to the OSC that \$2,500,000 of the \$3,500,000 AMP Payment be allocated or used for the benefit of the unitholders of the Crystal Wealth Funds, provided such amounts are to go to the unitholders, without any deduction for legal fees or expenses, including any expenses related to the distribution of the amounts.

#### **THE SETTLEMENT AGREEMENT CONCERNING THE RECEIVER'S ACTION**

- 72 The Settlement Agreement between BDO and the Receiver provides that the existence of the settlement may be disclosed, but that the terms of the Settlement Agreement shall be

maintained by the parties in strict confidence pending the filing of motion materials by the Receiver in support of the required approval of the Settlement Agreement.

- 73 BDO has nevertheless consented to the redacted Settlement Agreement being attached hereto as Appendix 21, which reflects that the Receiver will receive total consideration of \$32.5 million under the terms of the Settlement Agreement with BDO, in addition to at least \$2.5 million of the \$3.5 million AMP Payment which BDO was required to pay to the OSC pursuant to the terms of the OSC Approval Order and OSC Settlement Agreement, as is explained in paragraph 72 above.

#### **THE RECEIVER RECOMMENDS THE SETTLEMENT AGREEMENT BE APPROVED**

- 74 The Receiver is of the view that the resolution of the Receiver's Action, on the terms set out in the Settlement Agreement, is in the best interests of the Crystal Wealth Group and its stakeholders. The Receiver makes this recommendation, which it believes to be reasonable and appropriate in the circumstances, while taking into account litigation risk, the time associated with prosecuting the Receiver's Action and any appeals arising therefrom, the Receiver's monetization efforts to date, the immediate value proposition offered by the Settlement Agreement, the monetary recoveries of the Receiver in the Receivership Proceedings, and in following the advice of its legal counsel. Attached hereto as **Confidential Appendix "2"** is the opinion letter (the "**AGB LLP Opinion Letter**") issued to the Receiver by its counsel in the Receiver's Action, AGB LLP, setting out AGB LLP's recommendation to the Receiver concerning the Settlement Agreement.
- 75 The Receiver's method and proposed distribution of the proceeds of the Settlement Agreement are outlined in the rider to the Fifth Report (the "**Distribution Rider**") attached hereto as **Confidential Appendix "3"**.
- 76 The net proceeds available to unitholders arising from the Settlement Agreement have been substantially increased as a result of the Receiver entering into a revised fee agreement with AGB LLP (the "**Amended Fee Agreement with AGB LLP**"), which, if approved by the Court, entitles AGB LLP to a lesser sum than it would have been otherwise entitled to receive from the proceeds of the Settlement Agreement under the AGB LLP Engagement Letter, which was previously approved by the Court as part of the August 20, 2018 Order and Endorsement. The Amended Fee Agreement with AGB LLP is attached hereto as **Confidential Appendix "4"**.

- 77 The Receiver and AGB LLP worked together to enter into the Amended Fee Agreement in order to permit a greater percentage of the proceeds of the Settlement Agreement to be distributed to unitholders. The Receiver recommends that the Court approve the Amended Fee Agreement.
- 78 It is the Receiver's opinion that the disclosure of the Receiver's detailed rationale for entering into the Settlement Agreement, including the AGB LLP Opinion Letter, and the disclosure of the Distribution Rider and the Amended Fee Agreement with AGB LLP, would be prejudicial to the Crystal Wealth Group and its stakeholders, in the event that the Settlement Agreement is not approved by the Court. Accordingly, a sealing order is requested in respect of such documents, and in respect of the unredacted version of the Settlement Agreement attached as Confidential Appendix "1", which contains commercially sensitive information which could prejudice the Receiver's monetization efforts if disclosed.

#### **RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP**

- 79 Attached hereto as **Appendix "23"** is the Receiver's Interim Statement of Receipts and Disbursements for the period April 26, 2017 to February 29, 2020 which outlines the cash balances of the Company and the Crystal Wealth Funds.

#### **PROPOSED THIRD INTERIM DISTRIBUTION**

- 80 Based on available cash balances as at February 29, 2020, and assuming the Settlement Agreement is approved by the Court and that the Receiver receives all payments contemplated thereunder, the following table demonstrates the calculated proposed per unit interim distribution to investors of certain of the Crystal Wealth Funds using the allocation methodology set out in the Distribution Rider contained at **Confidential Appendix "3"**.<sup>1</sup> The database of investors is that contained in the records of IFDS pursuant to the June 30, 2017 Order. Cash balances for each of the Crystal Wealth Funds are as at February 29, 2020. The total cash balance consists of all Canadian dollar denominated funds.

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<sup>1</sup> The table calculations assume that the Receiver will receive the entirety of the \$3.5 million AMP Payment.



| Fund                      | In 000's                  |                                      |                            |                   |                                                    | Per Unit              |                        |                       |                                                   |
|---------------------------|---------------------------|--------------------------------------|----------------------------|-------------------|----------------------------------------------------|-----------------------|------------------------|-----------------------|---------------------------------------------------|
|                           | Cash Balance<br>Feb 29/20 | Inter-fund<br>Investment<br>Proceeds | Gross<br>Available<br>Cash | Holdbacks         | Available<br>Proceeds<br>for Third<br>Distribution | Third<br>Distribution | Second<br>Distribution | First<br>Distribution | Total<br>Distributions<br>Made by the<br>Receiver |
| Mortgage Fund             | \$ 9,973                  | \$ 527                               | \$ 10,500                  | \$ (786)          | \$ 9,714                                           | \$ 3.621              | \$ 1.625               | \$ 1.445              | \$ 6.692                                          |
| Resource Fund             | 98                        | 75                                   | 173                        | (143)             | 30                                                 | \$ 0.050              | \$ 1.944               | \$ 2.931              | \$ 4.924                                          |
| Factoring Fund            | 16,908                    | 0                                    | 16,909                     | (1,735)           | 15,174                                             | \$ 4.205              | \$ -                   | \$ -                  | \$ 4.205                                          |
| Medical Fund              | 2,329                     | 391                                  | 2,720                      | (441)             | 2,279                                              | \$ 3.337              | \$ 1.678               | \$ 2.858              | \$ 7.873                                          |
| Bullion Fund              | 427                       | -                                    | 427                        | (133)             | 294                                                | \$ 3.568              | \$ -                   | \$ 2.021              | \$ 5.589                                          |
| Media Fund                | 14,886                    | -                                    | 14,886                     | (956)             | 13,930                                             | \$ 2.577              | \$ 2.479               | \$ 1.181              | \$ 6.237                                          |
| High Yield Mortgage Fund  | 1,040                     | 425                                  | 1,465                      | (195)             | 1,270                                              | \$ 2.342              | \$ 2.642               | \$ 2.923              | \$ 7.907                                          |
| Infrastructure Fund       | 268                       | -                                    | 268                        | (567)             | Nil                                                | \$ -                  | \$ -                   | \$ 2.193              | \$ 2.193                                          |
| Hedge Fund                | 348                       | -                                    | 348                        | (1,082)           | Nil                                                | \$ -                  | \$ -                   | \$ 0.125              | \$ 0.125                                          |
| Conscious Capital Fund    | 15                        | -                                    | 15                         | (103)             | Nil                                                | \$ -                  | \$ -                   | \$ -                  | \$ -                                              |
| ACM Income Fund           | 259                       | 2,769                                | 3,028                      | (269)             | 2,759                                              | \$ 2.612              | \$ 2.404               | \$ 0.623              | \$ 5.639                                          |
| ACM Growth Fund           | 359                       | 1,147                                | 1,505                      | (282)             | 1,224                                              | \$ 1.024              | \$ 0.179               | \$ 4.882              | \$ 6.084                                          |
| Sustainable Dividend Fund | 103                       | 3                                    | 107                        | (168)             | Nil                                                | \$ -                  | \$ -                   | \$ 10.761             | \$ 10.761                                         |
| Sustainable Property Fund | 352                       | -                                    | 352                        | (158)             | 194                                                | \$ 0.427              | \$ 2.203               | \$ 1.994              | \$ 4.624                                          |
| <b>Total</b>              | <b>\$ 47,366</b>          | <b>\$ 5,337</b>                      | <b>\$ 52,703</b>           | <b>\$ (7,018)</b> | <b>\$ 46,867</b>                                   | <b>\$ 46,867</b>      | <b>\$ 25,271</b>       | <b>\$ 31,463</b>      | <b>\$ 103,601</b>                                 |

- 81 As the foregoing table suggests, the Receiver is recommending a per unit distribution for ten (10) of the Crystal Wealth Funds. Four (4) of the Crystal Wealth Funds do not have funds available for distribution, after certain holdbacks (as noted below), and as a result, the investors in same will not receive a per unit distribution at this stage.<sup>2</sup> For clarity, investors in these four funds will not be required to fund the noted shortfall in each of their Funds.
- 82 Holdbacks for actual and future estimated Receiver and legal fees are similarly tracked in the table above either by specific Crystal Wealth Fund, or if they represent time allocable

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

to all Crystal Wealth Funds, then such fees were allocated on the basis of effort and number of investors in each Fund.

- 83 As is indicated in the above table, if the proposed third interim distribution proceeds, then the Receiver will have distributed approximately \$103,601,000 to unitholders since its appointment.

#### **OTHER ACTIVITIES OF THE RECEIVER SINCE THE FOURTH REPORT**

- 84 Upon its appointment, the Receiver took immediate steps to secure and preserve the Property of the Crystal Wealth Group, communicate with stakeholders, and deal with other operational and administrative tasks. The Receiver has conducted the following key activities in relation to its appointment:
- a) Corresponded or met with borrowers and debtors of the Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors and entered into settlement negotiations for amounts owing or commenced litigation or bankruptcy proceedings, as considered appropriate;
  - b) conducted meetings and correspondence with certain third-parties, borrowers/debtors and their legal counsel, as appropriate;
  - c) corresponded and held numerous discussions with the Receiver's counsel concerning enforcement and recovery initiatives;
  - d) corresponded and held a number of discussions with NBCN on various fund administration matters related to the Crystal Wealth Funds;
  - e) corresponded with various third-parties involved in administering certain Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
  - f) collected monthly payments and funds held by third-parties administering certain Crystal Wealth Funds and/or their assets;
  - g) prepared the financial statements for the 2018 and 2019 taxation year for each of the Crystal Wealth Funds and compiled the supporting information for same;

- h) prepared the necessary taxation reporting and filings for each of the Crystal Wealth Funds;
- i) issued tax receipts to investors, and engaged SS&C Fund Administration Company in connection with same;
- j) responded to numerous calls and emails from Crystal Wealth Group investors and other stakeholders;
- k) distributed 9 notices to all investors, which were also posted to the Receiver's Case Website, from July 12, 2018 to March 18, 2020, updating them on the receivership as events have unfolded;
- l) maintained a listing of investors with holdings, accounts, and contact information including email addresses; and
- m) maintained a public website for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol.

## RECEIVER'S FEES AND DISBURSEMENTS

- 85 Pursuant to paragraph 23 of the Appointment Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 24 of the Appointment Order, the Receiver and its counsel shall pass their accounts.
- 86 The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court for the period beginning April 24, 2018 and ending February 29, 2020. The Receiver and its counsel have maintained detailed records of their professional time and costs.
- 87 The total fees for the Receiver for the period June 1, 2018 to February 29, 2020, were \$684,024.34, plus disbursements of \$1,458.88, plus HST of \$89,112.82, for a total of \$774,596.04. The time spent by the Receiver is more particularly described in the Affidavit of Bruce Bando sworn March 27, 2020 (the "**Bando Affidavit**"), which is attached hereto

as **Appendix “24”** and contains copies of invoices that set out the services provided during this time period.

88 The total fees of A&B, as counsel to the Receiver, for the period of April 24, 2018 to February 28, 2020, were \$691,935.50, plus disbursements of \$39,429.78, plus HST of \$92,503.68, for a total of \$823,868.96. The time spent by A&B is more particularly described in the Affidavit of Shakaira John sworn March 19, 2020 (the “**John Affidavit**”), which is attached as **Appendix “25”** and contains, among other things, copies of invoices that set out the services provided during this period of time.

89 It is the Receiver’s opinion that the fees and disbursements of the Receiver and A&B accurately reflect the work done by the Receiver and on behalf of the Receiver by A&B in connection with the receivership and the administration of the Property of the Crystal Wealth Group from April 24, 2018 to February 29, 2020.

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

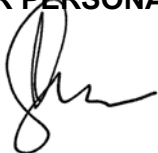
## **CONCLUSION**

91 For the reasons set out in this Fifth Report, the Receiver respectfully requests the relief and approval requested in the Receiver’s Notice of Motion dated May 19, 2020.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 19<sup>th</sup> day of May, 2020.

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

Per:



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

# TAB 1



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

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

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

**- and -**

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

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

**WHEREAS:**

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

Crystal Wealth Media Strategy

Crystal Wealth Mortgage Strategy

Crystal Enlightened Resource & Precious Metal Fund

Crystal Wealth Medical Strategy

Crystal Wealth Enlightened Factoring Strategy

ACM Growth Fund

ACM Income Fund

Crystal Wealth High Yield Mortgage Strategy

Crystal Enlightened Bullion Fund

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

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

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

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

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

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

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



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

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

**DATED** at Toronto, this 7<sup>th</sup> day of April, 2017.

*“Maureen Jensen”*

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Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

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

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

Janet Leiper, Commissioner

October 2, 2017

**ORDER**

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

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

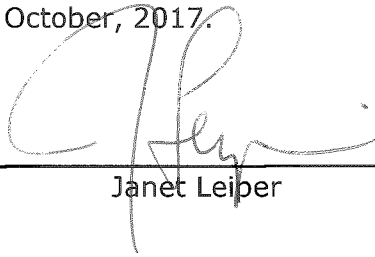
ON READING the materials filed by Staff, the consent email dated September 21, 2017 from counsel for the Receiver, Grant Thornton Limited which was appointed by order of the Ontario Superior Court of Justice (Commercial List) pursuant to section 129 of the *Securities Act*, RSO 1990, c S.5 (the **Act**)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

IT IS ORDERED that:

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

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

**DATED** at Toronto, this 2<sup>nd</sup> October, 2017.

A handwritten signature in dark ink, appearing to read 'Janet Leiper', is written over a solid horizontal line.

Janet Leiper



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

Janet Leiper, Commissioner and Chair of the Panel

April 9, 2018

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

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

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

**IT IS ORDERED THAT:**

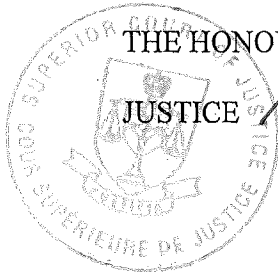
1. pursuant to subsection 127(8) of the Act, the Temporary Order is extended until July 5, 2018, or until further order of the Commission, without prejudice to the right of any of the parties to seek to vary the Temporary Order on application to the Commission; and
2. the hearing of this matter is adjourned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



Janet Lelper

# TAB 2

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST



THE HONOURABLE

JUSTICE

*NEUBOU*

)  
)  
)

WEDNESDAY, THE 26<sup>th</sup> DAY

OF APRIL, 2017

ONTARIO SECURITIES COMMISSION

Applicant

- and -

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

Respondents

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

**ORDER**  
(Appointing Receiver)



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

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

### **CONSOLIDATION**

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

### **SERVICE**

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

## APPOINTMENT

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

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

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

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

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

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

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

#### RECEIVER'S POWERS

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

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

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

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

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

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

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

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

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

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

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

**DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

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



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

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

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

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

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

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

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

#### **NO PROCEEDINGS AGAINST THE CRYSTAL WEALTH GROUP OR THE PROPERTY**

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

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

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

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

#### **NO INTERFERENCE WITH THE RECEIVER**

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

#### **CONTINUATION OF SERVICES**

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

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

#### **RECEIVER TO HOLD FUNDS**

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

#### **EMPLOYEES**

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

#### **PIPEDA**

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

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

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

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

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

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

#### **RECEIVER'S ACCOUNTS**

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

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

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

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

#### **FUNDING OF THE RECEIVERSHIP**

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

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

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

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

#### **SERVICE AND NOTICE**

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

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

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

**GENERAL**

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

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

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

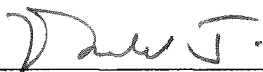
35. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is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

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

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

APR 26 2017

PER / PAR:

  
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**SCHEDULE "A"**  
**FREEZE DIRECTIONS - CRYSTAL WEALTH GROUP**

See attached.



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

Phone: 416-263-7653  
Fax: 416-593-2319

Web site: [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

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

**- and -**

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

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

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

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

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

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

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

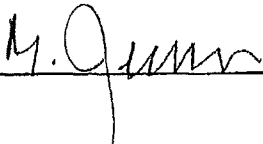
dissipating or otherwise dealing with or diminishing the value of those funds, securities or property until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario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

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

(collectively the "Funds"),

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

DATED at Toronto this 6<sup>th</sup> day of April, 2017.

  
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**SCHEDULE "A" TO FREEZE DIRECTION**

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

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

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



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valeurs mobilières  
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22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

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

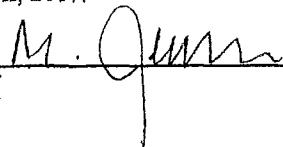
TO: CLAYTON SMITH  
5043 Mount Nemo Crescent  
Burlington, Ontario  
L7M 0T7

RE: Accounts at The Toronto Dominion Bank

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

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

DATED at Toronto this 6<sup>th</sup> day of April, 2017.

  
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**SCHEDULE "A" TO FREEZE DIRECTION**

| <b>Institution</b>        | <b>Account Name</b>                       | <b>Account Number</b> |
|---------------------------|-------------------------------------------|-----------------------|
| The Toronto Dominion Bank | Clayton Edward Smith                      | 6045439-2228          |
| The Toronto Dominion Bank | Clayton Edward Smith and<br>Lee Ann Smith | 0523771-0122          |





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22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

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

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

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

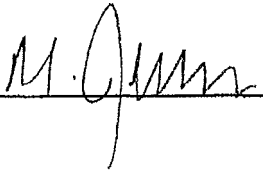
RE: Accounts at The Toronto Dominion Bank

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

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

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

DATED at Toronto this 6<sup>th</sup> day of April, 2017.



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

**SCHEDULE "A" TO FREEZE DIRECTION**

| <b>Institution</b>        | <b>Account Name</b> | <b>Account Number</b> |
|---------------------------|---------------------|-----------------------|
| The Toronto Dominion Bank | CLJ Everest Ltd     | 5002640-0122          |



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20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

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

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

RE: Crystal Wealth Management System Limited

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

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

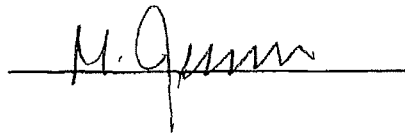
**00002 1304211, and**  
**00002 1304260**

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

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

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

DATED at Toronto this 6<sup>th</sup> day of April, 2017.

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



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22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

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

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

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

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

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

U1446894,  
F4795511,  
U4657920,  
U4895282, and  
U4804316

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

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

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

DATED at Toronto this 6<sup>th</sup> day of April, 2017.

  
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Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

FREEZE DIRECTION  
(Subsection 126(1))

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

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



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

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

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

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

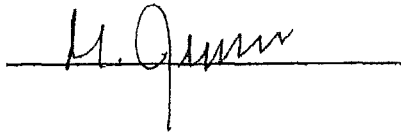
- (1) securities other than units of the Funds held in the name of or otherwise under the control of or on behalf of any of the Funds in the accounts at the brokerage may be sold provided that the sale or disposition occurs through the facilities of a recognized

- exchange and all proceeds of such sales or distributions are maintained in the account where such securities were held; and
- (2) of managed accounts, except managed accounts in the name or for the benefit of Clayton Edward Smith, Crystal Wealth Management System Limited, CLJ Everest Ltd., Chrysalis Yoga Inc., 1150752 Ontario Limited and Lee Ann Smith.

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

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

**DATED** at Toronto this 6<sup>th</sup> day of April, 2017.

A handwritten signature, appearing to be "M. Quinn", is written over a horizontal line. The signature is in cursive and includes a long, sweeping horizontal stroke at the end.



Ontario  
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Commission des  
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22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

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

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

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

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

**6045439-2228**

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

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

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

DATED at Toronto this 6<sup>th</sup> day of April, 2017.

M. Gunn



Ontario  
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22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

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

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

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

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

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

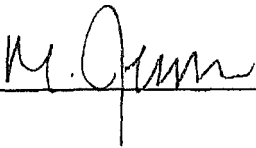
5002640-0122,  
5004279-0122, and  
0523771-0122

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

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

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

**DATED** at Toronto this 6<sup>th</sup> day of April, 2017.



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



Ontario  
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22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

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

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

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

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

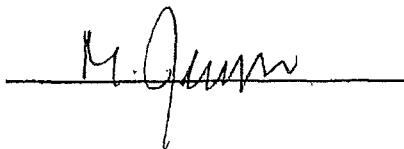
**5266530-0125**

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

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

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

**DATED** at Toronto this 6<sup>th</sup> day of April, 2017.

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



**SCHEDULE "B"**  
**FREEZE DIRECTIONS OVER CHRYSALIS YOGA**

See attached.



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22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

Phone: 416-263-7853  
Fax: 416-593-2319

Web site: [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

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

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

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

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

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

RE: Accounts at The Bank of Nova Scotia

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

**SCHEDULE "B"**  
**FREEZE DIRECTIONS OVER CHRYSALIS YOGA**

See attached.



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22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

Phone: 416-263-7653  
Fax: 416-693-2319

Web site: [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

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

**- and -**

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

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

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

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

**RE:** Accounts at The Bank of Nova Scotia

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

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

DATED at Toronto this <sup>17<sup>th</sup></sup>6 day of April, 2017.

M. Q. M.

**SCHEDULE "A" TO FREEZE DIRECTION**

| <b>Institution</b>      | <b>Account Name</b> | <b>Account Number</b> |
|-------------------------|---------------------|-----------------------|
| The Bank of Nova Scotia | Chrysalis Yoga Inc. | 87296 00518 10        |



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valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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

- and -

IN THE MATTER OF CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED

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

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

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

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

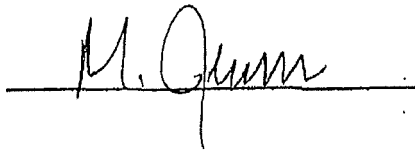
**87296 00518 10**

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

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

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

DATED at Toronto this 6<sup>th</sup> day of April, 2017.

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



**SCHEDULE "C"**  
**COMMUNICATIONS PROTOCOL**

**WHEREAS:**

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

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

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

**NOW THEREFORE:**

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

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

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

**SCHEDULE "D"**  
**DEPOSIT ACCOUNTS**

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

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

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

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

| <b>Institution</b> | <b>Account Name</b>                         | <b>Account Number</b> |
|--------------------|---------------------------------------------|-----------------------|
| NBCN Inc.          | Crystal Wealth Management<br>System Limited | 27Q000A               |
| NBCN Inc.          | Crystal Wealth Management<br>System Limited | 27QCNA                |
| NBCN Inc.          | Crystal Wealth Management<br>System Limited | 27QTAA                |
| NBCN Inc.          | Crystal Wealth Management<br>System Limited | 27QAAB                |
| NBCN Inc.          | Crystal Wealth Management<br>System Limited | 27QCNCA               |
| NBCN Inc.          | Crystal Wealth Retirement<br>One Fund       | 27QB27E               |
| NBCN Inc.          | Crystal Wealth Retirement<br>One Fund       | 27QB27F               |

## SCHEDULE "E"

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

#### PRIVILEGE PROTOCOL FOR RECEIVER PRODUCTIONS

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

#### A. **HARD COPY DOCUMENTS**

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

#### B. **E-MAILS**

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



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

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

#### **IDENTIFICATION AND SEGREGATION OF POTENTIALLY PRIVILEGED DOCUMENTS DURING REVIEW**

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

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

---

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

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

**APPENDIX "A"**

**PRIVILEGE SEARCH TERMS  
LAWYERS AND LAW FIRMS**

From following list, search:

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

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

**SCHEDULE "F"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

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

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

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

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

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

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

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

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

DATED the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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

Per: \_\_\_\_\_

Name:

Title:

**ONTARIO SECURITIES COMMISSION**

**and CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, ET AL.**

Applicant

Respondents

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

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

**APPOINTMENT ORDER**

**ONTARIO SECURITIES COMMISSION**  
20 Queen Street West, 22<sup>nd</sup> Floor  
Toronto ON M5H 3S8

**Catherine Weiler** (LSUC # 52424M)  
Tel: (416) 204-8985  
Fax: (416) 593-8321  
Email: cweiler@osc.gov.on.ca

**Yvonne B. Chisholm** (LSUC No. #37040F)  
Tel: (416) 593-2363  
Fax: (416) 593-8321  
Email: ychisholm@osc.gov.on.ca

*Lawyers for the Applicant,  
Ontario Securities Commission*

April 26, 2017

ONTARIO SECURITIES COMMISSION

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, ET AL.

Applicant

Respondents

Court File No. CV-17-11779-0002

April 26, 2017

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

Dated J.

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST  
Proceedings commenced at Toronto

APPLICATION RECORD  
VOLUME 8 OF 8

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

Catherine Weiler (LSUC # 52424M)  
Tel: (416) 204-8985  
Fax: (416) 593-8321  
Email: cweiler@osc.gov.on.ca

Yvonne B. Chisholm (LSUC No. #37040F)  
Tel: (416) 593-2363  
Fax: (416) 593-8321  
Email: ychisholm@osc.gov.on.ca

Lawyers for the Applicant,  
Ontario Securities Commission

Service of a true copy hereof admitted

this 25 day of April 2017

Chrysalis Yogo Inc.  
SOLICITOR FOR

Service of a true copy hereof admitted

this 25 day of April 2017

Crystal Wealth  
SOLICITOR FOR

# TAB 3





Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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

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

---

**FILE NO.:** 2018-35

**IN THE MATTER OF  
CLAYTON SMITH**

Janet Leiper, Commissioner and Chair of the Panel  
Philip Anisman, Commissioner  
Frances Kordyback, Commissioner

June 14, 2018

**ORDER**

(Subsections 127(1) and 127.1(1) of the  
*Securities Act*, RSO 1990, c S.5)

WHEREAS on June 13, 2018, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider an application made jointly by Clayton Smith (the **Respondent**) and staff of the Commission (**Staff**) for approval of a settlement agreement dated as of May 28, 2018 (the **Settlement Agreement**);

ON READING the Joint Application for a Settlement Hearing dated June 8, 2018, including the Statement of Allegations, the Settlement Agreement and the Consent of the parties, and on hearing the submissions of the Respondent, appearing in person, and of the representative for Staff;

IT IS ORDERED THAT:

1. the Settlement Agreement is approved;
2. the registrations granted to the Respondent under Ontario securities law are terminated;
3. trading in any securities or derivatives by the Respondent cease permanently;
4. the acquisition of any securities by the Respondent is prohibited permanently;
5. any exemptions contained in Ontario securities law not apply to the Respondent permanently;
6. the Respondent is reprimanded;
7. the Respondent immediately resign any position that he holds as a director or officer of an issuer or a registrant, including an investment fund manager;
8. the Respondent is permanently prohibited from becoming or acting as a director or officer of any issuer or registrant, including an investment fund manager;

9. the Respondent is permanently prohibited from becoming or acting as a registrant, including an investment fund manager, or a promoter;
10. the Respondent pay an administrative penalty in the amount of \$250,000, which amount is designated for allocation or use by the Commission in accordance with paragraph 3.4(2)(b) of the *Securities Act*, RSO 1990, c S.5; and
11. the Respondent pay costs in the amount of \$50,000.

"Janet Leiper"  
Janet Leiper

"Philip Anisman"  
Philip Anisman

"Frances Kordyback"  
Frances Kordyback

# TAB 4

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

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**JUNE 22, 2017**



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

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### **CONFIDENTIAL APPENDICES**

- Appendix 1** Securityholder Services Agreement dated February 17, 2004, unsigned Securityholder Services Agreement dated May, 2009, and unsigned Amending Agreement dated November 30, 2016
- Appendix 2** Summary of Mount Nemo Property Proposals Received
- Appendix 3** Mount Nemo Property Listing Agreement dated June 8, 2017



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

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**JUNE 22, 2017**

## INTRODUCTION AND PURPOSE OF THE FIRST REPORT

- 1 On April 7, 2017, the Ontario Securities Commission (the “**OSC**”) issued a temporary order (the “**Temporary Order**”) providing that the trading of units of all of the Crystal Wealth Funds (defined herein) cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith (“**Smith**”) and Crystal Wealth Management System Limited (the “**Company**”), with limited exceptions that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant fund. A copy of the Temporary Order is attached as **Appendix “1”** to this First Report of the Receiver (the “**First Report**”). On April 28, 2017, the OSC extended the Temporary Order to October 3, 2017 (the “**Extension Order**”). The Extension Order is attached as **Appendix “2”** to this First Report.
- 2 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List), the Honourable Mr. Justice Newbould issued an Order (the “**Appointment Order**”) appointing Grant Thornton Limited: (i) as receiver and manager (in such capacities, the “**Receiver**”), without security, of all of the assets, undertakings and properties (collectively, the “**Property**”) of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the “**Crystal Wealth Group**”); and (ii) as Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “**Chrysalis Account**”), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the “**Application**”) under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”). The said receivership proceedings, shall be referred to herein as the “**Receivership Proceedings**”. A copy of the Appointment Order and the endorsement of the Honourable Mr. Justice Newbould are attached as **Appendix “3”** to this First Report of the Receiver (the “**First Report**”).
- 3 On April 26, 2017, the Honourable Mr. Justice Newbould issued an Order (the “**Vesting Order**”) that, among other things, authorized the Receiver to complete, on behalf of the Respondent, CLJ Everest Ltd. (“**CLJ Everest**”), the sale transaction of the property located at 5043 Mount Nemo Crescent in Burlington, Ontario (the “**Mount Nemo Property**”) to Martin McCready (the “**Purchaser**”) pursuant to and in accordance with an

agreement of purchase and sale dated April 12, 2017 (the “**Mount Nemo Sale Agreement**”). A copy of the Vesting Order is attached to this First Report as **Appendix “4”**.

4 As outlined in the OSC’s Application, the appointment of the Receiver was based on concerns the OSC had regarding, among other things, the Respondent, Crystal Wealth Media Strategy (the “**Media Fund**”). The OSC presented evidence that:

- a) *...Smith advanced approximately \$9.6M from the Media Fund (which are investors’ monies) to a third-party, Media House Capital (Canada) Corp., and another entity related to it, purportedly to purchase film loans for the Media Fund (“**Film Loans**”, also referred to herein as “**Media Loans**”), when in fact at least \$329,930 was transferred to Smith’s personal account, and \$2,307,347.50 was transferred to his personal holding company, CLJ Everest. It was stated that Smith used these monies to, among other things, make credit card payments, purchase the Mount Nemo Property, and fund his then common-law spouse’s yoga studio.<sup>1</sup>*
- b) *...raised concerns about the existence and validity of the Film Loans owned by the Media Fund, and whether the value of the Film Loans as reflected in the net asset value (“**NAV**”) of the Media Fund has been materially overstated. Smith appears to have acknowledged that the Film Loans should be written down in value, but nevertheless he has not caused that to happen and the NAV of the Media Fund remained substantially unchanged.<sup>2</sup>*

5 The OSC stated that it believed that Smith and the Company may have:

- a) participated in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud, contrary to s. 126.1(1)(b) of the Act;
- b) failed to act fairly, honestly and in good faith with clients, contrary to s. 2.1 of Rule 31-505 - *Conditions of Registration*; and

---

<sup>1</sup> Affidavit of Marcel Tillie, sworn April 17, 2017, para. 26; Affidavit of Michael Ho, sworn April 17, 2017, paras. 17-63

<sup>2</sup> Affidavit of Marcel Tillie, sworn April 17, 2017, paras. 32 and 41-57.

- c) failed to comply with the standard of care expected of investment fund managers under s. 116 of the Act.

6 The potential breaches of the Act identified with respect to the Media Fund have an impact on several of the other Crystal Wealth Funds due to the significant number of inter-fund investments between the Crystal Wealth Funds which inter-fund transactions, as discussed in detail later in this First Report, are particularly prevalent with respect to the Media Fund.

7 More detailed information pertaining to the Crystal Wealth Group, including the circumstances leading to the appointment of the Receiver, are contained in the affidavits of:

- a) Marcel Tillie sworn April 17, 2017;
- b) Michael Ho sworn April 17, 2017;
- c) David Adler sworn April 24, 2017; and
- d) the supplementary affidavit of Michael Ho sworn April 24, 2017;

(collectively, the “**Commission Affidavits**”), all filed in support of the Application. Copies of the Commission Affidavits, without exhibits, are attached hereto as **Appendix “5”**.

8 The purpose of this First Report is to inform the Court of the Receiver’s activities since the date of the Appointment Order, to inform the Court of the Receiver’s recommendations for the sale of certain investments of the Crystal Wealth Group, and to support the Receiver’s request for an order, among other things, approving:

- a) this First Report, including the actions and activities of the Receiver as described in this First Report;
- b) a claims process to be conducted by the Receiver in respect of creditor claims against the Crystal Wealth Group, other than those of investors (the “**Creditor Claims Procedure Order**”);
- c) the Receiver’s reliance on the Unit Holder Listing (as defined herein) to make interim distributions to investors, where possible, without further approval of the

Court, of the proceeds obtained from the divestiture of certain assets of the Crystal Wealth Funds;

- d) the Receiver's request for an Order approving the proposed sale process ("**Sale Process**") with respect to certain Crystal Wealth Funds and authorizing the Receiver to carry out its functions in accordance with the Sale Process;
- e) the Receiver's Interim Statement of Receipts and Disbursements for the period from April 26, 2017 to May 31, 2017 appended as **Appendix "6"** to the First Report;
- f) the fees and disbursements of the Receiver and Aird & Berlis LLP, legal counsel to the Receiver ("**A&B**"), as described herein; and
- g) sealing **Confidential Appendices "1", "2", and "3"** of this First Report until further Order of the Court.

- 9 The Receiver's activities since its appointment are detailed throughout this First Report, with specific details of particular activities being described at paragraph 178 below.

## **RESTRICTIONS AND TERMS OF REFERENCE**

- 10 In preparing this First Report, the Receiver has relied upon unaudited financial information, the Crystal Wealth Group's books and records, certain financial information, discussions with the Crystal Wealth Group's former management and employees, and discussions with various interested parties (collectively, the "**Information**"). Except as described in this First Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
- 11 This First Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought. This First Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this First Report contrary to the provisions of this paragraph.

- 12 Capitalized terms not defined in this First Report are as defined in the Appointment Order. All references to dollars are in Canadian currency unless otherwise noted.
- 13 Copies of materials filed in these Receivership Proceedings are available on the Receiver's Case Website at: [www.grantthornton.ca/crystalwealth](http://www.grantthornton.ca/crystalwealth).

## BACKGROUND

- 14 The Company is a corporation registered with the OSC in the categories of: "Exempt Market Dealer", "Investment Fund Manager", "Portfolio Manager", and "Commodity Trading Manager". Prior to the commencement of the Receivership Proceedings, it operated out of an office located at 192 Plains Road E., Burlington, Ontario (the "**Premises**").
- 15 Smith is the controlling mind of the Company, is listed as the sole director and officer, and holds a controlling interest of 91.76% in the Company. Smith's ownership is held indirectly through CLJ Everest, a holding company incorporated in Ontario of which Smith is the sole shareholder, officer, and director. CLJ Everest holds 28.26% of the Company's outstanding shares and 100% of the shares of the Respondent, 1150752 Ontario Limited ("**115 Ontario**"). 115 Ontario in turn holds 63.50% of the Company's outstanding shares. The remaining 8.24% of the Company's shares are held by an individual named Gary Allen who, as the Receiver understand, acts as a silent shareholder. A copy of the legal corporate structure provided by Smith to the Receiver is attached hereto as **Appendix "7"**.
- 16 At the time of the Appointment Order, Smith was registered in Ontario with the OSC as a dealing representative, an advising representative in the category of "Portfolio Manager", and an advising representative in the category of "Commodity Trading Manager". Smith was also registered as the Company's chief executive officer, chief compliance officer and ultimate designated person. In fulfilling his responsibilities in the latter two roles, Smith bears responsibility for the Company's compliance with Ontario securities laws, including, without limitation, the Act.
- 17 The Company created and managed the following 15 proprietary investment funds (collectively referred to as the "**Crystal Wealth Funds**"):
- a) Crystal Wealth Mortgage Strategy (the "**Mortgage Fund**");

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

A detailed description of the Crystal Wealth Funds and the work performed by the Receiver with respect to each of them is included later in this First Report.

- 18 The Crystal Wealth Funds are structured as open-ended mutual fund trusts. Units in each of the funds were distributed to investors on an exempt basis, pursuant to offering memoranda (“**OMs**”). The Company managed the day-to-day business of the Crystal Wealth Funds and was required to make investment decisions consistent with each fund’s investment objectives. Based on internal information provided by Smith, the assets under management (“**AUM**”) of the Crystal Wealth Funds, as at April 20, 2017, was approximately \$193,198,912. The Receiver believes this amount is materially overstated.

## OVERVIEW OF THE CRYSTAL WEALTH FUNDS

- 19 During the initial stages of its appointment, the Receiver obtained a general understanding of the Company and, in particular, the Crystal Wealth Funds. The following sections of this First Report provide a summary of the Crystal Wealth Funds and details regarding the steps and actions taken by the Receiver in this regard.
- 20 The Receiver conducted a series of discussions with Smith focusing on the process of administering the Crystal Wealth Funds, the individuals who made investment decisions, how buy/sell orders were executed by the Company, the entities involved in recording trades, and the identity of investors within the Crystal Wealth Funds at any given time, and the frequency and methodology for the pricing of the funds.
- 21 On May 4, 2017, the Receiver met with Smith and Joanne Bentley ("**Bentley**") (the Company's trading officer and an associate advising representative at the time of the Appointment Order), to review each of the Crystal Wealth Funds in detail, for the purpose of understanding the investment objective of each fund and the underlying investments contained within. During the meeting, Smith provided the Receiver with the most recent valuation package for each of the Crystal Wealth Funds prepared by the Company prior to the Appointment Order. The valuation package, dated April 20, 2017 (the "**April 20<sup>th</sup> Package**"), outlines the investments in, and respective values of, each investment for each of the funds. This information includes the acquisition cost and the supposed market value of each investment, which are referred to herein as the "**Recorded Cost**" and the "**Recorded Value**", respectively. A copy of the April 20<sup>th</sup> Package is attached to this First Report as **Appendix "8"**.
- 22 In general, each of the Crystal Wealth Funds contains one or more of the following types of investments:
- a) cash and money market securities ("**Cash**") held with two third parties, NBCN Inc. (otherwise known as National Bank Correspondent Network) ("**NBCN**") and Interactive Brokers Canada Inc. ("**IBC**");
  - b) investments where the underlying security is held and recorded by NBCN ("**On-Book Assets**"); and
  - c) investments not held or recorded by NBCN but rather administered by the



Company and/or a third-party ("**Off-Book Assets**")

(collectively referred to as the "**Investment Categories**").

- 23 At the conclusion of the meeting, the Receiver provided Smith with a more detailed request to provide supporting documentation verifying the existence, value, and ownership of the investments contained in each of the Crystal Wealth Funds, with specific emphasis on the Off-Book Assets.
- 24 Shortly thereafter, Smith compiled and delivered to the Receiver a set of documents in response to the Receiver's request (the "**Provided Documents**"). The Provided Documents, particularly as they relate to the Off-Book Assets, are largely incomplete. In order to supplement the Provided Documents, the Receiver has been concurrently contacting various third parties to obtain the information required to support and corroborate the assets recorded on the Company's records.
- 25 Through discussions with Smith and the Receiver's review of the Provided Documents, it became apparent to the Receiver that the governance and management of the Crystal Wealth Funds, again more relating to the Off-Book Assets, was insufficient for a Company managing AUM of purportedly approximately \$200M. Through a continued review of the additional documentation obtained from various sources, the Receiver noted that there are little to no internal tracking mechanisms in place at the Company with respect to the Off-Book Assets. In addition, there appears to be no protocol for organizing documentation with respect to the investments and no central location or repository for same. This has continued to further impact the Receiver's efforts to gain a comprehensive understanding of the Off-Book Assets.
- 26 Notwithstanding the foregoing, the following is a summary of the Crystal Wealth Funds and the Investment Categories outlined in the April 20<sup>th</sup> Package:

| Fund <sup>1</sup>            | Portfolio Manager | Cash         | On-Book Assets | Off-Book Assets | Accruals       | Total          |
|------------------------------|-------------------|--------------|----------------|-----------------|----------------|----------------|
| Mortgage Fund                | Smith             | \$ 1,217,989 | \$ 2,578,364   | \$ 23,242,421   | \$ 44,162      | \$ 27,082,935  |
| Resource Fund                | A. Housego        | 185,489      | 1,908,151      | 966             | (6,799)        | 2,087,807      |
| Factoring Fund               | A. Housego        | 411,706      | 11,026,656     | 27,771,688      | (1,085,882)    | 38,124,168     |
| Medical Fund                 | Smith             | 449,770      | 1,540,927      | 7,277,553       | 1,840          | 9,270,090      |
| Bullion Fund                 | A. Housego        | 268,830      | 763,006        | -               | (2,280)        | 1,029,555      |
| Media Fund                   | Smith             | 731,305      | 1,018,720      | 53,520,539      | (803,721)      | 54,466,843     |
| High Yield Mortgage Fund     | Smith             | 760,006      | 1,378,897      | 3,344,820       | (41,557)       | 5,442,165      |
| Infrastructure Fund          | Smith             | 2,087,302    | 315,000        | 5,362,300       | -              | 7,764,601      |
| Hedge Fund                   | A. Housego        | 531,692      | 1,561,271      | 11,862,643      | (36,657)       | 13,918,950     |
| Conscious Capital Fund       | Smith             | 27,905       | 658,198        | (274,000)       | (2,897)        | 409,206        |
| ACM Income Fund              | Smith             | 371,053      | 10,458,518     | -               | (14,153)       | 10,815,417     |
| ACM Growth Fund              | Smith             | (2,040,779)  | 13,674,671     | -               | (24,828)       | 11,609,064     |
| Sustainable Dividend Fund    | Smith             | 121,340      | 6,524,987      | 3,475           | (19,627)       | 6,630,175      |
| Sustainable Property Fund    | Smith             | 245,796      | -              | 4,314,619       | (12,480)       | 4,547,935      |
|                              |                   | \$ 5,369,403 | \$ 53,407,366  | \$ 136,427,023  | \$ (2,004,879) | \$ 193,198,912 |
| 1-USD to CAD Rate: 1.3481001 |                   |              |                |                 |                |                |

27 The general types of investments contained within each of the Investment Categories, all of which are discussed in detail later in this First Report, are as follows:

**a) On-Book Assets include:**

- i. investments in units of Crystal Wealth Funds ("**Inter-fund Investments**");
- ii. equity investments in companies whereby the securities of same are traded on active market exchanges and readily saleable ("**Equities**") as well as warrant options for the purchase of similar shares at a stated price in respect of equities traded on active market exchanges ("**Warrants**");
- iii. equity investments in companies whereby the securities were obtained through private placements or direct purchases and are not traded on active market exchanges and therefore are not readily saleable ("**Private Equities**") and warrant options for the purchase of shares in same at a stated price ("**Private Warrants**");
- iv. gold purchase agreements for the right to purchase a stated number of gold bullion ounces ("**Gold**") at a discount ("**Gold Contracts**");
- v. fixed income debentures with the option for the holder to convert the instrument into a set number of shares in the borrower ("**Convertible Debentures**");

- vi. unit holdings in mutual funds not managed by the Company and thus external to the Crystal Wealth Group, which the Receiver understands should be reasonably redeemable or monetizable ("**External Mutual Funds**"); and
- vii. currency future contracts, entered into with the purpose of hedging against a decline of the U.S. Dollar in relation to the Canadian Dollar ("**USD Futures**").

**b) Off-Book Assets include:**

- i. investments in first or second non-conventional residential mortgages administered by third parties ("**Residential Mortgages**");
- ii. term loans issued to private corporations and entities for various purposes ("**Commercial Loans**");
- iii. term loans purchased from Media House Capital (Canada) Corp. ("**MHC**") reflecting loans made to various production companies for the production of films ("**Media Loans**");
- iv. contracts with commercial businesses under which specific Crystal Wealth Funds purchased accounts of such businesses at a discount ("**Factoring Contracts**");
- v. participation rights in contracts with healthcare providers to purchase medical accounts receivable at a discount ("**Medical Factoring Contracts**"); and
- vi. preferred and common partnership units in 1076874 Properties Limited Partnership ("**107 LP**"), an entity that owns an interest in various rental properties located in the United States.

A detailed summary of the Crystal Wealth Funds and the Recorded Values of the investments as at April 20, 2017, prepared by the Receiver, is attached as **Appendix "9"** to this First Report.

## CRYSTAL WEALTH FUND DESCRIPTIONS

- 28 For the purposes of this section, noted Cash balances and investment values are based on the Recorded Values in the April 20<sup>th</sup> Package, unless otherwise stated. They should not be taken as any statement, representation or reflection of actual or realizable value.

### Mortgage Fund

- 29 The Mortgage Fund is the oldest active fund of the Crystal Wealth Group initially launched on or about April 12, 2007 with the objective of generating “a consistently high level of interest income with no downside volatility by investing primarily in first and second Canadian residential mortgages”<sup>3</sup>.
- 30 As at April 20, 2017, the Mortgage Fund held Cash of \$1,217,989 along with the following investments:
- a) On-Book Assets:
    - i. a 90 day GIC with HSBC Canada with a Recorded Value of \$522,765; and
    - ii. Inter-fund Investment in the Media Fund with a Recorded Value of \$2,055,599.
  - b) Off-Book Assets:
    - i. one hundred thirty four (134) individual Residential Mortgages managed by Spectrum Canada Mortgage Services Inc. (“**Spectrum**”) and Squire Management Inc. (“**Squire**”), with a Recorded Value of \$14,322,861;
    - ii. Commercial Loans with a Recorded Value of \$8,543,500 made to the following entities:
      - 1. MCSnoxrecovery Inc. (“**MCSnox**”) – \$2,000,000;
      - 2. 2441472 Ontario Inc. (“**1472**”) – \$1,800,000;

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<sup>3</sup> <http://crystalwealth.com/quartz-strategies/crystal-wealth-mortgage-strategy/>, Mortgage Fund OM, Nov. 21, 2016.

3. Magnitude CS Energy Inc. ("**Magnitude**") – \$1,133,500;
4. Pond Technologies Inc. (formerly known as Pond Biofuels Inc.) ("**Pond**") – \$3,110,000; and
5. Kanwal Development Inc. ("**Kanwal**") – \$500,000.

A detailed discussion of the Commercial Loans appears later in this First Report.

- iii. accrued and uncollected interest related to Residential Mortgages and Commercial Loans with a Recorded Value of \$376,060.

## Resource Fund

- 31 The Resource Fund was launched on or about August 14, 2009, and its objective was to "...generate positive absolute annual returns by investing primarily in securities with economic exposure to the global resource and precious metals sector"<sup>4</sup>.
- 32 As at April 20, 2017, the Resource Fund held Cash of \$185,489. The Resource Fund also held the following investments:
  - a) On-Book Assets:
    - i. thirty nine (39) Equities in the resource and precious metals sector with a Recorded Value of \$1,563,820 along with 21 Warrants with a Recorded Value of \$36,878;
    - ii. one (1) 5% Convertible Debenture with a Recorded Value of \$50,000 plus accrued interest with a Recorded Value of \$966 (recorded as an Off-Book Asset);
    - iii. one (1) USD foreign exchange contract with a Recorded Value of negative \$4,718; and

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<sup>4</sup> [crystalwealth.com/sapphire-funds/crystal-enlightened-resource-and-precious-metals-fund](http://crystalwealth.com/sapphire-funds/crystal-enlightened-resource-and-precious-metals-fund), Resource Fund OM, Nov. 21, 2016.



- iv. Inter-fund Investments in the Bullion Fund and Factoring Fund with Recorded Values of \$261,643 and \$528, respectively.

## Factoring Fund

- 33 The Factoring Fund has an inception date of on or about January 22, 2010 and an objective to "...provide consistently positive total returns while seeking to protect against downside risk by investing primarily in commercial factoring contracts"<sup>5</sup>. In addition, the Factoring Fund is "...authorized to invest in other securities including equities, fixed income securities, investment funds and exchange-traded derivatives"<sup>6</sup>. The exclusive partner of this Crystal Wealth Fund in executing this strategy is Frontline Factoring Inc. ("**Frontline**"). Frontline is discussed later in this First Report.
- 34 As at April 20, 2017, the Factoring Fund held Cash of \$411,706 and held the following investments:
  - a) On-Book Assets:
    - i. six (6) Equities and three (3) Warrants totaling a Recorded Value of \$988,026;
    - ii. one (1) 10% Convertible Debenture, from Garmatex Holdings Ltd. with a Recorded Value of \$30,000;
    - iii. five (5) Gold Contracts with a Recorded Value of \$6,996,654;
    - iv. one (1) External Mutual Fund with a Recorded Value of 67,406;
    - v. USD foreign exchange contracts with a Recorded Value of negative \$8,234; and
    - vi. Inter-fund Investments in the Hedge Fund and Media Fund with Recorded Values of \$2,951,950 and \$854, respectively.

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<sup>5</sup> [crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-factoring-strategy](http://crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-factoring-strategy), Factoring Fund OM, Nov. 21, 2016

<sup>6</sup> [crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-factoring-strategy](http://crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-factoring-strategy), Factoring Fund OM, Nov. 21, 2016

b) Off-Book Assets:

- i. a promissory note with a principal amount owing of USD \$125,000 (Recorded Value of \$168,513) along with an additional conversion option for common shares in the borrower, 1092545 B.C. Ltd. ("**109 BC**"), along with accrued interest with a Recorded Value of \$41,136;
- ii. twelve (12) Factoring Contracts managed by Frontline with a Recorded Value of \$22,821,205, in addition to accrued interest and fees with a Recorded Value of \$1,641,268; and
- iii. a 31.545% ownership in 107 LP with Recorded Cost and a Recorded Value of \$2,898,415 (US \$2,650,000) in addition to accrued (but uncollected) interest with a Recorded Value of \$201,151.

## Medical Fund

35 The Medical Fund was launched on or about January 22, 2010 with an objective to "...generate a high level of interest income with minimal volatility and low correlation to most traditional asset classes by investing in American health care receivables"<sup>7</sup>. The exclusive partner in executing this strategy is Xynergy Medical Capital LLC ("**Xynergy**"), who is discussed later in this First Report.

36 As at April 20, 2017, the Medical Fund held Cash of \$449,770 and the following investments:

a) On-Book Assets:

- i. one (1) External Mutual Fund with a Recorded Value of \$25,288;
- ii. one (1) USD Equity traded on the "Over-The-Counter Markets Exchange" in the United States with a Recorded Value of \$7,846;
- iii. one (1) USD foreign exchange contract with a Recorded Value of negative \$18,812; and

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<sup>7</sup> <http://crystalwealth.com/quartz-strategies/crystal-wealth-medical-strategy/>, Medical Fund OM, Nov. 21, 2016

- iv. Inter-fund Investment in the Media Fund with a Recorded Value of \$1,526,605.

b) Off-Book Assets:

- i. thirty (30) Medical Factoring Contracts managed by Xynergy and accrued fees related to same with Recorded Values of \$6,470,773 (US \$4,800,019) and \$806,780 (US \$598,469), respectively.

## Bullion Fund

37 The Bullion Fund was launched on or about July 3, 2015. The Bullion Fund's objective was to "...provide investors with the opportunity to invest in gold and silver bullion in a convenient way while simultaneously earning a yield on their bullion holdings"<sup>8</sup>.

38 As at April 20, 2017, the Bullion Fund held Cash of \$268,830 and the following investments:

a) On-Book Assets:

- i. two (2) Gold Contracts with a Recorded Value of \$763,006.

## Media Fund

39 The Media Fund was launched on or about September 2, 2011. This fund's objective was to "...generate a high level of interest income with minimal volatility and low correlation to most traditional asset classes by investing in debt obligations of motion pictures and series television productions"<sup>9</sup>. The exclusive partner in executing this strategy was MHC, who is discussed in detail later in this First Report.

40 As at April 20, 2017, the Media Fund held Cash of \$731,305 and the following investments:

a) On-Book Assets:

- i. one (1) External Mutual Fund with a recorded value of \$1,042,228; and

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<sup>8</sup> <http://crystalwealth.com/sapphire-funds/crystal-enlightened-bullion-fund/>, Bullion Fund OM, May 17, 2016

<sup>9</sup> <http://crystalwealth.com/quartz-strategies/crystal-wealth-media-strategy/>, Media Fund OM, Nov. 21, 2016



- ii. one (1) USD foreign exchange contract with a negative Recorded Value of \$23,508.

b) Off-Book Assets all managed by MHC:

- i. twenty one (21) CAD Media Loans with principal and accrued interest Recorded Values of \$33,649,959 and \$11,873,156, respectively; and
- ii. four (4) USD Media Loans with principal and accrued interest Recorded Values of \$5,325,456 (US \$3,950,423) and \$2,671,968 (US \$1,982,065), respectively.

### High Yield Mortgage Fund

41 The High Yield Mortgage Fund was launched on or about January 23, 2015. The High Yield Mortgage Fund's objective was to "...generate a consistently high level of interest income while focusing on preservation of capital by investing primarily in residential 2nd mortgages in Canada"<sup>10</sup>. The exclusive partner in executing this strategy was and continues to be Spectrum.

42 As at April 20, 2017, the High Yield Mortgage Fund held Cash of \$760,006 and the following investments:

a) On-Book Assets:

- i. Inter-fund Investments in the Media Fund and Mortgage Fund with Recorded Values of \$516,820 and \$862,077, respectively.

b) Off-Book Assets:

- i. fifty one (51) individual Residential Mortgages, administered by Spectrum, with a principal balance of \$2,467,145 (Recorded Value) plus monthly accrued interest with a Recorded Value of \$437;

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<sup>10</sup> [crystalwealth.com/quartz-strategies/crystal-wealth-high-yield-mortgage-strategy/](http://crystalwealth.com/quartz-strategies/crystal-wealth-high-yield-mortgage-strategy/), High Yield Mortgage Fund OM, Nov. 21, 2016

- ii. an inter-fund loan receivable from the Conscious Capital Fund with a Recorded Value of \$274,000; and
- iii. participation in the Pond Loan (as defined below) with a principal balance of \$550,000 plus accrued interest with a Recorded Value of approximately \$53,238;

## Infrastructure Fund

- 43 The Infrastructure Fund was launched on or about May 6, 2016. The Infrastructure Fund's objective was to "...generate a consistently high level of interest income along with long-term growth potential while focusing on preservation of capital by investing primarily in debt and equity instruments of infrastructure projects and companies"<sup>11</sup>.
- 44 As at April 20, 2017, the Infrastructure Fund held Cash of \$2,087,302 and the following investments:
- a) On-Book Assets:
    - i. a Convertible Debenture to Cinnos Mission Critical Incorporated ("**Cinnos**") with a principal balance of \$315,000 (the note is convertible into common shares of Cinnos at a rate of 85% of the value of such share upon an initial equity raise); and
  - b) Off-Book Assets:
    - i. seven (7) separate loans to two (2) companies for a total principal value of \$5,154,571 called the OOM Energy Loans (defined and discussed herein) with a Recorded Value of accrued interest of \$193,782; and
    - ii. accrued interest related to the Convertible Debenture from Cinnos with a Recorded Value of \$13,947.

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<sup>11</sup> <http://crystalwealth.com/quartz-strategies/crystal-wealth-infrastructure-strategy/>, Infrastructure Fund OM, Nov. 21, 2016

## Hedge Fund

- 45 The Hedge Fund was launched on or about February 26, 2016. The Hedge Fund's objective was to "...generate consistently positive annual returns regardless of the directional movement in equity, interest rates or currency markets"<sup>12</sup>.
- 46 As at April 20, 2017, the Hedge Fund held Cash of \$531,692 and the following investments:
- a) On-Book Assets:
    - i. one (1) USD, and three (3) CAD Equities, as well as two (2) Warrants, with a cumulative Recorded Value of \$272,508;
    - ii. four (4) Gold Contracts with a cumulative Recorded Value of \$1,235,773; and
    - iii. one (1) External Mutual Fund with a Recorded Value of \$52,990;
  - b) Off-Book Assets:
    - i. three (3) Factoring Contracts with principal and related accrued interest with Recorded Values of \$2,992,362 and \$568,797, respectively;
    - ii. a 68.45% ownership in 107 LP with a Recorded Cost and Recorded Value of \$7,751,575 (US \$5,750,000) and accrued interest with a Recorded Value of \$503,909 (US \$373,800); and
    - iii. a non-interest bearing promissory note with a face value of \$46,000 issued from the 107 LP due December 31, 2017.

## Conscious Capital Fund

- 47 The Conscious Capital Fund was launched on or about May 27, 2016. The Conscious Capital Fund's objective was "...long term capital growth through investment in companies

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<sup>12</sup> <http://crystalwealth.com/sapphire-funds/crystal-wealth-enlightened-hedge-fund/>, Hedge Fund OM, Nov. 21, 2016



that are making a positive change in the world<sup>13</sup>.

48 As at April 20, 2017, the Conscious Capital Fund held Cash of \$27,905 and the following investments:

a) On-Book Assets:

- i. 336,571 common shares in Pond (Private Equities) with a Recorded Value of \$632,753; and
- ii. 212,040 warrants (Private Warrants) in Pond with the right to purchase shares (one share per warrant) at a strike price of \$2.50/share, expiring November 21, 2018 with a Recorded Value of \$25,445.

b) Off-Book Assets (Liabilities):

- i. an inter-fund loan owing to the High Yield Mortgage Fund with a principal balance of \$274,000.

### **ACM Income Fund**

49 The ACM Income Fund was launched on or about July 4, 2014. The ACM Income Fund's objective was to "...provide a consistent level of current income while protecting against loss of capital"<sup>14</sup>.

50 As at April 20, 2017, the ACM Income Fund held Cash of \$371,053 and the following investments:

a) On-Book Assets:

- ii. Manulife Yield Opportunities Fund (External Mutual Fund) with a Recorded Value of \$560,025; and
- iii. Inter-fund Investments with a total Recorded Value of \$9,898,493 in the following four Funds with the respective Recorded Values:

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<sup>13</sup> <http://crystalwealth.com/quartz-strategies/conscious-capital-strategy/>, Conscious Capital Fund OM, Nov. 28, 2016

<sup>14</sup> <http://crystalwealth.com/sapphire-funds/acm-income-fund/>, ACM Income Fund and ACM Growth Fund OM, May 6, 2016

1. Media Fund – \$6,594,529;
2. Factoring Fund – \$2,426,339;
3. Medical Fund – \$560,297; and
4. Hedge Fund – \$317,328.

## ACM Growth Fund

51 The ACM Growth Fund was launched on or about July 4, 2014. The ACM Growth Fund's objective was to "...provide long term capital appreciation while minimizing the risk of loss of capital"<sup>15</sup>.

52 As at April 20, 2017, the ACM Growth Fund had a margin balance (negative Cash) of \$2,040,779 and held the following investments:

a) On-Book Assets:

- i. fourteen (14) Equities in publicly traded entities with a Recorded Value of \$5,452,400;
- ii. four (4) External Mutual Funds with a Recorded Value of \$3,482,518; and
- iii. Inter-fund Investments with a total Recorded Value of \$4,739,753 in the following four Funds with the respective Recorded Values of:
  1. Factoring Fund – \$2,511,933;
  2. Mortgage Fund - \$1;
  3. Hedge Fund – \$1,655,059; and
  4. Media Fund – \$572,761.

b) Off-Book Assets:

- i. accrued interest and dividends related to investments with a Recorded

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<sup>15</sup> Ibid.

Value of \$3,475.

### **Sustainable Dividend Fund**

53 The Sustainable Dividend Fund was launched on or about February 5, 2016. The Sustainable Dividend Fund's objective was to "...generate long term capital appreciation while focusing on preservation of capital by combining sustainable, responsible and values-based investing principles"<sup>16</sup>.

54 As at April 20, 2017, the Sustainable Dividend Fund held Cash of \$121,340 and the following investments:

a) On-Book Assets:

- i. nine (9) CAD Equities with a Recorded Value of \$1,440,897;
- ii. twenty Five (25) USD Equities with a Recorded Value of \$5,008,397 (US \$3,715,153); with accrued dividends with a Recorded Value of \$3,475 (classified as an Off-Book Asset); and
- iii. Inter-fund Investment in the Sustainable Property Fund with a Recorded Value of \$75,693.

### **Sustainable Property Fund**

55 The Sustainable Property Fund was launched on or about February 5, 2016. The Sustainable Property Fund's objective was to "...generate a consistently reasonable level of income while focusing on preservation of capital by investing primarily in a diversified portfolio of alternative financing vehicles on real properties, within the residential and commercial sectors while adhering to Responsible, Equitable and Values-Based principles"<sup>17</sup>. The exclusive partner in executing this strategy, was and continues to be Spectrum.

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<sup>16</sup> <http://crystalwealth.com/sapphire-funds/absolute-sustainable-dividend-fund/>, Sustainable Dividend Fund OM, Nov. 21, 2016

<sup>17</sup> <http://crystalwealth.com/sapphire-funds/absolute-sustainable-property/>, Sustainable Property Fund OM, Nov. 21, 2016

56 As at April 20, 2017, the Sustainable Property Fund held Cash of \$245,796 and the following investments:

a) Off-Book Assets:

- i. six (6) individual Residential Mortgages with a principal balance of \$2,219,879 administered by Spectrum; and
- ii. a Commercial Loan to MCSAB10 Inc. ("**MCSAB**") with a principal balance of \$2,000,000 plus accrued user fees with a Recorded Value of \$94,740.

**Retirement Fund**

57 The Retirement Fund was originally launched on or about January 2015 and was discontinued in March 2017. The Unit Holder Listing (defined later in this First Report) provided by International Financial Data Services (Canada) Limited ("**IFDS**") (a third-party that maintained the listing of investors) indicated that there were zero investors in the Retirement Fund and it had a NAV of \$0.

**ON-BOOK ASSETS – SPECIFIC DETAILS**

**Inter-Fund Investments**

58 Upon review of the April 20<sup>th</sup> Package, the Receiver noted that there were significant Inter-fund Investments between the Crystal Wealth Funds. The Media Fund is the single largest recipient of Inter-fund Investments with a Recorded Cost of \$11,349,768. The Recorded Costs noted for the following Crystal Wealth Funds represent the Inter-fund Investment balance in the Media Fund as at April 20, 2017:

- a) ACM Income Fund – \$6,641,115;
- b) Mortgage Fund – \$2,072,643;
- c) Medical Fund – \$1,537,291;
- d) ACM Growth Fund – \$576,764;
- e) High Yield Mortgage Fund – \$521,098; and

f) Factoring Fund – \$857.

The Receiver has prepared a diagram outlining the Inter-fund Investments between the Crystal Wealth Funds, with the noted Recorded Costs, which is attached as **Appendix “10”**.

- 59 When questioned, Smith advised the Receiver that Inter-fund Investments are common in the mutual fund industry and were utilized to manage cash flow requirements between the Crystal Wealth Funds, specifically for requested redemptions from investors. Based on the transaction data obtained from NBCN for the 12 months ending April 26, 2017, it appears the inter-fund transfers are largely one sided, meaning that the Media Fund is the largest recipient of proceeds from other funds to create liquidity in the Media Fund for redemptions.
- 60 The Receiver intends to conduct a more thorough review of the inter-fund transfers and will report the results of such review in a future report to the Court.

### **Equities and Warrants**

- 61 Certain Equities in the Funds are traded in the following active markets:
- a) Toronto Stock Exchange;
  - b) TSX – Venture Exchange;
  - c) New York Stock Exchange;
  - d) National Association of Securities Dealers Automated Quotations (“**NASDAQ**”);
  - e) Australian Stock Exchange; and
  - f) Over-The-Counter Markets Exchange in the United States.

As a result, Equities quoted on these exchanges ***should be*** relatively liquid.

- 62 Based on a preliminary review of supporting documentation, some of the Warrants contain restrictions on their assignability and ultimately their saleability. Therefore, these warrants may not be readily liquid. The Receiver will continue to review the supporting documentation regarding these warrants to determine if and when they may be turned into



cash.

### **Private Equities and Private Warrants**

- 63 Private Equities held in the Crystal Wealth Funds are obtained primarily through private placements or through direct purchases from persons who independently hold same. These investments are not actively traded in external markets. Therefore, they are not easily valued or realizable. The Receiver continues to review documentation and correspond and/or meet with the issuers with respect to these investments to develop a monetization strategy.
- 64 Similar to the Warrants, the Receiver continues to review the documentation with respect to each of the Private Warrants.

### **Gold Contracts**

- 65 The Bullion Fund, Factoring Fund, and Hedge Fund collectively have a total of eleven (11) Gold Contracts:
- a) Onstar Exploration Ltd. ("**Onstar**") – 4 Gold Contracts with a combined Recorded Value of approximately \$6,447,484 (the "**Onstar Contracts**");
  - b) 611802 B.C. Ltd. ("**611 BC**") – 4 Gold Contracts with a combined Recorded Value of approximately \$1,255,819 (the "**611 Contracts**");
  - c) Inca One Gold Corp. ("**Inca**") – 2 Gold Contracts with a combined Recorded Value of approximately \$958,797 (the "**Inca Contracts**"); and
  - d) Solid Holdings Ltd. ("**Solid Holdings**") – 1 Gold Contract with a Recorded Value of \$333,332 (the "**Solid Contract**").

(Onstar, 611 BC, Inca, and Solid Holdings are referred to as the "**Gold Sellers**"). A summary of the Gold Contracts is attached hereto as **Appendix "11"**.

### **Onstar Contracts, 611 Contracts, Inca Contracts, and Solid Contract**

- 66 The 611 Contracts, the Inca Contracts and the Solid Contract (collectively, the "**Settlement Contracts**") are similar in nature in that upon expiry, the contract is

completed either through: (i) the delivery of the Gold; or (ii) a cash settlement.

67 In general, the commercial arrangement for the Settlement Contracts is as follows:

- a) the Crystal Wealth Fund enters into a monthly Settlement Contract whereby it becomes entitled to purchase a certain amount of Gold at the current quoted spot price per ounce (the “**Spot Price**”), less a stated discount (between 1% to 5%) (the “**Purchase Price**”) for a stated period of time until the contract matures (the “**Maturity Date**”);
- b) on the anniversary date of each month (the commencement date of the Settlement Contract), there is a settlement in cash between the Gold Seller and the Crystal Wealth Fund whereby the Fund “sells” the Gold to the Seller at the Spot Price and then “re-purchases” the Gold at the Purchase Price (no actual transfer of physical Gold occurs);
- c) at the Maturity Date, a final settlement occurs either through the delivery of Gold to an agreed upon location or through a cash settlement whereby the Gold Seller remits payment to the Crystal Wealth Fund for the current market value of the Gold.

An example of a Settlement Contract under increasing and decreasing Gold prices along with an example of the appendices of such a contract (with financial terms redacted) is attached to this First Report as **Appendix “12”**.

68 Based on the contact information provided by the Company, the Receiver corresponded with the Gold Sellers advising them of the Appointment Order and requested a discussion to be scheduled with the Receiver. A summary of the various correspondence and discussions with each of the Gold Sellers is included below:

- a) 611 BC
  - i. 611 BC explained the nature of the Settlement Contract and 611 BC’s role in same. The 611 Contracts begin to expire in November 2017.
  - ii. The Receiver inquired into the potential for an early exit from the 611 Contracts. 611 BC indicated that since it does not have to settle the 611 Contract until November 2017, the potential for an early exit would not be

possible as 611 BC does not have the funds required to buyout the contract at this time or to deliver the Gold. Mining of the Gold under this contract has not yet commenced.

b) Inca

- i. There are currently two Inca Contracts (“**Inca 1**” and “**Inca 2**”). The third and final tranche of Inca 1 expired on June 1, 2017 while Inca 2 expires December 1, 2017.
- ii. The Receiver conducted a call with Inca on May 24, 2017. Inca indicated that it did not have the funds available to settle the third and final tranche of Inca 1 and that it would prepare a re-payment proposal for the Receiver to review.
- iii. On June 7, 2017, Inca provided a proposal to the Receiver which proposed that Inca settle the Inca Contracts for a cumulative value of \$1,000,000 over the course of 52 weeks beginning June 26, 2017. The proposal also included an alternative for Inca to repay the original face value (i.e. the acquisition cost) of the Inca Contracts plus a 2.5% annual interest rate, for total proceeds of approximately \$725,000 within 60 days. The Receiver has acknowledged receipt of this proposal but has not provided a response to Inca.

c) Solid Holdings

- i. On May 20, 2017, the Receiver obtained a response from a representative from Solid Holdings stating that the president of the company (the contact for the Solid Contract) was very ill, and, therefore, was unable to respond to questions. The Receiver advised the representative to have the president of Solid Holdings contact the Receiver once available. The Solid Contract does not expire until February 2018.
- ii. On June 20, 2017, the Receiver had a discussion with the president of Solid Holdings who indicated the company was undergoing significant financial and operational challenges. The Receiver has requested certain information to better understand this situation.

d) Onstar

- i. The nature of the Onstar Contracts differs slightly from the Settlement Contracts. The Factoring Fund and Hedge Fund entered into Gold Certificate Subscription Agreements whereby the Hedge/Factoring Fund purchased gold certificates for 1,000 ounces of gold per certificate (the “**Gold Certificates**”). The Receiver was able to locate unsigned Gold Certificates in the Company’s books and records which included the following:

*1. Gold deliveries to the Owner [the Hedge/Factoring Fund] shall commence on April 30, 2017 F.O.B. Juneau, Alaska and shall occur monthly, until the entire 1,000 ounces of gold due under this Certificate has been delivered to the Owner. It is expected that all gold payments will be completed no later than April 30, 2019.*

The Receiver has confirmed with Onstar that no Gold has been delivered to either the Factoring Fund or the Hedge Fund.

- ii. The Receiver is unable to locate executed versions of the Gold Certificates in the Company’s books and records.
- iii. The Receiver conducted a call with Onstar on May 24, 2017. On this call, Onstar claimed that one of the Company’s former independent investment advisors, Al Housego (“**Housego**”), had verbally agreed to provide a total of US \$10M of funding to Onstar for the development of a mine in Juneau, Alaska. However, to date, the Hedge Fund and Factoring Fund had only provided USD \$4M. As a result, Onstar has had to seek external financing to complete the development of such mine.
- iv. The Receiver had requested that Onstar provide copies of the executed Onstar Contracts which, as at the date of this Report, have not been provided to the Receiver.

## **External Mutual Funds**

69 External Mutual Funds include units in mutual funds managed by large asset management

firms, including: Hollis Canadian Bank, Sentry Investments, National Bank Mutual Funds, Manulife Asset Management Limited, and Sprott Asset Management LP. It is the Receiver's understanding that the units in these External Mutual Funds should be reasonably redeemable.

## **OFF-BOOK ASSETS – SPECIFIC DETAILS**

### **Residential Mortgages**

- 70 The Mortgage Fund, High Yield Mortgage Fund, and Sustainable Property Fund contain a total of 191 Residential Mortgages with a cumulative principal balance owing to the said Funds of \$19,009,884.
- 71 Of the 191 Residential Mortgages, 189 (\$18,813,884) are administered by a third-party, Spectrum, while the remaining two Residential Mortgages (\$196,000) are administered by Squire (the **"Squire Mortgages"**). Spectrum and Squire are both licensed financial intermediaries involved in originating, underwriting, and managing non-conventional first and second Residential Mortgages. Spectrum and Squire both have Mortgage Procurement and Administration Agreements (**"MPAAs"**) with the Company, the Mortgage Fund, the High Yield Mortgage Fund, and the Sustainable Property Fund (collectively the **"Mortgage Related Funds"**) outlining their respective roles in administering Residential Mortgages on behalf of the Mortgage Related Funds.
- 72 Spectrum and Squire evaluate and underwrite Residential Mortgages which are then presented to the Mortgage Related Funds for purchase. Once purchased, Spectrum and Squire administer the Residential Mortgages by performing duties, including, but not limited to:
- a) collecting and remitting principal and interest payments by the mortgagors on a monthly basis;
  - b) negotiating and settlement of, and collecting payments in arrears;
  - c) the management of any legal actions require to enforce on a Residential Mortgage; and
  - d) administering a trust account(s) on behalf of the Company and Mortgage Related

Funds and remitting monies to same as requested by the Company.

- 73 Shortly after the commencement of the Receivership Proceedings, the Receiver instructed Spectrum to continue to perform its obligations under the MPAA with the Company and remit balances collected in the trust account administered by Spectrum on behalf of the Mortgage Related Funds on a weekly basis to NBCN. The Receiver remains in regular contact with Spectrum with respect to the administration of the Mortgage Related Funds.
- 74 On June 19, 2017, Squire offered to acquire the Squire Mortgages, with an effective date of June 23, 2017, for proceeds of \$197,526 (proceeds include the entire principal value of the Squire Mortgages (\$196,000) plus accrued interest of \$1,526 to June 23, 2017). The Receiver subsequently accepted the offer and intends to close the transaction on June 23, 2017 as permitted by the Appointment Order.

#### **Term Loans & Promissory Notes**

- 75 The Funds have a total of fourteen (14) individually issued Commercial Loans with a cumulative principal balance of \$16,416,584 issued to:
- a) Pond;
  - b) MCSnox, Magnitude, 1472, 2445958 Ontario Inc. ("**5958 Ontario**"), MCSAB (each of these entities are under the control of a common individual, Craig Clydesdale ("**Clydesdale**")), and are collectively referred to as the "**OOM Energy Group**");
  - c) Kanwal; and
  - d) 109 BC.

#### **Pond Loan**

- 76 A term-loan in the amount of \$4,500,000 was advanced to Pond by the Company on December 15, 2015 (the "**Pond Loan**"). Subsequent to its advance, the Company executed various participation agreements assigning the rights to a stated portion of the Pond Loan to the Mortgage Fund, High Yield Mortgage Fund, and an individual, Suzanne West, resulting in the following participation amounts of the Pond Loan:
- a) Mortgage Fund – \$2,950,000;

b) High Yield Mortgage Fund – \$550,000; and

c) Suzanne West - \$1,000,000.

77 Shortly after the Receiver's appointment, the Receiver contacted Pond to notify it of the Receivership Proceedings at which time Pond acknowledged the outstanding amount of \$4,500,000. Subject to the review of all documentation related to these loans, it appears that the Company is the first secured creditor over all of the assets of Pond.

78 Pond was incorporated on May 27, 2008 under the laws of Canada, with the purpose of pursuing microalgal biomass production using raw stack gas emissions from industrial emitters. Pond remains in the development stage, has not yet reached profitability, and has relied on non-conventional sources of financing to fund operations.

79 The Receiver has continued discussions with Pond and reviewed certain documentation, but is currently not in a position to advise the Court regarding monetization of these loans for the benefit of the investors. The Receiver will update the Court in a future report.

#### OOM Energy Group

80 The following term loans and promissory notes with a cumulative principal sum of \$12,090,607 were advanced to the entities under the OOM Energy Group as follows:

a) MCSnox – a ten year term-loan with a principal value of \$2,000,000 issued on November 2, 2016 held by the Mortgage Fund (the "**MCSnox Loan**");

b) 5958 Ontario – advances reflected by four (4) promissory notes totaling \$967,107 issued between May 26, 2016 and August 4, 2016 all held by the Infrastructure Fund and all of which are repayable on demand (the "**5958 Ontario Notes**");

c) MCSAB – a three year term-loan with a principal value of \$2,000,000 advanced on December 9, 2016 held by the Infrastructure Fund (the "**MCSAB Loan**");

d) Magnitude – a five year term-loan with a principal value of \$3,000,000 advanced on July 6, 2016 held by the Infrastructure Fund (the "**Magnitude Loan**"), further advances reflected by two (2) promissory notes with a cumulative value of \$1,190,000 issued on July 8, 2016 and January 12, 2017 (the "**Magnitude Notes**"), and a \$1,133,500 loan advanced on April 28, 2016 administered by Spectrum (the

**“Magnitude Spectrum Loan”**); and

- e) 1472 – a fifteen year term-loan with a principal value of \$1,800,000 advanced on December 4, 2014 held by the Mortgage Fund (the **“1472 Ontario Loan”**)

(collectively the **“OOM Energy Loans”**).

- 81 On May 9, 2017, Smith provided the Receiver with the contact information for Clydesdale. Subsequent to obtaining the information, the Receiver immediately contacted Clydesdale advising him of the Appointment Order along with a request to discuss the OOM Energy Loans.
- 82 On May 11, 2017, the Receiver received a response from Bill McKenzie (**“McKenzie”**) from KWM Law Professional Corporation advising that he had been retained to represent the OOM Energy Group and Clydesdale with respect to these matters.
- 83 On May 18, 2017, the Receiver conducted a call with McKenzie; Clydesdale did not attend the call. During the call, McKenzie had little knowledge of the specifics surrounding the OOM Energy Group and the loans issued to same. Upon request for Clydesdale to provide documents related to the OOM Energy Loans, McKenzie advised that such documents would be provided after a written request was issued, outlining the specific documents required by the Receiver. The Receiver issued a document request list for the MCSnox Loan and the 1472 Ontario Loan on June 7, 2017 but, as at the date of this First Report, neither McKenzie nor Clydesdale have provided the documents requested.
- 84 The Receiver continues to work with A&B to determine the outstanding documents required to fully understand the status of the remaining OOM Energy Loans.

## **Media Loans**

### MHC and the Bron Companies

- 85 All of the Media Loans are administered by a third-party, MHC, and are held in the Media Fund. MHC was originally incorporated in the Province of Alberta on December 22, 2010 and continued out of Alberta on January 11, 2011 to be a federal corporation, with a registered office in Vancouver, British Columbia specializing in the structuring, sourcing and administration of loans for the independent film and television market. MHC’s



President, CEO, Chairman, and sole director is Aaron Gilbert (“**Gilbert**”). In addition, Bron Studios Inc. and Bron Animation Inc. are both entities related to MHC of which Gilbert is listed as a director.

- 86 From December 22, 2010 to July 13, 2015, MHC operated under Media House Capital (Canada) Corp. Beginning July 13, 2015, MHC operated under Bron Capital Partners Corp. until April 7, 2016 when it reverted to and continued to operate under MHC.
- 87 Gilbert has some involvement in the films which are investments of the Media Fund. Gilbert is listed as a producer or executive producer on 19 of the 25 film productions for which Media Loans have been purchased by the Media Fund. For five of the productions, he is a director or officer of the production company (the underlying borrower)<sup>18</sup>. A detailed account of the Receiver’s interactions with MHC are included below in this section.
- 88 Media Loans are made to production companies who require financing in excess of the funds raised through other sources (e.g. equity and financing tax credits) (this shortfall is referred to as the “**Gap Financing**” or “**Gap Loans**”) required to develop films or television productions (“**Production**”).
- 89 The Media Fund OM states that: “The [Media] Fund will not be in the business of making loans, but rather purchasing already existing securities such as notes and other debt obligations”. However, a preliminary review of the documentation supporting the Media Loans indicates that in many cases, the loans were made directly by the Media Fund to the production companies (this is discussed in greater detail in the Commission Affidavits). A schedule of the Media Loans provided by Smith on May 9, 2017 (“**Media Loan Schedule**”), is attached hereto as **Appendix “13”**.
- 90 The purported process for acquiring Media Loans was as follows:
- a) MHC sourced potential Gap Loans and conducted initial underwriting and lending (i.e. MHC advanced the funds to the production company);
  - b) the Company conducted secondary underwriting and analyzed how/if the loans fit into the Media Fund’s portfolio;

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<sup>18</sup> Paragraph 39 of the Tillie Affidavit attached to this First Report as Appendix “2”.

- c) the Media Fund would buy the pre-existing loans from MHC and all loan rights would be transferred to the Media Fund;
- d) the Company would hire MHC to provide Management Services (defined below); and
- e) Smith, the sole individual responsible for valuing the Media Loans, would monitor and determine the weekly value of the Media Loans (i.e. ensuring Media Loans were performing and recording loss reserves as needed).

91 The process for Production and the collection of proceeds was as follows:

- a) as the Production was produced, interest on the Media Loan would accrue in accordance with the original loan documents between MHC and the Production;
- b) during production, a sales agent would be hired to promote the Production to different geographical distributors;
- c) MHC would set up an account with a collection account manager (a “**CAM**”) and execute a Collection Account Management Agreement (a “**CAMA**”) with the CAM and any other parties who had a financial interest in the Production (e.g. equity owners, lenders, the actors’, directors’, and producers’ guilds (unions) etc.) (the “**Production Interests**”);
- d) the CAM would be a third-party responsible for collecting all revenues earned from the Production (i.e. revenue from distributors, broadcasters, merchandising, and other revenues); and
- e) the CAMA between all of the Production Interests outlines, among other things, the fees earned by the CAM, the ranking of Production Interests, and the “waterfall” payment structure for the film’s receipts to the various Production Interests (the “**CAMA Waterfall**”).

92 Based on a preliminary review of the CAMAs obtained thus far from MHC, the principal and interest of a sample of Media Loans appear after payment to other interests in the CAMA Waterfall, such as: the CAM expenses and fees, the actors’, directors’, and producer’s guilds and the entitlement to a portion of the sales agents fees/expense.

### Documentation of Media Loans

- 93 In addition to the Media Loan Schedule, Smith provided documentation relating to the Media Loans and Media Fund's payment relationship with MHC but did not provide documentation to support the value, security, status of collections, and the position of the Media Fund in the respective CAMA Waterfalls.
- 94 Upon reviewing fully the Company's books and records, the Receiver was unable to obtain the information required to fully understand and support the value of the Media Loans. Aside from the Media Loan Schedule, it appears that there was no documentation used by Smith or the Company to understand the performance of the Media Loans. As a result, the Receiver and its counsel have spent significant time contacting and conducting discussions with various third parties with respect to the Media Loans to gather sufficient documentation to understand the entirety of the Media Fund and its holdings and their structure.

### Dealings with MHC

- 95 MHC and the Media Fund entered into a Master Assignment Agreement (the "**Media Master Assignment Agreement**"), dated October 6, 2011 which, among other things, outlined the terms in which the Media Fund would purchase Media Loans from MHC.
- 96 On August 12, 2011, MHC and the Media Fund entered into a Production Loan Administration Agreement (the "**Media Production Loan Administration Agreement**") which, among other things, outlined MHC's role in sourcing and presenting potential Media Loans to the Media Fund for purchase and administration of same. Under the Media Production Loan Administration Agreement, MHC was to manage and service each Media Loan by performing duties, including, but not limited to:
- a) the collection and remittance of all prescribed payments of principal and interest and any profit or other participations (exclusive only of the 10% facility fee that is retained by MHC but deferred in part during the term) generated by the Production, as required under each Media Loan;
  - b) the collection of any penalties or miscellaneous fees, including any shared sales agent fee;

- c) the provision of information to the Production and any other parties for the maintenance or discharge of the loan;
- d) the negotiation and settlement, subject to the Company's approval, of any payments in arrears;
- e) the management of any legal actions required to enforce the Media Loans;
- f) the negotiation and management of any actions with the completion bond company, sales agent(s), distributor(s) or other third parties, if any;
- g) the negotiation and management of any actions required with the producers or production company; and
- h) the takeover, management, and oversight of all of or part of the film production, if necessary.

(collectively referred to as the "**Management Services**").

- 97 On May 9, 2017, Smith provided the Receiver with the contact information for MHC. Subsequent to obtaining the information, the Receiver contacted Gilbert advising him of the Appointment Order along with a request to discuss the Media Loans and MHC's involvement in same.
- 98 On May 10, 2017, the Receiver obtained a response from Gilbert who advised that MHC would be available for a discussion along with MHC's US counsel, Adam Davids from Davoli Davids, LLP ("**Davids**"), and MHC's Toronto counsel, Fasken Martineau DuMoulin LLP ("**Faskens**").
- 99 On May 16, 2017, the Receiver and A&B attended a conference call with MHC, Davids, and Faskens. During the call, the Receiver inquired into MHC's role in administering the Media Loans whereby MHC indicated that activities related to the tracking, monitoring, and valuation of same was performed by Smith. The Receiver also requested that MHC provide all of the necessary documentation and supporting schedules with respect to the Media Loans.
- 100 On May 23, 2017, MHC provided an email response (the "**May 23 MHC Email**") which, among other things:

- a) included the executed Media Master Assignment Agreement and Media Production Loan Administration Agreement;
- b) provided background information on the Management Services MHC performed;
- c) notified the Receiver that in the second quarter of 2016, the Media Fund retained an individual named Paco Alvarez ("**Paco**") to assist in administering and managing the Media Loans on behalf of the Media Fund;
- d) provided status updates on specific Media Loans and the Management Services provided by MHC with respect to same; and
- e) provided the Receiver with access to a Dropbox account containing documentation for two Media Loans.

- 101 Based on the status updates contained in the May 23 MHC Email, it is apparent that a significant number of the films underlying the Media Loans appear to be experiencing significant issues and/or delays. The status updates included in the May 23 MHC Email are included in the Media Loan Schedule.
- 102 On May 24, 2017, A&B, on the Receiver's behalf, requested that Davids direct MHC to provide all of the closing/security documents for all of the Media Loans. On May 30, 2017, MHC began providing same. As of the date of this First Report, the Receiver has been provided with certain documents requested for only 20 Media Loans. With respect to 6 of these loans, critical documentation, including distribution agreements, collection agreements, and sales agent agreements, remain outstanding.
- 103 On May 26, 2017, A&B, on the Receiver's behalf, requested that MHC provide current contact information for all individuals and entities who are currently involved or associated with the sale, distribution, collection, and remittance of payments (whether on account of principal, interest, profit, or otherwise) in connection with each of the Media Loans. On May 31, 2017, MHC provided a spreadsheet that identified the aforementioned contact information.

#### Paco Alvarez

- 104 Subsequent to advising Paco of the Receivership Proceedings on May 31, 2017, the

Receiver attended a call with Paco on June 1, 2017.

- 105 Paco advised the Receiver that he and his company, Forward Motion Entertainment Corp. ("**Forward Motion**"), were retained in December 2016 to administer the Media Loans on behalf of the Media Fund which included but was not limited to: assisting in collecting amounts from distributors and agents, obtaining reports from CAMs, conducting discussions with sales agents, and providing updates to Smith. Paco advised that he was retained by the Media Fund as MHC began to focus more on producing its own movies through Bron and wanted to reduce its involvement in administering the Media Loans.
- 106 Smith, in an earlier email, advised the Receiver that Forward Motion was paid a monthly fee for its services plus expenses to attend film sale festivals; Paco confirmed this arrangement. There is no written contract between the Company or Media Fund and Paco/Forward Motion.
- 107 The Receiver requested that Paco provide any documentation with respect to the Media Loans, including but not limited to, agreements, supporting schedules, notes from conversations with sales agents, contacts of individuals and companies involved in the Media Loans, and status updates on the Productions. Paco advised that he would not provide the Receiver with the requested information until he was paid his arrears (including expenses) up to and including May 2017.
- 108 The Receiver is currently assessing all of the issues regarding the Media Fund before any commitment is made to any party relating to on-going services to the Media Fund.

#### Receiver's Potential Engagement of an Advisor

- 109 Given the complex and unique nature of the Media Fund, the Receiver has sought out and discussed the potential of engaging an independent advisor to assist with the management of the Media Fund.
- 110 On June 13, 2017, after initial discussions, the Receiver and A&B attended a meeting with Quiver Capital Inc. ("**Quiver**") to discuss the potential engagement of Quiver as an independent expert to assist in recapturing as much value as possible from the Media Loans.
- 111 Quiver is involved in financing and distributing films and television productions throughout

the world. Quiver's management team consists of three individuals who have had lengthy careers in all facets of the film and television entertainment industry including but not limited to producing, financing, and distributing of a wide variety of content. Prior to starting Quiver, its management team founded and sold companies such as Hollywood Suite, ThinkFilm, Phase 4 Films, and KaBOOM! Entertainment in addition to holding executive level positions at companies such as Lions Gate Films, Momentum Pictures (an Entertainment One Company), and Peace Arch Home Entertainment.

112 On June 14, 2017, Quiver delivered a proposal to the Receiver which outlined the scope of the potential engagement along with a proposed fee structure. More specifically, the proposal outlined Quiver's mandate as follows:

- a) engage with all third party sales agents and domestic distributors to review the status of each film, including but not limited to interest and results from international distributors, timing of such interest, exposure and interest at film markets and festivals, and identification of unpaid, current and long-term accounts receivable;
- b) identify the unsold rights by film, by media (e.g. video on demand, television, etc.), and determine the best course of action to extract value from said rights and provide recommendations on the best course of action moving forward; and
- c) utilize relationships with the distributors and customers (e.g. Netflix, Amazon, Walmart, etc.) to influence collection of accounts receivable, and assist to generate further revenue to maximize value to the unit holders of the fund.

113 Subject to negotiations on the proposed fee structure, the Receiver is of the view that engaging Quiver as an advisor to the Receiver with respect to the Media Fund is the most efficient way to:

- a) obtain all of the relevant Media Loan documentation directly from third-parties (other than MHC);
- b) determine the current underlying value of the Media Loans; and
- c) develop and execute a strategy to create additional value through unpursued markets and revenue streams.

## Factoring Contracts

- 114 All of the Factoring Contracts are administered by Frontline, which is a corporation based in Alberta that sources and administers contracts that the Factoring Fund and Hedge Fund enter into to purchase invoices (after purchase, invoices are referred to as **"Purchased Receivables"**) from operating businesses (**"Merchants"**) for a discount (typically 70% - 95% of the invoice value) and a service fee. Each of the Purchased Receivables are then assigned to Frontline who ultimately collects the invoice value. Any amounts collected over the purchase price, less applicable fees, are remitted to the company that sold the invoice.
- 115 The Factoring Fund and Hedge Fund entered into a Factoring Procurement and Administration Agreement (**"FPAA"**) with Frontline on November 25, 2014. The FPAA outlines that Frontline is responsible for evaluating and presenting potential Factoring Contracts to the Factoring Fund/Hedge Fund for purchase (i.e. the rights of the Factoring Contract(s) are assigned) and administering same. Once purchased, Frontline, under the FPAA, administers the Factoring Contracts by performing duties, including, but not limited to:
- a) the registration and assignment of, or transfer into the name of the Factoring/Hedge Fund of all Purchased Receivables pursuant to the Factoring Contracts entered into between the Factoring/Hedge Fund and the Merchants;
  - b) the provision of assurances, as required by the Factoring/Hedge Fund, for enforcing its rights, benefits, title, interest, and vesting of the Purchased Receivables;
  - c) the collection and remittance to the Factoring/Hedge Fund of all Purchased Receivables (less any fees under the FPAA) received from the Merchants as well as any fees, commissions, or penalties, if any;
  - d) the negotiation and settlement of any payments in arrears;
  - e) the management of any legal actions required to enforce the Factoring/Hedge Fund's rights with respect to Purchased Receivables, the Merchants or the Factoring Contracts;



- f) the provision of weekly reporting to the Factoring/Hedge Fund; and
  - g) the administration of a bank account on behalf of the Factoring/Hedge Fund and remittance of monies to same as requested by the Company.
- 116 Under the section 4.4 of the FPAA, *"the [Factoring/Hedge] Fund hereby authorizes and empowers Frontline, without the requirement of further authorization or direction from the [Factoring/Hedge] Fund to:*
- a) *Make, or cause to be made, advances out of the fund provided by the [Factoring/Hedge] Fund in accordance with a Factoring Agreement;*
  - b) *Make any emergency type advances to preserve and protect the property and assets which are the subject matter of a Factoring Agreement."*

Specific to item (a) above, except where the Merchant is in default under the applicable Factoring Contract, the Factoring/Hedge Fund is required to purchase all of the approved receivables from the Merchant (i.e. the Factoring/Hedge Fund was obligated to continue to purchase invoices after the Receivership Date) under and pursuant to the terms of the operative Factoring Contract.

- 117 Subsequent to advising Frontline of the Receivership Proceedings, the Receiver conducted a call with representatives from Frontline on May 12, 2017. Frontline advised that it had not and would not purchase approved receivables from the various Merchants after the Receivership Date but it has been collecting proceeds from Purchased Receivables on behalf of the Factoring/Hedge Fund.
- 118 The Receiver remains in regular contact with Frontline with respect to the administration of the Factoring/Hedge Fund. The Receiver has instructed Frontline to send available cash balances to the Factoring/Hedge Fund's NBCN accounts, and to provide a full accounting and reconciliation of all amounts currently outstanding to the Receiver. As of the date of this Report, the Receiver has yet to receive any cash currently being held by Frontline on the Factoring/Hedge Fund's behalf or a reconciliation of same.

### **Medical Factoring Contracts**

- 119 Similar to the Factoring/Hedge Fund's contractual arrangement with Frontline, the Medical

Fund holds investments in medical factoring receivables which are sourced and administered by Xynergy.

- 120 Xynergy is a corporation based in Florida that enters into contracts to purchase healthcare receivables (after purchase, invoices are referred to as **“Purchased Medical Receivables”**) from operating businesses in the United States (**“Clients”**) for a discount and service fees pursuant to which the invoice is assigned to Xynergy who ultimately collects the invoice value. Unlike Factoring Contracts, the Medical Factoring Contracts are not entered into between the Clients and the Medical Fund but rather a participation in the relationship is purchased by the Medical Fund.
- 121 Xynergy and the Medical Fund entered into a Master Medical Receivables Purchase and Administration Agreement on March 31, 2016 (the **“MMRPAA”**) which essentially gives the Medical Fund the opportunity to purchase participations in Xynergy’s Medical Factoring Contracts with various Clients (defined therein). For active participations, Xynergy, under the MMRPAA, administers the Medical Factoring Contracts by performing duties, including, but not limited to:
- a) bearing all costs and expenses of managing and servicing the Medical Factoring Contracts;
  - b) providing weekly reporting to the Medical Fund; and
  - c) administering a trust account on behalf of the Medical Fund and remitting monies to same as requested by the Company.
- 122 Subsequent to advising Xynergy of the Receivership Proceedings, the Receiver conducted a call with representatives from Xynergy on May 10, 2017. Xynergy made the Receiver aware that Xynergy is obligated to the Clients to continue purchasing healthcare invoices as they depend on the financing to operate their business.
- 123 Xynergy has continued to administer the Medical Factoring Contracts that the Medical Fund has an interest in and remains in regular communication with the Receiver. Xynergy also provides the Receiver with weekly reports outlining the activity (i.e. purchases and collections) of the Medical Factoring Contracts and provides a trust account statement outlining the cash held on behalf of the Medical Fund.

### Potential Sale of Geodata Balance

- 124 Included in the Medical Fund is Medical Factoring Contracts with GeodataPR International, Inc. ("**Geodata**") and Servicios de Salud Integrada, CSP ("**SSI**") who both operate out of Puerto Rico. The most recent weekly report received from Xynergy (June 15, 2017) indicated that Geodata and SSI have net outstanding funds employed (i.e. the principal balance) of \$684,313 (the "**Geodata Balance**").
- 125 On June 20, 2017, Xynergy put forth a revised offer to acquire only the Medical Fund's participation in the Geodata Balance in full for \$684,313 (the "**Geodata Offer**"). The Receiver has verbally indicated to Xynergy that it is interested in the Geodata Offer. The Geodata Offer is for 100% of the Geodata Balance and as such represents its fair market value. Furthermore, the Geodata Medical Factoring Contract is a unique and specialized investment, and would likely result in a limited number of potential purchasers willing to pay greater than 100% of the balance outstanding.

### **US Real Estate LP**

- 126 Based on a review of the Provided Documents and additional documents located in the Company's books and records, the Hedge Fund and Factoring Fund cumulatively own 99.99% of 107 LP, an entity that has an indirect ownership interest in a number of rental properties located in the United States together with corporate and individual partners (collectively the structure is referred to as the "**US Real Estate LP**"). The Hedge Fund and Factoring Fund act as limited partners in the US Real Estate LP (the "**Limited Partners**").
- 127 The remaining 0.01% ownership of 107 LP is held by 1076874 B.C. Ltd., an entity listed as the general partner which is owned by the following individuals:
- a) Alberto Storelli (Canadian) ("**Storelli**") – 51.0%;
  - b) Brian Peoples (USA) ("**Peoples**") – 24.5%; and
  - c) Joe Harker (USA) ("**Harker**") – 24.5%.

All or one of Storelli, Peoples, and Harker (collectively the "**General Partners**") are listed as directors or officers in a majority of the entities included in the US Real Estate LP.

- 128 The US Real Estate LP is a cross-border operation through a Nevada based corporation, DaVinci Capital Property, Inc. (“**DVCP**”) which is an indirect wholly owned subsidiary of 107 LP.
- 129 The purpose of the US Real Estate LP is to acquire and develop real estate properties in the United States to subsequently earn rental income and proceeds from the possible and/or eventual sale of such properties. Through its investment in 107 LP, the Receiver understands that the Factoring Fund and Hedge Fund have an indirect minority ownership interest in the following properties in the US Real Estate LP:
- a) 3961 Covington Highway, Decatur, Dekalb County, Georgia;
  - b) 3859 Austin Circle, Decatur, Dekalb County, Georgia;
  - c) 325 - 3rd Avenue SW, Birmingham, Alabama;
  - d) 201 - 3rd Avenue SW, Birmingham, Alabama;
  - e) 922 Lawndale Drive, Tupelo, Mississippi; and
  - f) 619 E. Groveland Parkway, Chicago, Illinois.
- (collectively referred to as the “**US Properties**”).
- 130 The Receiver has prepared a detailed organizational chart demonstrating the structure of the US Real Estate LP which is attached to this First Report as **Appendix “14”**.

#### Subscription Agreements

- 131 From June 6, 2016 to March 14, 2017, the Limited Partners invested US \$7,500,000 in the US Real Estate LP by way of unit purchases in 107 LP through subscription agreements (the “**Subscription Agreements**”). Based on a preliminary review of the Subscription Agreements, the Receiver understands that the investment structure to be as follows:
- a) the Limited Partners would purchase units in 107 LP (the “**Subscription Amount**”);
  - b) a portion of the Subscription Amounts would be advanced to DVCP by way of a

12% loans (the “**DVCP Loans**”) while the remaining Subscription Amounts would be advanced to DVCP by way of a share purchases in same (the “**DVCP Equity**”);

- c) in almost all cases, the entire Subscription Amounts received by DVCP would then be advanced to the various special purpose entities by way of interest bearing loans (the “**SPE Loans**”); and
- d) the proceeds from the SPE Loans would then be used to purchase and/or develop the US Properties.

132 The Receiver and A&B continue to review the Subscription Agreements and other related documents with respect to the US Real Estate LP to gain a more fulsome understanding of same.

#### Contact with General Partners

133 On June 4, 2017, the Receiver notified the General Partners of the Appointment Order along with a request to discuss the US Real Estate LP. On June 7, 2017, the Receiver delivered a follow-up email to the General Partners. Despite repeated follow-up communications, the Receiver has yet to have a discussion with the General Partners.

#### **PRELIMINARY CONCLUSION REGARDING MONETIZATION OF THE CRYSTAL WEALTH FUNDS**

134 Since the beginning of the Receivership Proceedings, the Receiver has issued and posted on its Case Website notices to all investors dated May 1, 2017, May 10, 2017, May 17, 2017, and June 9, 2017.

135 In its May 17, 2017 notice to investors, the Receiver stated that it was very mindful of the needs of the investors, and, accordingly, was conducting a review of the Company’s books and records on an accelerated basis to devise a plan that would ultimately lead to realization of the assets and distribution of the proceeds. Moreover, the Receiver determined that there were certain Crystal Wealth Funds which could be monetized on an urgent basis as they were largely comprised of marketable securities and cash holdings.

136 As a result of the foregoing review, the Receiver, in consultation with colleagues in Canada and the US with extensive investment and portfolio expertise, is carefully monetizing all

marketable securities, including Equities and Warrants, where possible, which are traded on the various public stock exchanges. The Receiver anticipates that this realization process will be complete by the end of June 2017.

- 137 As a result of its appointment by the Court, the Receiver holds an obligation to the investors. As such, the over-arching investment objective is to minimize the downside risk of uncontrollable domestic and global factors, by monetizing Crystal Wealth Funds in the short term for ultimate distribution to the investors rather than earning longer term higher returns.
- 138 Once this monetization process is complete, the Receiver will be issuing a notice to the investors advising them of the results of same.

## PROPOSED SALE PROCESS

- 139 A significant portion of the total AUM of the Crystal Wealth Funds, particularly, the Off-Book Assets, have long maturities and appear to be difficult to value individually as they are not actively traded. Therefore, the Receiver is of the view that monitoring and the eventual realization of these assets individually will present significant effort and costs to the Crystal Wealth Funds and ultimately the investors.
- 140 In addition, the Receiver has also received expressions of interest from a number of parties with respect to purchasing and/or assuming the management of one or more of the Crystal Wealth Funds.
- 141 Given the above, the Receiver proposes that it conduct a sales process (the “**Sales Process**”) for certain Crystal Wealth Funds in a manner in which:
- a) potential bidders may make an offer to purchase the investments from one or more of the Crystal Wealth Funds (the “**Potential Bidders**”); and/or
  - b) potential managers may present an offer to assume the management of one or more of the Crystal Wealth Funds’ investment activities and assume Crystal Wealth’s position and duties to investors (the “**Potential Managers**”).
- 142 The proposed Sales Process comprises the following:
- a) The Receiver has begun and will continue to prepare a list of Potential Bidders and

Potential Managers for certain Crystal Wealth Funds. Potential Bidders will have the opportunity to bid for some or all of certain Crystal Wealth Funds' investments. Potential Managers will have the opportunity to present their proposal for assuming the entirety of the assets and management of certain Crystal Wealth Funds.

- b) The Sales Process will be advertised in publication(s) as determined by the Receiver.
- c) The Receiver will provide Potential Bidders and Potential Managers with a solicitation letter summarizing the acquisition and opportunity (the "**Solicitation Letter**") and a form of confidentiality agreement (the "**CA**") to be executed for further participation in the Sales Process.
- d) Any Potential Bidders and/or Potential Managers who execute a CA (a "**Prospective Bidder**" and a "**Prospective Manager**" respectively), will receive a confidential information memorandum ("**CIM**") describing the purchase and/or management opportunity and will gain access to an electronic data room, containing confidential information to perform due diligence.
- e) Prospective Bidders will be required to submit a binding offer to purchase the investment(s) contained within certain Crystal Wealth Funds (a "**Purchase Offer**") by 5:00 p.m. Eastern Standard Time ("**EST**") on August 10, 2017 (the "**Offer Deadline**"), which must include:
  - i. the identity, contact information, and disclosure of the principal(s) of the Prospective Bidder;
  - ii. a list and description of the Crystal Wealth Fund(s) and investments to be included in a purchase;
  - iii. an indication of the proposed purchase price or financial terms of such sale;
  - iv. an acknowledgement that the sale will be made on an "as is, where is" basis and that the Prospective Bidder will be bound by the terms of the Sales Process;
  - v. a description of any liabilities to be assumed by the Prospective Bidder;

- vi. details related to any regulatory approvals required to close the proposed transaction;
  - vii. a proposed timeline to the date of closing the transaction, along with critical milestones; and
  - viii. such other information requested by the Receiver.
- f) Prospective Managers will be required to submit a binding offer to assume and manage certain Crystal Wealth Funds (a “**Management Offer**”) by the Offer Deadline, which must include:
- i. the identity, contact information, and disclosure of principal(s) of the Prospective Manager;
  - ii. a list and description of the Crystal Wealth Fund(s) and the investments which the Prospective Manager has an interest in assuming;
  - iii. a list of the qualifications and experience in managing mutual funds and investments and a listing of the portfolio manager(s), proposed for the applicable Crystal Wealth Fund(s);
  - iv. a description of the proposed fees to be imposed on the investors of the applicable Crystal Wealth Funds;
  - v. a copy of the most recent audited financial statements of the Prospective Manager;
  - vi. an acknowledgement that the transfer will be made on an “as is, where is” basis and that the Prospective Manager will be bound by the terms of the Sales Process;
  - vii. a description of any liabilities to be assumed by the Prospective Manager;
  - viii. details related to any regulatory approvals required to close the proposed transaction;
  - ix. a proposed timeline to the date of closing the transaction, along with critical



milestones; and

- x. such other information requested by the Receiver.
- g) The Receiver may also request information to demonstrate that the Prospective Bidder / Prospective Manager has the resources to close the transaction.
- h) A Purchase Offer and/or Management Offer will be considered a “Qualified Offer” if it meets the following criteria:
- i. The offer is received by the Offer Deadline;
  - ii. The offer contains a letter stating that the Purchase/Management Offer is irrevocable and open for acceptance until at least five business days after the Offer Deadline;
  - iii. The Purchase/Management Offer includes proof of the Prospective Bidder’s/Manager’s ability to close the transaction and is not conditional upon financing;
  - iv. The Purchase/Management Offer includes proof of the Prospective Bidder’s/Manager’s financial stability;
  - v. The Purchase/Management Offer includes an acknowledgement that the Prospective Bidder/Manager has (a) relied solely upon its own independent review of any documents and assets to be acquired and/or assumed in making its offer; and (b) not relied upon any representations or warranties whatsoever regarding the property of the Crystal Wealth Group, except as expressly stated in the agreement of purchase and sale and/or the transfer of ownership agreement;
  - vi. The Purchase/Management Offer shall not contain any material conditions to closing other than Court approval;
  - vii. The Purchase/Management Offer should include a completed form of agreement of purchase and sale and/or ownership transfer agreement, in a form prepared by the Receiver;

- viii. The Purchase/Management Offer shall not contain a break-fee or any type of compensation to the Prospective Bidder/Manager;
  - ix. The Receiver must believe the transaction will close on or prior to five days after Court approval of the transaction; and
  - x. As appropriate, the Purchase Offer shall include a deposit equal to 10% of the purchase price of the assets(s), and in the case of a Management Offer, a deposit per the Receiver's discretion;
- i) Upon review of the Qualified Offers, the Receiver, may:
- i. accept a Qualified Offer (a **"Successful Offer"**) and complete an agreement for a Successful Offer;
  - ii. accept two or more non-overlapping Qualified Offers and complete agreements for same;
  - iii. continue negotiations with a selected number of Prospective Bidders and/or Prospective Managers; or
  - iv. terminate the Sales Process.
- j) The Receiver shall be under no obligation to accept the highest offer, and shall be under no obligation to accept any offer if the Receiver determines that no suitable offers have been received.
- k) If no acceptable Purchase Offers and/or Management Offers are received, the Receiver may consider other options for dealing with the Crystal Wealth Funds' assets.
- l) A Successful Offer must be approved by the Court.

143 The following chart summarizes the relevant milestones for the proposed Sales Process:

| <b>Milestone</b>                              | <b>Approximate Date</b> |
|-----------------------------------------------|-------------------------|
| (i) Court Approval of Proposed Sales Process  | July 3, 2017            |
| (ii) Solicitation Letter Distribution         | July 10, 2017           |
| (iii) Purchase/Management Offer Deadline      | August 10, 2017         |
| (iv) Selection of a Successful Offer(s)       | August 17, 2017         |
| (v) Issuance of an Approval and Vesting Order | August 31, 2017         |
| (vi) Closing Date                             | 5 days after (v)        |

144 It is proposed that the Sales Process will be carried out by the Receiver as it is qualified to administer the proposed Sales Process for the following reasons:

- i. the Receiver has considerable experience conducting a sale process for investment assets and investment portfolios and will utilize the expertise of its corporate finance professionals, as necessary, in carrying out its duties;
- ii. the Receiver has extensive contacts in the industry who it will ensure are made aware of the Sales Process;
- iii. if a party other than the Receiver were to be engaged to run the Sales Process, the Receiver would be required to maintain oversight of the third party, thus duplicating certain efforts and costs;
- iv. the proposed Sales Process has been designed to be a thorough and efficient process, which will reduce professional fees associated with administering same, if it is administered by the Receiver; and
- v. the Receiver will not charge a success fee, but instead will charge its standard hourly rates based on actual hours spent in administering and processing the Sales Process. It is anticipated, given the nature of the Crystal Wealth Funds, that the Receiver's fees, based on its standard hourly rates, will be significantly less than a success fee.

## PROPOSED CREDITOR CLAIMS PROCEDURE ORDER

145 The Receiver is of the view that a Creditor Claims Procedure (as defined in the proposed Creditor Claims Procedure Order) is warranted for non-investor creditor claims against the Crystal Wealth Group. With respect to investor distributions, the Receiver requests approval to rely on the IFDS Unit Holder Listing, as is outlined in paragraphs 167 to 175 below.

146 The books and records of the Company indicate the following liabilities:

- a. trade payables totaling \$169,964;
- b. income tax and HST payable of \$34,200;
- c. loans from shareholders and employees totaling \$9,952;
- d. loans from Smith of \$202,648; and
- e. loans from CLJ Everest of \$286,879.

(collectively referred to as the “**Recorded Liabilities**”)

147 Since the Appointment Order, the Receiver has been contacted by several parties claiming that there are monies owing to them from either the Company or Crystal Wealth Funds which liabilities were not identified in the Recorded Liabilities.

148 As a result of these claims, it appears that the liabilities recorded on the books and records of the Company and the Crystal Wealth Funds are inaccurate and unreliable for the Receiver to establish a complete creditor listing for the Crystal Wealth Group. As a result, the Receiver is seeking approval of a Creditor Claims Procedure, according to which the Receiver would call for all claims against the Crystal Wealth Group, and bar any claims against the Crystal Wealth Group not submitted by the Claims Bar Date (as defined in the proposed Creditor Claims Procedure Order).

149 The proposed Creditor Claims Procedure provides the Receiver with a mechanism to determine the amounts of claims against the Crystal Wealth Group. The proposed Creditor Claims Procedure Order will permit the Receiver to instruct creditors of the Crystal Wealth Group to file proofs of claim since the Receiver is not confident in the completeness

and accuracy of the Crystal Wealth Group's books and records with regard to non-investor creditor claims.

- 150 The proposed Creditor Claims Procedure Order provides for a package of information (each a "**Claims Package**") to be sent to each known creditor.
- 151 The complete details of the proposed Creditor Claims Procedure are set out in the draft Creditor Claims Procedure Order, which is attached hereto as **Appendix "15"**, and are summarized here as follows.

### **Summary of Proposed Creditor Claims Procedure**

- 152 Under the proposed Creditor Claims Procedure, the Receiver intends to send a Claims Package to known creditors of the Crystal Wealth Group and potential creditors that request such a mailing prior to the Claims Bar Date, which will also include an instruction letter and Proof of Claim, by ordinary mail no later than July 10, 2017.
- 153 As soon as reasonably practicable upon receiving a request from a potential creditor (provided such request is made prior to the Claims Bar Date), the Receiver would send such creditor a Claims Package by ordinary mail, courier, facsimile or electronic mail.
- 154 In addition, the Receiver would cause notice of the proposed Creditor Claims Procedure to be published for one day in the Globe and Mail by no later than July 10, 2017 and would make the Claims Package available on its website at [www.GrantThornton.ca/crystalwealth](http://www.GrantThornton.ca/crystalwealth).

### **Claims Bar Date**

- 155 The draft Creditor Claims Procedure Order provides that the **Claims Bar Date for all claims will be 5:00 p.m. (Toronto time) on August 3, 2017** (the "**Claims Bar Date**").
- 156 All creditors are required to file a Proof of Claim such that it is **received** by the Receiver prior to the Claims Bar Date. Failure to submit a Proof of Claim by the Claims Bar Date would result in such creditor's claim being forever barred and extinguished, released and discharged.

## **Review of Proofs of Claim**

- 157 As part of proposed Creditor Claims Procedure Order, the Receiver would review all Proofs of Claim that are received on or before the Claims Bar Date to determine the adequacy of the manner in which Proofs of Claim have been completed and executed.

## **Notice of Revision or Disallowance**

- 158 The Receiver would accept or, by way of Notice of Revision or Disallowance (as defined in the proposed Creditor Claims Procedure Order), revise or disallow, in whole or in part, the amount and/or status of the claim set out in any Proof of Claim.
- 159 At any time, the Receiver would be entitled to request additional information with respect to any claim and would be entitled to request that the creditor file a revised Proof of Claim. The Receiver would send a form of Notice of Dispute (as defined in the proposed Creditor Claims Procedure Order) to any creditor whose claim has been revised or disallowed at the time the Notice of Revision or Disallowance of Claim is sent to that creditor.
- 160 Where a claim has been revised or disallowed, in whole or in part, by a Notice of Revision or Disallowance, the revised or disallowed portion of that claim would be determinative unless the creditor disputes the revision or disallowance and proves the revised or disallowed claim, or portion thereof, in accordance with the proposed Creditor Claims Procedure Order.

## **Disputed Notices of Revision or Disallowance**

- 161 Any creditor that receives a Notice of Revision or Disallowance and intends to dispute such Notice of Revision or Disallowance would be required to deliver a Notice of Dispute to the Receiver by no later than 5:00 p.m. (Toronto time) on the day that is ten business days after the Receiver sends the Notice of Revision or Disallowance. The filing of a Notice of Dispute with the Receiver within the time limit would constitute an application to have the amount or status of such claim resolved as set out below.
- 162 Where a creditor that receives a Notice of Revision or Disallowance fails to file a Notice of Dispute with the Receiver within the time limit, the amount and status of such creditor's claim would be deemed to be as set forth in the Notice of Revision or Disallowance and such amount and status, if any, would constitute such creditor's proven claim.

## **Resolution of Claim**

- 163 Upon receipt by the Receiver of a Notice of Dispute from a creditor, the proposed Creditor Claims Procedure Order provides for the resolution of claims by the creditor and the Receiver by first attempting to resolve and settle the creditor's claim on consent of the parties. If it is not possible to resolve and settle the creditor's claim consensually, the Receiver or the creditor would be entitled to make a motion to the Court for a final determination of the creditor's claim.
- 164 In addition, the Receiver would be entitled to make a motion to the Court for the final determination of any claim at any time, whether or not the Receiver has sent the creditor a Notice of Revision or Disallowance.

## **Distribution to Creditors**

- 165 The proposed Creditor Claims Procedure Order addresses only the identification of claims. It does not address entitlement to a distribution, or the priority of such claims. The matter of distributions to non-investor creditors of the Crystal Wealth Group will be the subject matter of a separate motion.
- 166 After the conclusion of the proposed Claim Procedure, the Receiver will report to the Court in respect of any proposed interim distribution to non-investor creditors of the Crystal Wealth Group, and would seek Court approval of same.

## **PROPOSED RELIANCE ON IFDS UNIT HOLDER LISTING FOR THE PURPOSE OF MAKING DISTRIBUTIONS TO INVESTORS**

- 167 On April 26, 2017, the Receiver requested that Smith provide the most recent investor listing/database showing all of the investors in each of the Crystal Wealth Funds and their respective holdings. In response to this request, Smith advised that neither he nor the Company maintained the listing of investors but rather this function was performed by an external entity, IFDS. Smith advised the Receiver that when T3's were to be prepared or if the information was required for any correspondence with investors, the Company would obtain this list directly from IFDS for a fee.
- 168 On April 27, 2017, the Receiver contacted IFDS to advise them of the Receivership Proceedings and to request relevant information as it related to the Crystal Wealth Funds

and the investors therein. Subsequent to initial contact, the Receiver requested the following items from IFDS:

- a) a current listing of Crystal Wealth Funds, with details of composition in each fund;
- b) a current listing of investors in each of the Crystal Wealth Funds, indicating the holdings of each investor in each fund;
- c) a current listing of the investors with individually managed funds on hand with National Bank; and
- d) all of the available contact information (including mailing addresses, email addresses, and telephone and fax numbers) for each of the investors in each of the Crystal Wealth Funds, as well as for each of Company's portfolio management clients who have their managed accounts at NBCN.

169 On May 4, 2017, IFDS, through its counsel, provided the Receiver with a document addressing items (b) to (d) noted above (the "**Unit Holder Listing**"). It is the Receiver's understanding that the Unit Holder Listing encompasses all of the individuals invested in a particular Crystal Wealth Fund (i.e. the Unit Holder Listing contains a complete picture of the unit holdings in each of the Funds). In regards to item (a), the Receiver obtained same from NBCN.

170 On May 11, 2017, IFDS, through its counsel, provided the Receiver with the executed Securityholder Services Agreement between IFDS and the Company dated February 17, 2004 as well as a similar unsigned Securityholder Services Agreement between IFDS and the Company dated May, 2009 and an Amending Agreement dated November 30, 2016. All three of these documents are attached hereto as **Confidential Appendix "1"**.

171 IFDS is the central repository of all investor data, including names, addresses, personal information, Crystal Wealth Funds holdings, etc. Moreover, discussions with NBCN, recent discussions with BDO Canada LLP ("**BDO**"), the Company's auditors, and discussions with Smith corroborate the fact that IFDS independently maintains its records based on instructions from NBCN or the Company.

172 Accordingly, based on the fact that the Unit Holder Listing is maintained solely by IFDS, with Smith or the Company having limited involvement in same, the Receiver is of the view



that the Unit Holder Listing accurately reflects the units held by each investor and that a separate process for investors to validate such holdings would not present a result materially different than the Unit Holder Listing. As a result, the Receiver will not be conducting a separate investor claims process as it will be relying on the investor information contained in the Unit Holder Listing.

- 173 On June 15, 2017, the Receiver attended a meeting with BDO and its counsel. During the meeting, the Receiver inquired into BDO's understanding of the Unit Holder Listing, the processes for maintaining and updating same, and the work performed on the Unit Holder Listing during the scheduled audits. BDO advised that the Unit Holder Listing was maintained and updated by IFDS with information provided by an additional third-party, Fundserv Inc., who was responsible for processing investor subscriptions and redemptions within the Funds.
- 174 BDO advised that an annual external audit is performed by a third-party on IFDS' processes and controls with respect to its business through the issuance of a Canadian Standard on Assurance Engagements 3416 (CSAE 3416) Report. BDO indicated that during the audit of the Company it would obtain copies of the annual CASE 3416 Report to confirm that the conclusions contained within the Report outlined that the controls and processes used by IFDS were sufficient to ensure the Unit Holder Listing was not materially misstated.
- 175 The Receiver seeks Court approval of its proposed reliance on the IFDS Unit Holder Listing to make distributions to investors in the Crystal Wealth Funds, where possible, without the necessity of seeking further approval from the Court.

#### **RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP**

- 176 Attached hereto as **Appendix "6"** is the Receiver's Interim Statement of Receipts and Disbursements for the period April 26, 2017 to May 31, 2017 which outlines the cash balances of the Company and the Crystal Wealth Funds.
- 177 The deposits to the Crystal Wealth Funds primarily relate to Off-Book Assets, such as regular payments from Spectrum or Squire for on-going maintenance of the Residential Mortgages. Disbursement from the Crystal Wealth Funds primarily relate to bank charges.

## **SPECIFIC ACTIVITIES OF THE RECEIVER SINCE THE APPOINTMENT ORDER**

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

### **Taking Possession**

- a) Attended the Premises immediately upon being appointed and changed the locks to secure the assets and books and records contained therein, notified various service providers and transferred billing arrangements into the Receiver's name for the period post-Appointment Order.
- b) Attended the Mount Nemo Property shortly after the Appointment Order and changed the locks to secure the Mount Nemo Property and its contents. The Receiver transferred utilities for the Mount Nemo Property for the period post Appointment Order into the Receiver's name as well as arranged for on-going maintenance of the Mount Nemo Property.
- c) Corresponded with the landlord of the Premises to notify it of the Appointment Order and make arrangements for payment of rent during the Receiver's occupancy.
- d) Secured the books and records of the Crystal Wealth Group, located at the Premises, disabled external access to the computer system and performed a forensic backup of all data contained on the Company's Dropbox account and GoDaddy email systems. During this process, the Receiver identified that the emails contained in the inbox and sent items of the email accounts of Smith, Housego and Bentley were either deleted in their entirety, or it was apparent that individual emails had been removed.
- e) Contacted the third party cloud server company to restore email data with respect to the deleted emails. This process is still underway.
- f) Corresponded with the Crystal Wealth Group's contract accountant and received copies of certain records of the Crystal Wealth Group.

- g) Secured the Crystal Wealth Group's bank accounts and transferred the funds therein to the Receiver's trust accounts. Specifically, the Receiver has maintained separate trust accounts consistent with the origin of funds transferred from the Crystal Wealth Funds.

### **Employee Matters**

- a) Permitted the Company to continue to actively employ three (3) employees for a brief period post Appointment Order (including Smith and Bentley) to assist the Receiver in understanding the business and operations of the Crystal Wealth Group and to facilitate the initial mailing to all investors.
- b) Terminated these employees on behalf of the Company effective May 10, 2017 and arranged for all Records of Employment ("ROEs") to be issued to same. A fourth employee, who was subsequently discovered by the Receiver to be on maternity leave, was terminated effective May 24, 2017.
- c) Engaged the Company's contracted accountant to prepare
  - i. bi-weekly payroll for Smith and the other employees;
  - ii. ROEs; and
  - iii. T4's.

### **Investor Matters**

- a) Established a Crystal Wealth Funds toll free number and email account.
- b) Responded to numerous calls and emails from Crystal Wealth Group investors and other stakeholders.
- c) Published the Receivership Proceedings in the national editions of the Globe and Mail and the National Post on May 4, 2017.
- d) Distributed four (4) notices from the Receiver to all investors, which were also posted to the Receiver's Case Website, on May 1, 2017, May 10, 2017, May 17, 2017, and June 9, 2017 updating them on the receivership as events unfolded.

- e) Created and maintained a listing of investors with holdings, accounts, and contact information including email addresses.

### **Administration of the Funds**

- a) The Receiver's activities with respect to the administration of the Crystal Wealth Funds include:
  - i. meeting and corresponding with NBCN on a number of investor matters, including the on-going management of the securities, records and monetization of assets within the Crystal Wealth Funds;
  - ii. corresponding with various third-parties involved in administering certain Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
  - iii. collecting monthly payments and funds held by third-parties administering certain Crystal Wealth Funds and/or their assets;
  - iv. corresponding with borrowers of the Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
  - v. conducting meetings with certain third-parties and borrowers, as appropriate; and
  - vi. negotiating the sale of two Residential Mortgages to a third party as discussed further below.

### **Other Activities**

- a) Corresponded and held numerous discussions with Smith, employees, and contractors of the Crystal Wealth Group.
- b) Corresponded and held numerous discussions with various stakeholders, providers and/or their legal counsels.
- c) Corresponded and held various discussions with the Company's auditor, BDO.
- d) Corresponded and held various discussions and meetings with parties expressing

interest in either purchasing or managing certain Crystal Wealth Funds.

- e) Maintained a public website for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol.
- f) Arranged for the redirection of the Company's and CLJ Everest's mail to the Receiver's office.
- g) Made arrangements with insurance providers to ensure that continued coverage remains in place with respect to both the Premises and Mount Nemo Property.

#### **MOUNT NEMO PROPERTY**

- 179 Pursuant to the Vesting Order, the Receiver was authorized by the Court to complete, on behalf of CLJ Everest, the sale transaction contemplated by the Mount Nemo Sale Agreement.
- 180 CLJ Everest is the registered owner of Mount Nemo Property. At the date of the Receivership Proceedings, this property was vacant.
- 181 Prior to the Appointment Order, the Mount Nemo Sale Agreement was entered into by CLJ Everest and the Purchaser with a completion date for the underlying transaction of April 28, 2017.
- 182 On April 27, 2017, Jo-Anne Smith ("**Ms. Smith**"), Smith's sister and the listing agent for the Mount Nemo Property, informed the Receiver that the Purchaser had advised her on April 27, 2017, that the Purchaser would not be completing the purchase transaction.
- 183 At 9:20 a.m. and 9:21 a.m. on April 28, 2017, the Receiver attempted to contact the Purchaser by telephone at the number which Ms. Smith advised was the Purchaser's cell phone number. On both occasions, the message "Call cannot be completed as dialed" was received.
- 184 Accordingly, by letter to the Purchaser dated April 28, 2017, A&B advised the Purchaser that the Receiver was treating his anticipatory breaches as a repudiation of the Mount Nemo Sale Agreement, thereby discharging the Receiver from proceeding with the Mount Nemo Sale Agreement while reserving the Receiver's right to pursue damages from the Purchaser. A&B's letter to the Purchaser is attached to this Report as **Appendix "16"**.

- 185 To date, no response has been provided by the Purchaser, and the transaction did not proceed as contemplated by the Vesting Order.
- 186 The Receiver obtained the listing agreement from Ms. Smith which was in place at the time of the Appointment Order.
- 187 After the transaction contemplated by the Mount Nemo Sale Agreement failed to close, the Receiver corresponded with Ms. Smith, providing information with respect to the Receivership Proceedings and the Receiver's intention to conduct a formal sales process for the listing of the Mount Nemo Property (the "**Mount Nemo Listing Process**"). The Receiver invited Ms. Smith to participate in that process. On May 10, 2017, the Receiver received an executed Listing Cancellation from Ms. Smith to allow the Receiver to conduct the Mount Nemo Listing Process.
- 188 Between April 28, 2017 and May 1, 2017, the Receiver researched and compiled a short-list of seven (7) real estate agents/brokers with extensive experience in marketing and selling rural estate properties in the Burlington and surrounding areas, including Ms. Smith (the "**Prospective Brokers**").
- 189 On May 2, 2017, the Receiver distributed a request for proposals (the "**Request for Proposals**" or "**RFP**") via email to the Prospective Brokers outlining: the appointment of the Receiver, the contents of the Mount Nemo Listing Process, and the request for each Prospective Broker to submit a proposal outlining, among other things, such Brokers' experience in the related market, a strategic marketing plan with timelines, as well as indications of value of the Mount Nemo Property, by 5:00 PM EST on May 9, 2017. The Receiver also included a confidentiality agreement, to be executed by the Prospective Brokers, along with preliminary information with respect to the Mount Nemo Property in the RFP. On May 6, 2017, a copy of the RFP was provided to Ms. Smith, inviting her to participate in the RFP conducted by the Receiver. A copy of the RFP is attached hereto as **Appendix "17"**.
- 190 Between May 2, 2017 and May 9, 2017, the Receiver received expressions of interest from four (4) Prospective Brokers (the "**Interested Brokers**"), one (1) response indicating a proposal would not be submitted, and two (2) Prospective Brokers did not respond. Of the four Interested Brokers, the Receiver obtained three executed confidentiality agreements.

- 191 On May 8, 2017, the Receiver provided on-site access to the Mount Nemo Property to the three Interested Brokers who submitted confidentiality agreements. During the on-site visit, the Receiver gave tours of the Mount Nemo Property and responded to questions with respect to the Receivership Proceedings and the Mount Nemo Sale Process.
- 192 On May 9, 2017, RFP submissions from the Interested Brokers were received. A proposal was not received from Ms. Smith. After review of the proposals received from the Interested Brokers, the Receiver selected and notified the successful broker on May 18, 2017, being RE/MAX Aboutowne Realty Corp., Brokerage (the “**Broker**”). A summary of the proposals received is attached to this First Report as **Confidential Appendix “2”**. The Receiver selected the Broker due to its extensive experience selling similar real estate in the Burlington and surrounding area, its competitive commission structure, and its detailed marketing plan to prepare and execute the sale of the Mount Nemo Property.
- 193 On June 8, 2017, the Receiver entered into an MLS listing agreement with the Broker (the “**Listing Agreement**”) which is attached to this First Report as **Confidential Appendix “3”**. The Mount Nemo Property is currently listed for \$3,399,000.

#### **COMMUNICATIONS WITH INVESTMENT ADVISORS**

- 194 On May 1, 2017, the Receiver obtained a listing of eight (8) individuals, including Smith, then registered and/or acting for the Crystal Wealth Funds as investment advisors, consultants, referral sources, and/or portfolio managers (the “**Investment Advisors**”). Of the Investment Advisors, the following seven (7) individuals were determined to be registered representatives of Crystal Wealth:
- a) Smith;
  - b) Bentley;
  - c) Housego;
  - d) Scott Whale (“**Whale**”);
  - e) Tim Johnston (“**Johnston**”);
  - f) Sameer Azam (“**Azam**”); and

g) Geoff Reiner ("**Reiner**").

(collectively referred to as the "**Registered Representatives**").

195 The remaining Investment Advisor, Jeffrey Mushaluk, was confirmed to not be a Registered Representative of the Company and was independently contracted by the Company as a referral source.

196 On May 2, 2017, the Receiver delivered a letter via email to Housego, Whale, Johnston, and Azam, (the "**May 2<sup>nd</sup> Letter**") advising them, among other things:

a) of the Appointment Order;

b) of the Receiver's intention not to execute trades or manage client accounts with NBCN over which the Company had been authorized to make and implement investment decisions (the "**Managed Accounts**");

c) not to undertake or effect any activity in the Managed Accounts;

d) of the Receiver's intention to honour written directions provided by the Managed Accounts clients to transfer the same to another registered dealer and/or advisor; and

e) that, at their request and upon releasing the Company from any claims related to their respective business arrangements with the Company, the Receiver would terminate the Registered Representative's relationship with the Company, and would file an online Form 33-109F1 Notice of Termination of Registered Individuals and Permitted Individuals (the "**Notice of Termination**") via the National Registration Database ("**NRD**"), enabling them to register with another firm.

197 Subsequent to sending the May 2<sup>nd</sup> Letter, the Receiver did not receive a response from any of Housego, Whale, Johnston, or Azam instructing the Receiver to terminate their relationship with the Company. On May 17, 2017, the Receiver delivered another letter via email to Housego, Whale, Johnston and Azam (the "**May 17<sup>th</sup> Letter**") notifying them that the Receiver intended to file the Notice of Termination and that if they wanted for same to reflect a voluntary resignation, they were to notify the Receiver of such a request in writing by the end of the week.



- 198 When no affirmative response was received from Housego, Whale, Johnston or Azam, the Receiver delivered a further letter dated May 26, 2017 to each of them terminating each of their relationships with the Company, and advising each of them that a Notice of Termination would be filed.
- 199 On May 30, 2017, the Receiver sent a letter to Reiner similarly advising him that the Receiver was terminating his relationship with the Company effective as of that date, and advising him that a Notice of Termination would be filed.
- 200 The Receiver completed the relevant NRD forms to effect the filing of the Notices of Termination, and on May 30, 2017, executed Notices of Termination for all Registered Representatives. The Notices of Termination were filed with NRD on June 7, 2017.

## **THE RECEIVER'S DEALINGS WITH SMITH**

### **Investor and Other Correspondence**

- 201 On May 8, 2017, the OSC and Receiver were made aware of an email communication made by Smith on May 1, 2017 to an unknown group of apparent investors in the Crystal Wealth Funds (the "**Smith Email**"). In the Smith Email, Smith made many false and/or erroneous statements ultimately misinforming the investors who had received same. A copy of the Smith Email is attached to this First Report as **Appendix "18"**.
- 202 On May 10, 2017, the Receiver sent an email to Smith (the "**Smith Response**") advising him that the Smith Email contained certain false and misleading statements that interfered with the steps and actions taken by the Receiver and that it was in breach of the Appointment Order. The Receiver demanded that Smith cease all communications with investors in the Crystal Wealth Funds, and the Company's Managed Account clients, unless expressly authorized by the Receiver in writing. In addition, the Receiver demanded that it be provided with copies of any and all communications sent by Smith to any one or more investors in the Crystal Wealth Funds, or to Managed Account clients. As of the date of this First Report no such communications have been provided to the Receiver by Smith. A copy of the Smith Response is attached to this First Report as **Appendix "19"**.
- 203 As of the date of this First Report, the Receiver has corresponded with numerous investors who have received the Smith Email. The Receiver understands the confusion that these

proceedings can cause to investors, which confusion is exacerbated by the Smith Email and the conflicting messages it creates. Through its Notices to Investors, the Receiver has tried to clarify to investors that the Receiver's communications should be the sole source of information relied upon for information and updates concerning the status of the Crystal Wealth Group.

204 On May 18, 2017, the Receiver was made aware that Smith had sent an email to Paco advising him that he should continue his services and that he would be compensated by the Receiver. In so doing, it came to the Receiver's attention that Smith had used the email address "[crystalwealthceo@gmail.com](mailto:crystalwealthceo@gmail.com)". A copy of Smith's email is attached to this First Report as **Appendix "20"**.

205 On May 20, 2017, the Receiver sent an email response to Smith reiterating that he has no authority to represent or speak on behalf of the Receiver, including with respect to whom will be compensated under the Appointment Order. In addition, the Receiver demanded that Smith refrain from using any email address containing the words "crystal wealth", and cease all communications under same. A copy of the Receiver's response to Smith is attached to this First Report as **Appendix "21"**.

#### **Removal of RV & Moving Trailer**

206 On April 28, 2017, upon taking possession of the Mount Nemo Property, the Receiver documented a trailer with the license plate L52 87V (the "**Moving Trailer**") and a recreational vehicle with the license plate BVCD 847 (the "**RV**") on the Mount Nemo Property. The Receiver ensured that both the Moving Trailer and RV were both locked and secured prior to leaving.

207 On May 7, 2017, the Receiver returned to the Mount Nemo Property and noted that both the Moving Trailer and RV were not present. On May 11, 2017, the Receiver obtained information through the Government of Ontario database, dated May 8, 2017, indicating that Smith was the owner of both the Moving Trailer and RV.

208 In Smith's termination letter, dated May 16, 2017 (delivered via registered mail and email, a copy of which is attached to this First Report as **Appendix "22"**), the Receiver notified Smith of the removal of the RV and Moving Trailer and requested that Smith preserve the RV and Moving Trailer, at a location of his choice until such time that the Receiver provided

further direction. The Receiver also requested that Smith notify the Receiver of the location where the RV and Moving Trailer would be located; the Receiver has yet to obtain a response from Smith.

### **Smith's Proposed Motion & Failure to Deliver Statutory Declaration**

- 209 As a result of the Appointment Order, all of Smith's known assets, including bank accounts, continue to be frozen, and all of the Property (as defined in the Appointment Order) of the Crystal Wealth Group was vested in the Receiver.
- 210 At the hearing of the Receivership Application on April 26, 2017, and subsequent to granting the Appointment Order which was unopposed by the Crystal Wealth Group, the Honourable Justice Newbould scheduled a motion date of May 24, 2017 (the "**Comeback Date**"), at which time, Smith was to bring a motion, if he wished, to vary certain terms of the Appointment Order, including any request to access funds for the purpose of retaining counsel and for personal living expenses. The Receiver has received correspondence from investors communicating their opposition to Smith gaining access to such funds.
- 211 On May 18, 2017, the Receiver delivered a blank form of statutory declaration (the "**Statutory Declaration**") to Smith requesting that he provide information concerning, among other things, his assets, liabilities, income, and expenses. A copy of the statutory declaration sent to Smith by the Receiver is attached as **Appendix "23"** to this First Report.
- 212 On May 24, 2017 and June 6, 2017, A&B, on behalf of the Receiver, sent follow-up correspondence to Smith reiterating the Receiver's request that Smith complete the Statutory Declaration. As at the date of the First Report, the Receiver has not received the completed Statutory Declaration from Smith.
- 213 No motion materials were served by Smith prior to the May 24<sup>th</sup> Comeback Date. On the Comeback Date, Smith advised the Court that his previously retained counsel had resigned on May 18, 2017 and that he therefore required additional time to prepare the necessary materials himself in support of a motion to vary certain terms of the Appointment Order, and more specifically, to access funds for retaining counsel and for personal living expenses (despite not having completed the Statutory Declaration). The Honourable Justice Morawetz directed Smith to serve and file his materials in support of any such



motion with the Court by the close of business on June 1, 2017. Justice Morawetz further directed the Receiver and Smith to re-attend Court with counsel for the OSC on June 2, 2017 to review the status and to set a schedule for the hearing of Smith's motion, if necessary. A copy of the endorsement of the Honourable Justice Morawetz issued on May 24, 2017 is attached as **Appendix "24"** to this First Report.

- 214 On June 1, 2017, Smith, representing himself, served a notice of motion, legal brief, and motion record which failed to include any evidence (the **"June 1 Materials"**). The relief sought in the notice of motion was substantially different than that to which Smith advised the Court he would be seeking on the Comeback Date before Justice Morawetz, and included a request that the Appointment Order, Vesting Order, and OSC Freeze Directions be rescinded in their entirety. A copy of the notice of motion included in the June 1 Materials is attached hereto as **Appendix "25"**.
- 215 On June 2, 2017, the Receiver, A&B, Smith, and OSC lawyers attended the scheduled 9:30 a.m. Court appointment. During the appointment, the Honourable Justice Hailey advised Smith that the June 1 Materials were insufficient to allow the Court to consider the relief sought, and accordingly, the Court declined to schedule Smith's motion. Furthermore, the Honourable Justice Hailey advised that the relief sought by Smith in the June 1 Materials was far different and greater in scope than Smith had communicated to Justice Morawetz at the May 24, 2017 Comeback Date. The Honourable Justice Hailey issued an endorsement on June 2, 2017 scheduling a further 9:30 appearance for June 23, 2017, and directed counsel to provide a progress report to the Court at that time. A copy of the endorsement of the Honourable Justice Hailey issued on June 2, 2017 is attached as **Appendix "26"** to this First Report.

## **ISSUES CONCERNING REPRESENTATIVE COUNSEL**

### **Housego's Support for the Appointment of CMB as Representative Counsel**

- 216 On May 17, 2017, the Receiver was made aware of an email sent by Housego on the same date to a group of investors in the Crystal Wealth Funds using the email address [crystalwealthupdates@gmail.com](mailto:crystalwealthupdates@gmail.com) (the **"Housego Email"**). The Housego Email, among other things, *"strongly recommended"* that investors endorse the appointment of Alistair Crawley (**"Crawley"**) and Crawley MacKewn Brush LLP (**"CMB"**) as representative counsel for investors. Housego's recommendation supporting Crawley and CMB was

done utilizing false and/or erroneous statements regarding the Receivership Proceedings as well as past and future actions to be taken by the Receiver. Most notably, Housego asserted that the cost of CMB's services to the investors would be covered by the Receiver, rather than from the Property of the Crystal Wealth Group. The Housego Email contained a hyperlink which investors could click on to support CMB's appointment as Representative Counsel. A copy of the Housego Email is attached to this First Report as **Appendix "27"**.

- 217 On May 18, 2017, the Receiver delivered an email to Housego (the "**Housego Response**"), attached as **Appendix "28"**, advising him that although the Receiver is supportive of investors seeking independent legal advice, it was concerned about the numerous inaccurate statements which were communicated in the Housego Email, which had given rise to confusion within the investor body.
- 218 On May 24, 2017, the Receiver distributed an email to the email addresses provided by Housego that attached the Housego Email, the Housego Response, and directed these investors to monitor the Receiver's case website for reliable updates concerning the status of the Receivership Proceedings. A copy of the Receiver's communication in this regard is attached to this First Report as **Appendix "29"**.

#### **CMB's Motion to be Appointed as Representative Counsel**

- 219 At the June 2, 2017 Court hearing, Crawley, on behalf of CMB, attended to advise the Court of CMB's intention to bring a motion to be appointed as representative counsel for the investors in the Crystal Wealth Funds. On June 9, 2017, CMB served the Receiver with a motion record in support of a motion to appoint CMB as representative counsel to the investors in the Crystal Wealth Funds. A date for the motion has yet to be scheduled.
- 220 At the time of the Appointment Order, CMB acted as counsel for one of the named Respondents, Chrysalis Yoga, and appeared on Chrysalis Yoga's behalf at the hearing before the Honourable Justice Newbould on April 26, 2017.
- 221 Shortly following the Application hearing on April 26, 2017, A&B was contacted by Crawley. During a conference call between A&B and Crawley on May 8, 2017, Crawley indicated that he had been informally speaking with an investor named Tony Murphy, as well as Johnston, one of the Registered Representatives, but had not been retained. On

May 10, 2017, Crawley advised A&B of his view that this case would benefit from representative counsel to represent the interests of investors, and that CMB would be interested in seeking an appointment for this role.

- 222 On May 11, 2017, A&B and the Receiver participated in a conference call with Crawley and Melissa MacKewn of CMB to discuss CMB's interest in the appointment. Crawley advised that he was introduced to the Crystal Wealth situation by Housego and Johnston. The Receiver inquired as to Crawley's experience acting as representative counsel on similar files to which Crawley responded that neither he nor CMB had acted in such capacity. The Receiver advised Crawley that it has had extensive experience interacting with representative counsel in its capacity as Court-appointed Receiver and acknowledged the importance of the role in certain of these mandates. Notwithstanding the above, the Receiver indicated to Crawley that the appointment of representative counsel at that stage was premature.
- 223 On May 16, 2017, Crawley sent a letter via email to A&B reiterating CMB's interest in being appointed representative counsel (the "**May 16<sup>th</sup> Crawley Letter**"). A copy of the Crawley Letter is attached hereto as **Appendix "30"**. On May 17, 2017, A&B, on behalf of the Receiver, sent a letter in response to the May 16<sup>th</sup> Crawley Letter reiterating the Receiver's view, and rationale for it, that it was premature for representative counsel to be appointed at that juncture. A&B's response sent to CMB on May 17<sup>th</sup> is attached to this First Report as **Appendix "31"**.
- 224 On May 19, 2017, (two days after the Housego Email was sent) Crawley sent additional correspondence via email to A&B (the "**May 19<sup>th</sup> Crawley Letter**") which is attached hereto as **Appendix "32"**. The May 19<sup>th</sup> Crawley Letter, among other things, contained a critical and aggressive tone towards the Receiver and its actions taken to date and made many incorrect assumptions regarding same. In the letter, Crawley took issue with the fact that the Receiver had not contacted Housego with respect to the management of certain Crystal Wealth Funds. On behalf of the Receiver, A&B provided a response to the May 19<sup>th</sup> Crawley Letter via letter sent to CMB on May 19, 2017. In its response, A&B advised Crawley, among other things, that it was "surprised by the aggressive tone of your letter" while reiterating once again that the Receiver believed it to be premature to introduce representative counsel at that stage, and to unnecessarily levy the cost of representative counsel to investors at this time. A&B further advised CMB in its letter that

the Receiver had intentionally not consulted with Housego, given the Receiver's view that it was neither necessary nor desirable to seek Housego's consultation in order for the Receiver to review and make appropriate decisions in connection with the Crystal Wealth Funds. A copy of A&B's May 19<sup>th</sup> letter to CMB is attached to this Report as **Appendix "33"**.

225 As is set out in A&B's letters to Crawley sent on May 17<sup>th</sup> and May 19<sup>th</sup>, the Receiver has not foreclosed the option of recommending representative counsel to investors. However, the Receiver still believes it is premature to engage representative counsel for the following reasons:

- a) The Receiver is acting as independent court officer, with legal representation from A&B, and is taking steps to advance the interests of all investors;
- b) An omnibus representative counsel will likely not have a meaningful role. The Receiver believes that there are divergent interests among the investor group, given the differences between the Crystal Wealth Funds, and accordingly, many investors may opt out, or multiple representative counsel roles may be required;
- c) The Receiver believes that the monetization of certain Crystal Wealth Funds is straight forward and as previously mentioned, is currently underway. Accordingly, it seems counter-productive to burden investors in such Crystal Wealth Funds with the cost of representative counsel at this stage; and
- d) Certain Crystal Wealth Funds may require individual and protracted realization strategies, unique to each Crystal Wealth Fund, during which time the cost of representative counsel could unnecessarily be significant while adding questionable value. As previously discussed in this First Report, the Receiver has expended considerable effort to obtain documentation to fully understand the Off-Book Assets, is continuing the process to do so and will very shortly be in a position to conduct the Sales Process as described in this First Report. In addition, the Receiver will be engaging an expert to assist the Receiver in the management and development of realization strategies of the Media Fund, arguably one of the most complex investments of the Crystal Wealth Funds, and will consider the need for such a specialized advisor in respect of any other fund if the circumstances warrant it.

226 The Receiver is of the view that in the event that this Honourable Court nevertheless believes that representative counsel should be appointed, such role should not be fulfilled by Crawley or CMB for the following reasons:

- a) CMB: (i) acted for one of the Respondents, Chrysalis Yoga, an entity which is subject to the Receiver's investigation; (ii) made representations to the Court in that capacity at the time of the Appointment Order; and (iii) is, in the Receiver's view, conflicted from acting in an impartial role;
- b) Crawley and CMB admitted that they were introduced to the Crystal Wealth situation, in part, by Housego and Johnston. Both of these individuals were actively working with Smith, were Registered Representatives of the Company prior to being terminated by the Receiver, were subject to the OSC's Temporary Order and Extension Order, and are the subject of the Receiver's continued investigation;
- c) Housego circulated false and misleading information to investors vehemently advocating for CMB to be appointed as representative counsel;
- d) CMB's correspondence to the Receiver has been inflammatory, accusatory, and misleading, based, at least in part, on knowledge and information provided to CMB by Housego and Johnston; and,
- e) CMB's alleged proxies from investors, through the hyperlink referenced in the Housego Email, were obtained under false pretenses from Housego.

227 If this Honourable Court believes that representative counsel should be appointed, the Receiver respectfully suggests that such role be fulfilled by Cassels, Brock & Blackwell LLP ("**Cassels**"), a firm with significant experience in acting as representative counsel and a firm well versed in the mutual fund industry and the financial services sector. Cassels is one of the various experienced firms who have contacted the Receiver to communicate an interest in acting in the representative counsel capacity, and has confirmed to the Receiver that it is free of conflicts in acting in such capacity.

#### **RECEIVER'S FEES AND DISBURSEMENTS**

228 Pursuant to paragraph 23 of the Appointment Order, the Receiver and its counsel are to



be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 24 of the Appointment Order, the Receiver and its counsel shall pass their accounts.

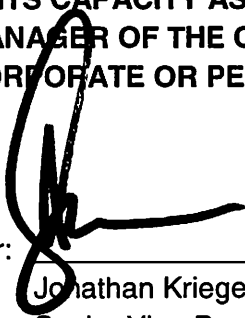
- 229 The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Receiver and its counsel have maintained detailed records of their professional time and costs.
- 230 The total fees for the Receiver for the period April 25, 2017 to May 31, 2017, were \$214,276.91, plus disbursements of \$1,566.00, plus HST of \$28,058.28, for a total of \$243,891.19. The time spent by the Receiver is more particularly described in the Affidavit of Jonathan Krieger sworn June 21, 2017 (the "**Krieger Affidavit**"), which is attached hereto as **Appendix "34"** and contains copies of invoices that set out the services provided during this time period.
- 231 The total fees of A&B, as counsel to the Receiver, for the period of April 24, 2017 to May 31, 2017, were \$160,293.50, plus disbursements of \$5,069.55, plus HST of \$21,237.34, for a total of \$186,600.39. The time spent by A&B is more particularly described in the Affidavit of Steven L. Graff sworn June 22, 2017 (the "**Graff Affidavit**"), which is attached as **Appendix "35"** and contains, among other things, copies of invoices that set out the services provided during this period of time.
- 232 It is the Receiver's opinion that the fees and disbursements of the Receiver and A&B accurately reflect the work done by the Receiver and on behalf of the Receiver by A&B in connection with the receivership and the administration of the property of the Crystal Wealth Group from April 24, 2017 to May 31, 2017.
- 233 It is the Receiver's opinion that the fees and disbursements of A&B are fair and reasonable and justified in the circumstances. The Receiver recommends approval of A&B's accounts by this Honourable Court. While the Receiver is seeking approval of its fees and disbursements at this time, the Receiver intends to make a recommendation and seek approval of an allocation of its fees and disbursements among the Crystal Wealth Funds in a further motion before this Court.

## **CONCLUSION**

234 For the reasons set out in this First Report, the Receiver respectfully requests the relief and approval as set out in the Receiver's Notice of Motion dated June 22, 2017.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 22 day of June, 2017.

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

Per: 

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

# TAB 5

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

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**JUNE 29, 2017**



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

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## **CONFIDENTIAL APPENDIX**

**Appendix 1**      Memorandum of Understanding dated June 27, 2017

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

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**JUNE 29, 2017**

## INTRODUCTION AND PURPOSE OF THE FIRST REPORT SUPPLEMENT

- 1 This supplement (this “**First Report Supplement**”) is filed by Grant Thornton Limited in its capacity as Court-appointed receiver (the “**Receiver**”) of the Crystal Wealth Group and of the Chrysalis Account. This First Report Supplement is filed by the Receiver as a supplement to its first report dated June 22, 2017 (the “**First Report**”).
- 2 Unless otherwise defined, all capitalized terms in this First Report Supplement are defined as they are in the First Report. Any and all disclaimers provided in the First Report also apply to this First Report Supplement.
- 3 Background information in respect of the Respondents and the Receivers’ appointment is provided in the First Report.
- 4 Copies of materials filed in these proceedings generally are available on the Receiver’s Case Website at [www.grantthornton.ca/crystalwealth](http://www.grantthornton.ca/crystalwealth).
- 5 The purpose of this First Report Supplement is to inform and update the Court on:
  - a) the Receiver’s efforts thus far in monetizing certain On-Book Assets, more specifically, Equities and External Mutual Funds;
  - b) the Receiver’s efforts thus far in monetizing certain Off-Book Assets, more specifically, the Squire mortgages; and
  - c) the engagement of Quiver Capital Inc. (“**Quiver**”) as an advisor to the Receiver in managing the Media Fund.

## MONETIZATION OF ON-BOOK ASSETS

- 6 As mentioned in the First Report, the Receiver, in consultation with colleagues in Canada and the US with extensive investment and portfolio expertise, is carefully monetizing all marketable securities, including Equities and External Mutual Funds, where possible, which are traded on the various public stock exchanges. The Receiver estimates that this process is over 90% complete, covering the ACM Growth Fund, ACM Income Fund, Factoring Fund, Medical Fund, Media Fund, Resource Fund and the Sustainable Dividend Fund. The Receiver anticipates that this realization process will be completed shortly.

## **MONETIZATION OF OFF-BOOK ASSETS**

- 7 As mentioned in the First Report, Squire had offered to acquire the remaining two Squire Mortgages, with an effective date of June 23, 2017, for proceeds of \$197,526 (proceeds include the entire principal value of the Squire Mortgages (\$196,000) plus accrued interest of \$1,526 to June 23, 2017). The Receiver accepted the offer and the transaction closed on June 23, 2017.

## **PRESERVATION OF CRYSTAL WEALTH FUNDS**

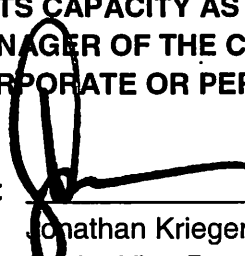
- 8 The Receiver notes that the monetization of individual On-Book Assets and Off-Book Assets will be preserved in each Crystal Wealth Fund to which they pertain and cash proceeds will not be intermingled among other Crystal Wealth Funds.

## **ENGAGEMENT OF QUIVER AS ADVISOR**

- 9 The First Report describes the Receiver's potential engagement of Quiver as an advisor to assist with the management of the Media Fund, due to the uniqueness of the Media Fund and Quiver's expertise in this area.
- 10 On June 27, 2017, the Receiver and Quiver entered into a Memorandum of Understanding ("MOU") which outlines the roles and responsibilities of Quiver and compensation in so acting. A copy of the MOU is attached as **Confidential Appendix "1"** which the Receiver respectfully requests be subject to the sealing order as requested in the First Report.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 29 day of June, 2017.

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

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



# TAB 6

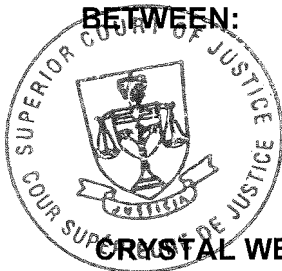
**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE  
JUSTICE HAINEY

)  
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)  
)  
)

FRIDAY, THE 30<sup>th</sup> DAY  
OF JUNE, 2017

**BETWEEN:**



**ONTARIO SECURITIES COMMISSION**

**Applicant**

**- and -**

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

**Respondents**

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

**ORDER**

**THIS MOTION**, made by Grant Thornton Limited ("**GTL**"), in its capacity as the Court-appointed receiver and manager (in such capacity, the "**Receiver**") ), without security, of all of the assets, undertakings and properties of each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"), for an Order, *inter alia*: (i) approving the First Report of the Receiver dated June 22, 2017 (the "**First Report**") and the activities of the Receiver set out in the First Report; (ii) approving the Supplement to the First Report of the Receiver dated June 29, 2017 (the "**Supplement to the First Report**") and the

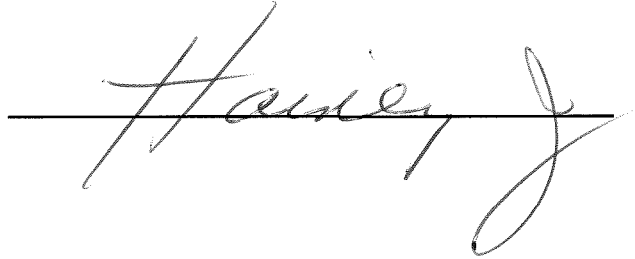
activities of the Receiver set out in the Supplement to the First Report; (iii) sealing certain appendices to the First Report and the Supplement to the First Report (the “**Confidential Appendices**”) until further Order of the Court; (iv) approving the Receiver’s reliance on the Unit Holder Listing (as defined in the First Report) to make interim distributions of the proceeds obtained from the divestiture of certain assets of Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, and Crystal Wealth Retirement One Fund (collectively, the “**Crystal Wealth Funds**”), where possible, to investors in the Crystal Wealth Funds; (v) approving the Sales Process (the “**Sales Process**”) as defined and described in the First Report and authorizing the Receiver to carry out its functions in accordance with the Sales Process; (vi) approving the Receiver’s interim statement of receipts and disbursements for the period from April 26, 2017 to May 31, 2017 (the “**Receiver’s Interim R&D**”); and (vii) approving the fees and disbursements of the Receiver and its counsel, Aird & Berlis LLP, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the First Report, including the affidavit of Jonathan Krieger sworn June 21, 2017 (the “**Krieger Affidavit**”), and the affidavit of Steven L. Graff sworn June 22, 2017 (the “**Graff Affidavit**”), the Supplement to the First Report, and on hearing the submissions of counsel for the Receiver, counsel for the Ontario Securities Commission, and of the Respondent, Clayton Smith, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Diana Saturno sworn June 22, 2017, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the First Report and the Supplement to the First Report, and the activities of the Receiver described therein be and are hereby approved.

3. **THIS COURT ORDERS** that the Confidential Appendices be and are hereby sealed until further Order of the Court.
4. **THIS COURT ORDERS** that the Sales Process, as defined and described in the First Report, be and is hereby approved.
5. **THIS COURT ORDERS** that the Receiver may rely on the Unit Holder Listing (as defined in the First Report) to make distributions, without further approval of the Court, of the proceeds obtained from the divestiture of certain assets of the Crystal Wealth Funds to investors of the Crystal Wealth Funds.
6. **THIS COURT ORDERS** that the Receiver's Interim R&D, as described in the First Report, be and is hereby approved.
7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver, as described in the First Report and as set out in the Krieger Affidavit, be and are hereby approved.
8. **THIS COURT ORDERS** that the fees and disbursements of Aird & Berlis LLP, counsel to the Receiver, as described in the First Report and as set out in the Graff Affidavit, be and are hereby approved.
9. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
11. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the

within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

A handwritten signature in cursive script, appearing to read "Haley", is written over a horizontal line.

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

JUN 30 2017

PER / PAR: 

Applicant  
Short Title of Proceedings

Respondents

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**Proceedings commenced at Toronto**

**ORDER**

**AIRD & BERLIS LLP**

Barristers and Solicitors  
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June 23, 2017

Short Title of Proceedings

Applicant

Respondents

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

June 30, 2017

I am satisfied that this motion should be granted on the terms of the attached Order and the creditor claims procedural Order.

That shall be a sealing order with respect to the Confidential Appendices as defined in the attached order.

Hanley J

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST  
Proceedings commenced at TORONTO

MOTION RECORD

Volume 1 of 2

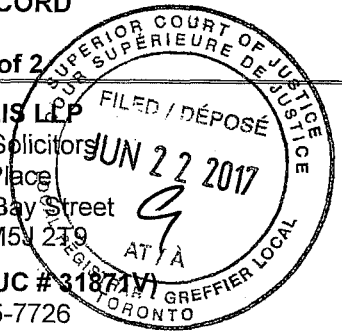
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Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited



# TAB 7



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

**BETWEEN:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**NOVEMBER 24, 2017**



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

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- Appendix 69** Schedule of Filed Claims
- Appendix 70** Amended BDO Claim received August 23, 2017
- Appendix 71** Correspondence re: Treatment of Amended BDO Claim
- Appendix 72** Solicitation Letter dated July 12, 2017
- Appendix 73** Affidavit of Jonathan Krieger sworn November 17, 2017
- Appendix 74** Affidavit of Mark van Zandvoort sworn November 22, 2017

## **CONFIDENTIAL APPENDICES**

|                                |                                                                     |
|--------------------------------|---------------------------------------------------------------------|
| <b>Confidential Appendix 1</b> | Zomongo TV Letter of Intent dated October 12, 2017                  |
| <b>Confidential Appendix 2</b> | Quiver MOU Amendments dated September 28, 2017 and October 30, 2017 |
| <b>Confidential Appendix 3</b> | Quiver Report dated November 22, 2017                               |
| <b>Confidential Appendix 4</b> | Confidential Information Memorandum dated August 10, 2017           |
| <b>Confidential Appendix 5</b> | Receiver's Summary of Initial Offers                                |
| <b>Confidential Appendix 6</b> | August 16 <sup>th</sup> Questions and Complete Manager responses    |
| <b>Confidential Appendix 7</b> | Receiver's Comparison of Complete Management Offers                 |
| <b>Confidential Appendix 8</b> | Listing Agreement with Sotheby's dated November 6, 2017             |

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

**BETWEEN:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**NOVEMBER 24, 2017**



## **INTRODUCTION**

### **THE APPLICATION AND APPOINTMENT ORDER**

- 1 The Ontario Securities Commission (the "**OSC**") issued a temporary order on April 7, 2017 (as extended by the OSC on April 13, 2017 and April 28, 2017 (the "**Temporary Order**")) providing that the trading of units of all of the Crystal Wealth Funds (defined herein) cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith ("**Smith**") and Crystal Wealth Management System Limited (the "**Company**"), with limited exceptions that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant Fund. On October 2, 2017, the OSC further extended the Temporary Order to April 10, 2018 (the "**Extension Order**"), while modifying the Temporary Order issued April 7, 2017 to remove the portions of paragraphs 4 and 5 thereof referring to Smith in his capacity as advising representative, given that Smith's registration was automatically suspended when he was terminated by the Receiver. The Temporary Order issued April 7, 2017 and the Extension Order are attached hereto as **Appendix "1"** to this Second Report of the Receiver (the "**Second Report**").
- 2 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List), the Honourable Mr. Justice Newbould issued an Order (the "**Appointment Order**") appointing Grant Thornton Limited: (i) as receiver and manager (in such capacities, the "**Receiver**"), without security, of all of the assets, undertakings and properties (collectively, the "**Property**") of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"); and (ii) as Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the "**OSC Application**") under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "**Act**"). The said receivership proceedings shall be referred to herein as the "**Receivership Proceedings**". A copy of the Appointment Order and the endorsement of the Honourable Mr. Justice Newbould are attached thereto as **Appendix "2"**.

- 3 As detailed in the OSC Application, the appointment of the Receiver was based on concerns the OSC had regarding, among other things, the Respondent, Crystal Wealth Media Strategy (the "**Media Fund**"). The OSC stated that it believed that Smith and the Company may have:
- a) participated in a course of conduct relating to securities that they knew or reasonably ought to have known perpetrated a fraud, contrary to s. 126.1(1)(b) of the Act;
  - b) failed to act fairly, honestly and in good faith with clients, contrary to s. 2.1 of Rule 31-505 - *Conditions of Registration*; and
  - c) failed to comply with the standard of care expected of investment fund managers under s. 116 of the Act.
- 4 A summary of the circumstances leading to the appointment of the Receiver is outlined in the Receiver's First Report to Court dated June 22, 2017 (the "**First Report**") which is attached hereto, without appendices, as **Appendix "3"**. The complete OSC Application can be found on the Receiver's case website at [www.GrantThornton.ca/CrystalWealth](http://www.GrantThornton.ca/CrystalWealth) (the "**Case Website**").
- 5 Also on April 26, 2017, the Honourable Mr. Justice Newbould issued a Vesting Order (the "**Vesting Order**") authorizing the Receiver to complete, on behalf of the Respondent, CLJ Everest Ltd. ("**CLJ Everest**") (a company wholly owned by Smith), the sale transaction of the property located at 5043 Mount Nemo Crescent in Burlington, Ontario (the "**Mount Nemo Property**") to Martin McCready (the "**Purchaser**") pursuant to and in accordance with an agreement of purchase and sale dated April 12, 2017 (the "**Mount Nemo Sale Agreement**"). The Purchaser did not respond to the Receiver's communications following the issuance of the Vesting Order, and the Purchaser failed to complete the sale transaction. The Receiver has reserved its rights to claim damages from the Purchaser as a result of his failure to complete the sale transaction. As will be described herein, the Mount Nemo Property remains listed for sale by the Receiver.
- 6 On April 26, 2017, counsel for the Crystal Wealth Group requested that the Honourable Mr. Justice Newbould set a motion date on which the Crystal Wealth Group would move to vary certain terms of the Appointment Order, specifically to access funds for paying

counsel and for Smith's personal living expenses. Justice Newbould set a hearing date of May 24, 2017 for the Crystal Wealth Group's motion.

- 7 On May 24, 2017, Smith advised that the Crystal Wealth Group's counsel had resigned and that he was not in a position to proceed with a motion (the materials for which had yet to be served) that day. Smith also advised that he would be self-represented. Accordingly, the Honourable Mr. Justice Morawetz issued an endorsement (the "**May 24, 2017 Endorsement**") that directed Smith's motion materials be served and filed with the Court by the close of business on June 1, 2017 and requiring that the parties attend at a 9:30am appointment with the Court on June 2, 2017 to schedule a date for the motion, if necessary. A copy of the May 24, 2017 Endorsement is attached hereto as **Appendix "4"**.

### ***THE JUNE 2017 MOTIONS AND COURT RELIEF***

- 8 On June 1, 2017, Smith served counsel to the Receiver with a motion record in support of a motion requesting, among other things, that the Temporary Order, Appointment Order and Vesting Order be rescinded in their entirety.
- 9 A further development arose on June 1, 2017 when Crawley MacKewn Brush LLP ("**CMB**") provided a draft notice of motion to counsel to the Receiver indicating that CMB would be seeking an appointment as representative counsel for investors of the Crystal Wealth Funds.
- 10 On June 2, 2017, the Receiver, its counsel, Smith, and CMB, amongst others, attended a 9:30 a.m. appointment with the Court. During the appointment, the Honourable Mr. Justice Hainey advised Smith that his motion record, which failed to include any affidavit evidence, was insufficient to allow the Court to consider the relief sought, and accordingly, the Court declined to schedule Smith's proposed motion. The Honourable Justice Hainey thereafter issued an endorsement (the "**June 2, 2017 Endorsement**") scheduling a 9:30 a.m. appointment with the Court on June 23, 2017, and directed counsel to provide a progress report to the Court at that time. A copy of the June 2, 2017 Endorsement is attached hereto as **Appendix "5"**.
- 11 On June 9, 2017, CMB served the Receiver with a motion record in support of a motion to appoint CMB as representative counsel to the investors of the Crystal Wealth Funds.

- 12 On June 22, 2017, the Receiver provided the Court with its First Report and served a motion record in support of a motion to, among other things, approve: (i) a creditor claims procedure; and (ii) a proposed Sales Process (as defined and described in the First Report) to be conducted by the Receiver by which prospective purchasers and managers could submit bids to the Receiver to either purchase the assets of certain Crystal Wealth Funds, or to take over the management of certain Funds. On June 29, 2017, the Receiver provided the Court with its Supplement to the First Report dated June 29, 2017, a copy of which is attached hereto as **Appendix "6"**.
- 13 On June 23, 2017, the Honourable Justice Hainey issued an endorsement (the "**June 23, 2017 Endorsement**") scheduling June 30, 2017 as the hearing date for the Receiver's and CMB's motions. A copy of the June 23, 2017 Endorsement is attached hereto as **Appendix "7"**.
- 14 On June 30, 2017, the Honourable Mr. Justice Hainey issued an Order and Endorsement (the "**June 30 2017 Order and Endorsement**") that, among other things, approved:
- a) the Receiver's First Report and the activities of the Receiver set out therein;
  - b) the Receiver's reliance on the Unit Holder Listing (as defined in the First Report) to make interim distributions to investors of the proceeds generated from the divestiture of certain assets of the Crystal Wealth Funds; and
  - c) the Sales Process.
- A copy of the June 30<sup>th</sup> Order and Endorsement is attached hereto as **Appendix "8"**.
- 15 On June 30, 2017, the Honourable Mr. Justice Hainey also issued a Creditor Claims Procedure Order (the "**Creditor Claims Procedure Order**") that, among other things, approved the procedure for determining and resolving claims to be filed by creditors against the Crystal Wealth Group. A copy of the Creditor Claims Procedure Order is attached hereto as **Appendix "9"**.
- 16 On June 30, 2017, the Court also heard the motion of CMB to be appointed as representative counsel. On July 5, 2017, the Honourable Mr. Justice Hainey issued an endorsement (the "**July 5, 2017 Endorsement**") which dismissed CMB's motion. In dismissing the motion, Justice Hainey found that "the investors' interests are being

protected and advanced by the Receiver” and that “the appointment of representative counsel will add unnecessary expense to the receivership which will adversely affect investors”. A copy of the July 5, 2017 Endorsement is attached hereto as **Appendix “10”**.

## **PURPOSE OF THE SECOND REPORT**

17 The purpose of this Second Report is to inform the Court of the Receiver's activities since the date of the First Report and to support the Receiver's request for an order, among other things:

- a) approving this Second Report, including the actions and activities of the Receiver as described in this Second Report;
- b) approving the Receiver's methodology and proposal to make an interim distribution to the investors of certain Crystal Wealth Funds, and authorizing the Receiver to make such interim distribution without liability, including, without limitation, liability for any tax implications arising therefrom;
- c) approving the Quiver MOU Amendments executed by the Receiver and Quiver (as such terms are hereafter defined);
- d) directing the following entities and/or individuals to provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the Crystal Wealth Group:
  - i) Jerry Froese ("**Froese**") – President & CEO of Frontline Factoring Inc. ("**Frontline**");
  - ii) Alberto Storelli ("**Storelli**"), Brian Peoples ("**Peoples**"); and Joe Harker ("**Harker**") as it relates to their involvement in the US Real Estate LP (defined and described herein);
  - iii) Craig Clydesdale ("**Clydesdale**") – Principal of the OOM Energy Group (defined herein);
  - iv) Kari Gillespie ("**Gillespie**") – Operations Manager of Liberty Mortgage Services Ltd.;
  - v) Stephen Miller ("**Miller**") – a representative of MGE (defined herein);
  - vi) Chuck Pinnell – Principal of 611802 B.C. Ltd.; and

vii) Stan Spletzer – Principal of Solid Holdings Inc.

e) directing that The Investment Administration Solution Inc. (“**IAS**”), the third-party entity that performed accounting and record keeping for the Crystal Wealth Funds, provide the Receiver and its counsel with certain requested but still outstanding information required for a proper assessment of the Crystal Wealth Funds, namely, monthly reporting for each of the Crystal Wealth Funds, including all underlying transactions, for the period January 1, 2015 to May 1, 2017;

f) authorizing the Receiver to examine the following individuals under oath at the offices of Victory Verbatim located at 222 Bay Street, Suite 900, in Toronto, Ontario, with each such individual bearing their own cost of the attendance:

i) Al Housego (“**Housego**”), the former Lead Portfolio Strategist for the Resource Fund, Bullion Fund, Factoring Fund, and Hedge Fund (as such Crystal Wealth Funds are defined below);

ii) Smith;

iii) Joanne Bentley;

iv) Clydesdale;

v) Gillespie;

vi) Froese;

vii) Miller;

viii) Steven Bandola, a former employee of Frontline;

ix) David DenHollander, the President of 647497 B.C. Ltd.;

x) Jeffrey Maljaars, Principal of 1566496 Alberta Ltd.;

xi) Darcy Pahl, President of Dome Mountain Resources of Canada Inc.;

xii) Robert Maljaars, previous signing authority of Dome Mountain Resources of Canada Inc. and Principal of 1566496 Alberta Ltd.;

xiii) Chuck Pinnell – Principal of 611802 B.C. Ltd.; and

xiv) Alan Braun – Principal of Onstar Exploration Ltd.

- g) ordering Frontline pay to the Receiver the sum of \$536,775, representing payments received by Frontline from Zomongo TV, Advanced Metal, 156 Alberta, and Restoration Energy (as such entities are herein defined), which payments have yet to be remitted to the Receiver in trust for the Factoring Fund and Hedge Fund contrary to the FPAA (as defined below);
- h) approving the Receiver's Interim Statement of Receipts and Disbursements for the period from April 26, 2017 to October 31, 2017, attached hereto as **Appendix "11"**;
- i) approving the Receiver's recommendation regarding the treatment of an amended proof of claim filed by BDO Canada LLP ("**BDO**"), and the BDO Agreement (as defined below);
- j) approving the fees and disbursements of the Receiver and Aird & Berlis LLP ("**A&B**"), legal counsel to the Receiver, as described herein for the period of June 1, 2017 to September 30, 2017, and an allocation of such fees and disbursements from April 24, 2017 to September 30, 2017; and
- k) sealing the **Confidential Appendices** of this Second Report until further Order of the Court.

18 The Receiver's activities since the date of the First Report are detailed throughout this Second Report.

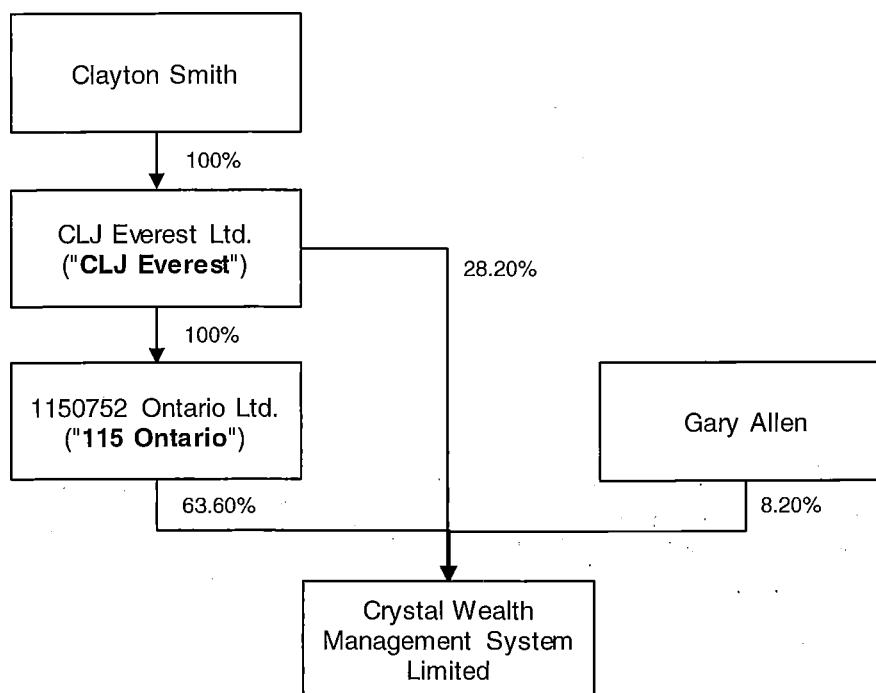


## **RESTRICTIONS AND TERMS OF REFERENCE**

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

## **CORPORATE STRUCTURE**

- 23 At the time of the Appointment Order, the Company was a corporation registered with the OSC in the categories of: "Exempt Market Dealer", "Investment Fund Manager", "Portfolio Manager", and "Commodity Trading Manager".
- 24 At the time of the Appointment Order, Smith was the controlling mind of the Company, was listed as the sole director and officer, and held a controlling interest of 91.76% in the Company. The ownership structure of the Company is as follows:



- 25 At the time of the Appointment Order, Smith was registered in Ontario with the OSC as a dealing representative, an advising representative in the category of "Portfolio Manager", and an advising representative in the category of "Commodity Trading Manager". Smith was also registered as the Company's chief executive officer, chief compliance officer and ultimate designated person.

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

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

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

A detailed description of the Crystal Wealth Funds is included in paragraphs 28 to 54 of the First Report. A summary of each of the Crystal Wealth Funds and the Recorded Values of each of the different investments is attached hereto as **Appendix "12"**.

- 27 The Crystal Wealth Funds are structured as open-ended mutual fund trusts. Units in each of the Crystal Wealth Funds were distributed to investors on an exempt basis, pursuant to offering memoranda ("**OMs**"). The Company managed the day-to-day business of the Crystal Wealth Funds and was required to make investment decisions consistent with each of the Crystal Wealth Funds' investment objectives. As will be discussed later in this Second Report, certain Crystal Wealth Funds hold investments which were not in compliance with their respective OMs.

## **EXECUTIVE SUMMARY**

- 28     **The Receiver strongly encourages that readers of this Second Report read it in its entirety as it provides important details of the work performed by the Receiver that led to its conclusions and concerns as set out in this Executive Summary.**
- 29     As the large majority of the investments contained within the Crystal Wealth Funds are unconventional, the Receiver has spent a significant amount of time, together with its advisors, to understand and assess the underlying investments, and the quality and realizable value of same, where possible. Furthermore, the significant deficiencies in the Company's books and records with respect to the documentation (or lack thereof) associated with such investments, and the refusal by certain individuals to provide required information to the Receiver to properly conduct its mandate, have created additional complexities for the Receiver and its counsel in understanding and supporting the investments and their respective values.
- 30     The Receiver is sympathetic to the needs of investors in the Crystal Wealth Funds, many of whom have conflicting interests. Certain investors may have a long term investment strategy. Some investors may have the need for short term stable income or dividends, while others are prepared to accept more risk. In executing its mandate, the Receiver has to balance the needs and interests of investors, and make recommendations in the best interest of all stakeholders.
- 31     The Receiver's investigation of the Company's affairs has identified serious concerns around the conduct of certain parties associated with the Crystal Wealth Funds and the underlying investments therein.
- 32     The Receiver draws the following conclusions:
- a) The lack of segregation of duties in performing the day to day operations and governance thereof (e.g. Smith was the controlling mind, sole director, and Chief Compliance Officer, among others) resulted in the Company not having an effective organizational structure to ensure proper oversight and governance of the Crystal Wealth Funds and possibly, compliance with Ontario securities laws, including, without limitation, the Act;

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

33 Given the Receiver's findings and concerns as detailed in this Second Report, the Receiver will be bringing the contents of the Second Report to the attention of the Ontario

Provincial Police and the Royal Canadian Mounted Police.

- 34 The Receiver has significant concerns over the quality and ultimate collectability of approximately \$88.72 million of Recorded Value, or approximately 46% of the April 20<sup>th</sup> Package NAV provided by Smith of \$193,198,912. In addition, the Receiver has concerns that there may be further potential impairment of approximately \$27.91 million (Recorded Value).
- 35 The Receiver has monetized approximately 98% of the marketable securities held within the Crystal Wealth Funds, in consultation with its corporate finance team and NBCN. Notwithstanding the challenges regarding specific investments contained in the Crystal Wealth Funds, there is currently cash on hand for certain of the Crystal Wealth Funds from the proceeds of the Receiver's monetization of marketable securities and its on-going management of the Crystal Wealth Funds which are available for interim distributions to investors in certain of the Crystal Wealth Funds in the sum of \$30,817,199. Accordingly, the Receiver is requesting the Court to approve the first interim distribution to investors, the methodology of which is specified in the section below.
- 36 As authorized by the Court on June 30, 2017, the Receiver conducted a Sales Process in respect of the Crystal Wealth Funds, seeking parties interested in buying assets of certain Funds, or assuming management of certain Funds. By the Offer Deadline, the Receiver obtained seven offers from different Prospective Purchasers and Prospective Managers.
- 37 The Receiver worked diligently to investigate and consider Prospective Managers' offers to assume the management of certain Funds, however, the Receiver ultimately rejected the management offers as the Receiver was of the view that it was not in the best interest of Crystal Wealth Fund investors to accept any of the management offers that were submitted. The management offers received via the Sales Process provided no certainty that the Crystal Wealth Funds would be managed back to fiscal health (especially in light of the concerns with many of the recorded investments). In addition, no offer was received that gave the Receiver any comfort that the investors would have a timely avenue through which to redeem their units and turn them into cash (let alone any certainty with respect to the price at which such redemption might happen). The proposed management transactions themselves would have taken several months to be completed, with no guarantees of completion as the offers submitted were highly conditional.

- 38 Given the nature of the Funds and the serious issues with certain of the investments held therein, the Receiver is of the view that any third party manager would face the same issues of "creating" liquidity from these impaired investments and, arguably, would have to outsource management of same as they would not typically possess the necessary skill and experience to deal with these types of investments and their distressed status, as compared with the experience of the Receiver. Furthermore, certain recourse is available to the Receiver under the Appointment Order which would not be available to a third party management firm.
- 39 In addition to its specific communications and correspondence with individual investors, the Receiver has issued 10 formal Notices to investors in respect of the status of the Crystal Wealth Funds, including a description of the Receiver's actions to date. Such Notices have been posted on the Receiver's Case Website.



## **MONETIZED CRYSTAL WEALTH FUNDS**

40 As outlined in the First Report, certain of the Crystal Wealth Funds contained equity investments in companies, the securities of which were traded on active market exchanges and were readily saleable ("**Equities**"). In addition, certain Crystal Wealth Funds had unit holdings in mutual funds not managed by the Company and thus external to the Crystal Wealth Group, which were monetizable ("**External Mutual Funds**"). As authorized in subsection 6(k)(i) of the Appointment Order, and as set out in the First Report, the Receiver commenced the monetization of Equities and External Mutual Funds in June 2017.

41 As the result of the monetization of certain Equities and External Mutual Funds (the results of which are described in detail below), the following Crystal Wealth Funds have been fully monetized<sup>1</sup> into cash, with the exception of the below noted Inter-fund Investments:

a) **Sustainable Dividend Fund**

- i) Cash – \$6,656,066 and US \$3,542; and
- ii) Inter-fund Investment held in the Sustainable Property Fund with a Recorded Value of \$75,693.

b) **ACM Growth Fund**

- i) Cash – \$5,926,304 and US \$153,275; and
- ii) Inter-fund Investments held with a total Recorded Value of \$4,739,753 in the following four Crystal Wealth Funds with the respective Recorded Values of:
  - 1. Factoring Fund – \$2,511,932;
  - 2. Mortgage Fund – \$1;
  - 3. Hedge Fund – \$1,655,059; and
  - 4. Media Fund – \$572,761.

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<sup>1</sup> Cash balances are as at October 31, 2017 as per NBCN.

c) **ACM Income Fund**

- i) Cash – \$930,429 and US \$2,180;
- ii) Inter-fund Investments held with a total Recorded Value of \$9,898,493 in the following four Crystal Wealth Funds, distributed as follows:
  - 1. Media Fund – \$6,594,529;
  - 2. Factoring Fund – \$2,426,339;
  - 3. Medical Fund – \$560,297; and
  - 4. Hedge Fund – \$317,328.

42 As outlined above, Inter-fund Investments are investments made in Crystal Wealth Funds by other Crystal Wealth Funds through the purchase of units. As a result, similar to individual investor unit holdings, Inter-fund Investments cannot be valued until the investments in the underlying Crystal Wealth Funds of such Inter-fund Investments are realized/valued. The monetization of the Inter-fund Investments will occur through distributions made from one Crystal Wealth Fund to another Crystal Wealth Fund which holds units in the former Fund. Once such distributions are received by the latter Fund, if any, those monies will ultimately be made available for further distribution to investors of the latter Fund.

43 Unfortunately, a large majority of the above noted Inter-fund Investments are in the Media Fund, Factoring Fund, and Hedge Fund, all of which hold underlying investments that are illiquid, significantly impaired, and/or have been materially overstated by the Company. As a result, the Recorded Values of the Inter-fund Investments are significantly overstated whereby the Funds which have invested in the Media Fund, Factoring Fund, and Hedge Fund will receive far less from these Funds than was invested.

## **MONETIZATION OF EXTERNAL MUTUAL FUNDS, EQUITIES, AND WARRANTS**

44 In the First Report and Supplement to the First Report, the Receiver outlined its efforts to monetize readily saleable marketable securities held by certain Crystal Wealth Funds. The rationale for this was the over-arching investment objective of minimizing the downside risk of uncontrollable domestic and global market factors in the short term and to permit an interim distribution to the investors. Through a distribution, investors will be free to reinvest the proceeds received on their own accord. The Receiver, in consultation with colleagues in Canada and the US with extensive investment and portfolio expertise, as well as with the assistance of NBCN, carefully monetized all marketable securities, including Equities, Warrants, and External Mutual Funds which are traded on the various public stock exchanges, to the extent that such monetization was possible.

45 The Receiver was also cognizant of the Crystal Wealth Funds' underlying OMs when monetizing the marketable securities to ensure the monetization of certain investments did not create concentration risk in other particular investments. For example, the OM of the Resource Fund states that:

*"The [Resource] Fund will limit its exposure to any one issuer to no more than 30% of the Fund's net assets..."*

When performing the monetization of the below noted assets, the Receiver ensured the timing of such monetization reduced the risk of concentration of a particular investment whereby a negative movement in the value of same could have a detrimental impact on the underlying Crystal Wealth Fund(s).

46 The tables presented in this section with respect to the monetization of the Equities and External Mutual Funds contain the following information:

- a) the market value of the Equities and External Mutual Funds as at the closing of April 26, 2017, the date in which the Receiver was appointed over the Crystal Wealth Group, (the "**April 26<sup>th</sup> Market Value**"); and
- b) the gross proceeds received by the Receiver from the monetization of the Equities and/or External Mutual Funds (the "**Monetization Proceeds**").

## **EXTERNAL MUTUAL FUNDS**

- 47 Upon completion of the monetization of the External Mutual Funds, the realized loss was minimal, amounting to approximately \$7,082 on Monetization Proceeds of \$5,045,681. The table below outlines the results of the monetization of the External Mutual Funds for each of the Crystal Wealth Funds that held same; no selling commissions were incurred on the disposition of External Mutual Funds.

| <b>Fund</b>     | <b>April 26th<br/>Market Value</b> |           | <b>Monetization Proceeds</b> |           |
|-----------------|------------------------------------|-----------|------------------------------|-----------|
| ACM Growth Fund | \$                                 | 3,417,725 | \$                           | 3,410,855 |
| ACM Income Fund |                                    | 565,089   |                              | 564,876   |
| Medical Fund    |                                    | 25,345    |                              | 25,345    |
| Media Fund      |                                    | 1,044,604 |                              | 1,044,604 |
|                 | \$                                 | 5,052,763 | \$                           | 5,045,681 |

## **EQUITIES**

- 48 As at the date of this Second Report, the Receiver has monetized approximately 98% of the Equities contained within the Crystal Wealth Funds. The Resource Fund and ACM Growth Fund currently have approximately \$50,000 each of low volume trading Equities remaining to which the Receiver is working with NBCN to monetize. Overall, the monetization of Equities generated a realized loss of \$554,382 and a realized gain of approximately US \$128,304, excluding commissions of \$57,263 and US \$11,469.
- 49 The table below outlines the results of the monetization of the Equities for the below noted Crystal Wealth Funds.

| Fund                      | April 26th Market Value |                     | Monetization Proceeds |                     |
|---------------------------|-------------------------|---------------------|-----------------------|---------------------|
|                           | CAD                     | USD                 | CAD                   | USD                 |
| Sustainable Dividend Fund | \$ 1,438,364            | \$ 3,688,297        | \$ 1,478,092          | \$ 3,829,828        |
| Resource Fund             | 1,190,079               | -                   | 1,081,758             | -                   |
| ACM Growth Fund           | 4,947,908               | 402,478             | 4,514,672             | 389,251             |
| Factoring Fund            | 191,419                 | -                   | 138,866               | -                   |
|                           | <b>\$ 7,767,770</b>     | <b>\$ 4,090,776</b> | <b>\$ 7,213,388</b>   | <b>\$ 4,219,079</b> |

- 50 The majority of the CAD realized loss is attributable to three holdings in the ACM Growth Fund: (i) UEX Corporation; (ii) Pacific Booker Minerals Inc.; and (iii) Emblem Corporation. Had the Receiver not monetized all three Funds when it did, the loss would have been greater given that the market value as at October 31, 2017 was approximately \$63,000 less than the Receiver realized.

## WARRANTS

- 51 The Crystal Wealth Funds contained a number of warrant options for the purchase of shares in equities traded on active markets at a stated price ("**Warrants**"). Based on a preliminary review of supporting documentation, some of the Warrants contain restrictions on their assignability and ultimately, their salability. However, the Receiver is able to exercise such Warrants (i.e. purchase the company shares attached to the Warrants for a stated price) subject to the conditions of exercisability being satisfied. Although the underlying documentation for a majority of the Warrants was not contained in the Crystal Wealth Group's books and records, the Receiver was able to obtain such documentation from NBCN. The Receiver has prepared a listing of the Warrants currently held by the Crystal Wealth Funds, which is attached hereto as **Appendix "13"**.
- 52 The Receiver continues to evaluate each of the Warrants with its advisors by monitoring the market values of the underlying shares of the companies to which the Warrants apply. In cases where the price to purchase shares under a particular Warrant is favourable (i.e. when the exercise price is less than that of the market value price of the shares), the Receiver has exercised the Warrant and acquired the underlying shares.

53 As at the date of this Second Report, the Receiver has exercised the following Warrants whereby it has purchased the shares in the underlying companies:

a) GREATBANKS RES LTD 20JUL17 – 363,637 shares at a strike price of \$0.03/share;

b) NOVO RES CORP 24JUL17 – 96,160 shares at a strike price of \$0.80/share;

c) KLONDIKE GOLD CORP 5AUG17 – 100,000 shares at \$0.20/share;

d) MONTAN MINING CORP 14AUG17 – 363,640 shares at a strike price of \$0.02/share;  
and

e) GOLDEN RIDGE RES LTD 20OCT17 – 250,000 shares at a strike price of \$0.12/share

(collectively, the “**Exercised Warrants**”).

54 As at the date of this Second Report, of the above Exercised Warrants, the Receiver has monetized the resulting shares obtained from one (1) of the Exercised Warrants: Novo Resources Corp. The Receiver monetized the 96,160 shares acquired in Novo Resources Corp. from exercising the Warrant of same for proceeds of \$726,864. This resulted in net cash proceeds to the Resource Fund of \$649,936, as the shares were acquired for \$76,928. The Receiver continues to work with NBCN to monetize shares acquired through the exercising of Warrants.

## **THE RECEIVER'S PROPOSED INTERIM DISTRIBUTION**

- 55 Through the completion of the monetization of the Equities, External Mutual Funds, certain shares acquired through exercising Warrants, and the maturation and payout of certain Off-Book Assets, the Receiver currently has net proceeds available for distribution to investors of certain Crystal Wealth Funds of \$30,817,199, after the allocation of professional fees and appropriate holdback for claims filed pursuant to the Creditor Claims Procedure Order.
- 56 Cash balances are those being held in the respective Fund accounts at NBCN. Any proceeds (e.g. mortgage payments) or realizations from the monetization of marketable securities of a particular Fund were deposited to that Fund's bank account at NBCN. In other words, each Fund is being managed and accounted for on its own with no co-mingling amongst the Funds.
- 57 The creditor claims filed are currently being analyzed by the Receiver. However, for purposes of the Receiver's request for a timely interim distribution to investors, the Receiver has included a holdback for the full value of the creditor claims filed (as outlined in the table below) while they remain under evaluation. As detailed in the Creditor Claims Procedure section to this Second Report, a claim which named a particular Fund was allocated to that Fund. For those claims which named the Crystal Wealth Funds in general, such claims were allocated among the Crystal Wealth Funds based on the weighted average of the recorded NAV as at April 20, 2017 of each Crystal Wealth Fund.
- 58 The sole exception to the holdbacks provided for on account of the creditor claims filed through the Creditor Claims Procedure concerns the contingent claim filed by BDO Canada LLP ("**BDO**"), which is addressed in paragraphs 410 to 418 below and has been resolved by the Receiver in a manner which permits the Receiver's proposed interim distributions to investors to proceed.
- 59 The following table demonstrates the calculated proposed per unit interim distribution to investors of certain of the Crystal Wealth Funds using the foregoing allocation methodology, and with respect to the allocation of Receiver and legal fees through to September 30, 2017 (including HST). The database of investors are that as contained in the records of IFDS pursuant to the June 30, 2017 Order. Cash balances for each of the

Crystal Wealth Funds are as at November 15, 2017. The total cash balance of \$38,780,756 consists of \$36,227,236 and US \$1,999,154, converted at a rate of 1.2773 (\$2,553,520).

| <b>Fund</b>                  | <b>Cash<br/>Balance</b> | <b>Claims/Account<br/>Holdbacks</b> | <b>Receiver &amp;<br/>Legal Fees</b> | <b>Available<br/>Proceeds</b> | <b>Per Unit</b> |
|------------------------------|-------------------------|-------------------------------------|--------------------------------------|-------------------------------|-----------------|
| Mortgage Fund                | \$ 5,208,001            | \$ (1,126,299)                      | \$ (205,000)                         | \$ 3,876,702                  | \$ 1.45         |
| Resource Fund                | 1,910,766               | (104,745)                           | (34,503)                             | 1,771,517                     | \$ 2.93         |
| Factoring Fund               | 637,647                 | (1,050,607)                         | (147,086)                            | (560,045)                     | \$ -            |
| Medical Fund                 | 2,368,693               | (354,966)                           | (61,541)                             | 1,952,186                     | \$ 2.86         |
| Bullion Fund                 | 271,308                 | (87,360)                            | (17,441)                             | 166,507                       | \$ 2.02         |
| Media Fund                   | 8,954,229               | (2,255,355)                         | (315,145)                            | 6,383,729                     | \$ 1.18         |
| High Yield Mortgage<br>Fund  | 1,854,851               | (205,975)                           | (63,658)                             | 1,585,219                     | \$ 2.92         |
| Infrastructure Fund          | 2,088,371               | (372,335)                           | (32,803)                             | 1,683,234                     | \$ 2.19         |
| Hedge Fund                   | 630,890                 | (387,839)                           | (86,693)                             | 156,358                       | \$ 0.12         |
| Conscious Capital Fund       | 27,912                  | (120,971)                           | (2,039)                              | (95,098)                      | \$ -            |
| ACM Income Fund              | 933,137                 | (243,122)                           | (32,480)                             | 657,534                       | \$ 0.62         |
| ACM Growth Fund              | 6,121,572               | (255,922)                           | (31,366)                             | 5,834,284                     | \$ 4.88         |
| Sustainable Dividend<br>Fund | 6,660,591               | (122,762)                           | (37,021)                             | 6,500,807                     | \$ 10.76        |
| Sustainable Property<br>Fund | 1,112,788               | (168,153)                           | (40,370)                             | 904,265                       | \$ 1.99         |
|                              | <b>\$38,780,756</b>     | <b>\$ (6,856,412)</b>               | <b>\$ (1,107,146)</b>                | <b>\$ 30,817,199</b>          |                 |

60 As the foregoing table suggests, the Receiver is recommending a per unit distribution for all Crystal Wealth Funds except for the Factoring Fund and the Conscious Capital Fund, where no funds are available for distribution. With respect to the Factoring Fund, the lack of funds available for distribution to investors arises directly from the significant impairment of the purported investments made by the Factoring Fund prior to the Receiver's appointment, as is detailed throughout this Second Report and immediately below.



- 61 Holdbacks for actual and future estimated Receiver and legal fees are similarly tracked in the table above either by specific Crystal Wealth Fund, or if they represent time allocable to all Crystal Wealth Funds, then such fees were allocated on the basis of effort and number of investors in each Fund. Cumulative Receiver and legal fees of approximately \$127,671 (including HST) were allocated outside of the Crystal Wealth Funds to Crystal Wealth Group entities and individuals including, CLJ Everest, Smith, and 115 Ontario.

## **DISCUSSION OF INVESTMENTS AND RECEIVER'S FINDINGS**

### ***FACTORING CONTRACTS***

#### **BACKGROUND**

62 As outlined in the First Report, all of the Factoring Contracts (agreements to purchase invoices or portions thereof, which after purchase are referred to as **"Purchased Invoices"**, from operating businesses referred to as "Merchants", for a discount and a service fee) are sourced and administered by Frontline Factoring Inc. Frontline was tasked by the Company with finding these opportunities and then collecting the invoice value from the underlying debtor(s) of the invoice(s) (the **"Debtors"**). The procurement and administration of Factoring Contracts is governed by a Factoring Procurement and Administration Agreement (**"FPAA"**) entered into with Frontline by the Factoring Fund and the Hedge Fund.<sup>2</sup> A copy of the FPAA entered into with Frontline by the Factoring Fund is attached hereto as **Appendix "14"**.

63 As at the date of this Second Report, the Factoring Fund and the Hedge Fund have outstanding Purchased Invoices acquired through Factoring Contracts entered into with the following Merchants:

- a) Dome Mountain Resources of Canada Inc. (**"Dome Mountain"**);
- b) Zomongo TV Corp (**"Zomongo TV"**);
- c) Advanced Metal Concept and Fabrication Ltd. (**"Advanced Metal"**);
- d) 1566496 Alberta Ltd. (**"156 Alberta"**);
- e) 647497 B.C. Ltd. (**"647 BC"**);
- f) Restoration Energy Inc. (**"Restoration Energy"**); and
- g) Single Source Services Ltd. (**"Single Source"**)

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<sup>2</sup> Frontline has advised the Receiver that it does "not ever remember" a FPAA executed by the Hedge Fund, and that Frontline cannot locate such an agreement. Frontline was accordingly to conduct the administration of the Hedge Fund Factoring Contracts as per the FPAA entered into by the Factoring Fund with Frontline.

(collectively, the “**Merchants**”).

64 As at October 26, 2017, the Factoring Fund and Hedge Fund had total principal owing from the Merchants of \$23,013,773 and \$3,011,397, respectively, totaling \$26,025,170 (the “**Factoring Principal Balance**”). The Factoring Fund and Hedge Fund also had interest owing under the Factoring Contracts of \$3,744,678 and \$909,586, respectively, totaling \$4,654,265 (the “**Factoring Interest Balance**”). The sum of the Factoring Principal Balance and the Factoring Interest Balance, totaling \$30,679,435, is referred to herein as the “**Factoring Balance**”.

65 The following table outlines the principal and interest owing from each of the Merchants as at October 26, 2017.

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

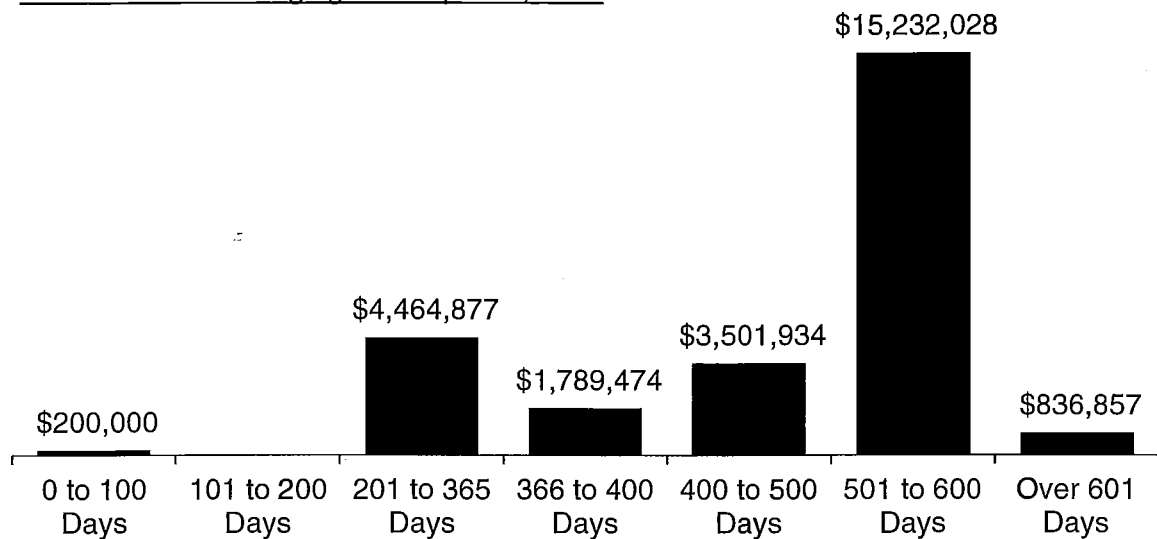
A more detailed account of each of the balances owing from the Merchants, the underlying Purchased Invoices of such balances, and the Debtors of same, is included in a summary prepared by the Receiver attached hereto as **Appendix “15”** (the “**Outstanding Invoice Schedule**”). A detailed discussion of the status of the individual Merchants and the Receiver’s activities with respect to same is outlined below.

## RECEIVER'S KEY FINDINGS

### **Non-Performance of the Factoring Contracts**

- 66 Since its appointment, the Receiver has monitored the Factoring Contracts mainly through its review of the weekly reporting provided to the Factoring Fund and Hedge Fund by Frontline which outlines the outstanding Purchased Invoices and the activity of same (the **"Weekly Frontline Reporting"**).
- 67 As demonstrated in the Outstanding Invoice Schedule, the Factoring Fund and Hedge Fund have only collected \$2,310,507 and \$10,963, from four (4) Merchants, on the outstanding Purchased Invoices. A total of \$2,786,052 (which includes the above noted amounts) was collected by the Hedge Fund and Factoring Fund during the 12 months prior to the Appointment Order. The Receiver has concerns as to how redemptions and distributions to investors in the Factoring Fund and Hedge Fund were made prior to the Receiver's appointment given the minimal collections during the 12 months preceding the Receiver's appointment on the Factoring Contracts, and with respect to the US Real Estate LP and Gold Contracts. The Receiver has concerns that the Inter-fund Investments made by other Crystal Wealth Funds and/or investors who purchased units in the Factoring/Hedge Fund did so at an overstated NAV and funded the redemptions and distributions to other investors.
- 68 As at the Receiver's appointment on April 26, 2017, the average number of days outstanding for the Purchased Invoices (i.e. the difference between the invoice date and April 26, 2017) (the **"Invoice Days Outstanding"**) was approximately 405 days. The oldest invoice outstanding is dated August 4, 2015 while the most recent invoice outstanding is February 12, 2017. The following table demonstrates the aging of the principal balances owing under the Purchased Invoices.

Purchased Invoice Aging as at April 26, 2017



As shown above, as at April 26, 2017, approximately 82% (\$21,360,293) of the Factoring Principal Balance was over one (1) year past the invoice date.

- 69 In the Receiver's initial discussions with Frontline, Frontline advised that it was in constant communication with the Merchants noted above and that it was being advised by the Merchants that payments would be made on the Purchased Invoices in the near future. Notwithstanding these representations, as at the end of July 2017, the Receiver notes that no payments had been received from any of the Merchants or the Debtors since the Appointment Order.

**Frontline and the Receiver's Efforts in Pursuing Non-Paying Debtors**

- 70 In the absence of payments being received from the Debtors and/or the Merchants, despite Frontline's initial assurances, the Receiver engaged in the following with respect to all Debtors and Merchants.
- 71 On June 28, 2017, A&B, on behalf of the Receiver, sent Frontline a letter (the "**June 28 2017 Receiver Letter**") that, among other things:
- a) advised that at times, Frontline had failed to provide the Weekly Frontline Reporting and that such reporting should be provided to the Receiver forthwith;

- b) requested that Frontline provide reports to the Receiver with respect to any Non-Performing Factoring Arrangements as required by s. 5.1 of the FPAA (the “**Non-Performing Reports**”); and
- c) requested that Frontline, under s. 4.1(e) of the FPAA, send correspondence to all Debtors advising that the Receiver’s appointment is of no consequence to the amount owing under the Purchased Invoices and that the amount of same must be remitted in full.

A copy of the June 28 2017 Receiver Letter is attached hereto as **Appendix “16”**.

- 72 On June 30, 2017, Frontline delivered to the Receiver a Non-Performing Report dated June 30, 2017 (the “**June 30 2017 Non-Performing Report**”) which provided a status update on all of the Merchants. Based on the Receiver’s review of the Company’s books and records, the Receiver was unable to locate any Non-Performing Reports prepared by Frontline and sent to the Factoring Fund and/or Hedge Fund prior to receiving the June 30 2017 Non-Performing Report.
- 73 On July 12, 2017, letters were sent by Frontline to all of the underlying Debtors advising them of the Purchased Invoices outstanding and their obligation to remit payment (the “**Frontline July 12 2017 Letters**”). An example of the Frontline July 12 2017 Letters, excluding Debtor information, is attached hereto as **Appendix “17”**.
- 74 On August 15, 2017, after no correspondence and only one payment of \$25,000 being received, the Receiver sent letters to each of the Debtors (the “**August 15 2017 Debtor Letters**”). The August 15 2017 Debtor Letters, which referenced the Frontline July 12 2017 Letters and the Purchased Invoices outstanding, demanded that the Debtors remit all outstanding amounts owing under the Purchased Invoice — including accrued interest — directly to Frontline, in trust for the Receiver, by no later than 5:00 p.m. EST on August 23, 2017. Despite the August 15 2017 Debtor Letters, only one further payment has been remitted on account of a Purchased Invoice in the sum of \$113,044.51.<sup>3</sup>

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<sup>3</sup> The Debtor pursuant to this Purchased Invoice is Lotus Environmental Ltd, pursuant to the Factoring Fund’s Factoring Agreement with the Merchant, Advanced Metal. Frontline has yet to remit any of this payment to the Receiver, contrary to the Receiver’s directions to Frontline pursuant to the FPAA.

## **Compliance with Factoring Fund and Hedge Fund OMs**

- 75 As outlined in the First Report, the Factoring Fund's investment objective is to:

*"...to provide consistently positive total returns...by investing primarily in commercial factoring contracts. The Fund is also authorized to invest in other securities including equities, fixed income securities, investment funds and exchange-traded derivatives."*

(the "**Factoring Fund Investment Objective**").

- 76 The Receiver is of the opinion that the issuance of the Bridge Facility to Dome Mountain (as defined and described in detail below) resulted in the Factoring Fund breaching the Factoring Fund Investment Objective. The non-disclosure of such an investment is a gross misrepresentation to investors investing into a fund with the expectation to be invested in Factoring Contracts whereby traditional receivables are being purchased.
- 77 It is unclear if the Factoring Contracts would be considered appropriate investments in the Hedge Fund given the broad wording contained in the Hedge Fund's OM.

## **Receiver's Conclusion on the Non-Performance of the Factoring Contracts**

- 78 Based on the foregoing, it is unlikely that the outstanding Purchased Invoices will be paid by the Debtors – several of whom are resident outside of Ontario, Canada, or North America – as it appears that no payments have been received by the Debtors directly for any of the outstanding Purchased Invoices. Neither the Factoring/Hedge Fund nor the Merchants have any security against the Debtors for the Purchased Invoices; both are unsecured creditors of the Debtors. The pursuit of the Debtors for the payment of the Purchased Invoices would be an expensive process which would likely result in unfavorable results, if any. Frontline has indicated that collections from the underlying Debtors is unlikely, and that the Merchants are likely the sole recourse for recovery.
- 79 Under the Factoring Contracts, there are certain provisions available to the Factoring Fund and Hedge Fund (i.e. the Receiver) against the Merchants to pursue the outstanding balances under the Purchased Invoices, including in some cases, security over the assets of the Merchants. As a result, pursuing the Merchants for the balances owing to the Factoring Fund and Hedge Fund is the most economical and best source of any recovery.

80 The following section describes: (i) what the Receiver has learned about each of the Merchants and the facts that led to the acquisition of the impaired Purchased Invoices by the Factoring Fund and Hedge Fund; and (iii) the Receiver's activities thus far in pursuing the Merchants for the repayment of same.

### **RECEIVER'S DETAILED REVIEW OF FACTORING CONTRACTS**

#### **Dome Mountain**

81 As noted above, as at October 26, 2017, Dome Mountain has an outstanding balance owing to the Factoring Fund and Hedge Fund of \$15,073,768 and \$1,196,718, respectively, totaling \$16,270,486 (the "**Dome Mountain Balance**"). The Dome Mountain Balance includes principal owing to the Factoring Fund and Hedge Fund of \$12,793,175 and \$1,015,660, respectively, in addition to interest owing to the Factoring Fund and Hedge Fund of \$2,280,593 and \$181,058, respectively.

82 Based on numerous discussions with Frontline and a detailed review of the documentation located with respect to the Dome Mountain Balance, the Dome Mountain Balance is in fact a bridge loan (defined below as the "**Bridge Facility**") to Dome Mountain; it is not a Purchased Invoice. A questionable "invoice" was issued by Dome Mountain to MGE Corporation Limited, apparently to falsely portray the Bridge Facility to Dome Mountain as a Purchased Invoice pursuant to a Factoring Contract. The Receiver's review of these arrangements is detailed below.

#### *Dome Financing – 2015*

83 The Company (in trust) and Dome Mountain entered into a "factoring agreement" (i.e. a bridge loan agreement) dated November 4, 2015 for a term of 12 months (the "**Dome 2015 Loan Agreement**"). Under the Dome 2015 Loan Agreement, the Company purchased one (1) invoice issued to MGE Corporation Limited ("**MGE**") dated November 11, 2015 totaling \$80,000,000 (the "**MGE 2015 Invoice**"). A copy of the MGE 2015 Invoice is attached hereto as **Appendix "18"**.

84 Under the Dome 2015 Loan Agreement total advances of \$12,507,676 were made by certain Funds at various times during November 2015 to December 2015 as follows:

a) Factoring Fund – \$10,127,676; and



b) ACM Growth Fund – \$2,380,000.<sup>4</sup>

Frontline provided the Receiver with a Mandate Letter and Term Sheet between Overseas European Holdings limited (“**OEHL**”), an affiliate of MGE, and Dome Mountain dated November 7, 2015 (the “**MGE 2015 Term Sheet**”) that expired on November 6, 2016. A copy of the MGE 2015 Term Sheet is attached hereto as **Appendix “19”**. The MGE 2015 Term Sheet referenced a proposed acquisition of shares (the “**Acquisition**”) in Gavin Mines Inc. (“**Gavin Mines**”) by Dome Mountain, and noted that OEHL and MGE agreed to, among other things:

- a) assist in securing a bridge financing facility to finance drilling operations of Gavin Mines (the “**Bridge Facility**”);
- b) issue a performance guarantee bond to assist in securing the Bridge Facility (as described below); and
- c) issue a 10 year, US \$80 million loan to Dome Mountain to fund the Acquisition, capital expenditures, and to refinance the Bridge Facility (the “**Acquisition Loan Facility**”).

85 Frontline also provided the Receiver with a copy of a performance guarantee bond in the amount of \$12 million issued by Active Capital Reinsurance Ltd. for the period of November 6, 2015 to November 5, 2016 (the “**2015 Performance Bond**”). The 2015 Performance Bond, which is attached hereto as **Appendix “20”**, had named MGE as the insured and the Company (Crystal Wealth Management System Limited (in Trust)) as the beneficiary.

86 Based on the above, it is apparent that the Dome 2015 Loan Agreement and the purchase of the MGE 2015 Invoice were entered into together to disguise the transaction as a “factoring arrangement” although in substance, the advances to Dome Mountain were essentially a bridge loan, i.e. the Bridge Facility as outlined in the MGE 2015 Term Sheet. MGE, through the Acquisition Loan Facility, was to refinance the Bridge Facility provided by the Factoring Fund and ACM Growth Fund. Frontline has confirmed the Receiver’s

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<sup>4</sup> The amount advanced by the ACM Growth Fund was later assigned to the Factoring Fund through the execution of an Assignment Agreement dated November 11, 2016, between the ACM Growth Fund and the Factoring Fund (each by their manager and trustee, the Company).

understanding that the monies advanced by the Funds were in fact a Bridge Facility as described above.

- 87 The Receiver inquired with Frontline as to the underlying rationale with respect to this arrangement, to which Frontline advised that it had not procured this arrangement but rather Housego had sourced and negotiated the deal with Dome Mountain and MGE. Frontline advised that this arrangement was funded by the Factoring Fund and that Housego instructed Frontline to include it in the portfolio and administer same. The Receiver has obtained evidence that Frontline was actively involved in the origination of the Dome 2015 Loan Agreement.

*Dome Financing – 2016*

- 88 Upon expiry of the Dome 2015 Loan Agreement, the MGE 2015 Term Sheet, and the 2015 Performance Bond, the following occurred:

- a) the Company (in trust) entered into another 12 month “factoring agreement” with Dome Mountain dated November 4, 2016 (the “**Dome 2016 Loan Agreement**”);
- b) the Company (in trust) and Dome Mountain entered into a security agreement (“**GSA**”) dated November 4, 2016 (the “**Dome Mountain GSA**”);
- c) another Dome Mountain invoice (invoice no. 0206) dated November 5, 2016 to MGE (the “**MGE 2016 Invoice**”) was purchased by the Factoring Fund to replace the MGE 2015 Invoice;
- d) an updated Mandate Letter and Term Sheet dated November 3, 2016 between MGE and Dome Mountain was executed (the “**MGE 2016 Term Sheet**”) with terms substantively the same as the MGE 2015 Term Sheet, aside from the Acquisition Loan Facility being reduced to US \$36 million; and
- e) a performance guarantee in the amount of \$18 million (the “**Guarantee Limit**”) was issued by Best Meridian International Company SPC (“**BMIC**”), as reinsurer, for the period of November 4, 2016 to November 6, 2017 (MGE – 112017-000016) (the “**2016 Performance Bond**”) whereby MGE is named as the insured and the Company (Crystal Wealth Management System Limited (in trust)) as the beneficiary. The 2016

Performance Guarantee also carried a premium of \$630,000 (the "**Performance Premium**") payable by the insured, MGE.

A copy of the MGE 2016 Invoice, the MGE 2016 Term Sheet, and the 2016 Performance Bond are attached hereto as **Appendix "21"**, **Appendix "22"**, and **Appendix "23"** respectively.

- 89 The Invoice Summary (as defined below) provided by Frontline dated November 22, 2016, which is attached to this Second Report as **Appendix "24"**, notes that the Dome 2016 Loan Agreement, the 2016 Performance Bond, and the MGE 2016 Invoice were entered into because:

*"...MGE was unable to close on the funding of Gavin Mines as the numbers did not substantiate the purchase price, although we had an insurance policy covering the performance of MGE. As the deal has been restructured at a lower price, MGE will now be able to fund the share purchase and the insurance company is willing to reissue a new policy at an increased amount."*

- 90 MGE and Dome Mountain also executed a Deed of Guarantee dated November 4, 2016 (the "**Deed of Guarantee**"), wherein MGE expressly acknowledged that Dome Mountain was borrowing funds from the Company (in trust for the Factoring Fund and the Hedge Fund), in the form of an interest-bearing loan (the Bridge Facility) in the amount of CAD \$18,000,000. The Deed of Guarantee expressly provides that MGE had procured the 2016 Performance Guarantee "*to ensure repayment of the [Bridge Facility]*" to the Factoring and Hedge Funds, together with all interest due to the Company (in trust for the Factoring Fund and Hedge Fund).

- 91 Consistent with the Deed of Guarantee, on November 4, 2016, MGE effected a registration under the PPSA (Alberta), registering MGE as a secured party of Dome Mountain with the following collateral description:

*100% of the share capital of [Dome Mountain], secured party has charge over the total share capital of the Debtor, Dome Mountain Resources of Canada Inc., as collateral for a loan of C\$18,000,000 starting on 4 November 2016, as per Deed of Guarantee of the same Date.*

- 92 On November 11, 2016, days following the execution of the Deed of Guarantee and the issuance of the Performance Guarantee, the Hedge Fund advanced an additional \$996,625 to Dome Mountain, in addition to the \$12,600,607 advanced in 2015 by the Factoring Fund, in apparent reliance on the representation by MGE that the \$18 million 2016 Performance Bond was in place to ensure that these advances, and all accrued interest, would be repaid to the Factoring Fund and Hedge Fund.

*Status of Dome Mountain*

- 93 Frontline has advised the Receiver that Dome Mountain is not performing as MGE has not yet been able to secure funding as contemplated in the MGE 2016 Term Sheet. The Non-Performing Reports indicate that MGE continues to push back the timeline with respect to the Acquisition Loan Facility.
- 94 Upon review of the 2016 Performance Bond, the Guarantee Limit is payable by BMIC on or after November 6, 2017 should the Loan (as defined in the 2016 Performance Bond) not be repaid to the Factoring and Hedge Funds by November 6, 2017. As the Loan had not been repaid to the Factoring Fund the Hedge Fund, the Receiver took steps to ensure that a claim would be submitted by MGE pursuant to the Performance Guarantee, to ensure that the principal amount of the Bridge Facility, and all accrued interest, is repaid to the Factoring Fund and Hedge Fund as the beneficiaries of the 2016 Performance Bond.
- 95 However, Frontline advised the Receiver that after the 2016 Performance Bond was executed in November 2016, MGE, nor any other party, remitted the Performance Premium to the underwriter of the 2016 Performance Bond, Global BRG, LLC ("**BRG**").
- 96 On October 17, 2017, after being contacted by the Receiver, BRG advised that the Performance Premium was never remitted and as a result, the 2016 Performance Guarantee was cancelled on November 28, 2016. A copy of the cancellation letter provided by BRG is attached hereto as **Appendix "25"**.
- 97 On October 19, 2017, the Receiver sent a letter to MGE (the "**October 19 2017 Letter**") demanding that MGE provide, by no later than 5 p.m. EST on Friday, October 20, 2017, a written explanation to the Receiver advising of:
- a) the circumstances which gave rise to MGE's failure to pay the Performance Premium;

- b) whether notice was given by MGE to the Crystal Wealth Group, Dome Mountain, and/or to Frontline that the Performance Premium had not been paid, and that the 2016 Performance Bond had been cancelled;
- c) the reason MGE registered its security interest against Dome Mountain as per the Deed of Guarantee, despite its failure to secure the 2016 Performance Bond as required and contrary to MGE's representations in the Deed of Guarantee; and
- d) whether a replacement policy of insurance, or performance guarantee, had been obtained by MGE or any other party to secure repayment of the Bridge Facility indebtedness owing to the Factoring and Hedge Funds.

98 After not receiving a response from MGE, A&B, on behalf of the Receiver, sent a follow-up email to MGE on October 23, 2017. A copy of the October 19 2017 Letter and the follow-up email sent by A&B are attached hereto as **Appendix "26"** and **Appendix "27"** respectively.

99 On October 24, 2017, A&B, the Receiver, and Stephen Miller, who had executed the 2016 Performance Guarantee and Deed of Guarantee on behalf of MGE, attended a call to discuss the contents contained in the October 19 2017 Letter. Miller advised that he was working with MGE's counsel to draft a response and to provide supporting documentation to support his response to the October 19 2017 Letter. Miller acknowledged such a response would be delivered by the end of the week (October 27, 2017). Miller also advised the Receiver of the following:

- a) it was the responsibility of Frontline, the Factoring Fund, and the Hedge Fund to pay the Performance Premium required by the 2016 Performance Bond;
- b) Froese (the President of Frontline) and Housego were aware that it was the responsibility of Frontline, the Factoring Fund, and the Hedge Fund to pay the Performance Premium, but they failed to cause the Performance Premium to be paid, thereby causing the 2016 Performance Bond to be cancelled; and
- c) MGE had at no time provided financing to Dome Mountain, given that Dome Mountain failed to obtain a valuation of Gavin Mines which was a precondition to MGE providing Dome Mountain with financing, or issuing a bond.

- 100 On October 30, 2017, after no response was received to the October 19, 2017 Letter, A&B sent a follow-up email to Miller requesting a response and that the previously-requested supporting documentation be delivered to the Receiver by the end of the day.
- 101 On October 31, 2017, MGE provided a response to the Receiver (the “**MGE October 31<sup>st</sup> Email**”) which confirmed the assertions made by Miller in his discussion with the Receiver and A&B on October 24, 2017. More specifically, Miller asserted that Froese and Housego were “very well aware” that it was the Hedge Fund, Factoring Fund, and Frontline’s responsibility to pay the Performance Premium of \$630,000. Miller further asserted that at no time had MGE provided financing to Dome Mountain. Notwithstanding the assertions made by Miller, A&B, on behalf of the Receiver, responded to Miller indicating that he had failed to provide any support for his assertion that it was the responsibility of Frontline, the Hedge Fund, and/or the Factoring Fund to pay the Performance Premium. As at the date of this Second Report, Miller has not provided any supporting documentation to support his assertions in the MGE October 31<sup>st</sup> Email, despite A&B having sent a further follow-up email to him on November 9, 2017 demanding a response. Copies of the MGE October 31<sup>st</sup> Email and A&B’s responses to Miller sent on October 31, 2017 and November 9, 2017 are attached hereto as **Appendix “28”**.
- 102 As the MGE October 31<sup>st</sup> Email contradicted Froese’s (Frontline’s) account of the events, the Receiver sent correspondence to Froese on October 31, 2017 (the “**Receiver’s October 31 2017 Email**”) that, among other things:
- a) made Froese aware of the Receiver’s correspondence with MGE and BRG;
  - b) made Froese aware of the assertions made by Miller in the MGE October 31<sup>st</sup> Email;
  - c) requested that Froese provide an update on the nature of the ongoing dealings between MGE and Dome Mountain;
  - d) requested that Froese explain and elaborate upon the meaning of his October 27, 2017 email to the Receiver, wherein Froese indicated that “*MGE has had some good progress [on obtaining financing] although nothing [was] definitive*”;
  - e) requested that Froese provide an explanation as to why the \$630,000 Performance Premium was never paid, which left the Hedge Fund and Factoring Fund without recourse to an insurance policy;

- f) requested the reporting which was given to the Hedge Fund and Factoring Fund by Frontline leading up to the advances made by the Funds to Dome Mountain; and
- g) requested that Froese provide a copy of Frontline's due diligence summary report provided to the Factoring Fund and Hedge Fund and all correspondence and discussion notes which preceded the advances made to Dome Mountain.

A copy of the Receiver's October 31 2017 Email is attached hereto as **Appendix "29"**.

103 After repeatedly following up with Froese, on November 21, 2017, the Receiver received a response from Froese to the Receiver's October 31 2017 Email, which response is attached hereto as **Appendix "30"**. Froese's response failed to reasonably explain why the Performance Premium for the 2016 Performance Bond had not been paid, or why a claim had not been submitted pursuant to the 2015 Performance Bond. In his November 21<sup>st</sup> email to the Receiver, Froese indicates, among other things, that:

- a) On November 14, 2016, Froese *"Received instructions from Al Housego regarding wording of [Frontline] Invoice Summary and what needs to happen with internal structure"*.

As indicated above, the Invoice Summary subsequently provided by Frontline was dated November 22, 2016, which is attached to this Second Report as **Appendix "24"** (as noted above), and notes that the Dome 2016 Loan Agreement, the 2016 Performance Bond, and the MGE 2016 Invoice were entered into because:

*"...MGE was unable to close on the funding of Gavin Mines as the numbers did not substantiate the purchase price, although we had an insurance policy covering the performance of MGE. As the deal has been restructured at a lower price, MGE will now be able to fund the share purchase and the insurance company is willing to reissue a new policy at an increased amount."*

- b) On November 15, 2016, Froese *"Received email instructions from Clayton Smith requesting we structure this as a factoring agreement and the object being factored is the sale proceeds from MGE with insurance as backup"*. This email from Smith to Frontline was subsequently provided by Froese to the Receiver on November 21, 2017, and is included within **Appendix "30"** noted above; and

- c) During the first week of December 2016, Froese *“received word that Crystal Wealth did not have any funds to pay for the insurance policy although based on their conversations with Steve Miller from MGE, they were confident he would perform”*.

#### Dome Mountain Assets and Receiver's Recourse

- 104 The Receiver has requested that Frontline and Dome Mountain provide information to the Receiver concerning Dome Mountain and Gavin Mines. As at the date of this Second Report, neither Frontline nor Dome Mountain have provided such information, and by an email sent on November 8, 2017, Dome Mountain advised it “has not had any financial documents prepared”. There is accordingly no information or evidence as to how Dome Mountain utilized the \$13,808,835 which was advanced to it by the Factoring and Hedge Funds.
- 105 By letter dated November 22, 2017, the Receiver demanded immediate payment of the Dome Mountain Balance from Dome Mountain pursuant to the Dome 2016 Loan Agreement, as well as immediate payment of all amounts owing by Dome Mountain to the Factoring Fund pursuant to the Fund's factoring arrangements with 156 Alberta and 647 BC, as detailed immediately below. A copy of the November 22, 2017 letter sent by the Receiver to Dome Mountain is attached to this Second Report as **Appendix “31”**.

#### **156 Alberta and 647 BC**

##### *156 Alberta*

- 106 The Factoring Fund entered into a Factoring Agreement with 156 Alberta dated January 8, 2015 (the **“156 Alberta Factoring Agreement”**). The Factoring Fund also entered into a security agreement with 156 Alberta dated January 8, 2015 granting the Factoring Fund a general continuing security interest over all present and future property and assets of 156 Alberta. Frontline has advised that, similar to 647 BC (described below), 156 Alberta performs project management and consulting for mining projects. The principals of 156 Alberta are Jeff Maljaars and Robert Maljaars (**“R. Maljaars”**). In addition to Darcy Pahl, who is the director of Dome Mountain, R. Maljaars executed Dome Mountain's Factoring Contracts with the Company (in trust for the Factoring Fund and Hedge Fund) on behalf of Dome Mountain, with the stated title of “Director” of Dome Mountain. In MGE's October 31 Email (**Appendix “28”**), Miller had indicated that the “majority” of MGE's communications were with Darcy Pahl and R. Maljaars, and with Froese and Housego.



## 647 BC

107 On November 28, 2014, the Factoring Fund entered into a Factoring Agreement with 647 BC (the “**647 BC Factoring Agreement**”). The Factoring Fund also entered into a security agreement with 647 BC dated November 27, 2014 which granted the Factoring Fund a general continuing security interest over all present and future property and assets of 647 BC. Frontline has advised the Receiver that 647 BC performs project management services for large projects and had been a client of Frontline in the past. Froese advised that he is personally familiar with the owners of 647 BC, Marion DenHollander and David DenHollander (together, the “**DenHollanders**”). The Receiver has been advised by an investor that David DenHollander is also related to Dome Mountain. As will be detailed in the Zomongo TV section below, the DenHollanders are also involved with Zomongo Inc. and/or Zomongo TV, both of whom are Merchants pursuant to Factoring Contracts entered into with the Factoring Fund and/or the Hedge Fund.

### *Relationship of 647 BC and 156 Alberta to Dome Mountain*

108 As outlined in the table below, all but one of the Purchased Invoices from 647 BC and 156 Alberta are owing from Dome Mountain as the Debtor. A copy of the outstanding Purchased Invoices for 647 BC and 156 Alberta are attached to this Second Report as **Appendix “32”**.

|             | Debtor        | No.      | Amount of Invoices | Days Outstanding as at April 26th | Balances as at October 26th |                  |                    |
|-------------|---------------|----------|--------------------|-----------------------------------|-----------------------------|------------------|--------------------|
|             |               |          |                    |                                   | Principal                   | Interest         | Total              |
| 156 Alberta | Dome Mountain | 2        | \$1,010,000        | 312 Days                          | \$ 624,039                  | \$117,118        | \$ 741,157         |
| 647 BC      | Dome Mountain | 2        | 578,550            | 340 Days                          | 439,698                     | 109,260          | 548,958            |
| 156 Alberta | IC Commerce   | 1        | 238,095            | 73 Days                           | 200,000                     | 23,200           | 223,200            |
|             |               | <b>5</b> | <b>\$1,826,645</b> | <b>275 Days</b>                   | <b>\$1,263,737</b>          | <b>\$249,579</b> | <b>\$1,513,316</b> |

109 The fact that an additional \$1,290,116 is owing to the Factoring Fund from Dome Mountain (as the Debtor), results in Dome Mountain, directly and indirectly, owing the Factoring/Hedge Fund a total of \$17,560,601 (principal of \$14,872,572 and interest of \$2,688,029). It is unclear as to the types of services provided by 156 Alberta and 647 BC as the invoice description contains only the words “*Consulting*” (for 156 Alberta) or “*Project Management*” (for 647 BC), with no other pertinent details.

- 110 In addition, to the 156 Alberta Dome Invoices and the 647 BC Dome Invoices, the following table outlines previous invoices issued to Dome Mountain from 156 Alberta and 647 BC that the Factoring Fund purchased resulting in the Fund advancing funds to 156 Alberta and 647 BC. These invoices were subsequently repaid.

| Merchant / Debtor           | Invoice<br>Summary Date | Invoice<br>No. | Invoice Amount      | Funds Advanced<br>to Merchant |
|-----------------------------|-------------------------|----------------|---------------------|-------------------------------|
| <b>647497 BC Ltd.</b>       |                         |                |                     |                               |
| Dome Mountain               | 28-Nov-14               | 257            | \$ 357,000          | \$ 279,888                    |
| Dome Mountain               | 22-Dec-14               | 261            | 367,500             | 288,120                       |
| Dome Mountain               | 27-Jan-15               | 264            | 328,125             | 257,250                       |
| Dome Mountain               | 11-May-15               | 302            | 507,675             | 398,017                       |
| Dome Mountain               | 30-Sep-15               | 304            | 237,891             | 186,506                       |
|                             |                         |                | 1,798,191           | 1,409,781                     |
| <b>1566496 Alberta Ltd.</b> |                         |                |                     |                               |
| Dome Mountain               | 27-Feb-15               | 145            | 152,250             | 119,364                       |
| Dome Mountain               | 17-Mar-15               | 146            | 131,250             | 102,900                       |
| Dome Mountain               | 30-Mar-15               | 149            | 183,750             | 144,060                       |
| Dome Mountain               | 13-Apr-15               | 150            | 131,250             | 102,900                       |
| Dome Mountain               | 29-Apr-15               | 151            | 262,500             | 205,800                       |
| Dome Mountain               | 11-May-15               | 152            | 510,300             | 400,075                       |
| Dome Mountain               | 31-Aug-15               | 153            | 105,000             | 82,320                        |
| Dome Mountain               | 10-Sep-15               | 155            | 220,500             | 172,872                       |
| Dome Mountain               | 29-Oct-15               | 157            | 340,000             | 266,560                       |
| Dome Mountain               | 06-Nov-15               | 158            | 260,000             | 203,840                       |
| Dome Mountain               | 05-Jan-16               | 159            | 390,000             | 305,760                       |
| Dome Mountain               | 15-Apr-16               | 215            | 65,100              | 51,038                        |
|                             |                         |                | 2,751,900           | 2,157,490                     |
| <b>Grant Total</b>          |                         |                | <b>\$ 4,550,091</b> | <b>\$ 3,567,271</b>           |

- 111 Based on the table above, it appears that Dome Mountain paid:
- a) \$1,798,181 to 647 BC for "*Project Management*" invoices issued to Dome Mountain; and
  - b) \$2,751,900 to 156 Alberta for "*Consulting*" invoices issued to Dome Mountain in circumstances where 156 Alberta appears to be a related party.
- 112 The Receiver is in the process of obtaining more information to determine the timing of these transactions as well as the original funding to Dome Mountain by the Factoring Fund

and Hedge Fund totaling approximately \$13,808,835. The Receiver has concerns that a portion of the \$13,808,835 was used to pay the above noted invoices issued to Dome Mountain totaling \$4,550,091.

- 113 On November 7, 2017, DenHollander sent Frontline an email, advising as follows:

*"I am out of the country and don't know when we will return. Perhaps sometime next year but at present not sure".*

DenHollander further advised that 647 BC is three years behind on its financial statements. DenHollander indicated that

*"[i]n regards to a repayment schedule [647 BC is] working on a plan which I hope will be finalized in the next 30-60 days which would allow us to start repaying funds".*

A copy of DenHollander's email to Frontline is attached to this Second Report as **Appendix "33"**.

- 114 By letters dated November 22, 2017, the Receiver demanded immediate payment from 647 BC and 156 Alberta pursuant to the 647 BC Factoring Agreement and the 156 Alberta BC Factoring Agreement, respectively. Copies of the November 22, 2017 letters sent by the Receiver to 647 BC and 156 Alberta are attached to this Second Report as **Appendix "34"**.

### **Zomongo TV**

- 115 The Factoring Fund and the Hedge Fund each entered into Factoring Agreements with Zomongo TV, an Alberta entity, dated August 7, 2015 (the **"Zomongo TV Factoring Agreement"**).
- 116 The Factoring Fund also entered into a security agreement with Zomongo TV dated August 7, 2015 (the **"Zomongo TV Security Agreement"**). The Zomongo TV Security Agreement granted the Factoring Fund a general continuing security interest over all present and after acquired undertaking, property and assets of Zomongo TV, including all present and future right, title, and interest and benefit of Zomongo TV in all property, on a first-position secured basis.

- 117 In addition, pursuant to a Guarantee and Postponement of Claim dated January 25, 2017, Zomongo.TV Holdings Corp ("**Zomongo TV Holdings**") entered into a Guarantee and Postponement of Claim with the Hedge Fund dated January 25, 2017, pursuant to which Zomongo TV Holdings provided a continuing guarantee of all the obligations owing by Zomongo TV to the Hedge Fund. Zomongo TV Holdings also entered into a General Security Agreement dated January 25, 2017 with the Hedge Fund, granting the Hedge Fund a general continuing security interest over all present and future property and assets of Zomongo TV Holdings.
- 118 According to Frontline, in the latter half of 2016, as a result of Zomongo TV incurring net losses and generating negative cash flow in its operations, Zomongo TV required additional funding to continue as a going concern. Frontline advised the Receiver that the Factoring Fund did not have funds available to advance to Zomongo TV to assist it in continuing as a going concern.
- 119 As a result, on December 29, 2016, Zomongo TV and its associated entities entered into a credit agreement with TCA Global Credit Master Fund, LP ("**TCA**") effective December 30, 2016 (the "**TCA Loan Agreement**") for a revolving credit facility of up to US \$10,000,000 (the "**TCA Credit Facility**"). Funding available under the TCA Credit Facility is based on underlying working capital (e.g. accounts receivable, inventory, etc.) of Zomongo TV.
- 120 As a condition of the TCA Loan Agreement, the Factoring Fund entered into a Subordination of Loans Agreement with Zomongo TV (and its associated entities) and TCA dated December 28, 2016 (the "**Zomongo TV Subordination Agreement**"). The Zomongo TV Subordination Agreement resulted in the Factoring Fund being in a subordinated position to that of TCA (i.e. giving up its first position security to TCA). As at December 28, 2016, the Factoring Fund was owed a principal balance of \$11,960,213 from Purchased Invoices of Zomongo TV. For greater clarity, the Receiver is advised that the Factoring Fund subordinated its position as TCA would not provide additional funding unless it was given the position of first secured creditor.

## Current Status

121 As at October 26, 2017, Zomongo TV has outstanding principal balances owing to the Factoring Fund and Hedge Fund of \$6,204,373 and \$1,494,737, respectively, totaling \$7,669,110 (the **"Zomongo TV Principal Balance"**) from the following Debtors:

- a) Accent Marketing – \$1,193,158 owing for three (3) invoices;
- b) Golden Shores Enterprises Inc. – \$947,368 owing for two (2) invoices;
- c) Eyeconic.tv – \$4,244,701 owing for seven (7) invoices;
- d) Vanus Consulting Inc. – \$842,105 owing for two (2) invoices; and
- e) Mobility Media & TV – \$723,000 owing for two (2) invoices

(collectively the **"Zomongo TV Debtors"**).

122 In addition to the Zomongo TV Principal Balance, the Factoring Fund and Hedge Fund are owed \$845,396 and \$660,307 in interest and fees, respectively, totaling \$1,505,702 (together with the Zomongo TV Principal Balance, the **"Zomongo TV Balance"**).

123 The table below outlines, for each Zomongo TV Debtor: the number of Purchased Invoices; the total amount of the Purchased Invoices; the average number of days outstanding as the date of the Receiver's appointment (April 26, 2017); and the balance owing to the Factoring Fund and Hedge Fund as at October 26, 2017.

| Debtor                         | No. | Amount of Invoices | Days Outstanding as at April 26th | Principal and Interest as at Oct. 26th |             |             |
|--------------------------------|-----|--------------------|-----------------------------------|----------------------------------------|-------------|-------------|
|                                |     |                    |                                   | Factoring Fund                         | Hedge Fund  | Total       |
| Accent Marketing               | 3   | \$ 1,500,000       | 553 Days                          | \$ 905,719                             | \$ 211,115  | \$1,116,834 |
| Golden Shores Enterprises Inc. | 2   | 1,500,000          | 387 Days                          | -                                      | 1,380,003   | 1,380,003   |
| Eyeconic.tv                    | 7   | 7,650,000          | 390 Days                          | 4,696,198                              | 156,468     | 4,852,666   |
| Vanus Consulting Inc.          | 2   | 1,500,000          | 387 Days                          | 955,365                                | -           | 955,365     |
| Mobility Media & TV            | 2   | 3,000,000          | 252 Days                          | 492,487                                | 407,457     | 899,944     |
|                                | 16  | \$15,150,000       | 403 Days                          | \$7,049,769                            | \$2,155,044 | \$9,204,812 |

- 124 As demonstrated in the table above, prior to the Appointment Order, the Purchased Invoices were, on average, outstanding for 403 days. This puts into question the collectability, and thus the underlying Recorded Value of the Zomongo TV Balance. In initial discussions with the Receiver, Frontline had failed to highlight or acknowledge an issue with the Zomongo TV Balance and the Zomongo TV Debtors' repayment of the Purchased Invoices when asked by the Receiver as to the status of same.
- 125 Not until the June 29 2017 Non-Performing Report did Frontline acknowledge that the Zomongo TV Balance and the underlying Purchased Invoices were "non-performing". In each subsequent Non-Performing Report, Frontline advised that communication with Zomongo TV had been limited and it became apparent that the collectability of the Zomongo TV Balance from the Zomongo TV Debtors is at risk.
- 126 Based on the above, and especially in light of the fact that neither the Factoring Fund nor the Hedge Fund have any security over the Zomongo TV Debtors, the Receiver has concluded that the Zomongo TV Balance will be challenging to recover.

*Receiver's Strategy: Potential Zomongo TV Settlement Agreement*

- 127 In the June 29 2017 Non-Performing Report, Frontline indicated that Zomongo TV had advised that it was in the process of obtaining additional financing to payout the balance owing to the Factoring Fund and the Hedge Fund. In each subsequent Non-Performing Report, Frontline had advised that Zomongo TV was continuing to work on obtaining new financing and had lenders involved in performing due diligence to issue same.
- 128 On October 3, 2017, the Receiver received an email from Frontline (the "**Initial Zomongo Email**") indicating that Zomongo TV was in financial difficulties as TCA had not advanced the total amount of the funds that were potentially available under the TCA Loan Agreement (i.e. US \$10 million). As a result, Frontline claimed that Zomongo TV did not have the cash to continue completing the current projects entered into with a chain of hotels (the "**Hotel Rollout**"); Frontline represented that the Hotel Rollout would create a significant amount of cash flow. Frontline indicated that without additional funding, Zomongo TV could not continue operating.
- 129 On October 4, 2017, the Receiver, A&B, Frontline, and a representative acting on behalf of Zomongo, BFF Ventures, through its representative, Tim Barnes, attended a conference call to discuss the Initial Zomongo Email. BFF Ventures indicated that TCA

would not advance additional funding to Zomongo TV unless the Factoring/Hedge Fund converted the Zomongo TV Balance into equity in Zomongo TV and requested the Receiver to consent to same. The Receiver advised BFF Ventures that it could not reasonably consider a conversion of the Zomongo TV Balance to equity until it was provided with additional information, including but not limited to: (i) historical financial statements; (ii) details of the Hotel Rollout; (iii) a term sheet from Zomongo TV; (iv) financial projections; and (v) a call with TCA to discuss its request for the Zomongo TV Balance to be converted. A link to a data room containing some of the requested information was sent to the Receiver.

- 130 On October 6, 2017, BFF Ventures delivered to the Receiver a non-binding letter of intent (the "**Initial LOI**") which included, but was limited to: (i) a conversion of the Zomongo TV Balance to shares in Zomongo TV; and (ii) a subsequent exclusive right for Zomongo TV to repurchase the shares over a 12 month period. The Initial LOI was not executed by the Receiver.
- 131 On October 11, 2017, the Receiver, A&B, Frontline, BFF Ventures, and Zomongo TV attended a conference call to discuss, among other things, the Initial LOI and to permit the Receiver and A&B to ask questions to Zomongo TV directly, including as to why the Initial LOI proposal was being made when it could not be agreed upon without TCA approval. On this call, the Receiver stated that a conversion of the Zomongo TV Balance to equity in Zomongo TV would be unacceptable. The Receiver also reiterated its request for a call with TCA.
- 132 On October 12, 2017, BFF Ventures delivered to the Receiver a revised non-binding letter of intent (the "**October 12 2017 LOI**") which replaced the Initial LOI. The October 12 2017 LOI removed the proposed equity conversion into Zomongo TV Shares, and instead proposed payment terms to restructure the indebtedness owing by Zomongo TV to the Factoring and Hedge Funds, along with a proposed payment schedule. The Receiver neither accepted nor rejected the terms contained in the October 12 2017 LOI, as any such arrangement would be subject of TCA approval. The Receiver and A&B reiterated their request that a call with TCA representatives, be convened. Attached to this Second Report as **Confidential Appendix "1"** is a copy of the October 12 2017 LOI.

133 On October 26, 2017, on a without prejudice basis, the Receiver and A&B attended a call with representatives from TCA, Frontline, and BFF Ventures to discuss, among other things, the October 12 2017 LOI and the potential to come to an agreement to allow for TCA to advance the additional funding under the TCA Loan Agreement to Zomongo TV for the Hotel Rollout, while allowing Zomongo TV to make repayments to the Factoring and Hedge Funds under a restructured arrangement. In summary, the following items were discussed:

- a) TCA was in the middle of its internal due diligence process to determine the additional funding, if any, to be provided to Zomongo TV;
- b) TCA would only commit to funding if the Zomongo TV Balance was resolved through an agreement between Zomongo TV and the Receiver;
- c) Due to poor record keeping on behalf of Zomongo TV, Frontline, and the Company, the participants on the call were unable to agree as to the quantum of interest and factoring fees owing to the Factoring and Hedge Funds beyond the Zomongo TV Principal Balance;
- d) TCA, Frontline, Zomongo TV, and BFF were comfortable with the accuracy of the Zomongo TV Principal Balance; and
- e) TCA was in the process of reviewing the October 12 2017 LOI and was not committing to the terms contained therein. However, on a without prejudice basis, it was supportive of eventually coming to some form of an agreement.

134 On November 17, 2017, BFF Ventures advised the Receiver that TCA has now agreed to provide \$5 million in additional funding to Zomongo TV and its affiliates under the TCA Loan Agreement. On November 19, 2017, the Receiver requested that BFF Ventures, on behalf of Zomongo TV, deliver to the Receiver Zomongo TV's proposed form of agreement(s), in order for the Receiver to continue to evaluate the possibility of an arrangement to be agreed upon by TCA, Zomongo TV, and the Receiver, which would result in: (i) TCA providing additional funding to Zomongo TV; and (ii) the repayment of a portion of the Zomongo TV Balance being made to the Factoring and Hedge Funds by Zomongo TV under a restructured arrangement, likely on a monthly installment basis.



- 135 As at the date of this Second Report, the Receiver has not yet received Zomongo TV's proposed form of agreement(s) to effect a restructuring of the indebtedness owing to the Factoring and Hedge Funds by Zomongo TV.

*Zomongo Inc./Zomongo TV's Involvement with 647 BC Representatives*

- 136 As noted above, Zomongo Inc. is a former Merchant of the Factoring Fund pursuant to a Factoring Agreement entered into by the Factoring Fund and Zomongo Inc. dated November 20, 2014. Jocelyne Hughes-Ostrowski is the sole director of Zomongo Inc. The sole directors of Zomongo TV are Jocelyne Hughes-Ostrowski and Jeremy Ostrowski. Zomongo Inc. holds 83.63% of the shares in Zomongo TV, according to records provided to the Receiver by Zomongo TV.
- 137 Frontline's records indicate that no indebtedness is owing by Zomongo Inc. to the Factoring Fund. Nevertheless, on July 7 and 14, 2017, Frontline advised the Receiver that, as security for Zomongo Inc.'s indebtedness to the Factoring Fund, personal guarantees (the "**DenHollander Personal Guarantees**") had been provided by each of the DenHollanders to the Factoring Fund, which obligations were to be secured by a collateral mortgage (the "**DenHollander Mortgage**") over the DenHollanders' personal residence located in British Columbia (the "**DenHollander Property**"). Attached hereto as **Appendix "35"** are copies of the DenHollander Personal Guarantees and the mortgage documentation executed by the DenHollanders provided by Frontline to the Receiver, and a title search obtained by the Receiver for the DenHollander Property.
- 138 As mentioned, the DenHollanders are the owners of the Merchant, 647 BC, and are also related to another Merchant, Dome Mountain. It is unclear to the Receiver how the DenHollanders are also involved with Zomongo Inc. and Zomongo TV, or why they provided the DenHollander Personal Guarantees and the DenHollander Mortgage to secure the obligations owing by Zomongo Inc. to the Factoring Fund.
- 139 The Receiver has instructed Frontline that the DenHollander Mortgage – which was improperly registered by Frontline in Frontline's name as mortgagee - must remain registered on title to the DenHollander Property and must not be discharged.

## **Advanced Metal**

- 140 The Factoring Fund entered into a Factoring Agreement with Advanced Metal dated September 21, 2015 for the purchase of a list of approved receivables from Advanced Metal up to a maximum of \$600,000 (the **"Advanced Metal Factoring Agreement"**).
- 141 The Factoring Fund also entered into a security agreement with Advance Metal dated September 15, 2015 which granted the Factoring Fund a general continuing security interest over all present and after acquired undertaking, property and assets of Advanced Metal, including all present and future right, title, and interest and benefit of Advanced Metal in all property; on a first secured basis.
- 142 On December 16, 2016, the Factoring Fund entered into a postponement and subordination of security interest agreement (the **"Advanced Metal Subordination Agreement"**). The Advanced Metal Subordination Agreement resulted in the Factoring Fund becoming a subordinated creditor to that of the Bank of Montreal (i.e. giving up its first position security to the Bank of Montreal). Similar to Zomongo TV, the Factoring Fund and Hedge Fund subordinated their position as the Bank of Montreal would not provide additional funding unless it was the first secured creditor.
- 143 In addition to Bank of Montreal, other registrations are made under the PPSA by creditors of Advanced Metal, including Roynat Inc. and National Leasing Group Inc. A writ of seizure and sale (Federal Writ) was filed on February 15, 2017 in favour of Her Majesty the Queen in Right of Canada in the amount of \$641,351.40.

## *Current Status*

- 144 As at October 26, 2017, Advanced Metal had outstanding principal balances owing to the Factoring Fund of \$1,256,311 (the **"Advanced Metal Principal Balance"**) and interest owing of \$248,029 (together with the Advanced Metal Principal Balance, the **"Advanced Metal Balance"**) from the Debtors outlined in the following table (collectively the **"Advanced Metal Debtors"**), all of which have only one (1) invoice outstanding (the **"Advanced Metal Invoices"**).

| Debtor                         | Invoice Amount      | Days Outstanding as at April 26th | Balances as at October 26th |                   |                     |
|--------------------------------|---------------------|-----------------------------------|-----------------------------|-------------------|---------------------|
|                                |                     |                                   | Principal                   | Interest          | Total               |
| Lotus Environmental Ltd.       | \$ 879,824          | 631 Days                          | \$ 458,080                  | \$ 17,450         | \$ 475,530          |
| PROFAB Industrial Construction | 89,378              | 474 Days                          | 71,502                      | 22,165            | 93,667              |
| AIC International Group        | 252,000             | 498 Days                          | 201,600                     | 62,496            | 264,096             |
| Lotus Energy Services Inc.     | 1,466,365           | 477 Days                          | 200,441                     | 62,136            | 262,578             |
| Mi2 Energy Ltd.                | 213,868             | 426 Days                          | 171,095                     | 50,988            | 222,082             |
| Downton's Transport Ltd.       | 191,991             | 267 Days                          | 153,593                     | 32,794            | 186,386             |
|                                | <b>\$ 3,093,426</b> | <b>462 Days</b>                   | <b>\$ 1,256,311</b>         | <b>\$ 248,029</b> | <b>\$ 1,504,340</b> |

- 145 The Advanced Metal Balance includes the payments of \$25,000 and \$113,045 that Frontline received from Advanced Metal on August 11, 2017 and September 11, 2017, respectively, towards the Purchased Invoice issued to Lotus Environmental Ltd (i.e. the balance reflects the payments being made)
- 146 As demonstrated in the table above, prior to the Appointment Order, the Advanced Metal Invoice Invoices were, on average, outstanding for 462 days; putting into question the collectability of the Advanced Metal Balance, and thus the underlying Recorded Value of the Advanced Metal Balance.
- 147 Not until the June 29 2017 Non-Performing Report did Frontline acknowledge that the advances made to Advanced Metal on the Advanced Metal Invoices were "*old non-performing invoices*". In the June 29 2017 Non-Performing Report, Frontline acknowledged that it was requesting new performing invoices to replace the Advanced Metal Invoices and that it had requested financial statements from Advanced Metal. In each subsequent Non-Performing Report, Frontline advised that it was able to establish a line of communication with Advanced Metal.
- 148 On July 28, 2017, Frontline advised that it had a meeting scheduled with the CEO of Advanced Metal to discuss payment alternatives and remedies.

149 On August 30, 2017, Frontline advised that after meetings and discussions, it was working with Advanced Metal to develop an alternative payment plan to retire the Advanced Metal Balance, including:

- a) replacing Advanced Metal Invoices with performing new invoices as they become available;
- b) engaging a leasing company to enter into sale-leaseback transactions to obtain funding; and
- c) selling the company.

150 On October 27, 2017, Frontline advised the Receiver that Advanced Metal is expecting to receive an offer for the company. However, such an offer has not yet been received. Advanced Metal communicated that another payment will be made on the Advanced Metal Balance in mid-November.

#### *Receiver's Recourse and Strategy*

151 As the Factoring Fund is in a subordinated second secured position, the Receiver is continuing to investigate options by which the Advanced Metal Balance, or a portion thereof, may be economically recovered.

### **Restoration Energy**

#### Restoration Energy Factoring Arrangements

152 The Factoring Fund entered into a Factoring Agreement with Restoration Energy dated March 18, 2015 for the purchase of a list of approved receivables from Restoration Energy up to a maximum of \$2,000,000 (the **"Restoration Energy Factoring Fund Factoring Agreement"**).

153 The Factoring Fund also entered into a security agreement with Restoration Energy dated March 18, 2015 which granted the Factoring Fund a general continuing security interest over all present and after acquired undertaking, property and assets of Restoration Energy, including all present and future right, title, and interest and benefit of Restoration Energy in all property; on a first secured basis.

- 154 On March 16, 2016, the Hedge Fund entered into a Factoring Agreement with Restoration Energy for the purchase of a list of approved receivables from Restoration Energy (together with the Restoration Energy Factoring Fund Factoring Agreement, the **"Restoration Energy Factoring Agreements"**).

The 1312163 Alberta Ltd. Guarantee and Collateral Mortgage

- 155 On March 20, 2015, the Factoring Fund and the Company entered into a Corporate Guarantee and Indemnity Agreement with 1312163 Alberta Ltd. ("**131 Alberta**"), an apparent arm's length third party that is not evidently related to Restoration Energy or its principals, whereby 131 Alberta guaranteed any and all amounts advanced to Restoration Energy via the purchase of Restoration Energy's accounts receivable, limited to a maximum principal amount of \$2,000,000 (the **"131 Alberta Guarantee"**). The 131 Alberta Guarantee provided for a collateral mortgage in favour of the Company (the **"Collateral Mortgage"**) against the legal title to approximately 90.88 acres of land owned by 131 Alberta located in Pine Lake, Alberta, comprising three parcels (the northernmost parcel, the **"North Parcel"**; the two southernmost parcels, the **"South Parcels"**; collectively, the **"131 Alberta Property"**). The Company subsequently registered the Collateral Mortgage against the 131 Alberta Property in the original principal amount of \$850,000, which was later amended by an amending agreement dated September 24, 2015 (registered on title on August 10, 2015), increasing the principal amount of the Collateral Mortgage to \$2,000,000.
- 156 The Collateral Mortgage is registered on title to the North Parcel behind two mortgages with an aggregate original principal amount totaling \$1,094,000. The Collateral Mortgage is registered on title to the South Parcels behind three mortgages (one of which is also registered against title to the North Parcel) with an aggregate original principal amount of \$1,210,000. Taken together, the Collateral Mortgage appears to be behind at least \$1,804,000 in principal of prior mortgages, plus an amount of accrued interest that is unknown but is likely to be considerable, for reasons detailed below.
- 157 Based on an appraisal dated September 25, 2011 (the **"Appraisal"**), the 131 Alberta Property was valued at an estimated \$3,180,800 (approximately \$35,000 per acre). In addition to its age, the Appraisal has weaknesses, including that it relies on certain assumptions which may not continue to be valid (i.e. given that the 131 Alberta Property

is zoned agricultural, and has not been approved for development despite a decade of efforts in this regard, and given the receipt of indications from the relevant municipality that only the North Parcel may potentially receive such an approval, and only then at a lower density than initially proposed). The Appraisal was also conducted in a very different market climate for Alberta real estate than that which exists at present.

- 158 Even if the Appraisal can be assumed to be accurate, which is likely not a safe assumption, the amount of equity available to satisfy the Collateral Mortgage appears to be extremely limited.
- 159 A&B and Darren Smits ("**Smits**") attended a call on November 2<sup>nd</sup>, 2017 which provided background into the origins of this guarantee and the current valuation issues. Smits played several roles in the Restoration Energy and 131 Alberta arrangements. He is an investor into developments on the 131 Alberta Property (having, amongst other things, provided personal guarantees to support the obligations of 131 Alberta under its senior mortgages in respect of the Pine Lake Lands). Together with Frontline, he participated in the origination of the 131 Alberta guarantee arrangements with Restoration Energy. Finally, Smits, a lawyer at the firm of Miller Thomson LLP, is also counsel to Frontline and, at the relevant time, served as counsel to Crystal Wealth in respect of the Restoration Energy Factoring Agreements.
- 160 On the November 2<sup>nd</sup> call, Smits expressed skepticism about the assumptions in the Appraisal, particularly in light of the difficulties in obtaining zoning approval for the property. Smits that he had "no idea what the land is worth." Smits suggested that the aggregate amount of accrued interest on two of the senior mortgages exceeded \$500,000, with further accrued interest on another, the quantum of which is unknown. Furthermore, Smits suggested that of the three parcels comprising the 131 Alberta Property, only the North Parcel would be of material value on a go-forward basis, as it is the only parcel which has experienced some traction in applying for municipal development approval (an area structure plan has been approved), and such value would only become apparent once such development begins. Materials subsequently provided by Smits show that, although preliminary engineering and cost studies have taken place, development of these lands has not begun.

### The Debt Exchange Agreement

161 On June 28, 2017, Frontline provided the Receiver with an unsigned debt security exchange agreement between 131 Alberta, the Company (including the Factoring Fund, and Hedge Fund), Restoration Energy, and Aspen Shore Estates Ltd. ("**Aspen Shore**") that was dated March 2017 (the "**Debt Exchange Agreement**"). Frontline advised that Housego and Smith had verbally agreed to the terms of the Debt Exchange Agreement one week prior to the Appointment Order.

162 The Debt Exchange Agreement appears to confirm that the Restoration Energy Invoices are uncollectible. Per the Debt Exchange Agreement:

*"Restoration Energy executed a number of factoring agreements with Crystal Wealth, the total accumulated amount outstanding as of September 22, 2016 is \$2,283,663.52 (the "Factoring Debt"), the funds of which were used by Restoration Energy to complete orders for customers, but due to technical issues with the technology the orders were not able to be completed.*

*Restoration Energy has retained the University of Calgary and has also brought a number of additional solid oxide fuel experts into the company in order to redesign the solid oxide fuel cell technology and products that are to be sold to third party consumers. Restoration Energy will be raising additional funds to complete these objectives."*

163 The Debt Exchange Agreement proposed that the Company (including the Factoring Fund and the Hedge Fund) would exchange its Factoring Debt (\$2,283,664) for convertible debt in Restoration Energy on the terms summarized below:

- a) Principal – \$2,200,000;
- b) Interest Rate – 8% per annum;
- c) Term – 5 years;
- d) Conversion Option - At the option of the Company, convertible into common voting shares of Restoration Energy. Every \$1,000 of debenture shall be convertible to 650 common shares.

(the "**Convertible Restoration Debenture**").

- 164 The Receiver advised Frontline that it could not accept and/or enter into the Debt Exchange Agreement until sufficient due diligence was performed on same. Frontline was unable to provide any relevant documentation to the Receiver to assist in such due diligence.
- 165 Accordingly, on August 8, 2017, A&B contacted Smits via e-mail to request a call to obtain certain due diligence materials required by the Receiver to evaluate the Debt Exchange Agreement, including with respect to the statements made in the Debt Exchange Agreement that the lenders that had first place mortgages against the 131 Alberta Property had commenced foreclosure actions in the Court of Queen's Bench of Alberta in to order to realize on their mortgages. Smits advised A&B during a conference call on August 8, 2017 that the foreclosure actions were not advancing at that time due to the refinancing of the senior mortgages.
- 166 When A&B did not receive any of the requested documentation from Smits subsequent to the August 8, 2017 conference call, A&B engaged in a further conference call with Smits on November 2, 2017, as detailed above. During that discussion, Smits advised A&B that the foreclosure actions remained dormant as 131 Alberta had agreed to sell the 131 Alberta Property to a newly-formed company, Aspen Shore, a company controlled by Perali Properties Inc. ("**Perali**"), for an assumption of the first mortgages and non-voting shares of Aspen Shore. Smits confirmed that the proposed sale of the 131 Alberta Property is also on hold, pending efforts to take out the Company's Collateral Mortgage from title.
- 167 Subsequent to the November 2, 2017 conference call with Smits, A&B reiterated its request via email to Smits for the provision of certain documentation that would help evaluate: (i) the 131 Alberta Property and the status of the two foreclosure actions commenced against 131 Alberta, and guarantors, including Smits; and (ii) the proposed Debt Exchange Agreement and the Convertible Restoration Debenture.
- 168 Smits provided certain of this requested material to A&B by electronic file transfer on November 17, 2017. From the Receiver's preliminary review of this material, it appears to confirm that each of the foreclosure actions has been assigned to Perali in connection with its refinancing and assumption of senior mortgage debt in respect of the Pine Lake Lands.



The Receiver continues to investigate potential recovery on the 131 Alberta Guarantee, and the extent to which the Convertible Restoration Debenture would be a viable alternative to enforcement proceedings on the Collateral Mortgage, to the extent that the latter is economically practical given the Company's subordinated position and the uncertain valuation of the 131 Alberta Property.

#### The Receiver's Discovery of Additional Guarantees

- 169 By electronic transmission on November 13, 2017, Smits provided additional transactional documents with respect to the Restoration Energy Factoring Fund Factoring Agreement. This package of documentation included materials which were not previously contained in the Company's books and records. Most notably, it revealed three additional guarantees of Restoration's obligations under the Restoration Energy Factoring Fund Factoring Agreement: i) a corporate guarantee granted by DDI Distribution Corp on March 18, 2015; ii) a corporate guarantee granted by Dionne Design Inc. on March 18, 2015; and iii) a personal guarantee granted by the principal of Restoration, Yvonne Martin-Morrison, on March 18, 2015 (collectively, the "**Additional Restoration Guarantees**"). Each of the Additional Restoration Guarantees is limited to the principal amount of \$2,000,000.
- 170 A&B conducted further diligence regarding these corporate guarantors. Dionne Design Inc. and DDI Distribution Corp. are each Alberta corporations, each of which is inactive and has been struck from the Alberta corporate records (for failure to file corporate returns). Further, a PPSA search against Dionne Design Inc. disclosed two reports of property seizures and a writ of execution, each of which would have been visible at the time the Company and/or Frontline, as applicable, would have considered whether this company was an appropriate candidate to issue a corporate guarantee of the Restoration Energy obligations to the Factoring Fund.
- 171 The above-noted concerns with these corporate guarantors calls into question whether appropriate due diligence was conducted in respect of these lending arrangements at the time they were entered into; additionally, the fact that the Additional Restoration Guarantees were not maintained on file with the Company, and needed to be procured from Smits, is representative of the general lack of oversight on these investments. This exemplifies the general failings that the Receiver has noted in respect of the management of these investments by Frontline and/or Housego, as applicable, as described in further

detail in the section that follows entitled "Receiver's Concerns with the Administration of the Factoring Contracts".

### *Current Status*

- 172 As at October 26, 2017, Restoration Energy had outstanding principal balances owing to the Factoring Fund and Hedge Fund of \$1,402,193 and \$501,000, respectively, totaling \$1,903,193 (the "**Restoration Energy Principal Balance**"), and interest owing of \$169,098 (the "the **Restoration Energy Interest Owing**", collectively with the Restoration Energy Principal Balance, the "**Restoration Energy Balance**") from Purchased Invoices issued to and owing from the Debtors outlined in the following table (collectively the "**Restoration Energy Debtors**") (the "**Restoration Energy Invoices**"):

| Debtor                        | No. | Amount of Invoices | Days Outstanding as at April 26th | Principal & Interest as at Oct. 26th |            |              |
|-------------------------------|-----|--------------------|-----------------------------------|--------------------------------------|------------|--------------|
|                               |     |                    |                                   | Factoring Fund                       | Hedge Fund | Total        |
| CPPS Mission Projects         | 2   | \$ 1,300,000       | 463 Days                          | \$ 559,269                           | \$ 569,222 | \$ 1,128,491 |
| University of Calgary         | 1   | 500,000            | 586 Days                          | 429,000                              | -          | 429,000      |
| TLP Outreach Association Inc. | 1   | 600,000            | 512 Days                          | 514,800                              | -          | 514,800      |
|                               | 4   | \$ 2,400,000       | 520 Days                          | \$ 1,503,069                         | \$ 569,222 | \$ 2,072,291 |

- 173 As demonstrated in the table above, prior to the Appointment Order, the Restoration Energy Invoice Invoices were, on average, outstanding for 520 days. This fact, combined with the concerns raised in the Debt Exchange Agreement concerning the collectability of these invoices, puts potential recovery into question, and, as a result, raises concerns with respect to the Company's represented Recorded Value of the Restoration Energy Balance.
- 174 To the extent that the Restoration Energy Balance is not collectible from Restoration Energy, the collectability of such balance pursuant to the 131 Alberta Guarantee is also questionable, given: (i) the extent to which the Company's position is subordinated to multiple senior lenders (an estimated \$2.3 million in known principal and accrued interest, plus an unknown amount of additional accrued interest, as compared to the estimated \$3,180,000.00 value of the Appraisal, which, as stated, may be unrealistic given the present undeveloped state of the 131 Alberta Property, the lack of zoning approval, and

the lack of any progress on zoning approval on two of the three parcels); and (ii) the weak market for Alberta real estate.

#### Demand Letters to Restoration Energy and the Guarantors

- 175 Based on the information obtained from Frontline, no formal demands for payment were ever made against the Debtors or Merchants of the Factoring and Hedge Funds prior to the Receiver's appointment.
- 176 On behalf of the Receiver, A&B issued a demand letter to Restoration Energy on November 7, 2017, and a subsequent demand letter to 131 Alberta on November 13, 2017, each of which enclosed a Notice of Intention to Enforce Security delivered pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (a "**BIA Notice**"). A&B also issued demand letters ( the "**Additional Restoration Guarantor Demands**") to each of the guarantors pursuant to the Additional Restoration Guarantees on November 14, 2017. Copies of the foregoing demand letters, and their enclosures, are attached as **Appendix "36"** to this Second Report.
- 177 Notably, the Additional Restoration Guarantor Demands sent to DDI Distribution Corp. and Dionne Design Inc. were sent by e-mail and registered mail in accordance with the underlying guarantees, but were electronically returned as undeliverable. As at the date of this Second Report, the registered mail copy has not been signed for by the respective recipients.
- 178 The Additional Restoration Guarantor Demand sent to Yvonne Martin-Morrison appears to have been successfully delivered via e-mail, but has not been responded to by Ms. Martin-Morrison as at the date of this Second Report.
- 179 As at the date of this Second Report, the Receiver has not received a response to any of the above-noted demands.

#### **Single Source**

- 180 The Factoring Fund entered into a Factoring Agreement with Single Source dated August 9, 2016 (the "**Single Source Factoring Agreement**"). The Factoring Fund also entered into a security agreement with Single Source dated August 9, 2016 granting the Factoring Fund a general continuing security interest over all present and future property and assets

of Single Source. In addition, Tanya McCrary-Singh ("**McCrary-Singh**"), the Chief Financial Officer of Single Source, provided a personal guarantee (the "**McCrary-Singh Guarantee**") in favour of the Factoring Fund dated August 9, 2016, guaranteeing the obligations of Single Source to the Factoring Fund.

- 181 As at October 26, 2017, principal is outstanding under a single invoice factored by the Factoring Fund from Single Source in the sum of \$93,985, with accrued interest owing to the Factoring Fund of \$20,206.
- 182 By letter dated November 22, 2017, the Receiver demanded immediate payment from Single Source pursuant to the Single Source Factoring Agreement. A copy of the November 22, 2017 letter sent by the Receiver to Single Source is attached to this Second Report as **Appendix "37"**.
- 183 If payment is not remitted by Single Source to the Receiver shortly, the Receiver anticipates that it will take steps to enforce pursuant to the Single Source Factoring Agreement and McCrary-Singh Guarantee, with the goal of collecting on this receivable in a cost-effective manner given the amount owing.

#### **RECEIVER'S CONCERNS REGARDING THE ADMINISTRATION OF THE FACTORING CONTRACTS**

- 184 During its review, the Receiver has noted that the procurement and administration of the Factoring Contracts by Frontline and Housego, the latter of whom was the Lead Portfolio Strategist of the Hedge Fund and Factoring Fund until being terminated by the Receiver, was highly unsophisticated and lacked the necessary controls to ensure that advances made to Merchants would ultimately be repaid. The deficiencies noted by the Receiver, as discussed in this section, have ultimately led to the impaired status of the investments held by the Factoring and Hedge Funds as detailed above.

#### **High Level of Concentration Risk**

- 185 As outlined above, the Factoring Contracts have an exceptionally high level of concentration risk given that as at October 26, 2017, two (2) Merchants, Dome Mountain<sup>5</sup> and Zomongo TV, directly and indirectly account for 87.97% (57.97% and 30.00%,

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<sup>5</sup> Including the 156 Alberta Balance and the 647 BC Balance.

respectively) of the Factoring Balance; while three (3) Merchants account for the remaining 12.30%.

- 186 This concentration risk is further compounded in that the Dome Mountain Balance is a bridge loan (i.e. not a factoring arrangement) and the Zomongo TV Balance is purportedly owing from five (5) Debtors with only 16 outstanding invoices.

#### **Due Diligence on Merchants and Debtors**

- 187 Under the FPAA, Frontline was required to perform a certain level of due diligence prior to putting forth a proposed Factoring Contract to the Factoring Fund and/or Hedge Fund. The FPAA's stated that:

- a) *"Each such proposed factoring arrangement must comply with all of the requirements of this Agreement and the Approved Investment Criteria."*
- b) *"Prior to its presentation to the [Factoring/Hedge Fund], Frontline shall have evaluated each potential factoring arrangement in accordance with the Due Diligence Guidelines and shall include, but will not be limited to, a review of the operations and credit worthiness of any Merchant, the Debtors involved, the accounts receivable aging and any other applicable Contract Documents..."*
- c) *"With respect to each specific proposed arrangement, Frontline shall also provide a written report as to whether the specific proposed arrangement complies with the Due Diligence Guidelines."*

(collectively referred to as the **"Required Due Diligence"**).

- 188 The FPAA make reference to Exhibit "A" and Exhibit "C" which outline the Due Diligence Guidelines and the Approved Investment Criteria, respectively.

- 189 On September 11, 2017, the Receiver requested that Frontline provide documentation to confirm that the Required Due Diligence was performed. In response to the Receiver's request, on September 28, 2017, Frontline provided the Receiver with documents which were titled "invoice summaries" (**"Invoice Summaries"**) in connection with each of the Merchant's outstanding invoices to Debtors, pursuant to which indebtedness is owing to the Factoring and Hedge Funds. The Invoice Summaries provided by Frontline are attached hereto as **Appendix "38"**.

190 On September 21, 2017, the Receiver requested that Frontline provide a copy of Exhibit "A" and Exhibit "C" referenced in the FPAA. Frontline indicated that a formal Exhibit "A" or Exhibit "C" were never executed. In an emailed response dated September 29, 2017, with respect to Exhibit "C", Froese indicated that:

*"Exhibit 'C' was never completed in the Factoring Procurement and Administration Agreement. There were many discussions with Clayton Smith although I don't believe we ever came to an agreement. We started with conversations on each deal as well as [the Invoice Summaries] and if Crystal Wealth requested any addition information we would give it to them. Because of that, there were no written reports as there was nothing to reference."*

A copy of Froese's email referencing the above is attached hereto as **Appendix "39"**.

191 On October 31, 2017, after locating a document titled "Exhibit A – Due Diligence Guidelines" in the Company's books and records (a copy of which is attached hereto as **Appendix "40"**), the Receiver sent an email to Froese that requested certain documentation and written reports to support performance of the Due Diligence Guidelines by Frontline. In response, Froese indicated that:

*"...there was no formal Schedule 'A' and the schedule you have may have been a draft copy for discussion purposes, although was never part of the agreement. As per information, I believe we have sent you everything that we have."*

A copy of the Receiver's email and Froese's response is attached hereto as **Appendix "41"**.

192 The Invoice Summaries do not satisfy the Required Due Diligence as they fail to include, among other things:

- a) any relevant information on the underlying Debtor of the invoice;
- b) any detailed analysis of the business and risks of the Merchant's business;
- c) a statement that the specific proposed arrangement complies with the Due Diligence Guidelines; and

d) an evaluation as to whether the proposed factoring arrangements comply with the Approved Investment Criteria.

193 Based on the Company's books and records, there appears to be little to no evidence of any additional information provided to the Company that would confirm that Frontline performed the Required Due Diligence.

194 Notwithstanding the absence of Frontline performing the Required Due Diligence, Housego and/or Smith nevertheless caused the Factoring and Hedge Funds to enter into each of the Factoring Contracts based on little to no due diligence. The Company's books and records contain no evidence that Housego and/or Smith performed any additional due diligence themselves to supplement or compensate for the minimal due diligence performed by Frontline.

#### **Allocation of Payments Received by Frontline Contrary to the FPAA**

195 As noted above, payments of \$25,000.00 and \$113,044.41 were received by Frontline from Advanced Metal on August 11, 2017 and September 11, 2017, respectively (collectively the "**Advanced Metal Payments**"), towards the Purchased Receivable (invoice 35507) issued to Lotus Environmental Ltd. (the "**Lotus Invoice**"). When none of these funds were remitted by Frontline to the Receiver, the Receiver requested a conference call with Frontline to inquire as to why the entirety of the Advanced Metal Payments had not been remitted to the Receiver in accordance with the FPAA.

196 On October 3, 2017, the Receiver, A&B, and Frontline convened the conference call, as requested by the Receiver. Froese advised that Frontline had a verbal arrangement with Smith, whereby Frontline was permitted to retain certain sums of the payments received from Merchants or Debtors on account of interest in priority to repayment being first made to the Factoring Fund and/or Hedge Fund. Based upon this purported verbal arrangement, Froese indicated that the Factoring Fund would only receive \$53,094.02 of the Advanced Metal Payments (totaling \$138,044.41), and that Frontline would be permitted to retain the remaining \$84,950.39. According to Frontline, the allocation of the Advanced Metal Payments received was accordingly to be as follows based upon the verbal arrangement between Frontline and Smith:

a) \$25,000 payment on August 11, 2017 – \$9,615.38 to the Factoring Fund and \$15,384.62 to Frontline; and

- b) \$113,044.51 payment on September 11, 2017 – \$43,478.64 to the Factoring Fund and \$69,565.87 to Frontline.

A copy of the "Payment Summaries" provided to the Receiver by Frontline in this regard are attached hereto as **Appendix "42"**.

- 197 The arrangement described by Froese is contrary to s. 4.6 of FPAA, which provides that the Factoring and Hedge Funds are to be repaid in priority to Frontline receiving any compensation:

*"...all monies received from a Merchant or its Debtors, either in the normal course of business or in the event of a collection action or resolution shall be paid, firstly to the Fund until the amount advanced by the Fund has been repaid in full and, secondly, on a pro rata basis to Frontline and the Fund for the amounts of the fees due to each of them..." [emphasis added]*

- 198 Frontline has been unable to provide any documentation to the Receiver to support its alleged verbal arrangement with Smith, which would supersede the priority payment scheme set out in s. 4.6 of the FPAA.
- 199 Frontline's allocation of the Advanced Metal Payments is in contravention of s. 4.6 of the FPAA as the Factoring Fund and Hedge Fund are entitled to all monies received until the amount advanced by the Funds is recovered; the amount advanced on the Lotus Invoice that remains outstanding totals \$458,080. The Factoring Fund is therefore entitled to the entire amount of the Advanced Metal Payments and any future amounts received by Frontline in trust for the Factoring Fund until the \$458,080 advance on the Lotus Invoice is paid off in full.
- 200 On October 10, 2017, pursuant to section 4.6 of the FPAA, the Receiver directed Frontline to remit the entire amount of the Advance Metal Payments to the Receiver. In response, Froese advised that:

*"Frontline has been caught off guard with the request to send all the funds from the invoices to the receiver. As precedent had been set and agreed to by Crystal Wealth with the way we were handling all payments and per instructions from receiver to continue operations as we always have, would it be possible to start*



*with the new calculations (per original agreement) going forward. We will send the original amount from the invoice summaries right away.”*

- 201 The Receiver has not – and does not – approve of an alternative priority arrangement for payment which is different than as prescribed by the FPAA. Accordingly, on October 13, 2017, the Receiver reiterated to Frontline that the Factoring Fund was entitled to the entire amount of the Advanced Metal Payments and demanded that payment of same be remitted by Frontline to the Factoring Fund immediately.
- 202 On October 16, 2017, Froese advised the Receiver that Frontline did not have sufficient funds to send the Advanced Metal Payments to the Receiver.
- 203 In response, the Receiver sent an email to Frontline again reiterating that the entirety of the Advanced Metal Payments, and all future payments received by Frontline, must be immediately remitted to the Receiver in trust for the Factoring and Hedge Funds, as applicable.
- 204 The email correspondence with respect to the Advanced Metal Payments between the Receiver and Froese, as summarized above, is attached hereto as **Appendix “43”**.
- 205 Notwithstanding numerous follow-up correspondence sent by the Receiver to Frontline, as at the date of this Second Report, the Receiver has not received any of the Advanced Metal Payments owing to the Factoring Fund.
- 206 As mentioned above, Frontline stated that it had a verbal arrangement with Smith to receive a portion of payments from Merchants/Debtors prior to the initial advance made by the Factoring/Hedge Fund being paid in full. As a result, on previous payments, Frontline has applied an allocation where it has been receiving a portion of the payments previously made by Merchants and/or Debtors before the initial advance made by the Factoring/Hedge Fund is repaid. The following table outlines: (i) the payments made by the Merchants and/or Debtors on the outstanding Purchased Invoices (Payments); (ii) the portion of the payment allocated to the Factoring/Hedge Fund’s initial advance (Initial Advance); (iii) the portion of the payment allocated to the Factoring/Hedge Fund for interest outstanding, and (iv) the portion kept by Frontline for its fees and interest. A copy of Frontline’s most recent Weekly Report to the Receiver concerning the status of the Factoring Contracts as at November 17, 2017 is attached hereto as **Appendix “44”**.

| Merchant                    | Allocation of Payment |                   |                     |                           |
|-----------------------------|-----------------------|-------------------|---------------------|---------------------------|
|                             | Payments              | Initial Advance   | Fund Interest       | Frontline Interest & Fees |
| Zomongo TV                  | \$ 1,282,392          | \$ 251,222        | \$ 928,315          | \$ 102,854                |
| Advanced Metal <sup>1</sup> | 544,390               | 68,236            | 165,463             | 310,691                   |
| 156 Alberta                 | 289,828               | 224,361           | 56,658              | 8,809                     |
| Restoration Energy          | 204,860               | -                 | 90,439              | 114,421                   |
|                             | <b>\$ 2,321,470</b>   | <b>\$ 543,820</b> | <b>\$ 1,240,876</b> | <b>\$ 536,775</b>         |

*Note 1 - Advanced Metal figures include the allocation of the Advanced Metal Payments between Frontline and the Factoring Fund.*

- 207 As shown in the table above, based on its alleged agreement with Smith and in contravention to the FPAA, Frontline has withheld \$536,775 of the payments received from Merchants and/or Debtors for the outstanding Purchased Invoices that should have been allocated to the initial advances made by the Factoring/Hedge Fund. The Receiver disagrees with Frontlines position and requests an Order that Frontline pay the \$536,775 outstanding to the Receiver in trust for the Factoring and Hedge Funds, as applicable.
- 208 Froese indicated to the Receiver during the October 3, 2017 conference call that the Frontline employee who developed the system for the Frontline Weekly Report summaries to the Factoring and Hedge Funds, Steven Bandola, left Frontline in April 2017, at the approximate time of the Receiver's appointment.

#### **Other Notable Items**

- 209 During the Receiver's due diligence, the Receiver noted that Froese currently holds 300,000 share purchase warrants in Zomongo TV. Froese had never made this disclosure to the Receiver. Such an investment presents a conflict of interest for Frontline as the Factoring and Hedge Fund are creditors and Froese is personally an equity holder of this Merchant of the Factoring/Hedge Funds.

#### **MEDIA LOANS**

##### **BACKGROUND**

- 210 The Media Fund's primary investment was that of term loans purchased from Media

House Capital (Canada) Corp. ("**MHC**") reflecting loans ("**Media Loans**") made to various production companies for the production of films. The Media Loans consist of two general types: (i) Gap Loans; and (ii) Tax Credit Loans, both of which are described and defined below.

### **Gap Loans**

- 211 The Media Fund loaned funds to single purpose production companies (i.e. entities incorporated for the sole purposes of producing a particular film). Each film would have its own separate legal entity in order for films to be financed and produced whereby the security of the loan is the unsold rights to the production (the "**Gap Loans**").
- 212 In most scenarios, a producer would build a financing plan for the production budget, putting together the components of financing, including, but not limited to, one or more of tax credits, government subsidies, pre-sales, and private equity. If additional funding was required to produce the film over and above the available sources, a Gap Loan would be obtained. The Gap Loan is the riskiest type of financing for a lender as the Gap Loan is issued based solely on estimated sales which, often times, is far less than can be generated by the production.

### **Tax Credit Loans**

- 213 Many jurisdictions offer tax credits as an incentive to producers to make their films in that jurisdiction. The tax credits are usually 25% - 30% of the overall production budget depending on where the film is shot and the nationalities of those involved. The Media Fund advanced loans to certain production companies secured by the rights to tax credits (the "**Tax Credit Loans**"), which security was occasionally subordinated to a senior secured lender.

### **Recorded Value of the Media Loans by the Company**

- 214 According to the April 20<sup>th</sup> Package, the Company had attributed a Recorded Value in excess of \$53 million, inclusive of principal and interest. Based on the Receiver's early conversations and correspondence with MHC, it was apparent that a significant number of the films underlying the Media Loans appear to be experiencing significant issues and/or delays.
- 215 As discussed in the First Report, and the Supplement to the First Report, the Receiver

engaged Quiver as an expert advisor to assist the Receiver in its investigation and management of the Media Fund.

216 On June 27, 2017, the Receiver and Quiver entered into a Memorandum of Understanding (“**MOU**”) which outlined the roles and responsibilities of Quiver and its compensation in so acting. In summary, Quiver’s mandate under the MOU was to, among other things:

- a) engage with all third party sales agents and domestic distributors to review the status of each film, including but not limited to interest and results from international distributors, timing of such interest, exposure and interest at film markets and festivals, and identification of unpaid, current and long-term accounts receivable;
- b) identify the unsold rights by film, by media (e.g. video on demand, television, etc.), and determine the best course of action to extract value from said rights and provide recommendations on the best course of action moving forward; and
- c) utilize relationships with the distributors and customers (e.g. Netflix, Amazon, Walmart, etc.) to generate collections.

217 Since the First Report, the Receiver and Quiver have executed two amendments to the MOU (the “**MOU Amendments**”), in order to extend Quiver’s engagement first through to October 31, 2017, and subsequently, through to November 30, 2017. Copies of the MOU Amendments are attached hereto as **Confidential Appendix “2”**.

#### **ESTIMATED VALUE OF THE MEDIA LOANS**

218 On November 22, 2017, Quiver provided to the Receiver a report (the “**Quiver Report**”) that, among other things: (i) outlined the nature of the Media Loans issued to the various production companies; (ii) set out collections obtained by the Receiver for Media Loans as at the date of the Quiver Report; and (iii) provided an estimated value of the Gap Loans and Tax Credit Loans. A copy of the Quiver Report which, among other things, details the underlying methodology in determining the projected amounts which are reasonably likely to be recovered by the Media Fund with respect to the Media Loans (the “**Projected Media Loan Values**”), is attached hereto as **Confidential Appendix “3”**. The Quiver Report, including its appendices, is in excess of 1,200 pages (it contains periodic financial accounting for the Media Loans). Due to this length, only the Quiver Report and its

Appendix D – Library Analysis have been included in this Confidential Appendix to the Second Report in hard-copy form; the full Quiver Report containing all appendices has been provided on a USB key within the Confidential Appendix.

- 219 Since its appointment, the Receiver, has collected a total of \$6,859,188 and US \$153,591 with respect to the Media Loans.

#### **INTER-FUND INVESTMENT IMPACT**

- 220 As discussed in the First Report, the Media Fund was the largest recipient of Inter-fund Investments from a number of Crystal Wealth Funds totaling a Recorded Value of \$11,349,768 per the April 20<sup>th</sup> Package. The following table outlines the unit holdings and Recorded Values (per the April 20<sup>th</sup> Package) that certain of the Crystal Wealth Funds held in the Media Fund.

| <b>Fund</b>              | <b>A</b>                   |                            | <b>B</b>                       |  | <b>B / A</b>             |
|--------------------------|----------------------------|----------------------------|--------------------------------|--|--------------------------|
|                          | <b>Fund April 20th NAV</b> | <b>Units in Media Fund</b> | <b>Recorded Value of Units</b> |  | <b>Percentage of NAV</b> |
| ACM Income Fund          | \$ 10,815,417              | 655,974                    | \$ 6,641,115                   |  | 61.40%                   |
| Mortgage Fund            | 27,082,935                 | 204,475                    | 2,072,643                      |  | 7.65%                    |
| Medical Fund             | 9,270,090                  | 151,855                    | 1,537,291                      |  | 16.58%                   |
| ACM Growth Fund          | 11,609,064                 | 56,974                     | 576,764                        |  | 4.97%                    |
| High Yield Mortgage Fund | 5,442,165                  | 51,409                     | 521,098                        |  | 9.58%                    |
| Factoring Fund           | 38,124,168                 | 85                         | 857                            |  | 0.00%                    |
|                          | <b>\$ 102,343,839</b>      | <b>1,120,772</b>           | <b>\$ 11,349,768</b>           |  |                          |

- 221 Based on the Projected Media Loan Values, the above noted Inter-fund Investments were grossly overstated resulting in the value of each of the above noted Crystal Wealth Funds being overstated. The above noted Crystal Wealth Funds will accordingly receive far less from the Media Fund than their Inter-fund Investments in the Media Fund. In other words, significant monies deployed by the ACM Income Fund, ACM Growth Fund, Mortgage Fund, Medical Fund, and High Yield Mortgage Fund to invest in the Media Fund, will result in significant monetary losses to each of these Funds.
- 222 As the Media Fund was earning little to no income on the Media Loans, the Receiver has concerns as to how redemptions and distributions to Media Fund investors were satisfied prior to the Receiver's appointment (i.e. whether Inter-fund Investments in the Media Fund

by other Funds, or funds from investor purchases of units in the Media Fund, were used to fund Media Fund redemptions and distributions).

## **GOLD LOANS**

### **BACKGROUND**

223 The Factoring Fund and Hedge Fund entered into four (4) Gold Certificate Subscription Agreements with Onstar Exploration Ltd. ("**Onstar**") as follows:

- a) three (3) Gold Certificate Subscription Agreements between the Factoring Fund and Onstar dated August 12, 2016, November 27, 2016, and September 25, 2016 for a total of 3,800 ounces of Gold; and
- b) one (1) Gold Certificate Subscription Agreement between the Hedge Fund and Onstar dated September 25, 2016 for a total of 200 ounces of Gold.

(collectively, the "**Onstar Subscription Agreements**").

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

225 In addition to the Onstar Subscription Agreements, the Factoring Fund, the Hedge Fund and the Bullion Fund collectively entered into seven (7) Gold Sale / Purchase Agreements (some of which have or will be expiring shortly) with the following entities:

- a) 611802 B.C. Ltd. ("**611 BC**") – four (4) Gold Sale / Purchase Agreements with a combined Recorded Value of approximately \$1,255,819 (the "**611 BC Loan**");
- b) Inca One Gold Corp. ("**Inca**") – two (2) Gold Sale / Purchase Agreements with a combined Recorded Value of approximately \$958,797 (the "**Inca Loans**"); and
- c) Solid Holdings Ltd. ("**Solid Holdings**") – one (1) Gold Sale / Purchase Agreement with a Recorded Value of \$333,332 (the "**Solid Holdings Loan**").

The 611 BC Loan, Inca Loans, and Solid Loans (collectively, the "**Settlement Loans**") are similar in nature in that upon expiry, the agreement is completed either through: (i) the

delivery of the Gold; or (ii) a cash settlement. A description of the commercial arrangement under the Settlement Loans is outlined in paragraph 63 of the First Report.

#### **RECEIVER'S KEY FINDINGS AND ACTIONS**

- 226 The Onstar Subscription Agreements and the Settlement Loans are, in substance, term loans to Onstar, 611 BC, Inca, and Solid Holdings (collectively, the “**Gold Sellers**”) and are therefore referred to as the “**Gold Loans**”. The Gold Loans are to be repaid upon maturity in either Gold or cash. For greater clarity, the Factoring/Hedge/Bullion Funds did not purchase Gold in its physical form under any of the Gold Loans.
- 227 The table below provides a summary of the Gold Loans held in the Bullion Fund, Hedge Fund, and Factoring Fund:

| <b>Fund</b>    | <b>Ounces</b> | <b>Outstanding Gold Loans</b> | <b>CAD Amount Advanced</b> | <b>USD Amount Advanced</b> | <b>Market Value (CAD) Oct 31/17</b> |
|----------------|---------------|-------------------------------|----------------------------|----------------------------|-------------------------------------|
| Factoring Fund | 4,341         | 5                             | \$911,441                  | US \$3,260,000             | \$7,094,001                         |
| Bullion Fund   | 481           | 2                             | \$803,100                  | US \$0                     | \$760,556                           |
| Hedge Fund     | 761           | 4                             | \$845,704                  | US \$190,000               | \$1,219,702                         |
| <b>Total</b>   | <b>5,583</b>  | <b>11</b>                     | <b>\$2,560,245</b>         | <b>US \$3,450,000</b>      | <b>\$9,074,259</b>                  |

- 228 Although the market value of the ounces of Gold to be delivered upon maturity of the Gold Loans is approximately \$9,074,259 as at October 31, 2017,<sup>6</sup> each of the Gold Sellers are in, or appear to be in poor financial health and as a result, do not have the ability to repay the Gold Loans, whether in cash or in Gold.
- 229 Under the Gold Loans, the Crystal Wealth Funds are unsecured creditors, with no security over any of the Gold Sellers’ assets. The Receiver has concerns over the ultimate collectability of the Gold Loans. As at the date of this Second Report, the Crystal Wealth Funds have not received any repayment (in Gold or cash) for any of the Gold Loans.
- 230 The Company’s books and records contain little to no information on the Gold Sellers. In addition, the Receiver has been unable to locate documentation or evidence

<sup>6</sup> The price of Gold as at October 31, 2017 was \$1,637 per ounce (US \$1,270 per ounce converted at an exchange rate of 1.2894)

demonstrating that any due diligence had been performed on the Gold Sellers by the Company, the Funds, or by Housego - the former Lead Portfolio Strategist of the subject Funds - or that the Gold Loans fit the investment criteria outlined in each of the Factoring, Hedge, and Bullion Fund's OMs.

- 231 The Gold Loans do not appear to fit into the investment strategy of the Factoring Fund or the Bullion Fund based on the wording contained in their respective OMs. It is unclear if the Gold Loans would be considered appropriate investments in the Hedge Fund given the broad wording contained in the Hedge Fund's OM.

#### **RECEIVER'S DETAILED REVIEW OF GOLD CONTRACTS**

##### **Onstar Subscription Agreements**

- 232 As outlined in the First Report, the Receiver was able to locate unsigned Gold Certificates in the Company's books and records which stated the following:

*Gold deliveries to the Owner [the Hedge/Factoring Fund] shall commence **on April 30, 2017 F.O.B. Juneau, Alaska** and shall occur monthly, until the entire 1,000 ounces of gold due under this Certificate has been delivered to the Owner. It is expected that all gold payments will be completed no later than April 30, 2019.*

The Receiver has obtained executed copies of the Onstar Subscription Agreements which are executed by Alan Braun ("Mr. Braun") on behalf of Onstar. The Receiver has confirmed with Onstar that no Gold has been delivered to either the Factoring Fund or the Hedge Fund as at the date of this Second Report.

##### *Housego's Involvement*

- 233 Through the Receiver's review, the Company's books and records contain minimal information with respect to Onstar's operations and contain no evidence of due diligence being performed by Housego or any other Company representative. The Receiver expected that such due diligence would include, but would not be limited to, an evaluation of the potential risks and benefits of the Factoring Fund and Hedge Fund advancing US \$3,000,000 and \$748,900 to Onstar and whether the Onstar Subscription Agreements would be considered applicable investments under the Factoring Fund and Hedge Fund OMs. The absence of any due diligence being performed prior to the advancement of funds is alarming.



234 In a letter dated April 24, 2017, signed by Smith, to the British Columbia Securities Commission (the “**BCSC**”) (in response to an assumed inquiry made by the BCSC as referenced in the letter) (the “**April 24 2017 BCSC Letter**”), Smith, among other things, states that:

*“Mr. Housego was introduced to Alan Braun through Taz Faryad. Mr. Faryad was trying to connect gold sellers and gold buyers. The [Company] manages a number of mutual fund trusts for which Mr. Housego acts as lead portfolio manager and in which Mr. Housego was looking to invest in gold. Presumably, Alan Braun was involved in a company or companies that produces gold so Mr. Faryad connected us to see if there was a fit. Mr. Housego first met Alan Braun at a meeting in Vancouver in early August 2016. Taz Faryad, Jerry Braun and Rene Gladu were also present.” [Emphasis added]*

In an email dated August 11, 2016 from Housego to Mr. Braun, Jerry Braun, Rene Gladu, and Taz Faryad, Housego confirmed that the first meeting mentioned in the April 24 2017 BCSC Letter occurred on August 8, 2016 and that this meeting was the first meeting of the parties. A copy of the April 24 2017 BCSC Letter is attached hereto as **Appendix “45”**.

235 Based on the above, Housego first met Mr. Braun on August 8, 2016; and four days later (on August 12, 2016), the Factoring Fund made the first advance to Onstar of US \$2,000,000. The April 24 2017 BCSC Letter provides further evidence that little to no due diligence was performed by Housego or the Company prior to entering into the Onstar Subscription Agreements and advancing the previously mentioned funds.

236 As noted in the First Report, Onstar claimed that Housego had verbally agreed to provide a total of US \$10 million of funding to Onstar for the development of a mine in Juneau, Alaska. However, to date, only the funding noted above has been provided. As a result, Onstar has had to seek external financing to complete the development of the Juneau, Alaska mine. The Receiver does not know at this time if Onstar was successful in seeking such funding.

#### *Gold Certificates*

237 The Onstar Subscription Agreements all reference executed Gold Certificates contained in Schedule A to same. The Onstar Subscription Agreements provided by Smith and

contained in the Company's books and records did not include copies of the executed Gold Certificates nor did the Onstar Subscription Agreements provided by Mr. Braun. Onstar, upon the Receiver's request, advised that it was unable to locate the executed Gold Certificates. However, Onstar did provide unsigned copies of the Gold Certificates to the Receiver which stated the same terms as outlined in paragraph 232 above.

- 238 The Onstar Subscription Agreements, under the "Registration and Delivery Instructions" section, state that the Gold Certificates were to be delivered to NBCN at the following address:

*NBCN  
250 Yonge Street, 19<sup>th</sup> Floor  
Toronto, Ontario  
M5B 2L7  
Attention: Cheryl Rochemont*

The Receiver has made numerous requests of NBCN to locate the Gold Certificates. As at the date of this Second Report, NBCN has been unable to locate the executed Gold Certificates, which suggests that the executed Gold Certificates were never delivered by Onstar to NBCN.

- 239 Upon review of email correspondence between Onstar and Housego, it appears the Gold Certificates were delivered to Housego. On October 30, 2017, the Receiver requested that Housego provide the copies of the Gold Certificates to the Receiver. Housego stated that he did not know where the Gold Certificates were as outlined in his response below:

*"I don't recall ever getting the certificates. I have looked but I do not have them. All certificates would have gone to HO and would have been part of the security needed to issue funds. I have no idea where they are or could be."*

- 240 On October 31, 2017, the Receiver requested that Smith provide copies of the executed Gold Certificates to the Receiver. Smith advised that he had never received the Gold Certificates and that NBCN would likely be in possession of same. Smith's response to the Receiver's request was as follows:

*"I don't have any documents from Crystal Wealth in my possession. Joanne Bentley handled most of the admin stuff, and I think the certificates may have been filed with NBCN."*

- 241 As the April 24 2017 BCSC Letter stated that Gold Certificates were attached, the Receiver sent a letter to the BCSC on November 22, 2017 requesting that a copy of the Gold Certificates be provided. As at the date of this Second Report, the Receiver has not received a response.

#### Receiver's Demand

- 242 As delivery of Gold per the Gold Certificates had not yet occurred, A&B, on behalf of the Receiver, issued a default letter to Onstar dated October 26, 2017 (the "**Onstar Default Letter**") which, among other things, demanded immediate delivery of Gold in accordance with the terms of the Gold Certificates. A copy of the Onstar Default Letter is attached hereto as **Appendix "46"**.
- 243 On November 2, 2017, in response to the Onstar Default Letter, Onstar advised the Receiver that it would honour the Onstar Subscription Agreements and Gold Certificates. Onstar advised that it was completing separate funding to fulfill the requirements of the Gold Certificates and that such funding would be in place in the month of November to early December 2017. Once funding is received, Onstar advised that a large scale operation would begin. Onstar stated that it currently has a small amount of Gold from the site available.
- 244 On November 7, 2017, the Receiver inquired of Mr. Braun as to whether cash payments could be made by Onstar instead of physical delivery of Gold at the same intervals in which deliveries of Gold would otherwise occur. The payments requested by the Receiver would be made by Onstar at the stated spot price of the expected Gold delivery (i.e. the spot price multiplied by the ounces to be delivered). As at the time of this Second Report, Onstar has not advised the Receiver as to whether such payments, in lieu of Gold deliveries, will be possible.
- 245 If necessary, the Receiver will arrange a location for the delivery of the Gold to be provided by Onstar, which arrangements are currently being put into place by the Receiver.

#### **611 BC Loans**

- 246 611 BC entered into the following Settlement Loans with the following Crystal Wealth Funds:

- a) One (1) Settlement Loan with the Bullion Fund – expiring November 28, 2017 whereby \$124,657 was advanced to 611 (the “**611/Bullion Loan**”);
- b) Two (2) Settlement Loans with the Hedge Fund – one (1) expiring November 28, 2017 and one (1) expiring January 16, 2018 with \$409,995 advanced to 611 (collectively the “**611/Hedge Loans**”); and
- c) One (1) Settlement Loan with the Factoring Fund – expiring February 2, 2018 whereby \$500,405 was advanced to 611 (the “**611/Factoring Loan**”).

Each of the 611 BC Loans were entered into by Pinnell on behalf of 611 BC.

- 247 As outlined in the First Report, the Receiver inquired as to 611 BC’s ability to execute an early exit from the 611 BC Loans; 611 BC stated that due to current cash constraints it will not be able to do so.
- 248 In subsequent discussions with the Receiver, 611 BC indicated that it did not engage in any mining activity directly nor did it hold any assets other than investments and receivables owing from other companies (as described below). 611 BC provided the Receiver with internally generated statements for the 12 months ending December 31, 2017 which indicated that 611 BC has no mining assets (i.e. land or equipment). The Receiver has requested more recent financial information.
- 249 Pinnell advised that the proceeds obtained from the 611 BC Loans was advanced to third party entities for certain projects as follows:
  - a) proceeds obtained from the 611/Bullion Loan and one of the 611/Hedge Loans totaling approximately \$325,325 were advanced to a third party, Blacksand Gold Inc. (“**Blacksand**”), who entered into agreements with two other parties, Place One Mines Inc. (“**Placer One**”) and New North Construction Ltd (“**New North**”), for the development of a Gold mine in British Columbia (the “**BC Mine**”);
  - b) proceeds obtained from the second 611/Hedge Loan totaling approximately \$209,327 were advanced to a third party, Petra Capital Corporation (“**Petra**”), for the delivery of Gold from a Gold mine in Columbia (the “**Columbia Mine**”); and

- c) proceeds obtained from the 611/Factoring Loan of \$500,405 were also advanced to Petra for a portion of Petra's revenue interest in certain oil wells located in Louisiana, USA (the "**Oil Wells**").

As outlined in paragraph 251 below, the Receiver has requested a number of documents to support the claims made by Pinnell and the projects described above. Such information remains outstanding as at the date of this Second Report.

- 250 On October 24, 2017, one month prior to the expiry of the 611/Bullion Loan and one of the two 611/Hedge Loans, the Receiver requested that 611 BC provide an update as to the status of the BC Mine and the expected payment date of the 611/Bullion Loan and 611/Hedge Loan expiring on November 28, 2017. 611 BC advised the Receiver that production at the BC Mine was halted as it requires additional funding to continue operating and that Placer One, Blacksand, and New North have commenced legal action against each other as a result. 611 BC advised the Receiver that it has not yet received any Gold from Placer One nor Blacksand.
- 251 On November 11, 2014, after numerous follow-up correspondence from the Receiver, Pinnell indicated that the requested information outlined below would be provided within the coming weeks. The Receiver will continue to follow up with Pinnell. As at the date of this Second Report, the following items requested by the Receiver remain outstanding:
  - a) the most recent financial statements for 611 BC;
  - b) details of the legal proceedings between Placer One, Blacksand, and New North;
  - c) any status reporting provided on the mine(s), including, but not limited to, SGS Reports; and
  - d) copies of any due diligence performed by 611 BC prior to the advancement of funds to Blacksand, BC Mine, Placer One or any other entity;
  - e) the full name and address of the BC Mine;
  - f) the full name and address of the Columbia Mine;
  - g) the full name and address of the Oil Wells;

- h) the agreement(s) between Blacksand Gold Inc. and 611 BC;
- i) the agreement(s) between Blacksand Gold Inc. and Placer One;
- j) the agreement(s) between Placer One and New North; and
- k) the agreement(s) between Petra Capital and 611 BC.

*611 BC's Apparent Connection to Onstar*

- 252 Through its examination of various email correspondence, the Receiver notes that Pinnell was actively involved in sourcing and closing the Onstar Subscription Agreements and the funding secured by Onstar under same. Pinnell is included on almost all correspondence between Onstar and Housego that the Receiver has obtained. In addition, the Receiver obtained email correspondence between Mr. Braun and Housego that makes reference to Blacksand's involvement in Onstar's operations.
- 253 In his numerous discussions with the Receiver, Pinnell has made no reference to Onstar nor any of the parties noted above. The relationship between Mr. Braun and Pinnell supports the Receiver's plan to perform an examination under oath of each of them in Toronto.

**Inca Loans**

- 254 Inca entered into the following Settlement Loans with the following Crystal Wealth Funds:
- a) one (1) Settlement Loan dated December 28, 2015 with the Bullion Fund consisting of three tranches of funding – expiring January 1, 2017, April 1, 2017, and June 1, 2017 (the **"Inca 1 Loan"**); and
  - b) one (1) Settlement Loan with the Hedge Fund dated December 5, 2016 – expiring on December 1, 2017 (the **"Inca 2 Loan"**, and together, the **"Inca Loans"**).
- 255 Inca is a Canadian-based mineral resource company and mineral processing company with a Gold milling facility in Peru. The Company is publically traded on the TSX Venture Exchange, the Frankfurt Stock Exchange, and the Santiago Stock Exchange Venture.
- 256 On June 7, 2017, Inca provided a proposal to the Receiver which proposed that Inca settle the Inca Loans for a cumulative value of \$1,000,000 over the course of 52 weeks

beginning June 26, 2017. The proposal also included an alternative for Inca to repay the original face value (i.e. the acquisition cost) of the Inca Loans plus a 2.5% annual interest rate, for total proceeds of approximately \$725,000 within 60 days. Due to the commencement of the Sales Process, the Receiver declined this proposal.

#### *Financial Position of Inca*

257 Throughout the Receivership Proceedings, the Receiver has continued to monitor the financial results of Inca. Upon review of Inca's most recent audited financial results for the 12 months ending April 30, 2017, Inca incurred a net loss of \$2,997,722 and had **negative** cash flows from operations of \$3,474,200. As a result, the audited financial statements contained the following disclosure stating that Inca's financial performance:

*"...indicate[s] a material uncertainty that may cast significant doubt on [Inca's] ability to continue as a going concern. Management intends to finance operating costs over the year with the proceeds from debt financing, equity financing, its current working capital, proceeds from option and warrant exercises, and net profits from processing operations at the Company's gold milling facility in Peru. On August 26, 2016, the Company restructured and settled approximately \$13.5 million of the Company's long and short term debt and related unpaid interest.*

*The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and... its ability to raise equity capital or borrowings sufficient to meet current and future obligations."*

(the "Going Concern Note"):

258 The Receiver notes that after Inca had to restructure \$13.5 million of its debt, Housego, on behalf of the Hedge Fund, entered into the Inca 2 Loan whereby the Hedge Fund advanced approximately \$320,000 to Inca; putting more money into an already distressed company.

259 Inca's most recent interim consolidated financial results, approved by the board of directors on September 28, 2017, demonstrate that for the three months ending July 31, 2017, Inca incurred a net loss of \$575,883 and had **negative** cash flow from operations of \$154,315. As at July 31, 2017, Inca had total liabilities of approximately \$7,081,088 (\$2.74 million of which are secured debentures), and a reported cash balance of \$719,974.

Although the financial results were somewhat improved, the interim financial statements still contained the Going Concern Note; putting into question Inca's ability to continue operations.

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

#### *Potential Recovery*

- 261 After determining that no management takeover offers would be accepted through the Sales Process, the Receiver inquired as to Inca's financial position and ability to repay the Inca Loans. Inca advised that it did not have the financial resources to repay the Inca Loans in full, however, stated that it would put forth a payment proposal in short order.
- 262 On November 9, 2017, the Receiver sent follow-up email correspondence to Inca advising that a proposal had not been received. The Receiver will continue to follow up until a proposal is received from Inca.
- 263 Under the Inca Loans, the Hedge Fund and Bullion Fund are both unsecured creditors. Accordingly, if Inca does not deliver payment in accordance with the Inca Loans, or if a satisfactory alternative arrangement cannot be agreed upon, the Receiver's enforcement options as against Inca are limited.

#### **Solid Holdings Loan**

- 264 Solid Holdings entered into one (1) Settlement Loan with the Factoring Fund dated February 13, 2017 – expiring February 13, 2018. Under the Solid Holdings Loan, the Factoring Fund advanced \$300,306 to Solid Holdings.
- 265 In the Receiver's initial discussions with Solid Holdings, the Receiver was advised that Solid Holdings was undergoing significant financial and operational challenges.
- 266 On October 25, 2017, the Receiver requested that Solid Holdings provide an update as to the status of its operations. Solid Holdings advised the Receiver that production at its operations had experienced issues during the summer months as a result of the wildfires in British Columbia, however, mining had recently commenced. Furthermore, Solid Holdings advised that its senior secured lender had recently called its loans resulting in



Solid Holdings' pursuit of replacement financing. Solid Holdings advised that it was owed monies from a number of third parties who have failed to remit payment and that the payment of these balances were critical to Solid Holdings being able to settle the Solid Holdings Loan.

267 On October 30, 2017, the Receiver requested that Solid Holdings provide the following information to evaluate the claims made by Solid Holdings:

- a) the most recent financial statements for Solid Holdings;
- b) the name(s) and location(s) of the mine(s) which is/are currently being developed by Solid Holdings and the entities and/or parties involved in the development of said mine(s);
- c) status reporting on said mine(s), including but not limited to SGS Reports;
- d) information relating to the proceedings commenced by the secured lender and details regarding sources of potential new funding to replace same; and
- e) the listing of accounts receivable owed to Solid Holdings.

268 After numerous follow up correspondence to Solid Holdings, on November 2, 2017 Solid Holdings stated the following:

*"As I am presently in a stressful week working with the [senior secured lender] lawyer in Toronto, and considering all my options, I will respond in some fashion to receiver next week."*

269 The Receiver sent follow-up email correspondence on November 14, 2017, however, as at the date of this Second Report, the information requested by the Receiver has not yet been provided.

## **CONCLUSION**

270 Each of the Gold Loans appear to be greatly impaired given that the Factoring Fund, Hedge Fund, and Bullion Fund are unsecured creditors under the respective agreements, and given that the Gold Sellers are, or appear to be experiencing financial challenges, putting into question their ability to repay the Gold Loans, whether in cash or in Gold.

- 271 Given the lack of due diligence performed by Housego and/or the Company prior to entering into the Gold Loan agreements, it is not surprising that the Factoring, Hedge and Bullion Funds are now in high risk position with respect to receiving any realizations from the Gold Loans. Had proper due diligence been conducted by Housego and/or the Company, it would have highlighted the above noted issues with the Gold Sellers, such that funds ought not to have ever been advanced by the Factoring, Hedge, and Bullion Funds on account of the Gold Loans.
- 272 With Housego being the main point of contact to the Gold Sellers, and the individual who entered into all of the Gold Loans, the Receiver is requesting that Housego be examined under oath in Toronto. The significant impairments with the Factoring Contracts held by the Factoring and Hedge Funds, for which Housego was also directly involved as the Lead Portfolio Strategist, further support the Receiver's request to examine Housego under oath in Toronto.
- 273 The Gold Loans do not appear to fit into the Factoring and Bullion Funds' investment objectives and/or strategy based on the wording contained in the Funds' respective OMs. It is unclear if the Gold Loans would be considered appropriate investments in the Hedge Fund given the broad wording contained in the Hedge Fund's OM.

## **COMMERCIAL LOANS**

### **BACKGROUND**

- 274 As outlined in the First Report, the Company entered into Commercial Loans which included:
- a) a loan agreement with Pond dated December 15, 2015 (as amended, the "**Pond Loan Agreement**") with a principal value of \$4,500,000, at an interest rate of 12% payable quarterly in arrears, maturing on February 2, 2018 (the "**Pond Loan**");
  - b) loan agreements with the following entities (all of which are under the control of a common individual, Clydesdale, and are collectively referred to as the "**OOM Energy Group**"):
    - i) Magnitude CS Energy Inc. (formerly, 2445958 Ontario Inc.) ("**Magnitude**");

ii) 2441472 Ontario Inc. ("**1472 Ontario**"), as guaranteed by 2404783 Ontario Corp. ("**4783 Ontario**");

iii) MCSnoxrecovery Inc. ("**MCSnox**"); and

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

Based on the Company's books and records and the information obtained by the Receiver thus far, it appears that the Commercial Loans between the Company and the OOM Energy Group have a cumulative principal balance of approximately \$12,535,270 plus outstanding interest as at October 31, 2017 of approximately \$1,285,687 totaling \$13,820,956 (the "**OOM Energy Balance**");

c) a promissory note between 1092545 B.C. Ltd. ("**109 BC**"), as borrower, and the Company, as lender, dated November 4, 2016 for a principal balance of US \$125,000, which has matured (the "**109 BC Promissory Note**");

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

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

275 For each of the above Commercial Loans, with the exception of the Cinnos Promissory Note and the Kanwal Mortgage, assignment agreements were entered into between the Company and certain of the Crystal Wealth Funds whereby the Commercial Loans were assigned from the Company to the applicable Crystal Wealth Fund.

276 The table below outlines the combined principal and interest owed to the various Crystal Wealth Funds as at October 31, 2017 under the Commercial Loans:

| Entity       | Outstanding Principal and Interest |                   |                          |                      |                           | Total               |
|--------------|------------------------------------|-------------------|--------------------------|----------------------|---------------------------|---------------------|
|              | Mortgage Fund                      | Factoring Fund    | High Yield Mortgage Fund | Infra-structure Fund | Sustainable Property Fund |                     |
| Pond         | \$ 3,588,000                       | \$ -              | \$ 571,511               | \$ -                 | \$ -                      | \$ 4,159,511        |
| Magnitude    | 1,251,973                          | -                 | -                        | 5,692,102            | -                         | 6,944,075           |
| 1472 Ontario | 1,872,658                          | -                 | -                        | -                    | -                         | 1,872,658           |
| MCSnox       | 2,772,004                          | -                 | -                        | -                    | -                         | 2,772,004           |
| MCSAB        | -                                  | -                 | -                        | -                    | 2,232,219                 | 2,232,219           |
| 109 BC       | -                                  | 169,685           | -                        | -                    | -                         | 169,685             |
| Cinnos       | -                                  | -                 | -                        | 342,340              | -                         | 342,340             |
| Kanwal       | 226,667                            | -                 | -                        | -                    | -                         | 226,667             |
| <b>Total</b> | <b>\$ 9,711,302</b>                | <b>\$ 169,685</b> | <b>\$ 571,511</b>        | <b>\$ 6,034,442</b>  | <b>\$ 2,232,219</b>       | <b>\$18,719,159</b> |

#### **RECEIVER'S KEY FINDINGS AND ACTIONS**

- 277 Although the OMs for the Infrastructure Fund and Sustainable Property Fund appear to contemplate investments like the applicable Commercial Loans, the "Investment Objective" and/or "Investment Strategy" sections of the OMs for the Mortgage Fund, Factoring Fund, and the High Yield Mortgage Fund, do not suggest that this type of investment would ever be made by the applicable Fund. Accordingly, the OMs are highly misleading to investors. The Receiver's communications with investors support this. Numerous investors have communicated to the Receiver that they were unaware of the large investments in Commercial Loans, and expected their invested capital to be deployed with a different strategy and purpose.
- 278 This section (paragraphs 279 to 286 below) summarizes the actions taken and the significant issues identified by the Receiver with respect to the Pond Loan and the Commercial Loans made to the OOM Energy Group. The remainder of this section of the Second Report (paragraphs 287 to 344) provides a more detailed account of the events that have transpired since the First Report regarding the Commercial Loans.

## **Pond – Pond Loan Amendment**

- 279 Shortly after the Appointment Order, Pond advised the Receiver that it was unable to repay the interest and/or principal owing under the Pond Loan, as it had limited liquidity, and Pond was seeking external financing. Due to Pond's limited assets, immediate enforcement of the Pond Loan by the Receiver would have likely resulted in a shortfall in recovery for the Mortgage and High Yield Mortgage Funds and investors thereof.
- 280 The Receiver and Pond entered into the Pond Amendment which, among other things, extended the maturity of the Pond Loan and restructured the timing of the required principal and interest payments. In addition, the Receiver exercised an option granted under the Pond Loan Agreement to require Pond to enter into the Pond Intellectual Property Security Agreement (the "**Pond IPSA**"). The Company's first position security over the assets of Pond otherwise remains unchanged.

## **The OOM Energy Group – Default and Demands**

- 281 On October 26, 2017, for the Commercial Loans issued to the OOM Energy Group, A&B, on behalf of the Receiver, issued default notices (the "**OOM Default Notices**") to the OOM Energy Group, Clydesdale, and Clydesdale's counsel:
- a) advising certain OOM Energy Group entities that their failure to make the required interest payments when due under the terms of the applicable loan agreement(s) triggered an Event of Default under the applicable loan agreement(s);
  - b) advising all OOM Energy Group entities that their failure to provide the information requested by the Receiver on May 18, 2017 and June 6, 2017 in connection with the various loan agreements is an Event of Default under same;
  - c) requesting the most recent review engagement report for each of Magnitude, 1472 Ontario, MCSnox, and MCSAB, as provided for in their respective loan agreements;
  - d) making formal demand for payment of interest or principal owing under certain of the loans issued to OOM Energy Group, to the extent that such amounts were payable on demand without a default notice.

- 282 The cure period provided under the applicable loan agreements in respect of the payment defaults identified in the OOM Default Notices expired without a response from the OOM Energy Group, Clydesdale, or counsel thereto, Bill McKenzie ("**McKenzie**").
- 283 On November 11, 2017, McKenzie sent an e-mail to the Receiver and A&B, which email did not respond to the substantive issues mentioned in the OOM Default Notices, and instead asked for copies of the documents referred to therein (the "**McKenzie Email**"). In the McKenzie Email, McKenzie also provided that his client "wants to meet with the Receiver and arrange a final resolution." A copy of the McKenzie Email is attached hereto as **Appendix "47"**.
- 284 In addition, the Receiver is requesting that this Court issue an Order compelling Clydesdale to produce the documents that have been requested by the Receiver on numerous occasions to better evaluate the Commercial Loans to the OOM Energy Group and the financial health of the underlying OOM Energy Group entities.
- 285 On November 13, 2017, A&B, on behalf of the Receiver, issued demand letters and BIA Notices to the OOM Energy Group (as further described and detailed below), together with Clydesdale (in his personal capacity, as a guarantor of certain arrangements with Magnitude) (the "**OOM Demand Letters**"). On the same date, courtesy copies of the OOM Demand Letters were sent to each of Clydesdale and McKenzie by e-mail, attaching copies of the indicative loan agreements and transactional documents that were referred to in the OOM Demand Letters.

#### **Compliance with OMs**

- 286 As outlined above, the Commercial Loans are held primarily by the Mortgage Fund, Infrastructure Fund, and Sustainable Property Fund. The Receiver has the following comments on whether Commercial Loans are consistent with the investment objectives of these Funds:
- a) **Infrastructure Fund** – The Commercial Loans assigned to the Infrastructure Fund appear to be of a nature that in compliance with the investment objectives of the Infrastructure Fund, although there is a high level of concentration risk, as 94.3% of the Commercial Loans assigned to this Fund are made with Magnitude;

- b) **Sustainable Property Fund** – the MCSAB Loan is structured according to Islamic finance concepts, and thus appears to be in compliance with the OM of the Sustainable Property Fund and its investment objective;
- c) **Mortgage Fund** – the investment objective of the Mortgage Fund is to “...generate a consistently high level of interest income...by investing primarily in residential mortgages in Canada”; Accordingly, the Commercial Loans held by the Mortgage Fund are not in compliance with this investment objective.

#### RECEIVER’S DETAILED REVIEW OF THE COMMERCIAL LOANS

##### **Pond Technologies Inc.**

- 287 Pond was incorporated on May 27, 2008 under the laws of Canada, with the purpose of pursuing microalgal biomass production using raw stack gas emissions from industrial emitters. Pond remains in the development stage of its business, has not yet reached profitability, and has relied on non-conventional sources of financing to fund operations.
- 288 Subsequent to the execution of the Pond Loan Agreement, the Company executed various participation agreements assigning the rights to a stated portion of the Pond Loan to the Mortgage Fund, High Yield Mortgage Fund, and an individual, Suzanne West, resulting in the following participation amounts of the Pond Loan:

| Fund      | Principal Balance | Principal Balance Allocation |                          |              |
|-----------|-------------------|------------------------------|--------------------------|--------------|
|           |                   | Mortgage Fund                | High Yield Mortgage Fund | Suzanne West |
| Pond Loan | \$ 4,500,000      | \$ 2,950,000                 | \$ 550,000               | \$ 1,000,000 |

- 289 Pursuant to a subordination and postponement agreement between St. Mary’s Cement Inc., the Company, and Pond dated February 19, 2016, the Company is the first secured creditor of all of the assets of Pond. In addition, pursuant to the Pond IPSA, the Receiver is the first secured creditor of Pond’s patents, copyrights and trademarks.
- 290 Pursuant to amending letter agreements dated October 5, 2016, October 20, 2016, October 26, 2016, and February 8, 2017, the Company agreed to defer, but not waive, the payment of interest by Pond pursuant to the Pond Loan Agreement. As at the date of the Receiver’s appointment, Pond owed the Company approximately \$270,283 in overdue interest.

### *The Receiver's Discussions with Pond*

- 291 In initial discussions with the Receiver, Pond advised the Receiver that it was unable to repay the interest and/or principal owing under the Pond Loan as it had limited liquidity. Moreover, Pond stated that prior to the appointment of Receiver, Smith had verbally assured Pond that the Company would commit to converting the entire Pond Loan into equity in Pond (half of the Pond Loan converted into shares of Pond at a price of \$2.00 per share while the other half would be converted at a price of \$2.40 per share).
- 292 Pond advised that it had been planning to go public via a reverse take-over ("**RTO**") bid by Ironhorse Oil & Gas Ltd., a public company listed on the TSX Venture Exchange (TSX.V: IOG) ("**Ironhorse**") (i.e. Ironhorse would acquire the common shares of Pond) (the "**RTO Transaction**"). Pond further advised that the aforementioned assurances regarding the debt to equity conversion were provided by Smith, on behalf of the Company, in subsequent discussions with Ironhorse as well as with the brokers engaged by Pond to raise additional equity and complete the RTO Transaction
- 293 .On June 12, 2017, Pond provided the Receiver with a confidential draft-unsigned letter of intent from Ironhorse outlining proposed terms of the RTO Transaction. Pond advised that the RTO Transaction would not be achievable unless some alternative arrangements were made to the current structure of the Pond Loan Agreement.

### *The Pond Loan Amendment*

- 294 A number of subsequent discussions and meetings took place between the Receiver and Pond eventually leading to the Receiver and Pond entering into the Pond Loan Amendment dated August 11, 2017 (the "**Pond Loan Amendment**"), attached hereto as **Appendix "48"**. The Pond Loan Amendment included, among other things, the following changes to the Pond Loan Agreement:
- a) Maturity – extended to June 30, 2019 (a 1.5 year extension);
  - b) Principal Payments – Pond shall repay the loan principal as follows:
    - i) \$1,000,000 by December 31, 2017;



- ii) 20% of the proceeds received by Pond from one or more financing transactions once the aggregate amount of such financing transactions is equal to or greater than \$10,000,000; and
  - iii) in full (including all principal, interest and other fees owing and outstanding) upon the Date of Termination (defined in the Pond Loan Amendment as the earlier of: (i) June 30, 2019; or (ii) the date upon which an Event of Default occurs);
- c) Interest Payments – Pond shall repay the loan interest as follows:
- i) \$581,399 on November 30, 2017 (representing the accrued interest from October 1, 2016 to November 30, 2017);
  - ii) quarterly interest payments commencing on December 31, 2017 and thereafter on the last day of March, June, September, and December of each year at a rate of 8% per annum; and
  - iii) a delayed interest payment accruing on a daily basis of 4% (i.e. the differential from the 12% interest rate) due upon the Date of Termination (estimated to be \$293,934 if principal is paid upon maturity).

295 On August 15, 2017, Pond issued a notice to its shareholders that, among other things, advised of:

- a) a successful equity financing raise of \$1.6 million through a brokered private placement;
- b) the Pond Loan Amendment; and
- c) the execution of a letter of intent with Ironhorse to continue pursuing the RTO Transaction.

A copy of the notice to shareholders issued by Pond is attached to this Second Report as **Appendix “49”**.

296 The receiver entered into a further amending agreement in respect of the Pond Loan on November 16, 2017 (the “**Second Pond Loan Amendment**” and, together with the Pond

Loan Amendment, the “**Pond Loan Amendments**”). The Second Pond Loan Amendment changed the date of the first interest payment noted above from November 30, 2017 to December 21, 2017, in consideration of an extension fee of \$10,000 to be paid by Pond to the Receiver. A copy of the Second Pond Loan Amendment attached to this Second Report as **Appendix “50”**.

### *Conclusion*

297 The Pond Loan Amendments restructured Pond's indebtedness to increase the likelihood of recovery for the Mortgage and High Yield Mortgage Funds. Moreover, the two Funds maintained a first secured position in the assets of Pond. A conversion of the Pond Loan to equity, as Smith purportedly agreed to in principle prior to the Appointment Order, would have resulted in the investors having no security over the assets of Pond.

### **OOM Energy Group**

298 The table below outlines the portion of the OOM Energy Balance owing to the Mortgage Fund, Infrastructure Fund, and the Sustainable Property Fund:

| Entity       | Outstanding Principal and Interest |                     |                           |  | Total                |
|--------------|------------------------------------|---------------------|---------------------------|--|----------------------|
|              | Mortgage Fund                      | Infrastructure Fund | Sustainable Property Fund |  |                      |
| Magnitude    | \$ 1,251,973                       | \$ 5,692,102        | \$ -                      |  | \$ 6,944,075         |
| 1472 Ontario | 1,872,658                          | -                   | -                         |  | 1,872,658            |
| MCSnox       | 2,772,004                          | -                   | -                         |  | 2,772,004            |
| MCSAB        | -                                  | -                   | 2,232,219                 |  | 2,232,219            |
| <b>Total</b> | <b>\$ 5,896,635</b>                | <b>\$ 5,692,102</b> | <b>\$ 2,232,219</b>       |  | <b>\$ 13,820,956</b> |

### *Magnitude CS Energy Inc.*

299 The Company entered into a loan agreement dated July 6, 2016 with Magnitude (as borrower) and Clydesdale (in his individual capacity, as guarantor) (the “**Magnitude Working Capital Loan Agreement**”) which, among other things, included the following terms:

a) Purpose – for general operating expenses and working capital;

b) Principal – \$3,000,000 due upon maturity;

c) Interest – 13% due quarterly; and

d) Maturity – July 6, 2021

(the “**Magnitude Working Capital Loan**”).

- 300 The Magnitude Working Capital Loan is primarily accounted for in the Infrastructure Fund, pursuant to assignment agreements in respect of certain promissory notes representing advances thereunder. Some additional indebtedness that appears to arise pursuant to the Magnitude Working Capital Loan is assigned to the Mortgage Fund.
- 301 The most recent interest payment received by either the Infrastructure Fund or the Mortgage Fund on account of the Magnitude Working Capital Loan was received by the former on January 3, 2017. Interest is required to be paid quarterly (i.e. the next payment was due on March 31, 2017). This March 31 quarterly payment, and subsequent quarterly payments, have not been made. This non-payment is an Event of Default (as defined in the Magnitude Working Capital Loan Agreement).
- 302 In addition to the arrangements under the Magnitude Working Capital Loan Agreement as referred to above, the Company also entered into a series of promissory notes made between the Company and Magnitude (collectively, the “**Magnitude Factoring Promissory Notes**”), the proceeds of which were apparently used to pay accrued interest and partial payment of principal for a factoring agreement made between the Factoring Fund and Magnitude on July 11, 2015 (the “**Magnitude Factoring Agreement**”), and which promissory notes were subsequently assigned to the Infrastructure Fund.
- 303 As at October 31, 2017, the Company’s books and records indicate that a total of approximately \$3,312,484 is owing under the Magnitude Factoring Promissory Notes (principal and interest of \$3,008,071 and \$304,413 respectively). Each of the Magnitude Factoring Promissory Notes provides that interest and principal are due on demand.
- 304 On October 26, 2017, A&B, on behalf of the Receiver, issued a default and demand letter (the “**Magnitude Default & Demand Letter**”) to Magnitude, with a courtesy copy to Clydesdale, that, among other things, advised Magnitude of:

- a) its failure to make the required interest payments when due under the terms of the Magnitude Working Capital Loan Agreement, constituting an Event of Default under the loan agreement;
- b) its failure to provide the information requested by the Receiver on May 18, 2017 and June 6, 2017 in connection with the Magnitude Working Capital Loan Agreement, constituting an Event of Default under the loan agreement;
- c) the Receiver's request for Magnitude's most recent review engagement report pursuant to Article 2 under the "Covenants" heading of the Magnitude Working Capital Loan Agreement;
- d) the Receiver's formal demand for payment of the indebtedness owing under the Magnitude Promissory Notes as at September 30, 2017 (\$3,176,017.85 plus professional fees and accruing interest); and
- e) an enclosed BIA Notice.

A copy of the Magnitude Default & Demand Letter is attached to this Second Report as **Appendix "51"**. As at the date of this Second Report, the specified defaults have not been cured.

305 On November 13, 2017, A&B, on behalf of the Receiver, issued a further demand letter to Magnitude (the "**Magnitude Demand Letter**"), making formal demand on the entire indebtedness outstanding under the Magnitude Working Capital Loan Agreement, and reiterating the Receiver's demand on the Magnitude Promissory Notes, and enclosing a BIA Notice. A demand letter was also issued to Craig Clydesdale, in his personal capacity as guarantor of the indebtedness under the Magnitude Working Capital Loan Agreement (the "**Clydesdale Demand Letter**"). Copies of the Magnitude Demand Letter and Clydesdale Demand Letter are attached to this Second Report as **Appendix "52"**.

*2441472 Ontario Inc. (Mortgage Fund)*

306 The Mortgage Fund entered into a loan agreement with 1472 Ontario (as borrower) and 4873 (as guarantor) dated November 7, 2014 (the "**1472 Ontario Loan Agreement**") which includes the following terms:

- a) Purpose – To finance up to 100% of the installed cost of a MCS COGEN MARK 6 CoEnergyPoD, to be deployed at the premises of St. Mary's Cement Inc. (Canada) located at 55 Industrial St., Toronto, Ontario;
- b) Principal – \$1,800,000 due upon maturity (a prepayment option is available to the Company on December 8, 2017);
- c) Interest – 13% due monthly; and
- d) Maturity – November 7, 2029

(the “**1472 Ontario Loan**”).

307 The 1472 Ontario Loan was assigned to the Mortgage Fund, pursuant to a participation agreement dated November 2, 2016.

308 According to the books and records of the Company, the most recent interest payment received by the Mortgage Fund with respect to the 1472 Ontario Loan was received in March 2017. As interest is required to be paid monthly, the non-payment of interest since March 2017 is an Event of Default under the 1472 Ontario Loan Agreement.

309 On October 26, 2017, A&B, on behalf of the Receiver, issued a default notice (the “**1472 Ontario Default Notice**”) to 1472 Ontario and Clydesdale that, among other things, advised of:

- a) 1472 Ontario's failure to make the required interest payments when due under the terms of the 1472 Ontario Loan Agreement – an Event of Default under the 1472 Ontario Loan Agreement;
- b) 1472 Ontario's failure to provide the information requested by the Receiver on May 18, 2017 and June 7, 2017 in connection with the 1472 Ontario Loan Agreement – an Event of Default under the 1472 Ontario Loan Agreement; and
- c) the Receiver's request that 1472 provide its most recent review engagement report to the Receiver, as required under the 1472 Ontario Loan Agreement.

A copy of the 1472 Ontario Default Notice is attached hereto as **Appendix “53”**. As at the date of this Second Report, the specified defaults had not been cured.

310 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**1472 Ontario Demand Letter**"), making formal demand on 1472 Ontario for repayment of the entire indebtedness outstanding under the 1472 Ontario Loan Agreement, and enclosing a BIA Notice. A copy of the 1472 Ontario Demand Letter is attached hereto as **Appendix "54"**.

*MCSnoxrecovery Inc.*

311 The Company entered into a loan agreement with MCSnox dated March 8, 2015 (the "**MCSnox 2015 Loan Agreement**") which includes the following terms:

- a) Purpose – to complete the first Pond algae bioreactor installation at St. Mary's Cement, Leaside, ON and for working capital purposes;
- b) Principal – \$550,000 due upon maturity, or if borrower completes an equity financing greater than the principal amount, or on an event of default;
- c) Interest – \$300,000 due on June 6, 2015 then 11% commencing January 1, 2016 thereafter, due on demand;
- d) Maturity – March 8, 2026;

(the "**MCSnox 2015 Loan**").

312 According to the books and records of the Company, the most recent interest payment received by the Mortgage Fund with respect to the MCSnox 2015 Loan was received in December 2016.

313 In addition to the MCSnox 2015 Loan Agreement, the Company entered into a separate agreement with MCSnox dated November 2, 2016 (the "**MCSnox 2016 Loan Agreement**", and together with the MCSnox 2015 Loan Agreement, the "**MCSnox Loan Agreements**") which includes the following terms:

- a) Purpose – to complete the first Pond algae bioreactor installation at St. Mary's Cement, Leaside, ON and for working capital purposes;
- b) Principal – \$2,000,000 due upon maturity, or if borrower completes an equity financing greater than the principal amount, or on an event of default;

c) Interest – 11% due on demand;

d) Maturity – November 7, 2029;

(the “**MCSnox 2016 Loan**”, together with the MCSnox 2015 Loan, the “**MCSnox Loans**”).

314 The MCSnox Loans were assigned to the Mortgage Fund, pursuant to an assignment agreement dated November 2, 2016.

315 According to the books and records of the Company, the most recent interest payment received by the Mortgage Fund with respect to the MCSnox 2016 Loan was received in December 2016.

316 On October 26, 2017, A&B, on behalf of the Receiver, issued a default and demand letter (the “**MCSnox Default & Demand Letter**”) to MCSnox which, among other things, advised of:

a) the Receiver’s formal demand for payment of the interest owing under the MCSnox Loans, which as at September 30, 2017 totaled \$198,181;

b) MCSnox’s failure to provide the information requested by the Receiver on May 18, 2017 and June 7, 2017 in connection with the MCSnox Loan Agreements, constituting an Event of Default under each of the MCSnox Loan Agreements; and

c) the Receiver’s request that MCSnox provide its most recent review engagement report, as required under the MCSnox Loan Agreements.

A copy of the MCSnox Default & Demand Letter is attached hereto as **Appendix “55”**.

317 On November 3, 2017, A&B, on behalf of the Receiver, issued a subsequent default notice (the “**MCSnox Second Default Notice**”) to MCSnox and Clydesdale which advised MCSnox that it had failed to remit payment of the accrued interest under the MCSnox Loans as demanded in the MCSnox Default & Demand Letter and that such failure was an Event of Default under each of the MCSnox Loan Agreements. As at the date of this Second Report, the defaults specified in each of the above-noted letters have not been cured. A copy of the MCSnox Second Default Notice is attached hereto as **Appendix “56”**.

318 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the **"MCSnox Demand Letter"**), making formal demand on MCSnox for repayment of the entire indebtedness outstanding under the MCSnox Loan Agreements, and enclosing a BIA Notice. A copy of the MCSnox Demand Letter is attached hereto as **Appendix "57"**.

*MCSAB10 Inc.*

319 The Company entered into a loan agreement among MCSAB (as borrower) and 4873 Ontario Corp (as guarantor), dated November 28, 2016 (the **"MCSAB Loan Agreement"**), which includes the following terms:

- a) Purpose – To finance up to 90% of the installed cost of a MCS COGEN MARK 6 CoEnergyPoD, to be deployed at the premises of Imaginea Energy Corp. located in Jenner, Alberta;
  - b) Principal – \$2,600,000 due upon maturity (\$2,000,000 had been advanced);
  - c) User Fees – 13% due monthly;
  - d) Maturity – December 9, 2019;
- (the **"MCSAB Loan"**).

320 The MCSAB Loan was assigned to the Sustainable Property Fund, pursuant to an assignment agreement with the Company dated December 9, 2016.

321 According to the books and records of the Company, no payments have been received by the Company or the Sustainable Property Fund with respect to the MCSAB Loan. As payments are required to be made paid monthly, non-payment is an Event of Default under the MCSAB Loan Agreement.

322 On October 26, 2017, A&B, on behalf of the Receiver, issued a default notice (the **"MCSAB Default Notice"**) to MCSAB, with a courtesy copy to 4873 Ontario, which, among other things, advised of:

- a) MCSAB's failure to make the required payments when due under the terms of the MCSAB Loan Agreement, constituting an Event of Default thereunder;



- b) MCSAB's failure to provide the information requested by the Receiver on May 18, 2017 in connection with the MCSAB Loan Agreement, constituting an Event of Default;
- c) false representations and warranties made by MCSAB and 4873 Ontario with respect to the existence of certain competing security interests, constituting an Event of Default; and
- d) the Receiver's request that MCSAB provide its most recent review engagement report to the Receiver pursuant to Article 2 of the MCSAB Loan Agreement.

A copy of the MCSAB Default Notice is attached to this Second Report as **Appendix "58"**.

- 323 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**MCSAB Demand Letter**"), making formal demand on MCSAB for repayment of the entire indebtedness outstanding under the MCSAB Loan Agreements, and enclosing a BIA Notice. A copy of the MCSAB Demand Letter is attached hereto as **Appendix "59"**.

#### *4873 Ontario*

- 324 As noted above, 4873 Ontario is a guarantor of the applicable debtor's obligations under each of the 1472 Loan Agreement and the MCSAB Loan Agreement.
- 325 On November 13, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**4873 Demand Letter**") making formal demand on 4873 Ontario for repayment of the entire indebtedness outstanding under each of the 1472 Loan Agreement and the MCSAB Loan Agreement. A copy of the 4873 Demand Letter is attached hereto as **Appendix "60"**.

#### *Status of Demands*

- 326 As at the date of this Second Report, none of the OOM Energy Group entities have responded to the OOM Demand Letters issued by the Receiver.

#### *Examination of Clydesdale*

- 327 As detailed in the First Report, on May 18, 2017, the Receiver conducted a call with Bill McKenzie ("**McKenzie**"), Clydesdale's counsel. During the call, McKenzie had little knowledge of the specifics surrounding the OOM Energy Group and the loans issued to same. Upon request for Clydesdale to provide documents related to the OOM Energy Loans, McKenzie advised that such documents would be provided after a written request

was issued, outlining the specific documents required by the Receiver. The Receiver issued a document request list concerning loans issued to the OOM Energy Group on June 7, 2017. As at the date of this Second Report, neither McKenzie nor Clydesdale have provided the documents requested.

- 328 As particularized above, Clydesdale has yet to respond to any of the Receiver's default notices, demands, or requests for information in respect of any of the OOM Energy Group entities, either personally or via his counsel, with the exception of the November 11, 2017 McKenzie Email which, as noted above, did not provide a substantive response or promise any corrective action. As the Receiver anticipates Clydesdale and his counsel will continue to be uncooperative, and as further background information is necessary to properly evaluate the Company's dealings with the OOM Energy Group and the scope of any possible recovery from same, the Receiver will be issuing a notice for Clydesdale to attend at an examination under oath in Toronto in due course.
- 329 In addition, the Receiver is requesting that this Court issue an Order compelling Clydesdale to produce the documents that have been requested by the Receiver on numerous occasions to better evaluate the Commercial Loans to the OOM Energy Group and the financial health of the underlying OOM Energy Group entities.
- 330 None of the foregoing is intended to waive or limit any remedies which may be exercised by the Receiver in connection with the enforcement of any of the Commercial Loans to the OOM Energy Group, or any rights of examination or production in connection therewith as already authorized by the Appointment Order.

#### **1092545 B.C. Ltd. (Factoring Fund)**

- 331 The 109 BC Promissory Note was assigned to the Factoring Fund pursuant to an assignment agreement with the Company dated November 9, 2016.
- 332 The 109 BC Promissory Note matured on the earlier of 90 days following the date it was made or the date that Century Energy Ltd. receives TSX.V approval to advance funds to 109 BC, at which point all principal and accrued interest became payable. The Company's books and records indicated that neither the principal nor interest had been paid.
- 333 The 109 BC Promissory Note provides that it is secured by a trust account deposit held by Morton Law LLC ("**Morton Law**"). The 109 BC Promissory Note states that: "*The*

*current balance of the Morton Law trust account held for the Borrower is \$250,000 USD*'. Under the 109 BC Promissory Note, the Company is also entitled to 20% of US \$125,000 in shares of Century Energy Ltd. if and when that company acquires 109 BC (the "**Share Bonus**").

- 334 On October 26, 2017, A&B, on behalf of the Receiver, issued a demand letter (the "**109 BC Demand Letter**") to 109 BC, with a courtesy copy to Morton Law LLC, making formal demand for payment of US \$125,000 together with accrued interest and the Share Bonus, if applicable. A copy of the 109 BC Demand Letter is attached hereto as **Appendix "61"**.
- 335 Certain aspects of the background of the principal of 109 BC, Marcel Rada ("**Mr. Rada**"), provides some reason to be suspicious about the 109 BC Promissory Note. Particularly, Mr. Rada appears to have a history of engaging in similarly structured transactions in which investors are not repaid in full, as set out in the agreed facts of *Re Rada*, [2011] IIROC No. 27, a decision of the Investment Industry Regulatory Organization of Canada ("**IIROC**") discussed immediately below.
- 336 Mr. Rada was formerly a registered investment dealer. In response to enforcement efforts of IIROC, Mr. Rada entered into a settlement agreement, where he, amongst other things, admitted to engaging in off-book transactions, without the knowledge or consent of his employer, at least some of which (like the transaction between the Company and 109 BC) were structured as bridge financing, evidenced by promissory notes containing a share bonus. The indebtedness created by these transactions was never repaid in full, and Mr. Rada obtained a personal benefit from same. A copy of *Re Rada*, [2011] IIROC No. 27, is attached hereto as **Appendix "62"**.
- 337 On October 30, 2017, in a call with A&B, Mr. Rada acknowledged that the 109 BC Promissory Note was in fact overdue. Mr. Rada also stated that he is in the process of negotiating with the Guyanese government regarding certain mining permits, and that the success of these permits will affect how 109 BC repays the 109 BC Promissory Note.
- 338 A&B, on behalf of the Receiver, sent an email to Mr. Rada confirming that the call occurred and the facts noted in the previous paragraph. A&B requested that Mr. Rada provide documentary confirmation regarding the status of the required mining permits by November 3, 2017 and that a repayment proposal be delivered to the Receiver by November 15, 2017. On November 16, 2017, Mr. Rada telephoned A&B, advising that no

documentary evidence of any sort regarding mining permits was available, and that a repayment proposal would be delivered by November 21, 2017.

339 On November 22, 2017, Mr. Rada sent an email advising that 109 BC was insolvent, that it had a large amount of debt, and that there was no guarantee that the mining permits would be granted in a timely manner. Mr. Rada proposed to settle the 109 BC Promissory Note by way of one of the following payment options:

- a) US \$12,500 on or before January 30, 2018;
- b) US \$25,000 on or before April 30, 2018; or
- c) US \$37,500 on or before July 31, 2018.

In addition, Mr. Rada stated that:

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

A copy of A&B's email correspondence with Mr. Rada is attached hereto as **Appendix "63"**.

340 Given Mr. Rada's confirmation that the balance of the 109 BC Promissory Note is likely not recoverable, A&B investigated the status of the trust deposit purportedly held by Morton Law as security. The response from Morton Law on November 22, 2017 was that *"we are not, and have not previously been, counsel to 1092545 BC. We do not hold any funds in trust for that entity."* A copy of A&B's letter to Morton Law of November 22, 2017, together with the response thereto, is attached as **Appendix "64"**.

#### **Cinnos Mission Critical Corporation (Infrastructure Fund)**

341 The Cinnos Promissory Note principal and interest is repayable on maturity, or convertible into preferred shares of Cinnos in the event of a qualified financing. The Receiver will continue to monitor the performance of this investment until its stated maturity date, being September 28, 2018.

### **Kanwal Developments Inc. (Mortgage Fund)**

- 342 The Mortgage Fund entered into a Mortgage Participation & Service Agreement with Liberty Mortgage Services Ltd. ("**Liberty Mortgage**") dated June 17, 2008 (the "**Participation Agreement**"). Under the Participation Agreement, the Mortgage Fund participates in the sum of \$500,000 (the "**Kanwal Participation**") of a \$10,800,000 first mortgage to Kanwal (the "**Kanwal Mortgage**").
- 343 On October 27, 2017, the Receiver contacted Liberty Mortgage to obtain additional documentation to assess the underlying value of the principal and the potential impairment, if any, to the Kanwal Participation. The Receiver sent follow-up correspondence to Liberty Mortgage in this regard on October 31, 2017 and November 3, 2017.
- 344 As at the date of this Second Report, the Receiver has not received any documentation from Liberty Mortgage. The Receiver requests that this Court issue an Order compelling Liberty Mortgage to provide the documents requested by the Receiver on October 27, 2017.

### **US REAL ESTATE LP**

- 345 As outlined in the First Report, the Hedge Fund and Factoring Fund cumulatively own 99.99% of 107 LP, an entity that has an indirect ownership interest in a number of rental properties located in the United States together with corporate and individual partners (collectively the structure is referred to as the "**US Real Estate LP**"). The Hedge Fund and Factoring Fund act as limited partners (the "**Limited Partners**") in the US Real Estate LP.
- 346 The remaining 0.01% ownership of 107 LP is held by 1076874 B.C. Ltd., an entity listed as the general partner which is owned by the following individuals:
- a) Alberto Storelli (Canadian) ("**Storelli**") – 51.0%;
  - b) Brian Peoples (USA) ("**Peoples**") – 24.5%; and
  - c) Joe Harker (USA) ("**Harker**") – 24.5%.

All or one of Storelli, Peoples, and Harker (collectively the “**General Partners**”) are listed as directors or officers in a majority of the entities included in the US Real Estate LP. The Receiver understands that Storelli is the directing mind of the US Real Estate LP and is a personal friend of Housego.

347 From June 6, 2016 to March 14, 2017, the Hedge Fund and Factoring Fund (as Limited Partners) invested US \$7,500,000 in the US Real Estate LP by way of unit purchases in 107 LP through subscription agreements (the “**Subscription Agreements**”).

348 The purpose of the US Real Estate LP is to acquire and develop real estate properties in the United States to subsequently earn rental income and proceeds from the possible and/or eventual sale of such properties. Through their investment in 107 LP, the Receiver understands that the Factoring Fund and Hedge Fund have an indirect minority ownership interest in the following properties held by the US Real Estate LP:

- a) 3961 Covington Highway, Decatur, Dekalb County, Georgia (“**The Parke on Covington**”);
- b) 3859 Austin Circle, Decatur, Dekalb County, Georgia (“**Wynhollow**”);
- c) 325 - 3rd Avenue SW, Birmingham, Alabama (“**Montevallo**”);
- d) 201 - 3rd Avenue SW, Birmingham, Alabama (“**King’s Manor**”);
- e) 922 Lawndale Drive, Tupelo, Mississippi (“**Tupelo**”); and
- f) 619 E. Groveland Parkway, Chicago, Illinois (“**Chicago #1**”).

(collectively referred to as the “**US Properties**”).

349 As outlined in its First Report, the Receiver had not been able to make direct contact with Storelli; however, it has had limited discussions with Storelli’s counsel, as detailed below.

#### **INFORMATION REQUESTS AND UPDATES ON THE US PROPERTIES**

350 On June 29, 2017, the Receiver conducted a call with Storelli’s counsel, to discuss, among other things: the status of the US Real Estate LP; the progress and status of the development of the US Properties; and additional documentation required by the

Receiver, including but not limited to the financial statements of the various entities in the US Real Estate LP.

351 On July 30, 2017, the Receiver obtained an update on the US Properties as at March 31, 2017:

- a) Chicago #1 – *“property was purchased on Nov 17, 2016; renovations only just started in Dec 2016.”*
- b) The Parke on Covington – *“property was purchased on Nov 10, 2016; renovations are 42% done (approx. \$433,000).”*
- c) Wynhollow – *“property was purchased on June 7, 2016; renovations are 62% done (approx. \$1,214,000).”*
- d) Montevallo – *“property was purchased on Aug 19, 2016 and subsequently refinanced on February 13, 2017 based on same value as the purchase price; renovations are 45% done (approx. \$1,714,500).”*
- e) Tupelo – *“property was purchased on March 17, 2017; renovation work just beginning.”*
- f) King's Manor – *“property next door to Montevallo and was purchased on March 21, 2017; currently preparing for renovations.”*

352 In addition, the Receiver obtained the consolidated notice to reader financial statements for 107 LP for the year ended December 31, 2016; the information is outdated and irrelevant given the events that occurred after December 31, 2016.

353 As at the date of this Second Report, the Receiver has not received financial information for DaVinci Capital Property, Inc. (“**DVCP**”), a Nevada corporation which has an indirect ownership interest in each of the US Properties, nor any of the special purpose entities (“**SPEs**”) that purchased the US Properties. Storelli’s counsel has represented that such information will be provided to the Receiver after the SPE’s year end of December 31, 2017.

354 On August 31, 2017, the Receiver obtained additional information on the US Properties, excluding Chicago #1, from an anonymous investor in the Crystal Wealth Funds. A copy of the additional information provided is attached hereto as **Appendix “65”**.

355 On September 18, 2017, after the Receiver's request, Storelli's counsel provided an update on the US Properties<sup>7</sup>:

- a) Chicago #1 – *"1 out of the 6 units are currently occupied. There has not been a press to fill the units due to the pending renovations of the building. We had architects/plans in progress but they were put on hold due to a change of direction by Rothbury from a condo conversion to long term rentals."*
- b) The Parke on Covington – *"Renovations are approximately 90% complete. The property is currently 78% leased."*
- c) Wynhollow – *"Renovations are approximately 65% complete. 47% leased, 94% leased when excluding down units."*
- d) Montevallo – *"We are currently punching out the first two buildings (20 total units) and will have them ready for occupancy in the next two weeks pending final city approvals. Another 36 units will be delivered in blocks of six over the next 30 days for a total of 56 units, which will complete Phase I of III of the rehab. Phase II is currently underway and is approximately 50% complete. Phase III has not yet commenced."*
- e) Tupelo – *"Project on hold. In negotiations with City of Tupelo to purchase. Due to their desire to own the property, they are putting up road blocks on our renovations. We have engaged local counsel to help out here."*
- f) King's Manor – *"The property was 100% leased when we bought it to tenants paying just \$225 per month in rent. We immediately began de-leasing the property in order to commence renovations and bring the rents up to current market levels. We are down to eight tenants and have commenced renovations and expect to be fully complete within the next 90-days. Exterior renovations are underway while we vacate the property."*

#### **ISSUES OBTAINING INFORMATION CONCERNING US REAL ESTATE LP DURING THE SALES PROCESS**

356 As discussed in detail below, during the Sales Process, the Receiver coordinated calls with the potential managers and the various third party service providers involved in the

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<sup>7</sup> The update on the Chicago #1 property was provided to the Receiver on November 10, 2017 after numerous follow-up emails and correspondence.



administration of the Crystal Wealth Funds including but not limited to Xynergy, Spectrum, IFDS, and Frontline. The purpose of these calls was for the potential managers to perform the required due diligence on particular investments and to determine if they would continue operating under the various third party contracts entered into by the Crystal Wealth Group.

357 On September 18, 2017, the Receiver requested that Storelli and/or his counsel provide times that would be suitable to arrange a call with the potential managers, the Receiver, and any of the General Partners.

358 On September 22, 2017, Storelli's counsel advised that prior to a call being conducted, the potential managers would have to execute a non-disclosure agreement ("**NDA**") that Storelli's counsel prepared, despite the fact that the potential managers had already executed a confidentiality agreement with the Receiver as part of the Sales Process.

359 On September 26, 2017, A&B, on behalf of the Receiver, advised Storelli's counsel that the potential managers had already executed the confidentiality agreement provided for in the Sale Process, and were therefore already subject to an obligation to keep all information they receive confidential. A&B also advised Storelli's counsel that the Receiver cannot entertain the imposition of further levels of confidentiality on the process, as doing so is both unnecessary and would result in additional unnecessary costs and delay.

360 On September 26, 2017, Storelli's counsel responded stating that the Limited Partners:

*"...are merely limited partners in [107 LP] that owns a minority interest stake in [US Real Estate LP] and are entitled to information pursuant to the partnership agreement and it is up to those funds as to what they do with that information. As to any third parties, the partnership is under no obligations to disclose and although my client wishes to cooperate, in the interests of safeguarding information as to the majority interest holders requires an NDA of third parties who wish to obtain information. We await the signed NDA."*

361 A conference call between the potential managers and the General Partners accordingly did not proceed.

## **CONCLUSION**

- 362 As noted in Storelli's counsel's email on September 26, 2017, the Limited Partners own a minority interest in the US Real Estate LP. In addition, as preferred shareholders, it appears that the Limited Partners have no security over the assets of 107 LP and/or the various US Real Estate LP entities. As a preferred shareholder, the Receiver, on behalf of the Limited Partners, has no recourse other than to continue to monitor the development of the US Properties and the US Real Estate LP's compliance with the Subscription Agreements and other relevant agreements governing the US Real Estate LP.
- 363 On September 22, 2017, Storelli's counsel indicated that the other owners of the US Properties are potentially interested in acquiring 107 LP's interests in same for cash and/or units of a different limited partnership which intends to become listed on the TSX Venture Exchange by June 30, 2018. The Receiver has not declined nor indicated an interest in pursuing this option as this time. The Receiver plans to update the Court and investors accordingly in subsequent reporting.
- 364 As outlined previously, given the broad nature of the Hedge Fund investment objective it is unclear if the investment in the US Real Estate LP would comply with the Hedge Fund's OM. It is the Receiver's view that the Factoring Fund's investment in the US Real Estate LP is outside of the scope of the Factoring Fund's investment objective as outlined in its OM. The non-disclosure of such an investment is a misrepresentation to investors investing into a fund by which the OM stated that they are to be invested primarily in factoring receivable agreements whereby traditional receivables are being purchased from Merchants.

## ***MEDICAL FACTORING CONTRACTS***

- 365 As outlined in the First Report, the Medical Fund invests in Medical Factoring Contracts which are administered by Xynergy Medical Capital LLC ("**Xynergy**"). Similar to the Factoring Contracts, Xynergy enters into contracts to purchase healthcare receivables (after purchase, invoices are referred to as "**Purchased Medical Receivables**") from operating businesses in the United States ("**Clients**") for a discount and service fees. The Purchased Medical Receivables are assigned to Xynergy who ultimately collects the invoice value. Unlike the Factoring Contracts, the Medical Factoring Contracts are not

entered into between the Clients and the Medical Fund but rather a participation in the agreements between Xynergy and the Client is purchased by the Medical Fund.

- 366 Xynergy and the Medical Fund entered into a Master Medical Receivables Purchase and Administration Agreement on March 31, 2016 (the "**MMRPAA**") which essentially gives the Medical Fund the opportunity to purchase participations in Xynergy's Medical Factoring Contracts with various Clients (defined therein). Under the MMRPAA, Xynergy administers the Medical Factoring Contracts.

#### **SALE OF THE GEODATA BALANCE**

- 367 As noted in the First Report, on June 20, 2017, Xynergy put forth a revised offer to acquire the Medical Fund's participation in the balance of invoices related to a client, GeodataPR International, Inc. ("**Geodata**") (the "**Geodata Participation**"), for US \$684,313 (100% of the balance of the Geodata accounts receivable).
- 368 On July 10, 2017, the Receiver and Xynergy executed a bill of sale where Xynergy re-acquired the Geodata Participation for US \$684,313. The Receiver received the funds on July 12, 2017.

#### **CURRENT MEDICAL FACTORING CONTRACTS**

- 369 After the sale of the Geodata Participation, the Medical Fund currently has balances owing under the following two (2) executed participation agreements:
- a) a participation agreement dated August 22, 2014 between the Medical Fund and Xynergy for a participation in Unlimited Prosthetics, Inc.'s ("**UPI**") accounts receivable and 33.94% of the factoring fees (the "**UPI Participation**"); and
  - b) a participation agreement dated March 31, 2016 between the Medical Fund and Xynergy for a participation in Servicios de Salud Integrada, CSP's ("**SSI**") accounts receivable and 70% of the factoring fees (the "**SSI Participation**").

#### **Unlimited Prosthetics, Inc.**

- 370 Xynergy has advised that UPI went into default in June 2015 and ceased paying the balance owed under the factoring agreement between Xynergy and UPI dated April 3, 2013. In email correspondence from Xynergy to Smith which has been obtained by the

Receiver, Xynergy had indicated that after June 2015, the account balance was US \$257,194, of which US \$197,271 were funds advanced to UPI by the Medical Fund (i.e. the principal balance) and US \$59,923 were accrued fees. Per the UPI Participation, accrued fees are split 66.06% (US \$39,585) and 33.94% (US \$20,338) to Xynergy and the Medical Fund, respectively.

371 On January 12, 2016, after litigation efforts against UPI were pursued, Xynergy entered into a settlement agreement with UPI and Erika Sanchez (as guarantor) for a settlement of the account balance for US \$215,000 (the “**UPI Settlement**”) (the “**UPI Settlement Agreement**”). Under the UPI Settlement Agreement, UPI was to repay the UPI Settlement as follows: (i) US \$500 immediately; (ii) US \$6,500 before January 27, 2016; and (iii) payments of US \$7,000 on the 27<sup>th</sup> of each month thereafter until the UPI Settlement is paid in full. Of the UPI Settlement, approximately \$181,909 is owing to the Medical Fund and \$33,091 is owing to Xynergy.

372 As at the date of this Second Report, there have been a total of 21 payments totaling US \$147,000. As a result, the account balance for UPI is US \$68,000, consisting of nine (9) payments to be received. Xynergy has concerns if the remaining payments will be received.

### **Servicios de Salud Integrada, CSP**

373 SSI is located in Puerto Rico and is engaged in the business of supplying radiology technicians to hospitals and clinics in the San Juan Municipality. All invoices are issued to and paid by the San Juan Municipality (i.e. the underlying debtor).

374 On March 27, 2013, Xynergy entered into a medical receivables factoring agreement with SSI under which a US \$600,000 medical factoring facility was provided (“**SSI Factoring Agreement**”).

375 As noted in the First Report, Xynergy is obligated to purchase eligible Medical Receivables under the SSI Factoring Agreement. The Receiver has continued to allow Xynergy to purchase Medical Receivables from SSI using the designated SSI cash balance held in trust by Xynergy on behalf of the Medical Fund. Since the commencement of the Receivership to October 31, 2017, the average balance owing from SSI has been approximately US \$285,000, including fees owed to the Medical Fund.

- 376 The current state of Puerto Rico, as a result of Hurricane Irma and Hurricane Maria, has caused a significant delay in the payment of outstanding invoices by the San Juan Municipality. Xynergy has advised the Receiver that, after speaking with SSI and the San Juan Municipality, the situation in Puerto Rico will result in lengthy delays in receiving payments of outstanding invoices from San Juan Municipality, however, such payments are ultimately expected.
- 377 As at October 31, 2017 the balance outstanding from SSI is approximately US \$293,324 including factoring fees consisting of \$277,513 and \$15,811 owed to the Medical Fund and Xynergy, respectively. Xynergy continues to correspond with the Receiver and provide updates on the SSI balance as requested.

### ***NFL PARTICIPATION AGREEMENTS***

- 378 On August 29, 2013, the National Football League (the “**NFL**”) agreed to pay \$765 million to settle a lawsuit brought by more than 4,500 players and their families to provide medical help to more than 18,000 former players suffering from severe neurological conditions or who could potentially suffer from such conditions in the future. After subsequent hearings and appeals, the Settlement became effective on January 7, 2017 (the “**NFL Settlement Agreement**”).
- 379 KrunchCash LLC (an entity associated with Xynergy) (“**KrunchCash**”) entered into various funding agreements (the “**NFL Funding Agreements**”) with NFL players (the “**NFL Players**”) who had made claims (the “**NFL Player Claims**”) under the NFL Settlement Agreement. Under the NFL Funding Agreements, KrunchCash would advance funds to certain NFL Players for a portion of the value of the NFL Player Claims and would charge a stated factoring fee on such an advance.
- 380 In March 2016, under the MMRPAA, the Medical Fund began entering into participation agreements to purchase a stated percentage in the NFL Funding Agreements between certain NFL Players and KrunchCash (the “**NFL Participation Agreements**”), which participations were effected through the execution of assignment agreements. Under the NFL Participation Agreements, the Medical Fund would advance funds toward the participation and would earn a stated factoring fee. The factoring fee and initial advance under each NFL Participation Agreement is to be repaid to the Medical Fund as each NFL Player Claim is paid by the NFL.

- 381 As at the date of the Receiver's appointment, the Medical Fund entered into a total of 26 NFL Participation Agreements totaling US \$4,318,359 consisting of principal advances of US \$3,824,240 and accrued fees owed to the Medical Fund of US \$247,060.
- 382 In July 2017, four (4) of the NFL Participation Agreements totaling US \$662,500 in principal and US \$104,374 in accrued fees, half of which fees were owing to Xynergy, were paid out through refinancing obtained by the respective NFL Players. The total amount remitted to the Medical Fund was US \$714,687 (i.e. US \$662,500 in principal plus US \$52,187 in accrued fees)
- 383 As at October 31, 2017, there are currently 22 NFL Participation Agreements outstanding with a total value of US \$3,908,286 consisting of principal advances of US \$3,161,740 and accrued fees owed to the Medical Fund of US \$373,273. A summary of the NFL Participation Agreements outstanding as at October 31, 2017 is attached hereto as **Appendix "66"**.
- 384 On November 10, 2017, Xynergy advised that it was served with a subpoena from a New York court regarding complaints made by NFL Players for bad practices of financial institutions with respect to the purchase of all or a portion of NFL Player Claims (i.e. charging egregious fees to NFL Players). Xynergy advised that this is currently being handled by its legal counsel who has advised Xynergy that nothing significant should come of the subpoena as Xynergy's fees are fair. The Receiver has requested additional information regarding the issued subpoena.
- 385 With respect to the timing of payment, Xynergy advised that the timing of payments of the NFL Player Claims is expected to be in the first quarter of 2018, however, due to a recent court action and the backlog of NFL Player Claims required to be reviewed and audited by the claims manager, such payments could be delayed. The Receiver understands that the deadline by which NFL Player Claims were to be submitted to the NFL pursuant to the NFL Settlement Agreement was August 7, 2017.

**DISCLOSURE OF THE NFL PARTICIPATION AGREEMENTS BY THE COMPANY**

- 386 No reference is made in the Medical Fund OM, the Medical Fund Strategy Overview document contained on the Company's website, or in any other marketing material distributed to investors of the Medical Fund, concerning the Medical Fund's position and/or

investment process for investing in the NFL Funding Agreements through the NFL Participation Agreements. Copies of the Medical Fund OM and Medical Fund Overview document are attached hereto as **Appendix “67”** and **Appendix “68”**, respectively.

387 As outlined in the First Report, the Medical Fund’s investment objective is to

*“...generate a high level of interest income with minimal volatility...by investing in U.S. medical receivables factoring facilities contracts (MRFFCs).”*

388 Furthermore the Investment Strategy section of the Medical Fund’s OM states that:

*“MRFFCs are financing structures designed to assist health care clinics, hospitals, doctors and other health-care practitioners (Medical Providers) in the United States and/or its territories to meet their immediate cash flow needs while awaiting collection of receivables for medical services that they have performed.”*

389 The Medical Fund OM goes on to further discuss the process of the underwriting and purchasing of receivables from Medical Providers (defined in paragraph 365 above as Purchased Medical Receivables), but makes no mention of its investment in NFL Funding Agreements, which in the Receiver’s view would not be included in a reasonable investor’s definition of Purchased Medical Receivables.

390 The Receiver is of the view that the failure to disclose the NFL Participation Agreements, an investment that encompasses approximately 74.96% of the Medical Fund’s NAV (as at April 20<sup>th</sup>, 2017), is a gross misrepresentation to investors.

## **RESIDENTIAL MORTGAGES**

### **BACKGROUND**

391 As at the date of the Appointment Order, the Mortgage Fund, High Yield Mortgage Fund, and Sustainable Property Fund (collectively, the **“Mortgage Related Funds”**) held a total of 191 investments in first, second, or third ranking non-conventional residential mortgages administered by third parties (**“Residential Mortgages”**). 189 of the Residential Mortgages (\$18,813,884) are administered by a third-party, Spectrum Canada Mortgage Services Inc. (**“Spectrum”**) (the **“Spectrum Mortgages”**), while the remaining two (2) Residential Mortgages (\$196,000) were administered by Squire Management Inc.

("Squire") (the "Squire Mortgages").

392 On June 23, 2017, the Receiver accepted Squire's offer to acquire the Squire Mortgages for proceeds of \$197,526. The proceeds included the entire principal value of the Squire Mortgages in the sum of \$196,000, plus accrued interest of \$1,526 to June 23, 2017.

#### **THE RECEIVER'S FINDINGS**

393 Most of the Residential Mortgages are performing as the underlying mortgagors continue to remit their required payments. As at October 31, 2017, a total of three (3) Residential Mortgages totaling approximately \$654,483 in balances owing were in a default position and are currently undergoing foreclosure proceedings. Based on the information currently available, Spectrum has advised that a portion of these balances is expected to not be collected.

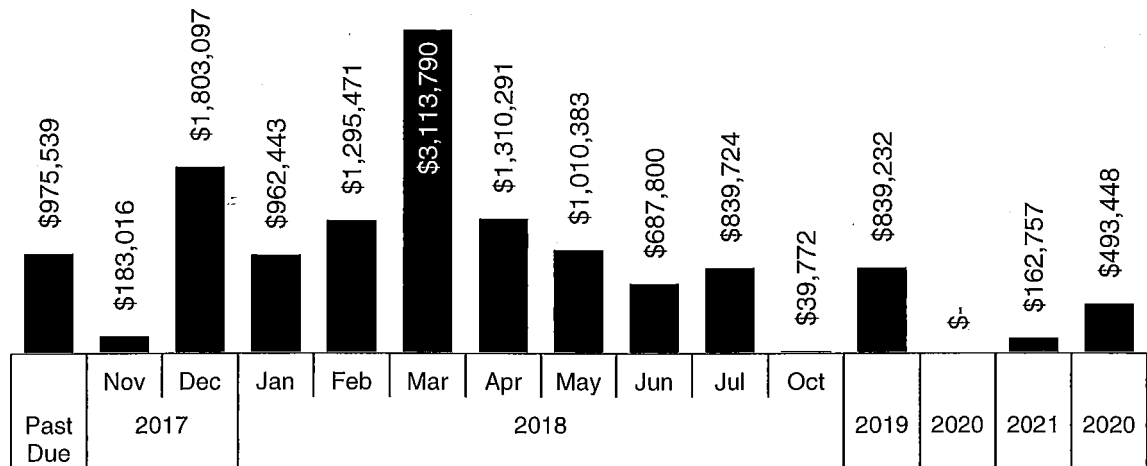
394 As at October 31, 2017, the number of Spectrum Mortgages has reduced to 146 with a cumulative balance owing of \$13,577,540 held in the following Mortgage Related Funds:

| <b>Fund</b>               | <b>Residential<br/>Mortgages</b> | <b>Balance Owing</b> | <b>Average Loan to<br/>Value</b> |
|---------------------------|----------------------------------|----------------------|----------------------------------|
| Mortgage Fund             | 109                              | \$ 10,692,960        | 60.59%                           |
| High Yield Mortgage Fund  | 33                               | 1,490,165            | 77.98%                           |
| Sustainable Property Fund | 4                                | 1,394,415            | 69.55%                           |
| <b>Total</b>              | <b>146</b>                       | <b>\$ 13,577,540</b> | <b>64.58%</b>                    |

395 The Receiver has instructed Spectrum to encourage the pay-out of Spectrum Mortgages upon renewal to avoid the continued renewal of same. If pay-out is not possible, the Residential Mortgages are being renewed on a six month basis at a modestly higher interest rate with the goal of a payout being made at the end of such renewal(s). The following chart demonstrates the balances owing of Residential Mortgages as at October 31, 2017 based on their respective maturity dates:



### Residential Mortgages: Maturity Distribution



396 The Receiver anticipates the wind-down of the Mortgage Related Funds will occur in an orderly manner based on the renewal/payout strategy discussed above.

397 As outlined in the chart above, there are Residential Mortgages totaling \$975,539 which are considered "past due"; this balance is made up of five (5) Residential Mortgages (the **"Non-Performing Mortgages"**). For each of the Non-Performing Mortgages, Spectrum has continued to keep the Receiver apprised of the actions taken by Spectrum or its agents in each case. The Non-Performing Mortgages consist of four (4) Residential Mortgages which are at various stages of foreclosure proceedings or litigation.

### CONCLUSION AND RECEIVER'S NEXT STEPS CONCERNING THE RESIDENTIAL MORTGAGES

398 As at the date of this Second Report, the Receiver is confident that a continued orderly wind-down of the Residential Mortgage portfolio with the assistance of Spectrum will yield successful recovery for a majority of the Residential Mortgage investments. As the Residential Mortgages continue to expire, the Receiver expects that most mortgagors will be able to obtain refinancing to payout their balances owing to the Mortgage Related Funds; similar to what has been occurring since the Appointment Order. Notwithstanding the above, the Receiver expects that there will be a small number of mortgagors who cannot obtain refinancing and therefore may possibly require a short-term renewal from the Mortgage Related Funds until such refinancing can be obtained.

## **PRIVATE EQUITIES AND PRIVATE WARRANTS**

399 As outlined in the First Report, certain of the Crystal Wealth Funds contained: (i) equity investments in companies whereby the securities were obtained through private placements or direct purchases and are not traded on active market exchanges and therefore are not readily saleable ("**Private Equities**"); and (ii) warrant options for the purchase of shares in such companies at a stated price ("**Private Warrants**").

400 Private Equities held in the Crystal Wealth Funds are obtained primarily through private placements or through direct purchases from persons who independently held the Private Equities. These investments are not actively traded in external markets and are not easily valued or realizable. The Receiver continues to review documentation and correspond and/or meet with the issuers with respect to these investments to develop a monetization strategy.

401 The Private Equities and Private Warrants are held by the Conscious Capital Fund and consist of:

a) Private Equity – 336,571 common shares in Pond with a Recorded Cost of \$1.33 per share; and

b) Private Warrants – 212,040 "Units" issued by Pond whereby each Unit is convertible into:

i) one (1) Common Share in the capital of Pond (i.e. 212,040 shares in Pond); and

ii) one (1) warrant to purchase one common share of Pond at a strike price of \$2.50 per share exercisable at any time on or before November 1, 2018.

402 As such Private Equities and Private Warrants are the sole investments held by the Conscious Capital Fund, no monies are accordingly available for an interim distribution to investors of this Fund.

## **CREDITOR CLAIMS PROCEDURE**

- 403 The Creditor Claims Procedure Order issued June 30, 2017 approved, among other things, the procedure (the “**Creditor Claims Procedure**”) for determining and resolving claims filed by creditors against the Crystal Wealth Group, with the exception of investor claims arising from or relating to their investments in the Crystal Wealth Group (including the Crystal Wealth Funds). Complete details of the Creditor Claims Procedure are set out in the Creditor Claims Procedure Order.
- 404 On June 30, 2017, a copy of the Creditor Claims Procedure Order (together with all schedules) was posted on the Case Website.
- 405 On July 5, 2017, the Receiver sent a Claims Package and an instruction letter to each of the 34 Known Creditors via regular mail (as such terms are defined in the Creditor Claims Procedure Order). In addition, the Receiver provided a Claims Package to parties that requested same prior to the Claims Bar Date of August 3, 2017.
- 406 On July 10, 2017, a notice of the Creditor Claims Procedure was published in the national edition of *The Globe and Mail*.

## **RESULTS OF THE CREDITOR CLAIMS PROCEDURE**

- 407 As at the Claims Bar Date, 26 persons or entities filed claims totaling \$16,227,134 against the following Crystal Wealth Group entities:
- a) the Company and/or the Crystal Wealth Funds – \$2,251,071;
  - b) Media Fund – one (1) claim for \$21,913;
  - c) Mortgage Fund – one (1) claim for \$298,191;
  - d) CLJ Everest – three (3) claims totaling \$1,105,324; and
  - e) Smith – six (6) claims totaling \$12,550,635.
- (collectively, the “**Filed Claims**”).
- 408 The Filed Claims consisted of claims filed by, among others: (i) third party fund

administrators and service providers; (ii) trade vendors; (iii) former employees of the Company; and (iv) former investment advisors independently contracted by the Company. The Receiver is currently conducting a detailed review of the Filed Claims and has yet to make a determination of accepting or disallowing all or part of each claim, except with respect to the Amended BDO Claim (as defined and discussed in the section immediately below).

- 409 A listing of the Filed Claims is attached hereto as **Appendix “69”**. A further report to the Court to be issued by the Receiver on a subsequent motion will address the Receiver’s evaluation of the Filed Claims. As indicated above, the Receiver has set aside the appropriate reserve on account of the Filed Claims, in the event they were to be approved in full.

### ***THE AMENDED BDO CLAIM***

- 410 Included in the Filed Claims was an unsecured claim of \$511,101 (the **“Audit Fees”**) against the Company and each of the Crystal Wealth Funds which was filed on July 26, 2017 by BDO, the auditor of the Company and the Crystal Wealth Funds prior to the Receiver’s appointment (the **“Initial BDO Claim”**). The Initial BDO Claim was for work performed by BDO in preparing the audited financial statements for the year ended December 31, 2016 and for the preparation of certain tax filings.
- 411 On August 23, 2017, the Receiver received a letter (the **“August 23, 2017 Letter”**) from BDO’s legal counsel, Blake, Cassels & Graydon LLP (**“Blakes”**), which enclosed an amended proof of claim and which revised the claim of BDO to \$180,796,338 (the **“Amended BDO Claim”**). A copy of the Amended BDO Claim is attached hereto as **Appendix “70”**.
- 412 In addition to the Initial BDO Claim for Audit Fees, the Amended BDO Claim included additional claims for the following:
- a) invoices rendered by BDO’s counsel, Blake, Cassels & Graydon LLP (**“Blakes”**), for its representation in connection with certain regulatory proceedings commenced by the OSC in respect of the Crystal Wealth Group, and certain anticipated legal fees to complete BDO’s representation in the proceedings commenced by the OSC – \$285,237 (the **“Blakes’ Fees Indemnity Claim”**);

- b) the amount claimed against BDO in a Statement of Claim issued on July 20, 2017 (the **"Proposed Class Action"**) by a Plaintiff, Anthony Whitehouse (**"Whitehouse"**), who is an investor in certain of the Crystal Wealth Funds. The Statement of Claim (bearing Court File No. CV-17-579357) is issued pursuant to the *Class Proceedings Act, 1992*, and is a proposed class action lawsuit against BDO by investors of certain Crystal Wealth Funds, seeking damages for negligence in the sum of \$150,000,000, and an additional \$25,000,000 in punitive damages. Whitehouse is accordingly the proposed representative plaintiff. To the Receiver's knowledge, the Statement of Claim has yet to be served on BDO, and a certification motion has yet to take place – \$175,000,000 (the **"Class Action Indemnity Claim"**); and
- c) estimated legal fees for BDO's defence of the Proposed Class Action– \$5,000,000 (the **"Estimated Defence Fees Indemnity Claim"**).

413 In support of the claims advanced by BDO in the Amended BDO Claim, BDO relies upon the appointment letter agreement between BDO and the Company dated December 21, 2016 (the **"Appointment Letter"**).<sup>8</sup> The Appointment Letter stipulates that the Company agreed to:

- a) At s. 8.3: *"reimburse us for our time and expenses, including reasonable legal fees, incurred in responding to any investigation that is requested or authorized by you or investigations of you undertaken under government regulation or authority, court order, or other legal process"; and*
- b) At s. 12.1 *"...indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, expenses, claims, demands or liabilities arising out of or in consequence of a misrepresentation by a member of your management or board of directors...[and] the services performed by BDO pursuant to this Agreement, unless, and to the extent that, such losses, costs, damages and expenses are found by a court of competent jurisdiction to have been due to the gross negligence of BDO..."*.

414 BDO claims that pursuant to s. 8.3 and 12.1 of the Appointment Letters, BDO has a valid

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<sup>8</sup> In addition to the Appointment Letter, similar standard-form appointment letter agreements (collectively, the **"Appointment Letters"**) were entered into with each of the Crystal Wealth Funds. BDO provided the individual appointment letter agreements to the Receiver upon request, which BDO is also relying upon in support of the BDO Amended Claim.

claim for Blakes' Fees Indemnity Claim, the Class Action Indemnity Claim, and the Estimated Defence Fees Indemnity Claim.

415 Rather than embark on a costly and time consuming adversarial process vis-à-vis BDO with respect to Amended BDO Claim, which would have hindered the Receiver's efforts in seeking timely interim distributions to investors on this motion, the Receiver has secured BDO's agreement to abandon its Class Action Indemnity Claim in its entirety, in exchange for the Receiver's agreement to admit the BDO Invoice Claim and the Blakes' Fees Indemnity Claim. In eliminating the BDO Class Action Indemnity Claim, the Receiver has eliminated the risk that distributions to investors of the Crystal Wealth Funds which are the subject of the Proposed Class Action may not have been permitted to be made as a result of the Class Action Indemnity Claim and the significant potential liability arising therefrom to the subject Funds. The Receiver has further secured BDO's agreement that BDO shall not make any further claims, or amendments to claims, of any nature or kind, and in any proceeding or forum, as against any Crystal Wealth Group entity, including, without limitation, as against any of the Crystal Wealth Funds or against Crystal Wealth Management System Limited. The sole exception to the foregoing is that, in the event the Receiver were to commence an Ontario Superior Court of Justice action as against BDO, BDO shall be permitted to defend the action, and assert contributory negligence as against the Crystal Wealth Group entities, or any of them, should BDO elect to do so. Attached hereto as **Appendix "71"** is the email exchange between A&B and Blakes (the "**BDO Agreement**") setting out the terms of the agreement reached by the Receiver and BDO to resolve the BDO Amended Claim and any and all future claims of BDO as against the Crystal Wealth Group.

416 The Receiver's agreement to admit the BDO Invoice Claim and the Blakes' Fee Indemnity Claim arises from the terms of BDO's Appointment Letters (described in paragraph 413 above) which were executed by the Crystal Wealth Funds and the Company prior to the Receiver's appointment, and the Receiver's determination, following its review of the BDO invoices and the accounts of its counsel that are the subject of the BDO Invoice Claim and of the Blakes' Fees Indemnity Claim, that such fees are reasonable. The anticipated legal fees included in Blakes' Fees Indemnity Claim are less than the actual fees incurred, as noted by the Receiver during its review. No additional allowance above and beyond the quantum set out in the Blakes' Fees Indemnity Claim is being admitted by the Receiver for this claim.

417 Primarily, the Receiver's agreement to admit the BDO Invoice Claim and the Blakes' Indemnity Claim at this juncture was concluded in order to enable the Receiver to make timely interim distributions to investors, while eliminating the Class Action Indemnity Claim which, if allowed, could have otherwise been in excess of all assets and monies held by the Crystal Wealth Group and could therefore have had a devastating impact on investor recovery. The BDO Agreement further prevents any further or future claims being made by BDO as against the Crystal Wealth Group entities, except as specifically provided for in paragraph 415 above, and as outlined in the paragraph immediately below.

418 The Receiver has expressly reserved its position to BDO that, in allowing the BDO Invoice Claim, the Receiver is not acknowledging the quality of services provided by BDO to the Crystal Wealth Funds and the Company. The Receiver has agreed to reserve \$1,000,000 on account of BDO's Estimated Defence Fees Indemnity Claim, while reserving the Receiver's rights to deny and contest that indemnity claim at a later date.

### ***THE PROPOSED CLASS ACTION***

419 The Statement of Claim, enclosed with the Amended BDO Claim, outlines that Whitehouse is claiming for, among other relief:

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

420 The Statement of Claim asserts that damages to the Class were a result of BDO's negligence in performing the audits to which the Class relied on when purchasing units in the following Crystal Wealth Funds:

- a) Mortgage Fund;

- b) Media Fund;
- c) Resource Fund;
- d) High Yield Mortgage Fund;
- e) Factoring Fund;
- f) ACM Income Fund;
- g) Medical Fund;
- h) ACM Growth Fund;
- i) Bullion Fund; and
- j) Retirement Fund;

(collectively, the “**Class Action Funds**”)

421 Based on the April 20<sup>th</sup> Package and the table included in **Appendix “12”**, the Class Action Funds had a total Recorded Value of approximately \$159,928,046 consisting of:

- a) Cash in the amount of \$2,355,368;
- b) On-Book Assets with a Recorded Value of \$44,403,183;
- c) Off-Book Assets with a Recorded Value of \$115,156,579; and
- d) Accruals with a Recorded Value of **negative** \$1,987,083.

422 As has been detailed throughout this report, the Recorded Value of the NAV of these Funds was materially overstated by the Company, such that the Amended BDO Claim vastly exceeds the assets of the Company and of the Crystal Wealth Funds.



## **SALES PROCESS**

423 In the First Report, the Receiver recommended to the Court that the Receiver conduct a sales process (the “**Sales Process**”) for certain Crystal Wealth Funds in a manner in which:

- a) potential bidders may make an offer to purchase the investments from one or more of the Crystal Wealth Funds (the “**Potential Bidders**”) (an offer submitted by a Potential Bidder is referred to herein as a “**Purchase Offer**”); and/or
- b) potential managers may present an offer to assume the management of one or more of the Crystal Wealth Funds’ investment activities and assume the Company’s position and duties to investors (the “**Potential Managers**”) (an offer submitted by a Potential Manager is referred to herein as a “**Management Offer**”).

Additional details with respect to the Sales Process are outlined in the First Report.

424 Prior to the commencement of the Sales Process, the Receiver had compiled a list of 15 entities who had indicated that they had an interest in either submitting a Purchaser Offer and/or Management Offer (collectively, the “**Initial Interested Parties**”).

425 On July 12, 2017, the Receiver distributed a solicitation letter (the “**Solicitation Letter**”) to the Initial Interested Parties to: (i) confirm their interest, (ii) provide background on the Crystal Wealth Funds which were the subject of the Sales Process (the “**Listed Funds**”)<sup>9</sup>; and (iii) outline the conditions and terms of the Sales Process. A copy of the Solicitation Letter is attached hereto as **Appendix “72”**.

426 In addition to the Solicitation Letter, a confidentiality agreement (the “**Confidentiality Agreement**”) was provided to the Initial Interested Parties. The Confidentiality Agreement was required to be executed and returned to the Receiver in order for Initial Interested Parties to receive a confidential information memorandum prepared by the Receiver (the “**Confidential Information Memorandum**”) and to access the electronic data room

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<sup>9</sup> The Retirement Fund, Resource Fund, ACM Income Fund, ACM Growth Fund, and Sustainable Dividend Fund were not subject to the Sales Process, given that the assets of these Funds were comprised of only cash, marketable securities, and/or Inter-fund Investments.

established by the Receiver (the **"Data Room"**). A copy of the Confidential Information Memorandum, without appendices, is attached hereto as **Confidential Appendix "4"**.

427 On July 12, 2017, the Receiver created the Data Room and uploaded numerous documents with respect to the Listed Funds and the investments contained within them. The primary source for documents being contained in the Data Room was the Company's Dropbox document storage system (which the Receiver understands housed all of the books and records of the Company, except for hard copy files pertaining to individual investors) supplemented by documents provided by Smith. As the Receiver continued to correspond with various service providers to the Company and the Crystal Wealth Funds, including but not limited to Xynergy, Frontline, Spectrum, and IFDS, the Receiver would, if deemed relevant, upload such documents obtained from these service providers to the Data Room. Each time a document was uploaded to the Data Room, all parties with access to the Data Room would receive a notification of same.

428 On July 14, 2017, the Receiver placed the Solicitation Letter on the Case Website.

429 Beginning on July 31, 2017, the Receiver placed two (2) targeted advertisements of the Sales Process in the Chartered Financial Analyst (CFA) Institute "Financial Newsbrief" which is delivered to CFA members on a daily basis. Since notification of the Receivership Proceedings had already been widely disseminated by the Receiver in the national editions of *The Globe and Mail* and *National Post* on May 4, 2017, and by virtue of the Creditor Claims Procedure being published by the Receiver in the national edition of *The Globe and Mail* on July 10, 2017, the CFA "Financial Newsbrief" forum was specifically chosen as the Receiver wished to target this sales opportunity to sophisticated investment professionals, being the global CFA network whose membership is in excess of 142,000 members in 159 countries.

430 The Receiver, with the assistance of its transactions team (Grant Thornton Corporate Finance Inc.), carefully identified an additional nine (9) asset management companies who managed similar *alternative* investment portfolios (**"Related Asset Managers"**) and who it believed may have an interest in the Sales Process (the Related Asset Managers and the Initial Interested Parties are collectively referred to as the **"Interested Parties"**). The Receiver emphasizes the word "alternative" as the general composition of the Crystal

Wealth Funds contains non-traditional investments. A copy of the Solicitation Letter and the Confidentiality Agreement was sent to the Related Asset Managers on July 25, 2017.

431 The Receiver received executed Confidentiality Agreements from 12 of the Interested Parties, who were then provided with a copy of the Confidential Information Memorandum and access to the Data Room. The Interested Parties who submitted executed Confidentiality Agreements are referred to as **"Prospective Purchasers"** and/or **"Prospective Managers"**.

432 Between July 12, 2017 and the deadline by which Prospective Purchasers and Prospective Managers were required to submit their offers to the Receiver by 5 p.m. EST on August 10, 2017 (the **"Offer Deadline"**), the Receiver responded to numerous inquiries from Prospective Purchasers/Prospective Managers, provided answers to specific questions concerning the Listed Funds and their investments, and uploaded additional documents to the Data Room. Such activity also included numerous correspondence, discussions, and meetings with Prospective Purchasers or Prospective Managers and arranging for Prospective Purchasers or Prospective Managers to conduct individual discussions with the Service Providers.

## ***RESULTS OF THE SALE PROCESS***

433 By the Offer Deadline, the Receiver obtained the following offers from seven (7) different Prospective Purchasers and Prospective Managers:

- a) two (2) Management Offers for the assumption of the management of all of the Listed Funds' investment activities and the Company's duties to investors of such Funds (the **"Complete Management Offers"**) (the Prospective Managers who submitted the Complete Management Offers are referred to as the **"Complete Managers"**);
- b) one (1) Management Offer for two of the Listed Funds (the **"Limited Management Offer"**) received from a **"Limited Manager"**;
- c) three (3) cash Purchase Offers for certain assets in the Listed Funds (the **"Cash Purchase Offers"**) (collectively, the **"Cash Purchasers"**); and

- d) one (1) Purchase Offer for certain assets in the Listed Funds in exchange for preferred shares to investors (the “**Preferred Share Offer**”) received from a “**Preferred Share Purchaser**”;

(collectively the “**Initial Offers**”).

434 All of the Initial Offers contained an irrevocable date of August 17, 2017, as stipulated in the Confidential Information Memorandum.

435 Shortly after the Offer Deadline, the Receiver commenced a review of the Initial Offers. A summary of the Initial Offers is attached hereto as **Confidential Appendix “5”**.

436 On August 16, 2017, after review of the Complete Management Offers, the Receiver sent a list of additional questions to the Complete Managers (the “**August 16, 2017 Questions**”) in order to more fully understand their offers, particularly from an investor perspective. In addition, the Receiver requested that the Complete Managers extend the irrevocable date of the Complete Management Offers to September 1, 2017 to which both Complete Managers consented. The questions put forth by the Receiver in the August 16, 2017 Questions related to each of the Complete Managers’ plan with regards to:

- a) the anticipated timeline for investors to redeem their units in the Listed Funds and the quantum of liquidity, if any (e.g. cash injection, short term loan, investment, etc.), that would be provided by the Complete Managers to assist in satisfying redemption requests;
- b) their intentions in allowing for new investors to invest in the Listed Funds or if the Funds would be closed to new investors;
- c) the anticipated process to determine the underlying NAV of the Listed Funds;
- d) the current and/or proposed internal processes and controls to be put in place to provide on-going reporting on the NAV of the Listed Funds to investors;
- e) the proposed fees to be charged by the Complete Managers;
- f) their intention to assume current agreements with Service Providers in which the Company and/or any of the Listed Funds were counterparties;

- g) their intended process to obtain required regulatory approvals and/or registrations with the OSC and/or other securities regulator(s), if any; and
- h) their specific plans with respect to the management of some of the more alternative investments (e.g. Factoring Contracts, Media Loans, US Real Estate LP, Commercial Loans).

A copy of the August 16, 2017 Questions and summary of answers from the Complete Managers is attached hereto as **Confidential Appendix "6"**.

- 437 In addition to the Complete Managers, the Receiver requested and obtained the consent from the Limited Manager, Cash Purchasers, and Preferred Share Purchaser to extend the irrevocable date of their respective Initial Offers to September 1, 2017 in order to allow the Receiver to conduct additional due diligence and to engage in further discussions with the Prospective Purchasers and Prospective Managers.

### **SHORTLISTED PARTIES**

- 438 On September 1, 2017, the Receiver issued letters to the Limited Manager and two (2) of the Cash Purchasers advising that their offers would not be accepted.
- 439 The Limited Management Offer was declined due to the negligible purchase price offered for the management of two (2) Listed Funds, and due to the Receiver's view that the Limited Manager lacked the expertise to manage the named Listed Funds.
- 440 The two (2) Cash Purchase Offers were rejected due to the extremely low value assigned to the assets contained within the Listed Funds outlined for purchase.
- 441 The Complete Management Offers, the Preferred Share Offer, and the remaining Cash Purchase Offer are collectively referred to as the **"Shortlisted Offers"** and the parties who submitted same are referred to as the **"Shortlisted Parties"**.
- 442 On September 1, 2017, the Receiver provided the Shortlisted Parties the opportunity to conduct additional due diligence up to 5 p.m. EST on September 28, 2017 (the **"Additional Due Diligence Period"**), subject to the Shortlisted Offers' irrevocable dates being extended to October 6, 2017. The Receiver also requested that each Shortlisted Party prepare a proposed form of purchase/assumption agreement, along with a specific

timeline containing key pre and post-closing items, to be submitted to the Receiver for its consideration by September 28, 2017.

443 During the Additional Due Diligence Period, the Receiver conducted the following key activities:

- a) attended numerous conference calls with Shortlisted Parties;
- b) coordinated and scheduled discussions and meetings with various Service Providers, including but not limited to, Spectrum, Xynergy, Frontline, NBCN and IFDS;
- c) obtained and uploaded additional information to the Data Room when received;
- d) responded to various inquiries from the Shortlisted Parties;
- e) attended calls with the OSC to gain an understanding of the regulatory requirements required to be satisfied, if any, by each of the Shortlisted Parties; and
- f) performed background and due diligence checks on each of Shortlisted Parties.

444 Throughout the Receivership Proceedings, and more particularly during the Sales Process, the Receiver also received a broad range of feedback from investors concerning their preferences with respect to the outcome of the Sales Process.

445 By September 28, 2017, the Receiver obtained a proposed purchase/assumption agreement from each of the Shortlisted Parties and reviewed each proposed agreement in order to carefully evaluate all of the terms and conditions being proposed. Where required, the Receiver contacted a Shortlisted Party in order to clarify specific terms and conditions of the proposed agreement.

446 After the Receiver carefully considered all of the information and submissions provided by the Shortlisted Parties and the general opinions expressed by the investor population, the Receiver determined that it would not be pursuing any of the Shortlisted Offers received from Complete Managers and the Preferred Share Purchaser. In arriving at this decision, the Receiver considered the proposed structure, terms, and timelines involved to give effect to the transactions proposed, as well as the broader implications on the stakeholders and investors of the Crystal Wealth Group if the transactions underlying the offers were to be effected.

447 More specifically, the following points influenced the Receiver's decision:

- a) both Complete Management Offers and the proposed management agreements submitted by the Complete Managers were highly conditional and would have required a significant amount of time, cost, and effort to effect a transaction with no guarantees that a transaction would ultimately be completed;
- b) the Complete Management Offers were conditional upon certain relief being granted by the OSC, which is beyond the Receiver's control. For example, one of the Complete Management Offers required that exemptive relief be granted by the OSC in respect of the Listed Funds, to relieve the Complete Manager from past outstanding audit requirements;
- c) as outlined previously in this Second Report, a large majority of the assets contained within the Listed Funds, including but not limited to the Factoring Contracts, Media Loans, and Gold Contracts, are grossly impaired. The Complete Management Offers failed to adequately address or propose a definitive solution as to how the Complete Managers would, as a minimum, recover the principal of the investments, let alone with profit, or otherwise take steps to effect recovery which are preferable to the steps being taken by the Receiver and its counsel. The Receiver is of the view that the Complete Management Offers failed to offer definitive alternatives to the steps already being taken by the Receiver which would better enable investors to recover their original investments in Listed Funds which hold the impaired investments;
- d) both Complete Management Offers did not satisfy the Receiver that investors would be allowed to redeem their investment in the Crystal Wealth Funds in a timely fashion, and contained no guarantees or assurances as to the minimum value at which such redemptions would occur, once available;
- e) both Complete Management Offers accordingly did not provide any assurance that the eventually established NAV by such Complete Managers would any better, then or in the future, than exists at present. In fact, one of the Complete Management Offers was conditional upon the Complete Manager establishing the NAV of the Listed Funds prior to the transaction being effected, and being satisfied with the NAV. Given what the Receiver has learned about the impaired nature of the investments held in many of the Listed Funds, as is detailed throughout this Second Report, a reasonable

possibility existed that this Complete Manager, upon its ultimate establishment of the NAV, may have not wished to proceed with the underlying transaction, which would have only served to result in further delay and expense during which time the Receiver's efforts are better directed at undertaking enforcement and recovery steps in order to maximize investor returns;

- f) the Amended BDO Claim which arose in the midst of the Sales Process, after the Initial Offers had been received by the Receiver, created an additional complication, namely, that the Amended BDO Claim (and in particular, the Class Action Indemnity Claim) would either need to be definitively disallowed prior to any such Complete Management Offer transaction being effected, or would likely have been incorporated into the underlying transaction as an assumed contingent obligation which would have restricted a Complete Manager in the future use of the investments in the Class Action Funds, including the issuance of redemptions to investors.

The fact that the Receiver has now resolved and eliminated BDO's Class Action Indemnity Claim does not alter the Receiver's view that it is not in the best interest of investors to further pursue either of the Complete Management Offers.

- g) during the period in which a Complete Management Offer would be negotiated and finalized, the Receiver's ability to enforce and realize on impaired assets would be delayed which may result in further losses to certain Listed Funds;
- h) both Complete Management Offers contained only a nominal purchase price for the assumption of management of the Listed Funds, which when considered in the context of the additional concerns pertaining to the Complete Management Offers as set out above, did not favour proceeding with the acceptance of either Complete Management Offer; and
- i) with respect to the Preferred Share Offer, the offer did not provide immediate liquidity for investors to redeem their units and also would have resulted in the investors being in a subordinate position in regards to the specific investments in the Listed Fund which was the subject of the Preferred Share Offer; in other words, the transaction would have placed the investors in a worse position vis-à-vis the security being held as collateral for their investments.



448 A comparison of the two Complete Management Offers is attached to this Second Report as **Confidential Appendix “7”**.

449 In view of the foregoing, on October 4, 2017, the Receiver notified the Complete Managers and the Preferred Share Purchaser that it would not be pursuing any of the Complete Management Offers or Preferred Share Offer received throughout the Sales Process. However, no notification was given to the one (1) Cash Purchase Offer, as will be addressed below.

### ***THE CASH PURCHASE OFFER***

450 The Receiver is in the process of advancing negotiations with respect to the remaining Cash Purchase Offer. It is anticipated that a supplement to this Second Report will be issued by the Receiver in advance of the motion seeking approval of this Second Report, which supplement will report to the Court with respect to whether an agreement concerning the remaining Cash Purchase Offer has been reached, for which approval will be sought from the Court on this motion.

## **RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP**

- 451 Attached hereto as **Appendix “11”** is the Receiver’s Interim Statement of Receipts and Disbursements for the period April 26, 2017 to October 31, 2017 which outlines the cash balances of the Company and the Crystal Wealth Funds. From April 26, 2017 to October 31, 2017, cash receipts totaled \$30,836,285 and US \$2,242,157 while disbursements were \$1,132,420 and US \$509. The ending cash balances as at October 31, 2017 were \$37,705,633.
- 452 Cash receipts to the Crystal Wealth Funds were generated from the following significant receipts, among others:
- a) the monetization of Equities – \$7,779,181 and US \$4,207,609 respectively, net of commissions;
  - b) collection of Media Loan principal and interest payments – \$6,859,188 and US \$153,591;
  - c) the collection of Residential Mortgage principal and interest payments – \$5,652,373;
  - d) the monetization of External Mutual Funds – \$5,051,937;
  - e) the collection of payments from NFL Participation Agreements – US \$714,867; and
  - f) the sale of the Geodata Balance – US \$684,313.
- 453 Disbursements from the Crystal Wealth Funds primarily relate to Court approved Receiver and legal fees, insurance, the purchase of Equities upon exercising Warrants, outside consulting fees paid to contractors including Quiver, bank charges and commissions, and HST related to taxable expenses.

## **OTHER NOTABLE ITEMS**

### ***INVESTMENT ADVISOR COMPENSATION***

- 454 As has been described in detail throughout this Second Report, it is apparent that the historical reported values of certain Crystal Wealth Funds have been overstated by the Company and that provisions in such Funds should have been made to reflect the permanent impairment of certain investments.
- 455 The independent Investment Advisors were compensated, in part, based on the NAV of the Crystal Wealth Funds in which their investors were invested. Accordingly, as the monthly NAV of certain Crystal Wealth Funds were overstated, compensation to the Investment Advisors, based on such inflated NAVs, were overcompensated.
- 456 Although the Receiver is reviewing all of the Independent Advisor compensation agreements, a review of the accounting records of the Company indicates that over the 12 months preceding the Receiver's appointment, some of the Investment Advisors received significant payments. Below is a listing of certain of the Investment Advisors and the payments received by them for the 12 months ending April 26, 2017 totaling \$1,699,944:
- a) Housego – \$713,785;
  - b) Jeff Mushaluk – \$256,647;
  - c) Dale Wells – \$253,221;
  - d) Clayton Smith – \$200,642;
  - e) Scott Whale – \$175,582; and
  - f) Tim Johnston – \$100,067.
- 457 The Receiver will report the results of its review of the agreements between the above noted individuals in its next report to the Court.

## **INTERFERENCE IN THE RECEIVER'S ADMINISTRATION OF THE CRYSTAL WEALTH GROUP**

458 Since the release of the Receiver's Notice to Investors dated October 6, 2017 advising of the Receiver's decision to not accept any of the Complete Management Offers (the "**October 6 2017 Notice**"), it has become evident to the Receiver that third parties, which may include former representatives (i.e. Investment Advisors) of the Company, have continued to communicate with investors, and are purporting to provide investors with information concerning the Receiver's administration of the Crystal Wealth Group, and with respect to the Crystal Wealth Funds. Such information being communicated to investors has been false and misleading. Such statements recently made by numerous investors to the Receiver, which reflect that third parties are providing the investors with false and misleading information, include that:

- a) all of the assets and investments contained within the Crystal Wealth Funds were healthy and performing prior to the appointment of the Receiver;
- b) the Receiver will be performing an expedited liquidation of all of the assets at minimal prices;
- c) the Amended BDO Claim is a consequence of mismanagement and misleading guidance by the Receiver;
- d) the Receiver denied investors the right to have representative counsel appointed;
- e) if representative counsel was appointed then the Proposed Class Action would not have been commenced by Whitehouse (despite Whitehouse having had his own counsel present at the June 30, 2017 motion before the Honourable Justice Mr. Hainey, in order to oppose CMB's appointment as representative counsel);
- f) the OSC placed the Crystal Wealth Group into receivership, even though the Crystal Wealth Group had in excess of \$100 Million in assets and no significant financial issues; and
- g) the Complete Managers would be able to manage the Crystal Wealth Funds back to profitability and recover all investments at full value. Furthermore, many investors who have recently written to the Receiver were aware that there were two (2) Complete

Managers, the number of which had not been publicized by the Receiver prior to the issuance of this Second Report.

- 459 Almost all of such communications from investors advising of inaccurate information provided by other sources has been from investors who are located in British Columbia and are primarily invested in the Factoring Fund, Bullion Fund, and Hedge Fund, in which Housego was the Lead Portfolio Strategist. Coincidentally: (i) these recent investor communications expressing investors' strong disagreement to the Receiver's decisions appear to be in the format of a "form letter" addressed to the same email addresses (some with the same incorrect spelling of certain email addresses); and (ii) the Factoring Fund, Bullion Fund, and Hedge Funds have the most significant issues regarding the quality of investments and non-compliance to the corresponding OMs. In subsequent discussions with a number of investors, the Receiver was advised that Housego was the author of this form letter being submitted by investors. Absent Housego's examination under oath, the Receiver can only surmise that Housego – who received payments of \$713,785 in the 12 months ending April 26, 2017 - is one of the primary sources of such misinformation in order to redirect blame regarding the poor quality of the investments held by the Factoring Fund, Bullion Fund, and Hedge Fund, and the use of investor monies by these Funds.
- 460 Since the commencement of the Receivership Proceedings, and more notably after the Receiver's communication to investors of its decision to not pursue any Management Offers, the Receiver has and continues to spend a considerable amount of time addressing such false information being distributed to investors in order to correct the record and to clarify the resulting confusion which has resulted within the investor base.

#### **UNAUTHORIZED COMMUNICATION TO INVESTORS BY A COMPLETE MANAGER**

- 461 Since the October 6 2017 Notice, certain investors have confirmed that they have been contacted by one of the Complete Managers, Brian Bosse ("**Bosse**") of BlueSpring Investments Inc.; such correspondence is a breach of the confidentiality agreement executed by Bosse as a condition of his participation in the Sales Process.
- 462 In a meeting held on October 11, 2017 between the Receiver and Bosse at the Receiver's office, Bosse indicated that he had spoken to an investor who had been concerned as to why his Complete Management Offer was not pursued by the Receiver.

463 On a call convened with the Receiver on October 31, 2017, Bosse indicated his displeasure with the Notice issued by the Receiver to investors dated October 30, 2017 (the “**October 30 2017 Notice**”) which, among other things, communicated to investors the reasons why the Receiver did not accept any of the Complete Management Offers. Bosse demanded that the Receiver take down the October 30 2017 Notice to which the Receiver declined. During the call, Bosse had also communicated to the Receiver that he had been in discussions with “numerous investors in the past few weeks” and that the October 30 2017 Notice damaged the credibility he had with the investors with whom he had been in contact. The Receiver advised Bosse that communication with investors regarding the Crystal Wealth Funds and the Sales Process was in contravention of the Confidentiality Agreement and that all future communications must cease. During the call, the Receiver asked Bosse to disclose the number of investors he had discussions with and the number of occurrences of such discussions however Bosse refused to disclose this information to the Receiver.

#### **THE INVESTMENT ADMINISTRATION SOLUTION INC.’S FAILURE TO PROVIDE DOCUMENTS**

- 464 Although the Company performed its financial accounting and record keeping internally, as it relates to the Crystal Wealth Funds, the financial accounting and recording keeping was outsourced to a third-party, Investment Administration Solution Inc. (“**IAS**”).
- 465 The Receiver has made numerous requests to IAS to obtain the monthly reporting for each of the Crystal Wealth Funds and the underlying transaction detail for same from January 1, 2016 to May 31, 2017. As at the date of this Second Report, IAS has ignored the Receiver’s requests and has failed to provide such documentation.
- 466 The Receiver requests that this Court issue an Order directing IAS to provide the Receiver and its counsel with certain requested but still outstanding information and documentation required for a proper account reconciliation and assessment the Crystal Wealth Funds.

## **OTHER ACTIVITIES OF THE RECEIVER SINCE THE APPOINTMENT ORDER**

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

- a) responded to numerous calls and emails from Crystal Wealth Group investors and other stakeholders;
- b) distributed **ten** (10) notices from the Receiver to all investors, which were also posted to the Receiver's Case Website, from May 1, 2017 to October 30, 2017 updating them on the receivership as events unfolded;
- c) created and maintained a listing of investors with holdings, accounts, and contact information including email addresses;
- d) held meetings and corresponded with NBCN on a number of investor matters, including the on-going management of the securities, records and monetization of assets within the Crystal Wealth Funds;
- e) corresponded with various third-parties involved in administering certain Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
- f) collected monthly payments and funds held by third-parties administering certain Crystal Wealth Funds and/or their assets;
- g) corresponded with borrowers of the Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
- h) executed the MOU Amendments dated September 28, 2017 and October 30, 2017 with Quiver;
- i) conducted meetings with certain third-parties and borrowers, as appropriate;
- j) corresponded and held numerous discussions with various stakeholders, providers and/or their legal counsels;

- k) corresponded and held various discussions with BDO and its counsel;
- l) corresponded and held various discussions and meetings with parties expressing interest in either purchasing or managing certain Crystal Wealth Funds; and
- m) maintained a public website for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol.



## **MOUNT NEMO PROPERTY**

- 468 As outlined in the First Report, on June 8, 2017, the Receiver entered into an MLS listing agreement with RE/MAX Aboutowne Realty Corp., Brokerage (the "**Broker**") effective until October 31, 2017 (the "**Listing Agreement**").
- 469 Prior to listing the Mount Nemo Property, the Receiver performed the following activities to prepare the Mount Nemo Property for sale:
- a) arranged for and retained a third-party to open and maintain the pool and waterfall located on the Mount Nemo Property;
  - b) engaged a third party landscaping company to provide grass cutting and general maintenance and landscaping services for the Mount Nemo Property; and
  - c) ensured adequate security was in place.
- 470 On July 12, 2017, the Mount Nemo Property was listed for \$3,399,000 on the Oakville/Milton, Hamilton/Burlington, and Toronto District Real Estate Board in addition to various other online real estate websites. The Receiver elected to begin listing the Mount Nemo Property at this price as it represented the approximate amount of the Purchaser's offer as contained in the Mount Nemo Sale Agreement.
- 471 Beginning the week ending July 17, 2017, the Broker provided the Receiver with periodic updates outlining, among other things: (i) the number of showings; (ii) the internet traffic on various websites; (iii) general updates on the condition of the Mount Nemo Property; and (iv) the status of any past or future showings.
- 472 Due to the minimal interest in the Mount Nemo Property and the fact that minimal showings were arranged and no offers had been received, the Receiver executed an amendment to the Listing Agreement dated August 30, 2017 which reduced the listing price of the Mount Nemo Property to \$3,199,000 (a reduction of \$200,000) (the "**First Amendment**").
- 473 On October 31, 2017, the Listing Agreement with the Broker expired. On November 2 and November 3, 2017, the Receiver notified the Broker that it would not be renewing the Listing Agreement. The Receiver's decision resulted from the fact that no offers were

received despite the Property having been listed for six months, and given that only a minimal amount of showings were conducted.

- 474 The Receiver contacted another broker, Sotheby's International Realty Canada ("**Sotheby's**"), who had submitted a proposal as part of the Receiver's Request for Proposals process discussed in the First Report, to inquire if Sotheby's remained interested in listing the Mount Nemo Property.
- 475 In the RFP process, the Receiver had ranked Sotheby's proposal behind that of the Broker, however, the Sotheby's proposal highlighted: (i) its extensive experience selling similar real estate in the Burlington and surrounding area; (ii) a competitive commission structure; (iii) detailed and real time reporting tools and functionality; and (iv) a detailed marketing plan to prepare and execute the sale of the Mount Nemo Property.
- 476 On November 6, 2017, the Receiver entered into an MLS listing agreement with Sotheby's (the "**Sotheby's Listing Agreement**") which is attached to this Second Report as **Confidential Appendix "8"**.

## **THE RECEIVER'S CONTINUED DEALINGS WITH SMITH**

- 477 As a result of the Appointment Order, all of Smith's known assets, including bank accounts, continue to be frozen, and all of the Property (as defined in the Appointment Order) was vested in the Receiver.
- 478 As discussed in the First Report, on May 18, 2017, the Receiver delivered a form of statutory declaration (the "**Statutory Declaration**") to Smith requesting that he provide information concerning, among other things, his assets, liabilities, income, and expenses.
- 479 On May 24, 2017, June 6, 2017, and July 4, 2017, A&B, on behalf of the Receiver, sent follow-up correspondence to Smith reiterating the Receiver's request that Smith complete the Statutory Declaration.
- 480 On July 20, 2017, Smith delivered to the Receiver an unsworn version of the form of statutory declaration, to which Smith had made significant changes (the "**Unsworn and Altered Statutory Declaration**").
- 481 On July 24, 2017, the Receiver provided notice to Smith that the Unsworn and Altered Statutory Declaration contained significant changes to the Statutory Declaration provided by the Receiver on May 18, 2017 and that same was not sworn. On July 28, 2017, Smith advised the Receiver he would provide a sworn Statutory Declaration.
- 482 Subsequent to the Receiver following-up on August 11, 2017, August 28, 2017, and September 1, 2017, Smith provided a sworn Statutory Declaration to the Receiver which was received on September 7, 2017. The delivered Statutory Declaration included hand written changes by Smith to the form of Statutory Declaration which the Receiver had required be completed by Smith.
- 483 The Receiver continues to reserve its rights to cross-examine Smith on his sworn Statutory Declaration, and to examine Smith as permitted by the Appointment Order.

## **RECEIVER'S FEES AND DISBURSEMENTS**

- 484 Pursuant to paragraph 23 of the Appointment Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 24 of the Appointment Order, the Receiver and its counsel shall pass their accounts.
- 485 The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court up to and including September 30, 2017, and seeks approval of the allocation methodology described in paragraphs 57 to 61 above. The Receiver and its counsel have maintained detailed records of their professional time and costs.
- 486 The total fees for the Receiver for the period June 1, 2017 to September 30, 2017, were \$385,280.07, plus disbursements of \$4,089.28, plus HST of \$50,618.02, for a total of \$439,987.37. The time spent by the Receiver is more particularly described in the Affidavit of Jonathan Krieger sworn November 17, 2017 (the "**Krieger Affidavit**"), which is attached hereto as **Appendix "73"** and contains copies of invoices that set out the services provided during this time period.
- 487 The total fees of A&B, as counsel to the Receiver, for the period of June 1, 2017 to September 29, 2017, were \$315,692.50, plus disbursements of \$7,125.88, plus HST of \$41,696.38, for a total of \$364,514.76. The time spent by A&B is more particularly described in the Affidavit of Mark van Zandvoort sworn November 22, 2017 (the "**van Zandvoort Affidavit**"), which is attached as **Appendix "74"** and contains, among other things, copies of invoices that set out the services provided during this period of time.
- 488 It is the Receiver's opinion that the fees and disbursements of the Receiver and A&B accurately reflect the work done by the Receiver and on behalf of the Receiver by A&B in connection with the receivership and the administration of the Property of the Crystal Wealth Group from June 1, 2017 to September 30, 2017.
- 489 It is the Receiver's opinion that the fees and disbursements of A&B are fair and reasonable and justified in the circumstances. The Receiver recommends approval of A&B's accounts by this Honourable Court.

## **TELE-TOWN HALL FOR INVESTORS**

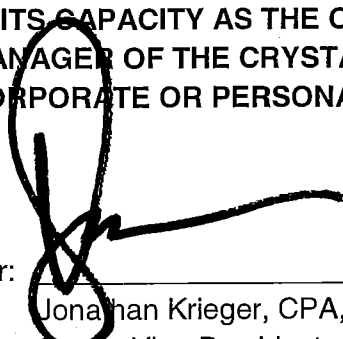
490 Due to the volume and complexity of the information contained within this Second Report, the Receiver will be conducting a "Town Hall" meeting with investors via tele-conference (the "**Tele-Town Hall**") whereby investors will be given the opportunity to ask the Receiver questions with respect to the receivership of the Crystal Wealth Group and its administration of same. The Tele-Town Hall will be conducted by the Receiver on December 7, 2017 from 11:00 am EST to 1:00 pm EST. The Receiver will provide more detailed information and instructions with respect to the Tele-Town Hall to investors in due course, which information will be available on the Receiver's Case Website.

## **CONCLUSION**

491 For the reasons set out in this Second Report, the Receiver respectfully requests the relief and approval requested in the Receiver's Notice of Motion dated November 24th, 2017.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 24th day of November, 2017.

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

Per: 

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

# TAB 8

**THIS MOTION**, made by Grant Thornton Limited (“GTL”), in its capacity as the Court-appointed receiver and manager (in such capacity, the “**Receiver**”), without security, of all of the assets, undertakings and properties of each of the Respondents except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the “**Crystal Wealth Group**”), for an Order, *inter alia*, approving the Second Report of the Receiver dated November 24, 2017 (the “**Second Report**”) and the activities of the Receiver set out in the Second Report, and for other relief requested by

the Receiver in its Notice of Motion dated November 24, 2017, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Second Report, including the affidavit of Jonathan Krieger sworn November 17, 2017 (the "**Krieger Affidavit**"), and the affidavit of Mark van Zandvoort sworn November 22, 2017 (the "**van Zandvoort Affidavit**"), and on hearing the submissions of counsel for the Receiver and such other counsel who were present, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Colette Dillard sworn November 24, 2017, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the Receiver's motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Second Report and the activities of the Receiver described therein be and are hereby approved.
3. **THIS COURT ORDERS** that the Confidential Appendices be and are hereby sealed until further Order of the Court.
4. **THIS COURT ORDERS** that the Receiver's resolution of the amended proof of claim filed by BDO Canada LLP ("**BDO**"), and the BDO Agreement (as defined in the Second Report), be and are hereby approved;
5. **THIS COURT ORDERS** that the Receiver's methodology and proposal to make interim distributions to investors of certain Crystal Wealth Funds (as defined in the Second Report) (the "**Investors**"), as set out in the Second Report, be and is hereby approved, and that the Receiver is hereby authorized to make such interim distributions to Investors.
6. **Deleted.**



7. **THIS COURT ORDERS** that each of the following entities and/or individuals be and is hereby specifically directed to provide the Receiver and its counsel, Aird & Berlis LLP ("**A&B**"), with all information previously sought from each of them in writing by or on behalf of the Receiver that remains still outstanding:

- (i) Jerry Froese ("**Froese**") – President & CEO of Frontline Factoring Inc. ("**Frontline**");
- (ii) Alberto Storelli, Brian Peoples; and Joe Harker as it relates to their involvement in the US Real Estate LP (defined and described in the Second Report);
- (iii) Craig Clydesdale ("**Clydesdale**") – principal of the OOM Energy Group (defined in the Second Report);
- (iv) Kari Gillespie ("**Gillespie**") – Operations Manager of Liberty Mortgage Services Ltd.;
- (v) Stephen Miller ("**Miller**") – a representative of MGE Corporation Limited;
- (vi) Chuck Pinnell – Principal of 611802 B.C. Ltd.; and
- (vii) Stan Spletzer – Principal of Solid Holdings Inc.

8. **Deleted.**

9. **THIS COURT ORDERS** that the Receiver be and is hereby authorized to examine the following individuals under oath pursuant to a summons, interprovincial summons, or letter of request as the case may be. (The Receiver may apply without notice for any authorization or letter of request that it may require to compel the witnesses' attendance.)

- (i) Al Housego, the former Lead Portfolio Strategist for certain of the Crystal Wealth Funds ("**Housego**");
- (ii) Clayton Smith ("**Smith**");
- (iii) Joanne Bentley;
- (iv) Clydesdale;

- (v) Gillespie;
- (vi) Miller;
- (vii) Steven Bandola, a former employee of Frontline;
- (viii) Pinnell; and
- (ix) Alan Braun – Principal of Onstar Exploration Ltd.

10. **THIS COURT ORDERS** that the Receiver be and is authorized to examine the following individuals under oath in accordance with paragraph 6(s) of the Order (Appointing Receiver) of the Ontario Superior Court of Justice dated April 26, 2017 (the “**Appointment Order**”):

- (i) Froese;
- (ii) David DenHollander, the President of 647497 B.C. Ltd.;
- (iii) Jeffrey Maljaars, Principal of 1566496 Alberta Ltd.
- (iv) Darcy Pahl, President of Dome Mountain Resources of Canada Inc.; and
- (v) Robert Maljaars, previous signing authority of Dome Mountain Resources of Canada Inc.

11. **THIS COURT ORDERS** that Frontline pay to the Receiver the sum of \$53,094.02 representing payments received by Frontline from Zomongo TV, Advanced Metal, 156 Alberta and Restoration Energy (as such entities are defined in the Second Report), which payments have yet to be remitted to the Receiver in trust for the Factoring Fund and Hedge Fund contrary to the FPAA (as defined in the Second Report).

12. **THIS COURT ORDERS** that the Quiver MOU Amendments executed by the Receiver and Quiver (as those terms are defined in the Second Report) be and are hereby approved.

13. **THIS COURT ORDERS** that the Receiver’s Interim Statement of Receipts and Disbursements through to October 31, 2017, as appended to the Second Report, be and is hereby approved.

14. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period June 1, 2017 to September 30, 2017, as described in the Second Report and as set out in the Krieger Affidavit, be and are hereby approved, and that the allocation of the Receiver's fees and disbursements from April 24, 2017 to September 30, 2017, as described and detailed in the Second Report, be and is hereby approved.

15. **THIS COURT ORDERS** that the fees and disbursements of Aird & Berlis LLP, counsel to the Receiver, for the period June 1, 2017 to September 30, 2017, as described in the Second Report and as set out in the van Zandvoort Affidavit, be and are hereby approved, and that the allocation of A&B's fees and disbursements from April 24, 2017 to September 30, 2017, as described and detailed in the Second Report, be and is hereby approved.

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

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

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

19. **THIS COURT ORDERS AND DECLARES** that this Order is subject to provisional execution.

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

DEC 13 2017

PER / PAR:



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**Proceedings commenced at Toronto**

**ORDER**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
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*Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited*

FILE/DIRECTION/ORDER

BEFORE JUDGE MYERS

ACTION # CV-17-11779-CL

OSL

Plaintiff(s)

-v-

CRYSTAL WEALTH et al.

Defendant(s)

CASE MANAGEMENT: YES [ ]

NO ☒

COUNSEL: \_\_\_\_\_ PHONE NO. \_\_\_\_\_

\_\_\_\_\_ PHONE NO. \_\_\_\_\_

\_\_\_\_\_ PHONE NO. \_\_\_\_\_

[ ] ORDER [ ] DIRECTION FOR REGISTRAR

[ ] REPORTED SETTLED ADJOURNED TO TRIAL SCHEDULING COURT \_\_\_\_\_

[ ] NO ONE APPEARED ADJOURNED TO TO BE SPOKEN TO COURT \_\_\_\_\_

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

Dec. 12/17  
DATE

[Signature]  
JUDGE'S SIGNATURE

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

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

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

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

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

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

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

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

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



Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

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

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

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



Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Judges Endorsment Continued

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

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

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

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

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

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

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

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

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

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

**FILE/DIRECTION/ORDER**

Judges Endorsment Continued

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

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

*[Signature]*

# TAB 9

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

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**FEBRUARY 8, 2018**



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

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| <b>Appendix 2</b> | Assignment Agreement                                       |
| <b>Appendix 3</b> | Bron Animation Inc. Proof of Claim dated August 3, 2017    |
| <b>Appendix 4</b> | Bron Studios Inc. Proof of Claim dated August 3, 2017      |

## **CONFIDENTIAL APPENDICES**

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| <b>Confidential Appendix 1</b> | Asset Purchase Agreement dated February 2, 2018 [unredacted] |
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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**FEBRUARY 8, 2018**



## INTRODUCTION AND PURPOSE OF THE SECOND REPORT SUPPLEMENT

- 1 This supplement (this “**Second Report Supplement**”) is filed by Grant Thornton Limited in its capacity as Court-appointed receiver (the “**Receiver**”) of the Crystal Wealth Group, as a supplement to the Receiver’s Second Report to the Court dated November 24, 2017 (the “**Second Report**”).
- 2 Unless otherwise defined, all capitalized terms in this Second Report Supplement are as defined in the Second Report. All disclaimers provided in the Second Report also apply to this Second Report Supplement.
- 3 Background information in respect of the Respondents and the Receivers’ appointment is provided in the First Report to the Court of the Receiver dated June 22, 2017 (the “**First Report**”), the Supplement to the First Report to the Court dated June 29, 2017 (the “**Supplement to the First Report**”), and in the Second Report.
- 4 Copies of materials filed in these proceedings generally are available on the Receiver’s Case Website at [www.grantthornton.ca/crystalwealth](http://www.grantthornton.ca/crystalwealth).
- 5 The purpose of this Second Report Supplement is to:
  - a) inform and update the Court on the Receiver’s continued negotiations with respect to the remaining Cash Purchase Offer, as referenced at paragraph 450 of the Second Report, which negotiations have culminated in:
    - i. an Asset Purchase Agreement dated February 2, 2018 being entered into between the Receiver and Bron Releasing Inc. (“**BRI**”) (the “**APA**”), attached hereto as **Confidential Appendix “1”**, with a redacted version attached hereto as **Appendix “1”**; and
    - ii. an Assignment Agreement (to be dated) being entered into between the Receiver, as assignee, and Bron Studios Inc. (“**BSI**”) and Bron Animation Inc. (“**BAI**”), each as assignors, (the “**Assignment Agreement**”), attached hereto as **Appendix “2”**, which Assignment Agreement is conditional upon the completion of the transaction set out in the APA;

- b) request that the Court issue an order, substantially in the form attached as Schedule “B” to the APA: (i) approving the APA; (ii) authorizing the Receiver to complete the transaction contemplated therein; and (iii) vesting in BRI all of the rights, title and interests in and to the Sale Assets (as defined in the APA), subject to the terms of the APA;
- c) request that the Court issue an order approving the Assignment Agreement, and authorizing the Receiver to complete the transaction set out therein in accordance with the terms of the Assignment Agreement; and
- d) request that the Court issue an order sealing the Confidential Appendices of this Second Report Supplement until further Order of the Court.

## **THE APA**

- 6 As indicated in paragraph 450 of the Second Report, as at the date of the Second Report, the Receiver was in the process of advancing negotiations with respect to a remaining Cash Purchase Offer which it received through the Sales Process, being an offer to purchase the Receiver’s right, title, and interest in and to the Media Loans of the Media Fund.
- 7 As will be detailed below, the Receiver has continued to negotiate the remaining Cash Purchase Offer, which has culminated in the APA being executed by the Receiver and BRI, as purchaser, on February 2, 2018.
- 8 As indicated in paragraph 215 of the Second Report, the Receiver engaged Quiver as an expert advisor (which engagement was approved by this Court) to assist the Receiver in its investigation and management of the Media Fund. As indicated in paragraph 218 of the Second Report, on November 22, 2017, Quiver provided the Quiver Report to the Receiver that, among other things:
  - a) outlined the nature of the Media Loans issued to the various production companies;
  - b) set out the collections received for Media Loans as at the date of the Quiver Report;

- c) provided an estimated value of the Gap Loans and Tax Credit Loans, and detailed the underlying methodology in determining the limited projected amounts which are reasonably likely to be recovered by the Media Fund with respect to the Media Loans; and
- d) recommended that the Receiver accept the amount being offered by BRI, being the Purchase Price as defined in the APA.

The Quiver Report, with its appendices, was attached as a confidential appendix to the Second Report and was sealed until further Order of the Court pursuant to the Order of the Honourable Justice Myers issued December 11, 2017. For the Court's convenience, a copy of the Quiver Report and its Appendix D, as sealed, will be separately filed by the Receiver as part of the motion record related to this Report, in a sealed envelope as **Sealed Appendix "1"**.

- 9 On the basis of the projected value/limited likelihood of recovery of the Media Loans as detailed in the Quiver Report, as well as the lack of any other offers for the purchase of the Media Loans through the Sales Process, the Receiver continued negotiations with BRI in an effort to finalize the terms of an agreement with BRI.
- 10 Such negotiations ultimately resulted in the execution of the APA dated February 2, 2018. The deposit required under the APA has been paid. In order for the transaction contemplated by the APA to be completed, it is a condition of the APA that an Approval and Vesting Order, substantially in the form attached as Schedule "B" to the APA, be issued by the Court. This form of Approval and Vesting Order is being sought on the present motion.
- 11 BRI is a British Columbia corporation, and its sole director is Aaron Gilbert ("**Gilbert**"). Both Gilbert and Steven Thibault ("**Thibault**") are authorized signatories for BRI. The Receiver understands that Gilbert is also the President, CEO, Chairman, and sole director of MHC, the entity which the Media Fund had engaged prior to the Receiver's Appointment to: (i) source potential Media Loans for investment by the Media Fund; and (ii) administer the Media Loans purchased by the Media Fund. The Receiver understands that Thibault was and/or remains employed by MHC, and that he was formerly the VP Finance at MHC. In addition, Gilbert was and/or continues to be a director of BSI and BAI.

- 12 Through the Creditor Claims Procedure authorized by this Court, BSI and BAI each filed Proofs of Claim (the “**Proofs of Claim**”), attached hereto as **Appendix “A”** and **Appendix “B”**, respectively, against Smith for personal loans advanced to him in the sum of \$8,512,592. According to the Proofs of Claim, as at August 3, 2017, Smith is indebted to BAI and BSI in the total sum of \$12,243,455 given accrued interest on the outstanding indebtedness.
- 13 The Receiver required that, as a condition of entering into the APA, BSI and BAI each assign their rights, title and interest under the Proofs of Claim to the Receiver. BSI and BAI each agreed, and have executed the Assignment Agreement along with the Receiver, which is being held in escrow and will become effective only upon the completion of the APA transaction.
- 14 The Receiver required that the Assignment Agreement be entered into as a result of: (i) concerns raised in the Commission Affidavits (as defined in the First Report) about funds which were traced from the Media Fund to either MHC or BAI, and which ultimately appeared to be traced to Smith or his holding company, CLJ Everest, which concerns are disputed by Bron; and (ii) the particulars submitted in the Proofs of Claim, which provided that BSI and BAI made loans to Smith. The assignment of the Proofs of Claim could thus result in additional monies being recovered by the Receiver in respect of such funds.

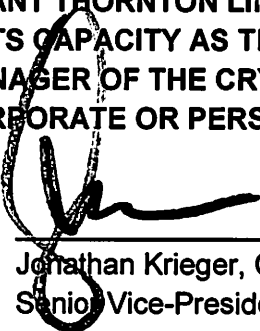
## **CONCLUSION**

- 15 The Receiver conducted a fulsome Sales Process which elicited an offer from BRI and its affiliates. The Purchase Price contained in the APA is for an amount which the Receiver considers to be reasonable in the circumstances based upon the analysis and conclusions provided in the Quiver Report given the likelihood of recovery on the Gap Loans and certain Tax Credit Loans.
- 16 Furthermore, if the APA is approved and the transaction thereby completed, the Receiver will receive the benefits of any recovery which may be obtained as a result of the Assignment Agreement.

- 17 The Receiver considers the terms of the APA and the Assignment Agreement to be reasonable in the circumstances. It is the Receiver's view and recommendation that Court approval of the APA and the Assignment Agreement is likely to yield the best recovery on the Media Loans, and in turn, for investors of the Media Fund.
- 18 Accordingly, the Receiver is seeking an order approving the APA and the Assignment Agreement.
- 19 The Receiver is also seeking an order sealing the Confidential Appendices, which contain certain commercially-sensitive information related to pricing, the release of which could prejudice the Crystal Wealth Group's stakeholders if the transaction contemplated by the APA is not completed.

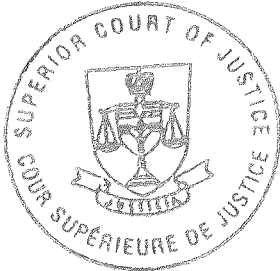
**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 8th day of February, 2018.

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

Per: 

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

# TAB 10



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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE

*S.L. Dunphy*

TUESDAY, THE 20<sup>th</sup> DAY

OF FEBRUARY, 2018

**BETWEEN:**

**ONTARIO SECURITIES COMMISSION**

**Applicant**

- and -

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

**Respondents**

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

**ORDER**

**THIS MOTION**, made by Grant Thornton Limited ("**GTL**"), in its capacity as the Court-appointed receiver and manager (in such capacity, the "**Receiver**") of: (i) each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (the Respondents except for Chrysalis Yoga being collectively referred to as the "**Crystal Wealth Group**"); and (ii) the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), for an Order, *inter alia*, approving the Supplement to the Second Report of the Receiver dated February 8, 2018 (the "**Second Report Supplement**") and the activities of the Receiver set out in the Second Report Supplement; (ii) sealing the

confidential appendix to the Second Report Supplement (the "**Confidential Appendix**"); and (iii) approving the assignment agreement entered into among the Receiver, as assignee, and Bron Studios Inc. and Bron Animation Inc., each as assignors (the "**Assignment Agreement**"), and for other relief requested by the Receiver in its Notice of Motion dated February 8, 2018, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Second Report Supplement and on hearing the submissions of counsel for the Receiver and such other counsel who were present, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Timothy Jones sworn February 9, 2018, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the Receiver's motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Second Report Supplement and the activities of the Receiver described therein be and are hereby approved.

3. **THIS COURT ORDERS** that the Confidential Appendix be and is hereby sealed until further Order of the Court. *the Receiver's filing or March 26, 2018.* *AWD*

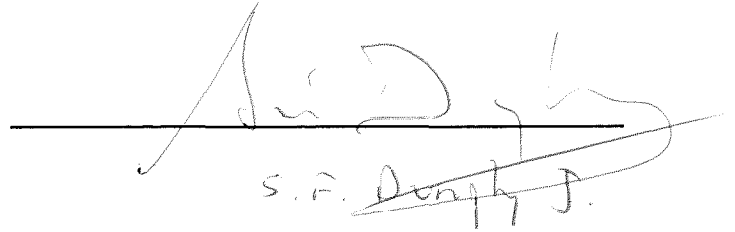
4. **THIS COURT ORDERS** that the Assignment Agreement be and is hereby approved, and the Receiver be and is hereby authorized to proceed with the transaction contemplated therein.

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

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



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

  
S.F. Dunphy J.

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

FEB 20 2018

PER / PAR:



Applicant

Respondents

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**Proceedings commenced at Toronto**

**ORDER**

**AIRD & BERLIS LLP**

Barristers and Solicitors  
Brookfield Place  
Suite 1800, 181 Bay Street  
Toronto, ON M5J 2T9

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E-mail: [tjones@airdberlis.com](mailto:tjones@airdberlis.com)

*Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited*

S.F. Murphy J  
20 Feb 2018

No one opposes the approval sought. I  
am satisfied that, based on the Swadlow  
principles the Receiver has adhered to,  
this is the best transaction available  
in all the circumstances, Counsel for  
White House plaintiffs are satisfied  
the approval order + sales transaction  
does not adversely affect their  
statement of claim that is outstanding  
as against parties related to the purchaser.  
Order to go in form <sup>Receiver report</sup> submitted + signed  
by the approving sales <sup>Receiver report</sup> security order only  
until earlier of closing date and March  
26, 2018. The Quiver report is ordered inserted  
at the same time (earlier of closing or March 26, 2018)

Jim D. J

# TAB 11

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

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**MAY 3, 2018**



**Grant Thornton Limited  
200 King Street West, 11<sup>th</sup> Floor  
TORONTO, ONTARIO, M5H 3T4**

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- Appendix 2** Appointment Order and endorsement dated April 26, 2017
- Appendix 3** Receiver's First Report to Court dated June 22, 2017
- Appendix 4** Order and Endorsement issued by Justice Hainey dated June 30, 2017
- Appendix 5** Receiver's Second Report to Court dated November 24, 2017
- Appendix 6** Order and Endorsement issued by Justice Myers dated December 11, 2017
- Appendix 7** Receiver's Second Report Supplement dated February 8, 2018
- Appendix 8** Order and Endorsement issued by Justice Dunphy dated February 20, 2018
- Appendix 9** Agreement of Purchase and Sale dated April 11, 2018 [redacted]
- Appendix 10** Home Trust Notice of Sale dated June 19, 2017
- Appendix 11** June 20, 2017 letter from Aird & Berlis LLP to Home Trust
- Appendix 12** Master Medical Receivables Purchase and Administration Agreement dated March 31, 2016
- Appendix 13** Geodata Participation Agreement March 31, 2016
- Appendix 14** SSI Participation Agreement dated March 31, 2016
- Appendix 15** Geodata Bill of Sale dated July 10, 2017
- Appendix 16** Geodata Amendment to the Bill of Sale dated January 26, 2018
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## **CONFIDENTIAL APPENDICES**

- |                                |                                                                                                                                      |
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| <b>Confidential Appendix 1</b> | Agreement of Purchase and Sale dated April 11, 2018<br>[unredacted]                                                                  |
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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**MAY 3, 2018**

## INTRODUCTION

### The OSC Application and Appointment Order

- 1 The Ontario Securities Commission (the “**OSC**”) issued a temporary order on April 7, 2017 (as extended by the OSC on April 13, 2017 and April 28, 2017 (the “**Temporary Order**”)) providing that the trading of units of all of the Crystal Wealth Funds cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith (“**Smith**”) and Crystal Wealth Management System Limited (the “**Company**”), with limited exceptions that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant Fund. On October 2, 2017, the OSC extended the Temporary Order to April 10, 2018 (the “**First Extension Order**”), while modifying the Temporary Order issued April 7, 2017 to remove the portions of paragraphs 4 and 5 thereof referring to Smith in his capacity as advising representative, given that Smith’s registration was automatically suspended when he was terminated by the Receiver. On April 9, 2018, the OSC further extended the Temporary Order to July 5, 2018 (the “**Second Extension Order**”). The Temporary Order issued April 7, 2017, the First Extension Order and the Second Extension Order are attached hereto as **Appendix “1”** to this Third Report of the Receiver (the “**Third Report**”).
- 2 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), the Honourable Mr. Justice Newbould issued an Order (the “**Appointment Order**”) appointing Grant Thornton Limited as: (i) receiver and manager (in such capacities, the “**Receiver**”), without security, of all of the assets, undertakings and properties (collectively, the “**Property**”) of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the “**Crystal Wealth Group**”); and (ii) Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “**Chrysalis Account**”), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the “**OSC Application**”) under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”). The said receivership proceedings shall be referred to herein as the “**Receivership Proceedings**”. A copy of the Appointment

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

- 3 Also on April 26, 2017, the Honourable Mr. Justice Newbould issued a Vesting Order (the **“Vesting Order”**) authorizing the Receiver to complete, on behalf of the Respondent, CLJ Everest Ltd. (**“CLJ Everest”**) (a company wholly owned by Smith), the sale transaction of the property located at 5043 Mount Nemo Crescent in Burlington, Ontario (the **“Mount Nemo Property”**) to Martin McCready (**“McCready”**) pursuant to and in accordance with an agreement of purchase and sale dated April 12, 2017 (the **“McCready APS”**). McCready did not respond to the Receiver’s communications following the issuance of the Vesting Order, and McCready failed to complete the sale transaction (the **“McCready Sale Transaction”**). The Receiver has reserved its rights to claim damages from McCready as a result of his failure to complete the McCready Sale Transaction.
- 4 A summary of the circumstances leading to the appointment of the Receiver is outlined in the Receiver’s First Report to Court dated June 22, 2017 (the **“First Report”**) which is attached hereto, without appendices, as **Appendix “3”**. The complete OSC Application can be found on the Receiver’s case website at [www.GrantThornton.ca/CrystalWealth](http://www.GrantThornton.ca/CrystalWealth) (the **“Case Website”**).

#### **The First Report Approval Motion – June 30, 2017**

- 5 On June 22, 2017, the Receiver provided the Court with its First Report and served a motion record in support of a motion to, among other things, approve a proposed Sales Process (as defined and described in the First Report) to be conducted by the Receiver by which prospective purchasers and managers could submit bids to the Receiver to either purchase the assets of certain Crystal Wealth Funds, or to take over the management of certain Funds. On June 29, 2017, the Receiver provided the Court with its Supplement to the First Report dated June 29, 2017.
- 6 On June 30, 2017, the Honourable Mr. Justice Hainey issued an Order and Endorsement (the **“June 30 2017 Order and Endorsement”**) that, among other things, approved:
  - a) the Receiver’s First Report and the activities of the Receiver set out therein; and
  - b) the Sales Process.

A copy of the June 30<sup>th</sup> Order and Endorsement is attached hereto as **Appendix “4”**.

#### **The Second Report Approval Motion – December 11, 2017**

- 7 On November 24, 2017, the Receiver provided the Court with its Second Report to Court dated November 24, 2017 (the **“Second Report”**) and served a motion record (the **“November 24, 2017 Motion”**) in support of a motion to, among other things: (i) approve the Receiver’s methodology and proposal to make an interim distribution to the investors of certain Crystal Wealth Funds, and authorizing the Receiver to make such interim distribution; (ii) direct certain entities and/or individuals to provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the Crystal Wealth Group; and (iii) authorize the Receiver to examine certain individuals. A copy of the Second Report, without appendices, is attached hereto as **Appendix “5”**.
- 8 On December 11, 2017, the Honourable Justice Myers issued an Order and Endorsement (the **“December 11, 2017 Order and Endorsement”**) that approved, among other things, the Receiver’s activities as set out in the Second Report. A copy of the December 11, 2017 Order and Endorsement is attached hereto as **Appendix “6”**.

#### **The Second Report Supplement Approval Motion – February 20, 2018**

- 9 On February 8, 2018, the Receiver provided the Court with a Supplement to the Second Report to Court dated February 8, 2018 (the **“Second Report Supplement”**) and served a motion record (the **“February 8, 2018 Motion”**) in support of a motion to, among other things, obtain approval of the Court of: (i) an Asset Purchase Agreement dated February 2, 2018 entered into between the Receiver and Bron Releasing Inc. (**“BRI”**) (the **“APA”**); and (ii) an Assignment Agreement entered into between the Receiver, as assignee, and Bron Studios Inc. (**“BSI”**) and Bron Animation Inc. (**“BAI”**), each as assignors, (the **“Assignment Agreement”**), which Assignment Agreement was conditional upon the completion of the transaction set out in the APA. A copy of the Second Report Supplement, without appendices, is attached hereto as **Appendix “7”**.
- 10 On February 20, 2018, the Honourable Justice Dunphy issued an Order and Endorsement (the **“February 20, 2018 Order and Endorsement”**) that approved, among other things,

the relief as sought in the February 8, 2018 Motion. A copy of the February 20, 2018 Order and Endorsement is attached hereto as **Appendix “8”**.

## **PURPOSE OF THE THIRD REPORT**

- 11 The purpose of this Third Report is to inform the Court of the Receiver’s activities with respect to: (i) the marketing and proposed sale by the Receiver of the Mount Nemo Property; (ii) the Receiver’s execution of the Geodata Bill of Sale Amendment and the SSI Bill of Sale (as such terms are hereafter defined); and (iii) to support the Receiver’s request for, among other things:
- a) an order approving this Third Report, including the actions and activities of the Receiver as described in this Third Report;
  - b) an order, among other things: (i) approving the Agreement of Purchase and Sale dated April 11, 2018 and the amendment thereto dated April 17, 2018 entered into by the Receiver, as vendor on behalf of CLJ Everest, and Daniel Palmer (“**Palmer**”), as purchaser, regarding the sale of the Mount Nemo Property (the “**Palmer APS**”); (ii) authorizing the Receiver to complete the transaction contemplated therein (the “**Palmer Sale Transaction**”); and (iii) vesting in Palmer all of the right, title and interests in and to the Mount Nemo Property, subject to the terms of the Palmer APS. The Palmer APS is attached hereto as **Confidential Appendix “1”**, with a redacted version attached hereto as **Appendix “9”**;
  - c) an order vesting in Xynergy Medical Capital LLC (“**Xynergy**”) all of the rights, title and interests in the Geodata Participation (as defined in the Second Report and in the Geodata Bill of Sale dated July 10, 2017) in accordance with the Geodata Sale Agreement (as defined below);
  - d) an order vesting in Xynergy all of the rights, title and interests in and to the SSI Participation (as defined in the SSI Bill of Sale, as defined in this Third Report) in accordance with the SSI Bill of Sale; and
  - e) sealing the **Confidential Appendices** to this Third Report until the Palmer Sale Transaction has been completed.

- 12 Accordingly, this Third Report is a limited purpose report, and a more detailed report addressing other matters which have taken place subsequent to the Second Report and Second Report Supplement will be filed in due course.

## **RESTRICTIONS AND TERMS OF REFERENCE**

- 13 In preparing this Third Report, the Receiver has relied upon unaudited and certain audited financial information, the Crystal Wealth Group's books and records, certain financial information obtained by third parties, and discussions with various individuals (collectively, the "**Information**"). Except as described in this Third Report, the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
- 14 This Third Report has been prepared for the use of this Court to provide general information and an update relating to the Receivership Proceedings for the purpose of assisting the Court in making a determination as to whether to approve the relief sought in the Receiver's Notice of Motion dated May 3, 2018. This Third Report should not be relied on for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Third Report contrary to the provisions of this paragraph.
- 15 Capitalized terms not defined in this Third Report are as defined in the First Report, the Second Report, and in the Second Report Supplement. All references to dollars are in Canadian currency unless otherwise noted.
- 16 Copies of materials filed in these Receivership Proceedings are available on the Receiver's Case Website at: [www.GrantThornton.ca/CrystalWealth](http://www.GrantThornton.ca/CrystalWealth).

## **MOUNT NEMO PROPERTY**

### **Sale Pending at the Date of Receivership**

- 17 As explained in the First Report, the Receiver was authorized by the Court to complete, on behalf of the Respondent, CLJ Everest (the registered owner of the Mount Nemo Property), the McCready Sale Transaction pursuant to and in accordance with the McCready APS which had been entered into between CLJ Everest and McCready. The

completion date for the underlying transaction was April 28, 2017.

- 18 On April 27, 2017, Jo-Anne Smith (“**Ms. Smith**”), Smith’s sister and the listing agent for the Mount Nemo Property at that time, informed the Receiver that McCready had advised her on April 27, 2017, that McCready would not be completing the McCready Sale Transaction.
- 19 The Receiver subsequently attempted to contact McCready by telephone at the number which Ms. Smith advised was McCready’s cell phone number. On both occasions, the message “*call cannot be completed as dialed*” was received.
- 20 Accordingly, by letter to McCready dated April 28, 2017, counsel to the Receiver, Aird & Berlis LLP (“**A&B**”), advised McCready that the Receiver was treating his anticipatory breaches as a repudiation of the McCready APS, thereby discharging the Receiver from proceeding with the sale while reserving the Receiver’s right to pursue damages from McCready.
- 21 To date, no response has been provided by McCready.

#### **Mount Nemo Listing Process and the First Listing Broker**

- 22 After the McCready Sale Transaction failed to close, the Receiver requested from Ms. Smith any and all information relating to the Mount Nemo Property, as it was the Receiver’s intent to conduct a formal sales process for the listing of the Mount Nemo Property (the “**Mount Nemo Listing Process**”). After receiving limited information from Ms. Smith, on May 10, 2017, the Receiver received an executed Listing Cancellation from Ms. Smith thereby allowing the Receiver to conduct the Mount Nemo Listing Process.
- 23 The First Report detailed the Mount Nemo Listing Process, which included: (i) researching and compiling a short-list of real estate agents/brokers with extensive experience in marketing and selling rural estate properties in the Burlington and surrounding areas; (ii) conducting a request for proposal process under confidentiality provisions; and (iii) evaluating submissions received from real estate agents/brokers.
- 24 The Mount Nemo Listing Process ultimately led to RE/MAX Aboutowne Realty Corp., Brokerage (“**RE/MAX**”) being selected as the listing agent. The summary of the proposals received, which was attached to the First Report as a confidential appendix, is attached

hereto as **Confidential Appendix “2”**.

- 25 On June 8, 2017, the Receiver entered into an MLS listing agreement with RE/MAX effective until October 31, 2017. After the completion of certain services relating to grounds keeping and proper maintenance for the pool, the Mount Nemo Property was listed on July 12, 2017 for \$3,399,000. The Receiver elected to begin listing the Mount Nemo Property at this price as it represented the approximate amount of the purchase price contained in the McCreedy APS.
- 26 Beginning the week ending July 17, 2017, RE/MAX provided the Receiver with periodic updates outlining, among other things: (i) the number of showings; (ii) the internet traffic on various websites; (iii) general updates on the condition of the Mount Nemo Property; and (iv) the status of any past or future showings.
- 27 Due to the minimal interest in the Mount Nemo Property and the fact that minimal showings were arranged and no offers had been received, the Receiver executed an amendment to the Listing Agreement dated August 30, 2017 which reduced the listing price of the Mount Nemo Property to \$3,199,000 (a reduction of \$200,000) (the **“First Amendment”**).
- 28 On October 31, 2017, the Listing Agreement with RE/MAX expired. On November 2 and November 3, 2017, the Receiver notified RE/MAX that it would not be renewing the Listing Agreement. The Receiver’s decision resulted from the fact that no offers were received despite RE/MAX having the opportunity to sell the Mount Nemo Property for almost five months, and given that only a minimal amount of showings were conducted.

### **The Second Listing Broker**

- 29 The Receiver contacted another broker, Sotheby’s International Realty Canada (**“Sotheby’s”**), who had submitted a proposal as part of the Receiver’s Request for Proposals process discussed in the First Report, to inquire if Sotheby’s remained interested in listing the Mount Nemo Property.
- 30 In the RFP process, the Receiver had ranked Sotheby’s proposal behind that of RE/MAX, however, the Sotheby’s proposal highlighted: (i) its extensive experience selling similar real estate in the Burlington and surrounding area; (ii) a competitive commission structure; (iii) detailed and real time reporting tools; and (iv) a detailed marketing plan to prepare and execute the sale of the Mount Nemo Property.



- 31 On November 6, 2017, the Receiver entered into an MLS listing agreement with Sotheby's (the "**Sotheby's Listing Agreement**") effective until April 1, 2018 (which was subsequently extended to July 1, 2018). The Sotheby's Listing Agreement was attached to the Second Report as a confidential appendix and is attached hereto (along with the amendment to same) as **Confidential Appendix "3"**. With the downward trends being noticed in the real estate market, and specifically in Burlington, the Mount Nemo Property was listed at \$2,900,000 (a further reduction of \$299,000). Due to the need to create marketing materials prior to listing on the Multiple Listing Service, the Mount Nemo Property was listed on an exclusive basis for a short period of time; this allowed Sotheby's to commence contacting their client base immediately.
- 32 Over the course of the listing period, the Mount Nemo Property was advertised in the following media, along with a targeted email campaign, and professionally created property brochures, floor plans, video and related collateral:
- a) sothebysrealty.ca and sothebysrealty.com
  - b) countrylife.co.uk
  - c) homeadverts.com
  - d) house24.ilsole24ore.com
  - e) jameslist.com
  - f) luxuryestate.com
  - g) PropGoLuxury.com
  - h) real-buzz.com
  - i) realtor.ca
  - j) Sotheby's Insight Magazine
  - k) West of the City 2018
- 33 The April 16, 2018 marketing update from Sotheby's (the "**April 16, 2018 Sotheby's Update**") indicated 3,373 views on the [www.sothebysrealty.ca](http://www.sothebysrealty.ca) website and 45,563

impressions, the latter of which means the number of times the listing appeared on a search results page on the [www.sothebysrealty.ca](http://www.sothebysrealty.ca) website. This same update indicated:

- a) The top five cities from which searches were performed were: (i) unidentified but with a “.ca” address; (ii) Toronto; (iii) Burlington; (iv) Oakville; and (v) Mississauga.
- b) The top five countries from which searches were performed were: (i) Canada; (ii) United States; (iii) Hong Kong; (iv) France; and (v) the United Kingdom.

- 34 The April 16, 2018 Sotheby’s Marketing Update also indicated that during the period November 15, 2017 to March 16, 2018, there were 20 separate showings of the Property.
- 35 The Receiver notes that Sotheby’s also provided market data for the second quarter of 2017 to the fourth quarter of 2017 from the Toronto Real Estate Board specific to rural Burlington which is attached hereto as **Confidential Appendix “4”**. It is noted that there is a general downward trend with properties being on the market longer, the number of listings and transactions having decreased and the average and medium selling prices having materially decreased. On May 2, 2018, Sotheby’s advised the Receiver that such market data for the first quarter of 2018 is not yet available.

## **Offers Received**

- 36 A summary of the offers (“**Summary of Offers**”) received is attached hereto as **Confidential Appendix “5”**. The comments provided in the Summary of Offers indicates the principal issues regarding each offer to which the Receiver attempted to negotiate in order to arrive at an offer that was appropriate to accept subject only to approval of this Court.
- 37 Sotheby’s indicated that there were other interested parties who did not submit offers as they were not willing to offer a purchase price as high as that which is contained in the Palmer APS. The primary concerns raised by these parties included: (i) the size of the property; (ii) the ability for a purchaser to change the current zoning to a different permitted use; (iii) the structural integrity of the barn located on the property; (iv) the amount of repairs to the house which would be required, depending on the preference of a purchaser; (v) and the general condition of the property. Email correspondence dated April 6, 2018 from Andrew Cowan (the real estate agent of Palmer) and email correspondence dated February 20, 2018 from one of the previous offerors both identify certain concerns over

the property illustrating the foregoing points, and are collectively attached hereto as **Confidential Appendix “6”**.

- 38 When taking the foregoing into account and related costs thereof, the interested parties were considering offers generally around the range of the initial offering prices as noted in the Summary of Offers, all of which were less than the purchase price contained in the Palmer APS.
- 39 After receiving an initial offer from Palmer and various sign-backs thereof, negotiations ceased as he was unwilling to delete a number of his conditions.
- 40 However, on April 2, 2018, Palmer submitted another offer, this time reducing the number of conditions. Negotiations recommenced whereby Palmer showed the seriousness of his interest, including through his obtaining professional assessments on the condition of the Mount Nemo Property. Such further negotiations culminated in the Receiver and Palmer agreeing on price and terms which led to the acceptance of an offer on April 11, 2018, subject only to a two business day period for Palmer to review such items as zoning, permitted uses, and easements with relevant authorities including the Niagara Escarpment Commission, the Halton Conservation Authority and the City of Burlington. Palmer subsequently requested the conditional date to be extended from two business days to April 23, 2018. The Receiver agreed, and the parties executed an amendment to the Palmer APS dated April 17, 2018 to give effect to the aforesaid extension.
- 41 On April 23, 2018, Palmer gave notice to the Receiver that all conditions of the Palmer APS had been fulfilled resulting in the Palmer APS becoming firm.
- 42 The Receiver recommends and seeks approval of the Palmer APS from this Court, given: (i) the failed McCready Sale Transaction; (ii) that the Receiver, and RE/MAX and Sotheby's on the Receiver's behalf, has conducted a thorough sales and marketing process for approximately 10 months during the Receivership Proceedings; (iii) that the offers received and offers being considered by other interested parties were all in relatively the same price range, being less than the purchase price contained in the Palmer APS; and (iv) the downturn in the real estate market for rural properties.
- 43 A sealing order is requested with respect to the Confidential Appendices, as they contain sensitive commercial information concerning the Receiver's marketing and sale of the

Mount Nemo Property, the release of which could prejudice the stakeholders of the Crystal Wealth Group should the Palmer APS Transaction fail to close.

## **DISTRIBUTION OF PROCEEDS FROM THE PALMER APS TO HOME TRUST**

- 44 Home Trust Company (“**Home Trust**”) is the first mortgagee in regards to the Mount Nemo Property. On June 19, 2017, Home Trust issued a Notice of Sale Under Charge (“**Notice of Sale**”), a copy of which is attached hereto as **Appendix “10”**, pursuant to a default by CLJ Everest in regard to payment of monies due under a certain charge dated January 16, 2015 and made between CLJ Everest and Home Trust. Pursuant to the Notice of Sale Under Charge, notice was given that the amount due on the charge for principal money, interest, taxes, and costs, respectively, was \$1,324,014.
- 45 On June 20, 2017, A&B corresponded with Home Trust advising them of the stay of proceedings pursuant to the Appointment Order. A copy of A&B’s letter is attached hereto as **Appendix “11”**. On a periodic basis since the issuance of this letter, the Receiver has kept Home Trust advised of the activity with respect to listing the Mount Nemo Property.
- 46 The Receiver seeks authorization of the Court as part of the relief sought herein to make distributions from the sale proceeds of the Palmer Sale Transaction to the registered mortgagee, Home Trust, without further order of the Court, in satisfaction of the discharge of Home Trust’s mortgage registered on title to the Mount Nemo Property, provided that the Receiver is satisfied as to the validity of the mortgage and amounts claimed.

## **SALE OF GEODATA AND SSI PARTICIPATIONS**

- 47 As outlined in the Receiver’s previous reports, the Medical Fund invested in, among other things, Medical Factoring Contracts (as defined below) which were administered by Xynergy Medical Capital LLC (“**Xynergy**”). In these arrangements, Xynergy would enter into contracts (the “**Medical Factoring Contracts**”) to purchase healthcare receivables (after purchase, invoices are referred to as “**Purchased Medical Receivables**”) from operating businesses in the United States and Puerto Rico (“**Clients**”) for a discount and service fees.
- 48 Once the medical receivables were purchased by Xynergy, Xynergy would take an assignment of the Purchased Medical Receivables and ultimately collect the amounts owing under the invoices (the “**Invoice Principal**”) from the underlying debtors. Once the

Invoice Principal was collected, Xynergy would remit the amount to the Client, net of any fees earned by Xynergy pursuant to the particulars of the Medical Factoring Contract.

- 49 The Medical Factoring Contracts were fluid arrangements whereby the quantum of the amounts advanced to the Clients for the Purchased Medical Receivables (the “**Client Advances**”) would vary based on the underlying working capital needs of the Clients. Each of the Medical Factoring Agreements indicated a maximum amount of Client Advances that could be outstanding at any given time (i.e. a maximum borrowing).
- 50 Pursuant to a Master Medical Receivables Purchase and Administration Agreement dated March 31, 2016 (defined in the First Report as the “**MMRPAA**”), the Medical Fund entered into participation agreements (the “**Participation Agreements**”) with Xynergy whereby it purchased a stated interest (the “**Participation**”) in certain of the Medical Factoring Contracts. For greater clarity, the Medical Fund was not a party to the Medical Factoring Contracts entered into between the Clients and Xynergy. A copy of the MMRPAA is attached hereto as **Appendix “12”**.
- 51 Each Participation Agreement would outline, among other things, on a percentage basis, the Medical Fund’s Participation in both the Client Advances (the Medical Fund’s Participation in the Client Advances is referred to as the “**Net Funds Employed**”) and the fees earned on same for a particular Medical Factoring Contract. Each Client Advance included both Xynergy’s capital and the Medical Fund’s capital pursuant to the relevant Participation Agreement. As a result, as the Client’s working capital needs changed, the Client Advances (and the Net Funds Employed) fluctuated.
- 52 A segregated trust account was setup and administered by Xynergy to administer the Medical Fund’s allocated Participation of the advances and collections made to and from the Clients. In times in which the Client’s working capital needs were not extensive, an “ear-marked” amount remained in the trust account in the event additional Client Advances were required under the Medical Factoring Contracts.
- 53 As noted in paragraph 124 of the First Report, included in the Medical Fund were Participations Agreements in Medical Factoring Contracts with two Clients: GeodataPR International, Inc. (“**Geodata**”) and Servicios de Salud Integrada, CSP (“**SSI**”), both of whom operate out of Puerto Rico. Copies of the Participation Agreements with respect to SSI and Geodata are attached to this Third Report as **Appendix “13”** and “**14**”

respectively.

- 54 Paragraph 6(k)(ii) of the Appointment Order authorized the Receiver to sell, convey, transfer, lease or assign the Property of the Crystal Wealth Funds, which includes Participation Agreements, without the approval of this Court, regardless of the purchase price.

**GeodataPR International, Inc.**

- 55 As noted in paragraph 125 of the First Report, on June 20, 2017, Xynergy put forth an offer to acquire the Medical Fund's Participation in the accounts receivable owing by Geodata (the "**Geodata Participation**") for US \$684,313, representing the Net Funds Employed, pursuant to the Geodata Participation, as at June 20, 2017.
- 56 As outlined in the Second Report, on July 10, 2017, the Receiver and Xynergy executed a bill of sale (the "**Geodata Bill of Sale**") whereby Xynergy re-acquired the Geodata Participation for US \$684,313 (the "**Geodata Purchase Amount**"). The Receiver received the Geodata Purchase Amount funds in trust on July 12, 2017. A copy of the executed Geodata Bill of Sale is attached hereto as **Appendix "15"**.
- 57 Pursuant to the Geodata Bill of Sale, the Receiver agreed to hold the Geodata Purchase Amount in trust until a Vesting Order (as defined in the Geodata Bill of Sale) (the "**Geodata Vesting Order**") was obtained from the Court vesting the Geodata Participation to Xynergy. On January 26, 2018, the Receiver and Xynergy entered into an amendment to the Geodata Bill of Sale (the "**Geodata Bill of Sale Amendment**", together with the Geodata Bill of Sale, the "**Geodata Sale Agreement**") for the purposes of extending the date by which the Geodata Vesting Order must be obtained to May 31, 2018. A copy of the Geodata Bill of Sale Amendment is attached hereto as **Appendix "16"**.
- 58 As the sale of the Geodata Participation for the Geodata Purchase Amount was authorized by this Court pursuant to the Appointment Order, June 30 2017 Order and Endorsement and the December 11, 2017 Order and Endorsement, the Receiver recommends that the Court issue the Vesting Order required by the Geodata Sale Agreement so that the Geodata Purchase Amount need not be returned by the Receiver to Xynergy.

## Servicios de Salud Integrada, CSP's

- 59 As outlined in paragraphs 373 to 377 of the Second Report, on March 27, 2013, Xynergy entered into a medical receivables factoring agreement with SSI under which a maximum US \$600,000 medical factoring facility was provided (the **"SSI Factoring Agreement"**).
- 60 SSI is located in Puerto Rico and is engaged in the business of supplying radiology technicians to hospitals and clinics in the San Juan Municipality. All invoices are issued to and paid by the San Juan Municipality (i.e. the underlying debtor).
- 61 The Medical Fund and Xynergy entered into a Participation Agreement dated March 31, 2016 for a Participation in SSI's accounts receivable and 70% of the factoring fees (the **"SSI Participation"**).
- 62 In and around July 2017, the time in which the Geodata Bill of Sale was being negotiated and completed, Xynergy indicated to the Receiver that it had an interest in repurchasing the SSI Participation for a discount. As the Receiver had, at the time, commenced the Sales Process, it advised Xynergy that the offer to purchase the SSI Participation must be made through the Sales Process.
- 63 In late 2017, the distressed state of Puerto Rico, as a result of Hurricane Irma (September 6, 2017) and Hurricane Maria (September 20, 2017), continued to cause a significant delay in the payment of the Purchased Medical Receivables by the San Juan Municipality. Xynergy advised the Receiver that the situation in Puerto Rico would result in lengthy delays in receiving payments of the Purchased Medical Receivables from San Juan Municipality.
- 64 Given the uncertainty surrounding the repayment of the Purchased Medical Receivables and the fact that no bids were received for the SSI Participation in the Sales Process, the Receiver, on December 14, 2017, inquired as to whether Xynergy remained interested in repurchasing the SSI Participation.
- 65 On December 19, 2017, Xynergy advised that, given the circumstances with respect to Hurricane Irma and Maria, where the risk of collections of the underlying Purchased Medical Receivables had increased and that it may have to spend money in professional fees to collect same, it would be willing to repurchase the SSI Participation for 60% of the

Net Funds Employed of US \$341,725 (i.e. the Medical Fund's portion of the Client Advances) as at December 19, 2017 (the "**SSI Balance**") (US \$205,035).

- 66 On January 24, 2018, after numerous discussions, the Receiver and Xynergy entered into a bill of sale agreement dated January 24, 2018 (the "**SSI Bill of Sale**") for the sale of the SSI Participation for US \$222,290.95 (the "**SSI Purchase Price**"), approximately 65% of the SSI Balance. The Receiver received the SSI Purchase Price and the segregated SSI funds held in the trust account administered by Xynergy of US \$103,884.55 (the "**Segregated SSI Funds**"), in trust, on January 30, 2018. A copy of the SSI Bill of Sale is attached hereto as **Appendix "17"**.
- 67 Similar to the Geodata Bill of Sale, the SSI Bill of Sale requires that the Receiver hold the SSI Purchase Price funds in trust until a Vesting Order (as defined in the SSI Bill of Sale) (the "**SSI Vesting Order**") is obtained. The SSI Vesting Order must be obtained by no later than May 31, 2018, failing which, the SSI Bill of Sale shall be deemed null and void and the Receiver will be required to return the SSI Purchase Price funds to Xynergy.
- 68 The Receiver believes that the discount agreed upon on for the re-purchase of the SSI Participation is reasonable given the circumstances and the status of the investment, mainly:
- a) the SSI Participation is a unique and specialized investment whereby the potential parties interested in purchasing same is limited;
  - b) the Sales Process conducted by the Receiver resulted in no bids being received on the SSI Participation;
  - c) the events in Puerto Rico has created uncertainty with respect to the ultimate collection of SSI's outstanding receivables; and
  - d) the Medical Fund was potentially exposed to be required to advance the additional SSI Segregated Funds.
- 69 For the reasons outlined above, the Receiver respectfully requests that this Court approve the SSI Bill of Sale and issue the SSI Vesting Order.

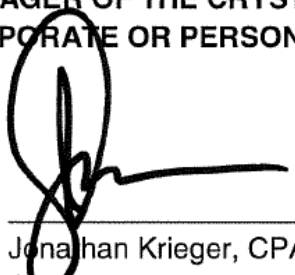


## **CONCLUSION**

70 For the reasons set out in this Third Report, the Receiver respectfully requests the relief and approval requested in the Receiver's Notice of Motion dated May 3, 2018.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 3<sup>rd</sup> day of May, 2018.

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

Per: 

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

# TAB 12

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

**B E T W E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**MAY 14, 2018**



**Grant Thornton Limited  
200 King Street West, 11<sup>th</sup> Floor  
TORONTO, ONTARIO, M5H 3T4**

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- Appendix 5**     PPSA Search Results - CLJ Everest dated May 14, 2018
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## INTRODUCTION AND PURPOSE OF THE THIRD REPORT SUPPLEMENT

- 1 This supplement is filed by Grant Thornton Limited in its capacity as Court-appointed receiver and manager (in such capacity, the “**Receiver**”) of the Crystal Wealth Group and of the Chrysalis Account.
- 2 This Third Report Supplement is filed by the Receiver as a supplement to its third report dated May 3, 2018 (the “**Third Report**”) to address a concern raised by the Court at the Receiver’s motion returnable May 14, 2018, namely, that all parties with a claim against the Property which is the subject of the Palmer APS, and the Property which is the subject of the requested Geodata Vesting Order and SSI Vesting Order, have received notice of the relief sought by the Receiver in the Third Report.
- 3 Capitalized terms not defined in this Third Report Supplement are as defined in the Third Report. All references to dollars are in Canadian currency unless otherwise noted.
- 4 Copies of materials filed in these proceedings generally are available on the Receiver’s Case Website at [www.grantthornton.ca/crystalwealth](http://www.grantthornton.ca/crystalwealth).

## NO OTHER CLAIMS

- 5 For the reasons set out in its Third Report, and this Third Report Supplement, the Receiver is requesting Orders, among other things:
  - a) approving the Palmer APS and vesting in Palmer all of the right, title and interests in and to the Mount Nemo Property, of which CLJ Everest is the current registered owner; and
  - b) vesting the Geodata Participation and SSI Participation to Xynergy, pursuant to agreements entered into by Xynergy and the Receiver on behalf of the Respondent, Crystal Wealth Medical Strategy.
- 6 Pursuant to the Creditor Claims Procedure Order issued by this Court on June 30, 2017, attached as **Appendix “1”**, the Court established a claims process (the “**Creditor Claims Procedure**”) to be conducted by the Receiver in respect of non-investor creditor claims against the Crystal Wealth Group entities, which includes CLJ Everest and

Crystal Wealth Medical Strategy. The Claims Bar Date, as defined in the Creditor Claims Procedure Order, was 5 p.m. on August 3, 2017.

- 7 Pursuant to paragraphs 5, 6(a), and 6(c) of the Creditor Claims Procedure Order, any Creditor (as defined therein) that did not file a Proof of Claim by the Claims Bar Date “shall be and is hereby forever barred from asserting or enforcing any Claim against the Crystal Wealth Group” and “shall not be entitled to any further notice in, and shall not be entitled to participate as a creditor in, the Receivership Proceedings”.
- 8 As is set out in paragraph 407 of the Receiver’s Second Report (which Report is appended at Appendix “5” to the Third Report), as at the Claims Bar Date, 26 persons or entities filed claims, including three (3) claims against CLJ Everest, the registered owner of the Mount Nemo Property. Attached hereto as **Appendix “2”** is a listing of the claims filed against the Crystal Wealth Group entities by the August 3, 2017 Claims Bar Date (which listing is also attached as Appendix “69” to the Second Report).

#### **THE MOUNT NEMO PROPERTY**

- 9 With respect to the claims filed against CLJ Everest, none of the claims filed in accordance with the Creditor Claims Procedure Order assert an interest in the Mount Nemo Property. The City of Burlington filed a claim as a result of the Creditor Claims Procedure Order with respect to any property tax arrears which may become owing on the Mount Nemo Property. As reflected in the Tax Certificate provided by the City of Burlington dated May 8, 2018, attached hereto as **Appendix “3”**, there are no property tax arrears owing on the Mount Nemo Property, and the next property tax payment on the Mount Nemo Property is not due until June 20, 2018, after the anticipated completion date for the Palmer APS Transaction of May 16, 2018.
- 10 Attached hereto as **Appendix “4”** is a parcel abstract for the Mount Nemo Property dated May 14, 2018, reflecting that there are no other Claims (as defined in the draft Approval and Vesting Order appended at Tab A2 of the Receiver’s Motion Record dated May 3, 2018) registered against title to the Mount Nemo Property, aside from those set out in Schedule C (Claims to be deleted and expunged from title) and Schedule D (Permitted Encumbrances, Easements, and Restrictive Covenants related to the Real Property) of the draft Approval and Vesting Order appended at Tab A2 of the Receiver’s Motion Record dated May 3, 2018.

- 11 Attached hereto as **Appendix "5"** is an Ontario *Personal Property Security Act* search results obtained on May 14, 2018 which reflects that there are no registrations against CLJ Everest.

## **SALE OF GEODATA AND SSI PARTICIPATIONS**

- 12 With respect to the claims filed against Crystal Wealth Medical Strategy, none of the claims filed in accordance with the Creditor Claims Procedure Order assert an interest in the Geodata Participation and SSI Participation.
- 13 The sole claim filed against the Crystal Wealth Medical Strategy as part of the Creditor Claims Process is the unsecured claim of BDO Canada LLP.
- 14 Attached hereto as **Appendix "6"** is an Ontario *Personal Property Security Act* search results obtained on May 14, 2018 which reflects that there are no registrations against Crystal Wealth Medical Strategy.

## **CONCLUSION**

- 15 Accordingly, based upon the foregoing and the information contained in the Receiver's Third Report, the Receiver believes that all third parties with a claim against: (i) the Property which is the subject of the Palmer APS; and (ii) the Property which is the subject of the requested Geodata Vesting Order and SSI Vesting Order, have received notice of the relief sought by the Receiver in the Third Report.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 14th day of May, 2018.

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



Per: \_\_\_\_\_  
Jonathan Krieger, CPA, CA, CIRP, LIT  
Senior Vice-President



# TAB 13

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**



THE HONOURABLE  
JUSTICE PATTILLO

)  
)  
)

TUESDAY, THE 15<sup>th</sup> DAY  
OF MAY, 2018

**ONTARIO SECURITIES COMMISSION**

**Applicant**

- and -

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

**Respondents**

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

**ORDER**

**THIS MOTION**, made by Grant Thornton Limited ("**GTL**"), in its capacity as the Court-appointed receiver and manager (in such capacity, the "**Receiver**") of: (i) each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (the Respondents except for Chrysalis Yoga being collectively referred to as the "**Crystal Wealth Group**"); and (ii) the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the "**Chrysalis Account**"), for an Order, *inter alia*, approving the Third Report of the Receiver dated May 3, 2018 (the "**Third Report**") and the Supplement to the Third Report of the Receiver dated May 14, 2018 (the "**Third Report Supplement**") and the activities of the Receiver set out in each of the Third Report and Third Report Supplement; and (ii) sealing the confidential appendices to the Third Report (the "**Confidential Appendices**"), and for other

relief requested by the Receiver in its Notice of Motion dated May 3, 2018, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Third Report and the Third Report Supplement and on hearing the submissions of counsel for the Receiver and such other counsel who were present, no one appearing for any other person on the service list, although duly served as appears from the affidavits of service of Diana Saturno sworn May 3, 2018 and May 14, 2018, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion, the Receiver's motion record, and the Third Report Supplement is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that the Third Report and the Third Report Supplement, and the activities of the Receiver described in each of them, be and are hereby approved.

3. **THIS COURT ORDERS** that the Confidential Appendices be and are hereby sealed until further Order of the Court, except that the Palmer APS (as defined in the Third Report) shall be unsealed upon the completion of the transaction contemplated by the Palmer APS.

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

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

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

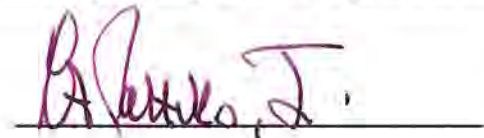
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MAY 15 2018

PFR / PAR



Applicant

Respondents

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**Proceedings commenced at Toronto**

**ORDER**

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*Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited*

# COUNSEL SLIP

COURT FILE NO CV-17-011779-001

DATE 15-MAY-2018

NO ON LIST ADD ON

TITLE OF  
PROCEEDING

ONTARIO SECURITIES COMMISSION v.  
CRYSTAL WEALTH MANAGEMENT SYSTEMS LIMITED  
ET AL.

COUNSEL FOR:

PLAINTIFF(S)

APPLICANT(S)

PETITIONER(S)

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COUNSEL FOR:

DEFENDANT(S)

RESPONDENT(S)

PHONE & FAX NOS

May 15, 2018

Based on the material filed, including the Receiver's  
Third Report and the Supplement to the Third Report, I am  
satisfied that the orders requested and the vesting orders should  
issue. Orders signed by me.

Attestello, J.

# TAB 14



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

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**JULY 20, 2018**



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

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| <b>Appendix 78</b> | Columbia Mine MOU dated November 10, 2016                          |
| <b>Appendix 79</b> | Jupe Email to Pinnell dated November 27, 2017                      |
| <b>Appendix 80</b> | Black Gold MOU dated February 12, 2017                             |
| <b>Appendix 81</b> | Second Jupe Email to Pinnell dated November 27, 2017               |
| <b>Appendix 82</b> | Receiver's Email to Inca dated February 7, 2018                    |
| <b>Appendix 83</b> | November Amending Agreement dated November 16, 2017                |
| <b>Appendix 84</b> | December Amending Agreement dated December 19, 2017                |
| <b>Appendix 85</b> | December 2017 Correspondence between McKenzie and A&B              |
| <b>Appendix 86</b> | First Letter to SMC dated December 12, 2017                        |
| <b>Appendix 87</b> | A&B Email to McKenzie dated December 14, 2017                      |
| <b>Appendix 88</b> | WeirFoulds Letter to the Receiver dated December 15, 2017          |
| <b>Appendix 89</b> | Email Correspondence with McKenzie between December 12 to 22, 2017 |
| <b>Appendix 90</b> | First Letter to Cor4 dated December 12, 2017                       |
| <b>Appendix 91</b> | Letter to Lindsay Goos dated February 13, 2018                     |
| <b>Appendix 92</b> | Email to Rada dated November 29, 2017                              |
| <b>Appendix 93</b> | 109 BC Settlement Agreement dated December 20, 2017                |
| <b>Appendix 94</b> | Vesting Order (Geodata Participation) dated May 15, 2018           |
| <b>Appendix 95</b> | Vesting Order (SSI Participation) dated May 15, 2018               |
| <b>Appendix 96</b> | Receiver's Email to Xynergy dated December 13, 2017                |
| <b>Appendix 97</b> | December 8, 2017 NFL Order                                         |
| <b>Appendix 98</b> | February 20, 2018 NFL Order                                        |

- Appendix 99**     AGB LLP Team Biographies
- Appendix 100**    Affidavit of Bruce Bando dated July 19, 2018
- Appendix 101**    Affidavit of Mark van Zandvoort sworn July 10, 2018

**CONFIDENTIAL APPENDICES**

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

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

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

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

Respondents

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

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

**JULY 20, 2018**

## EXECUTIVE SUMMARY

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



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

## BACKGROUND AND INTRODUCTION

### THE OSC APPLICATION AND APPOINTMENT ORDER

- 8 The Ontario Securities Commission (the “**OSC**”) issued a temporary order on April 7, 2017 (as extended by the OSC on April 13, 2017 and April 28, 2017 (the “**Temporary Order**”)), providing that the trading of units of all of the Crystal Wealth Funds cease, that trading in securities held by the Crystal Wealth Funds cease, and prohibiting the trading in or acquisition of securities by Clayton Smith (“**Smith**”) and Crystal Wealth Management System Limited (the “**Company**”), with limited exceptions that permitted Smith and the Company to liquidate exchange-traded securities in the Crystal Wealth Funds with such proceeds being deposited into the bank account of the relevant Crystal Wealth Fund. On October 2, 2017, the OSC extended the Temporary Order to April 10, 2018 (the “**First Extension Order**”), while modifying the Temporary Order issued April 7, 2017 to remove the portions of paragraphs 4 and 5 thereof referring to Smith in his capacity as advising representative, given that Smith’s registration was automatically suspended when he was terminated by the Receiver. On April 9, 2018, the OSC further extended the Temporary Order to July 5, 2018 (the “**Second Extension Order**”). The Temporary Order issued April 7, 2017, the First Extension Order and the Second Extension Order are attached hereto as **Appendix “1”** to this Fourth Report of the Receiver (the “**Fourth Report**”).
- 9 On April 26, 2017, on application of the OSC to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), the Honourable Justice Newbould issued an Order (the “**Appointment Order**”) appointing Grant Thornton Limited as: (i) receiver and manager (in such capacities, the “**Receiver**”), without security, of all of the assets, undertakings and properties (collectively, the “**Property**”) of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the “**Crystal Wealth Group**”); and (ii) Receiver of the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “**Chrysalis Account**”), and of all contents, including funds, contained in the Chrysalis Account. The proceedings were commenced by way of application made by the OSC (the “**OSC Application**”) under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”). The said receivership proceedings shall be referred to herein as the “**Receivership Proceedings**”. Copies of the Appointment

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

- 10 Staff of the OSC and Clayton Smith executed a Settlement Agreement dated May 28, 2018 (the **“Settlement Agreement”**), which is attached hereto as **Appendix “3”**. On June 14, 2018, the Commission issued an Order approving the Settlement Agreement, and released Oral Reasons for Approval of Settlement. The Commission’s Order and Oral Reasons for Approval of Settlement<sup>1</sup> are attached hereto as **Appendix “4”**. The Receiver was not involved in connection with the negotiation of the Settlement Agreement, or the OSC hearing in which it was approved. Further details regarding the Settlement Agreement are included in this Fourth Report.
- 11 As a consequence of the foregoing, the July 4, 2018 hearing date to further extend the Temporary Order has been vacated by Order of the Commission issued June 14, 2018, attached hereto as **Appendix “5”**.
- 12 A summary of the circumstances leading to the appointment of the Receiver is outlined in the Receiver’s First Report to Court dated June 22, 2017 (the **“First Report”**), which is attached hereto, without appendices, as **Appendix “6”**. The complete OSC Application can be found on the Receiver’s case website at [www.GrantThornton.ca/CrystalWealth](http://www.GrantThornton.ca/CrystalWealth) (the **“Case Website”**).

#### **THE FIRST REPORT APPROVAL MOTION – JUNE 30, 2017**

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

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

- 14 On June 30, 2017, the Honourable Justice Hailey issued an Order and Endorsement (the “**June 30 2017 Order and Endorsement**”) and a Creditor Claims Procedure Order (the “**Creditor Claims Procedure Order**”) that, among other things, approved:
- a) the Receiver’s First Report and the activities of the Receiver set out therein;
  - b) the Sales Process; and
  - c) a Creditor Claims Procedure for non-investor claims against the Crystal Wealth Group.

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

#### **THE SECOND REPORT APPROVAL MOTION – DECEMBER 11, 2017**

- 15 On November 24, 2017, the Receiver provided the Court with its Second Report to Court dated November 24, 2017 (the “**Second Report**”) and served a motion record (the “**November 24, 2017 Motion**”) in support of a motion to, among other things: (i) approve the Receiver’s methodology and proposal to make an interim distribution to the investors in certain Crystal Wealth Funds, and authorize the Receiver to make such interim distribution; (ii) direct certain entities and/or individuals to provide the Receiver and its counsel with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the Crystal Wealth Group; and (iii) authorize the Receiver to examine certain individuals. A copy of the Second Report, without appendices, is attached hereto as **Appendix “9”**.
- 16 The Second Report detailed the Receiver’s significant concerns over the quality and ultimate collectability of many of the recorded investments of the Crystal Wealth Funds.
- 17 On December 11, 2017, the Honourable Justice Myers issued an Order and Endorsement (the “**December 11, 2017 Order and Endorsement**”) that approved, among other things, the Receiver’s activities as set out in the Second Report, and which authorized the Receiver to proceed with its proposed interim distribution to the investors of certain Crystal Wealth Funds. Copies of the December 11, 2017 Order and Endorsement are attached hereto as **Appendix “10”**.

### **THE SECOND REPORT SUPPLEMENT APPROVAL MOTION – FEBRUARY 20, 2018**

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

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

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

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

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

#### **EXAMINATIONS**

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

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

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

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

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

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

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



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

## PURPOSE OF THE FOURTH REPORT

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

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

the day that judgment is granted, and on a day which the Bank quotes a Canadian dollar rate for the purchase of foreign currency, in accordance with 109 BC's obligations to the Receiver pursuant to a Settlement Agreement and Mutual Release entered into by 109 BC and the Receiver dated December 20, 2017;

- g) approving the Receiver's Interim Statement of Receipts and Disbursements for the period from April 26, 2017 to May 31, 2018, attached hereto as **Appendix "25"**;
- h) approving the fees and disbursements of the Receiver and Aird & Berlis LLP ("**A&B**"), legal counsel to the Receiver, as described herein for the period of October 1, 2017 to May 31, 2018, and an allocation of such fees and disbursements from October 1, 2017 to May 31, 2018; and
- i) sealing the **Confidential Appendices** of this Fourth Report until further Order of the Court.

- 29 The Receiver's activities since the date of the Second Report, which are not addressed in the Second Report Supplement, Third Report, and Third Report Supplement, are detailed throughout this Fourth Report.

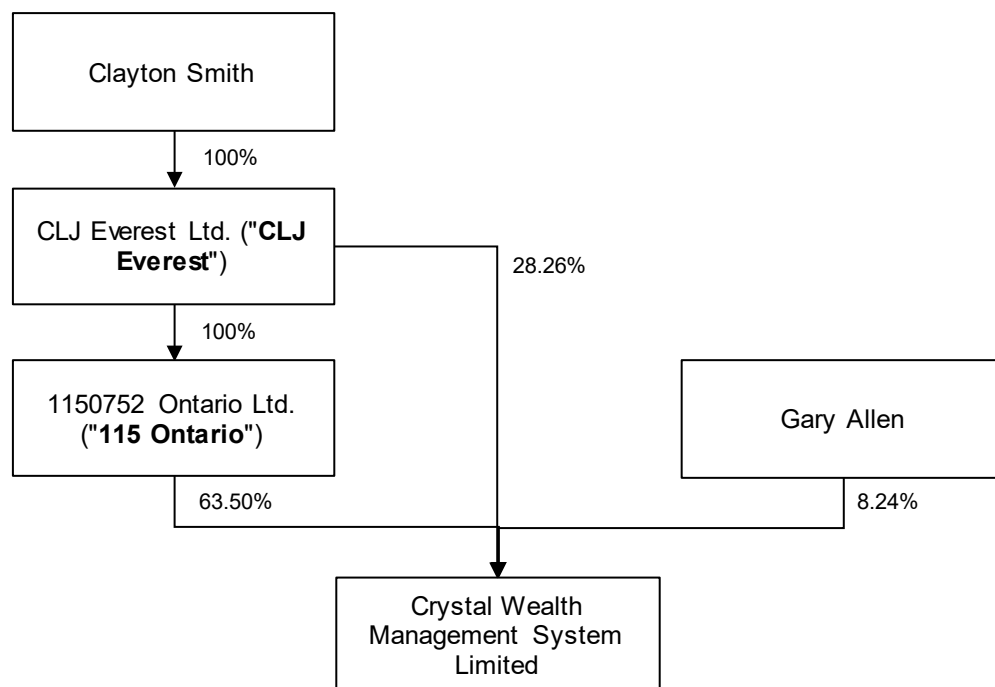
## RESTRICTIONS AND TERMS OF REFERENCE

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

## CORPORATE STRUCTURE

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

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



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

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

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

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

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

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

## THE RECEIVER'S PROPOSED SECOND INTERIM DISTRIBUTION

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



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

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

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

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

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

## UPDATE ON INVESTMENTS IN EACH OF THE CRYSTAL WEALTH FUNDS

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

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

#### **MORTGAGE FUND**

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

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

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

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

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

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

#### **RESOURCE FUND**

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

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

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

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

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

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

#### **FACTORING FUND**

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

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

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



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

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

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

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

#### **MEDICAL FUND**

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

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

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

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

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

#### **BULLION FUND**

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

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

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

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

## **MEDIA FUND**

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

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

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

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

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

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

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

### **HIGH YIELD MORTGAGE FUND**

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

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

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

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

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

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

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

#### **INFRASTRUCTURE FUND**

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

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

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

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

### **HEDGE FUND**

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



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

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

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

### **CONSCIOUS CAPITAL FUND**

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

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

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

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

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

#### **ACM INCOME FUND**

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

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

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

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

### **ACM GROWTH FUND**

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

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

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

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

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

#### **SUSTAINABLE DIVIDEND FUND**

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

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

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

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

#### **SUSTAINABLE PROPERTY FUND**

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

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

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

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

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

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



## DISCUSSION OF INVESTMENTS AND RECEIVER'S FINDINGS

### FACTORING CONTRACTS

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

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

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<sup>3</sup> Including the 156 Alberta Balance and the 647 BC Balance.

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

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

### General Update

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

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

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

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

(collectively, the “**Merchants**”).

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Dome Mountain, 156 Alberta, and 647 BC**

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

88 As outlined in the Second Report, as at October 26, 2017, the total amount owing to the Factoring Fund and Hedge Fund from the Dome Mountain Entities totaled \$17,783,801 and is comprised of:

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

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

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

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

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

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

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

#### Updates Subsequent to the Second Report

##### *Metal Mountain and Gavin Mines*



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

93 Metal Mountain’s website ([www.metalmountainresources.com](http://www.metalmountainresources.com)) states that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Examinations of Froese, Housego, and the Dome Mountain Individuals*

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

*“apparently”*. When asked what his father, Bob Maljaars, did for a living, Jeffrey testified that he did not know. When asked what he did for a living, Jeffrey Maljaars testified *“I cut firewood”*. It appears from the Examinations that Bob Maljaars led the initiatives of 156 Alberta;

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

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

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

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

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

### *Formal Demand Letters*

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

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

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

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

### **Zomongo TV**

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

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

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

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

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

#### Updates Subsequent to the Second Report

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

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



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

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

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

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

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

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

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

#### Receiver's Next Steps

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

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

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

## Advanced Metal

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

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

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

#### Update Subsequent to the Second Report

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Examination of Froese

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

#### **Restoration Energy**

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



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

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

#### Updates Subsequent to the Second Report

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

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

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

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

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

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

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

#### Update on DDI and DDI Corp Corporate Guarantees

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

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

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

#### Froese Examination

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

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

- 165 Froese testified that it was Smits who “*brought in*” Martin-Morrison to run Restoration Energy.
- 166 Froese stated that, prior to entering into the Restoration Energy Factoring Agreements, Smits had indicated that Restoration Energy “[*was*] going to be a billion dollar company” and asked if Froese would like to engage in providing a factoring facility. In addition, Froese testified that Smits was interested in participating in the arrangement by providing mortgage security through a company in which he invested, 131 Alberta<sup>5</sup>, which would provide 131 Alberta with cash flow by receiving monthly payments in exchange for the mortgage; it was Froese’s understanding that 131 Alberta required funding. In exchange for providing the mortgage security, Frontline paid 131 Alberta 1% of the balance outstanding per month as payment, based on the amounts earned by Frontline from the Company on the advances made to Restoration Energy.
- 167 Froese confirmed during his examination that he did not obtain an up-to-date appraisal or information concerning the value or status of the 131 Alberta Property, which the Receiver noted at paragraphs 155 to 158 of the Second Report appears to have limited equity to satisfy the Collateral Mortgage provided by 131 Alberta. Froese indicated during his examination that he received an updated appraisal “*just a couple of days ago*”, but that undertaking, along with the majority of undertakings given during Froese’s examination, has yet to be answered.
- 168 Following his examination, Froese provided the Receiver with the Froese Supplementary Productions, which included an email from Smith to Froese and Housego dated March 24, 2017, attached hereto as **Appendix “61”**. In the email, Smith notes that he had just gotten off the phone with Jonathan Dyck, a lawyer at Miller Thomson LLP and counsel to the Company, who had spoken with Smits, and that Smits:

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

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

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

### **Single Source**

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

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

### Updates Subsequent to the Second Report

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

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

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

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

### **GOLD LOANS**

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

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

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

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

- iii) one (1) Settlement Loan with 611 BC expiring February 2, 2018 whereby \$500,405 was advanced to 611 (the “**611/Factoring Loan**”).
    - b) **Bullion Fund** – two (2) Gold Loans with a Recorded Value of \$763,006 consisting of:
      - i) one (1) Settlement Loan with Inca consisting of three tranches of funding – expiring January 1, 2017, April 1, 2017, and June 1, 2017 whereby \$584,533 was advanced under same (the “**Inca 1 Loan**”); and
      - ii) one (1) Settlement Loan with 611 BC expiring on November 28, 2017 whereby \$124,657 was advanced to 611 BC (the “**611/Bullion Loan**”).
    - c) **Hedge Fund** – four (4) Gold Loans with a Recorded Value of \$896,367 and US \$251,766 consisting of:
      - i) one (1) Subscription Agreement with Onstar dated September 25, 2016 for a total of 200 ounces of Gold;
      - ii) two (2) Settlement Loans with 611 BC, one (1) expiring November 28, 2017 and one (1) expiring January 16, 2018 whereby a total of \$409,995 was advanced to 611 (collectively the “**611/Hedge Loans**”); and
      - iii) one (1) Settlement Loan with Inca expiring on December 1, 2017 (the “**Inca 2 Loan**”, and together, the “**Inca Loans**”) whereby the Hedge Fund advanced \$354,895 to Inca.
- 177 As outlined in the Second Report, the Subscription Agreements and the Settlement Loans are, in substance, term loans to Onstar, 611 BC, Inca, and Solid Holdings (collectively, the “**Gold Sellers**”) and are therefore referred to as the “**Gold Loans**”. The Gold Loans are to be repaid upon maturity in either Gold or cash.
- 178 As outlined in the Second Report, under the Gold Loans, the Crystal Wealth Funds are unsecured creditors. The Receiver has concerns over the ultimate collectability of the Gold Loans. As at the date of this Fourth Report, the Crystal Wealth Funds have not received any repayment (in Gold or cash) for any of the Gold Loans.



## Solid Holdings

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

### Updates Subsequent to the Second Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Onstar**

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

## Updates Subsequent to the Second Report

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

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

#### Examination of Housego

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

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

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

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

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

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

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

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

#### *Solid Holdings and Onstar Relationship*

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

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

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

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

## 611 BC and Onstar Relationship

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

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

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

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

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

*AH "Yeah."*

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

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

*MVZ "But now you know?"*

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

## 611 BC

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

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

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

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

#### Updates Subsequent to the Second Report

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

#### *20 Mile Project*

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



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

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

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

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

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

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

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

#### *Columbia Mine*

- 211 On September 28, 2016, 611 BC entered into a loan agreement with Petra (the “**Petra Loan Agreement**”) whereby 611 BC loaned Petra \$200,000 (the “**Petra Loan**”) to: (i) acquire the shares of a Colombian company, Mineros Sistemas Eticos S.A. (“**Mineros**”); and (ii) purchase a farm of approximately 10 acres and the necessary equipment to process Gold bearing tailings (the “**Gold Tailings**”) into Gold bars (the “**Processed Gold**”) to be shipped to a refinery in Miami, USA. The Petra Loan Agreement states that Mineros will be jointly owned by 611 BC and Petra.

- 212 The Petra Loan Agreement further states that, among other things:

- a) the Gold Tailings are to be acquired at a price of US \$1 per ton whereby it is expected that each ton will contain 21 grams of Processed Gold;
- b) Boatright will oversee the operations of the processing;
- c) the Miami refinery will pay Petra for the Processed Gold at the spot price less 1%; the proceeds of which will be distributed as follows: (i) 25% to Boatright; and (ii) 75% to 611 BC until the Petra Loan is repaid in full, after which the 75% will be split 50%-50% between 611 BC and Petra.

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

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

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

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

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

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

#### *USA Oil Wells*

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

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

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

- 218 In an email dated November 27, 2017, a copy of which is attached hereto as **Appendix “81”**, Jupe advised 611 BC that, among other things, the USA Oil Wells will require additional funding of US \$895,000 to begin production.

- 219 In the Pinnell July 1, 2018 Email, Pinnell advised the Receiver that “*a large funding that we had worked on for months fell apart in late May*” and that 611 BC, while optimistic, has no timelines on production with respect to the US Oil Wells.

#### **Inca**

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

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

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

#### Updates Subsequent to the Second Report

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

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

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

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

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

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

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

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

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

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

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

#### **COMMERCIAL LOANS**

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

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

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

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

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

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

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

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

### **Pond Loan**

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

### Updates Subsequent to the Second Report

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



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

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

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

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

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

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

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

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

#### Receiver's Next Steps

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

#### **OOM Energy Loans**

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

various loan agreements is an Event of Default under the applicable loan agreement(s);

- c) requested the most recent review engagement report for each of the OOM Energy Group companies, as provided for in their respective loan agreements; and
- d) made formal demand for payment of interest or principal owing under certain of the OOM Energy Loans, to the extent that such amounts were payable on demand without a default notice.

243 Following the issuance of the OOM Default Notices, the applicable cure periods provided under the OOM Energy Loans expired without a response from any of the OOM Energy Group, Clydesdale, or McKenzie.

244 On November 13, 2017, A&B, on behalf of the Receiver, issued demand letters and notices of intention to enforce security pursuant to subsection 244(1) of the BIA to the OOM Energy Group, together with Clydesdale (in his personal capacity, as a guarantor of certain arrangements with Magnitude) (the “**OOM Demand Letters**”).

245 On November 28, 2017, after being served with the Receiver’s Motion Record returnable December 11, 2017, McKenzie requested that the Receiver adjourn the scheduled motion date as McKenzie was not available on that date to make submissions to the Court. In response, on November 29, 2017, A&B advised McKenzie that the Receiver would not agree to an adjournment. Moreover, A&B reiterated to McKenzie that the Receiver had made extensive efforts to receive information from Clydesdale and McKenzie regarding the OOM Energy Loans, to no avail. McKenzie made further requests to adjourn, which were denied by A&B. Correspondence between A&B and McKenzie regarding the requested adjournment (in reverse chronological order) is attached hereto as **Appendix “85”**.

246 As detailed throughout this section of this Fourth Report, McKenzie’s actions since the commencement of the receivership have obstructed the Receiver’s investigation and enforcement efforts.

247 When Clayton Smith was questioned during his examination by A&B concerning the Company’s failure to obtain security instruments prior to advancing loan monies, which

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

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

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

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

#### 244 Ontario Loan – Updates Subsequent to the Second Report

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

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

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

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

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

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

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

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

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

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

*“third parties that dealt with Crystal Wealth who should be quickly and completely transparent to establish their innocence are attracting attention and suspicion by their dilatory, unhelpful responses”; and*

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

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

#### MCSAB Loan – Updates Subsequent to the Second Report

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

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

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

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

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

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

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

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

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



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

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

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

#### MCSnox and Magnitude Loans – Updates Subsequent to the Second Report

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

#### Examination of Clydesdale

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

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

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

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

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

## 109 BC

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

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

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

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

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

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

278 In addition, Mr. Rada stated that:

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

### Updates Subsequent to the Second Report

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

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

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

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

#### **Cinnos Debenture**

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

#### **US REAL ESTATE LP**

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

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

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

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

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

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

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

### **MEDICAL FACTORING CONTRACTS**

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

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

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

### **Sale of the Geodata Participation and SSI Participation**

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

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

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

#### **Settlement of the UPI Participation**

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

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

#### **NFL PARTICIPATION AGREEMENTS**

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



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

## NFL Litigation

311 As noted in the Second Report, on November 10, 2017, Xynergy advised that it was served with a subpoena from a New York court regarding complaints made by NFL Players for bad practices of financial institutions with respect to the purchase of all or a portion of NFL Player Claims (i.e. charging egregious fees to NFL Players). At the time, Xynergy advised that this was currently being handled by its legal counsel who advised Xynergy that nothing significant should come of the subpoena as Xynergy's fees are fair.

312 On December 11, 2017, Xynergy made the Receiver aware of an order issued by the Honourable Anita B. Brody of the United States District Court for the Eastern District of Pennsylvania regarding the NFL Players' Concussion Injury Litigation dated December 8, 2017 (the "**December 8 2017 NFL Order**"), a copy of which is attached hereto as **Appendix "97"**. The December 8 2017 NFL Order, among other things, concludes that:

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

Furthermore, the December 8 2017 NFL Order states that:

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

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

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

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

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

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

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

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

## **Receiver's Next Steps**

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

## **RESIDENTIAL MORTGAGES**

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

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

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

## THE BDO ACTIONS AND ACTION AGAINST MCCREADY

### THE PROPOSED CLASS ACTION UPDATE

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

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

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

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

### THE RECEIVER’S ACTION AND PROPOSED ENGAGEMENT OF AGB LLP

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

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

## **THE ACTION AGAINST MARTIN MCCREADY**

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

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



## THE SETTLEMENT ENTERED INTO BY SMITH AND OSC STAFF

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

### THE SETTLEMENT AGREEMENT

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

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

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

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

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

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

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

#### **THE ORDER APPROVING SETTLEMENT**

- 343 As indicated, based on the facts set out in the Settlement Agreement, Smith consented to the Order Approving Settlement which was issued by the OSC on June 14, 2018. The OSC also released its Oral Reasons for Approval of Settlement on the same date.
- 344 Pursuant to the Order Approving Settlement, Smith was ordered to pay an administrative penalty in the sum of \$250,000, and costs in the amount of \$50,000. As is set out in the Settlement Agreement, but for the appointment of the Receiver over Smith’s property in the Receivership Proceeding, OSC Staff would have sought significantly greater monetary sanctions than the \$250,000 administrative penalty and \$50,000 in costs which Smith was ordered to pay pursuant to the Order Approving Settlement.

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

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

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

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

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

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

## RECEIPTS AND DISBURSEMENTS OF THE RECEIVERSHIP

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

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

## OTHER ACTIVITIES OF THE RECEIVER SINCE THE APPOINTMENT ORDER

350 Upon its appointment, the Receiver took immediate steps to secure and preserve the Property of the Crystal Wealth Group, communicate with stakeholders, and deal with other operational and administrative tasks. The Receiver has conducted the following key activities in relation to its appointment:

- a) attended and participated in the Examinations as outlined in this Fourth Report;
- b) investigated the conduct of various participants and traced the flow of funds;
- c) corresponded with Smith regarding the delivery of a revised statutory declaration and an estimate of current income and expenses;
- d) responded to numerous calls and emails from Crystal Wealth Group investors and other stakeholders;
- e) distributed notices from the Receiver to all investors, which were also posted to the Receiver's Case Website, from November 1, 2017 to June 30, 2018, updating them on the receivership as events unfolded;
- f) created and maintained a listing of investors with holdings, accounts, and contact information including email addresses;
- g) held meetings and corresponded with NBCN on a number of investor matters, including the on-going management of the securities, records and monetization of assets within the Crystal Wealth Funds;
- h) prepared the financial statements for the 2017 taxation year for each of the Crystal Wealth Funds and compiled the supporting information for same;
- i) prepared the necessary taxation reporting and filings for each of the Crystal Wealth Funds;
- j) issued tax receipts to investors in connection with the 2017 tax year, and engaged SS&C Fund Administration Company in connection with same in accordance with the engagement letter attached hereto as **Confidential Appendix "3"**;

- k) corresponded with various third-parties involved in administering certain Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors;
- l) collected monthly payments and funds held by third-parties administering certain Crystal Wealth Funds and/or their assets;
- m) corresponded with borrowers and debtors of the Crystal Wealth Funds, and, in some cases, their legal counsel and financial advisors and entered into settlement negotiations for amounts owing;
- n) conducted meetings with certain third-parties and borrowers/debtors, as appropriate;
- o) corresponded and held numerous discussions with various stakeholders, providers and/or their legal counsel;
- p) corresponded and held various discussions with the Receiver's counsel concerning enforcement and recovery initiatives; and
- q) maintained a public website for the Receivership Proceedings in accordance with the Commercial List E-Service Protocol.



## RECEIVER'S FEES AND DISBURSEMENTS

- 351 Pursuant to paragraph 23 of the Appointment Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 24 of the Appointment Order, the Receiver and its counsel shall pass their accounts.
- 352 The Receiver seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court for the period beginning October 1, 2017 and ending May 31, 2018, and seeks approval of the allocation methodology described in paragraphs 43 to 45 above. The Receiver and its counsel have maintained detailed records of their professional time and costs.
- 353 The total fees for the Receiver for the period October 1, 2017 to May 31, 2018, were \$701,068.99, plus disbursements of \$10,101.96, plus HST of \$92,452.23, for a total of \$803,623.18. The time spent by the Receiver is more particularly described in the Affidavit of Bruce Bando sworn July 19, 2018 (the “**Bando Affidavit**”), which is attached hereto as **Appendix “100”** and contains copies of invoices that set out the services provided during this time period.
- 354 The total fees of A&B, as counsel to the Receiver, for the period of October 1, 2017 to May 31, 2018, were \$591,449, plus disbursements of \$38,602.21, plus HST of \$81,341.74, for a total of \$711,442.95. The time spent by A&B is more particularly described in the Affidavit of Mark van Zandvoort sworn July 10, 2018 (the “**van Zandvoort Affidavit**”), which is attached as **Appendix “101”** and contains, among other things, copies of invoices that set out the services provided during this period of time.<sup>9</sup>
- 355 It is the Receiver’s opinion that the fees and disbursements of the Receiver and A&B accurately reflect the work done by the Receiver and on behalf of the Receiver by A&B in connection with the receivership and the administration of the Property of the Crystal Wealth Group from October 1, 2017 to May 31, 2018.

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<sup>9</sup> The foregoing figures include some fees prior to October 1, 2017, as detailed in the van Zandvoort Affidavit and the accounts appended at Exhibit A thereto.

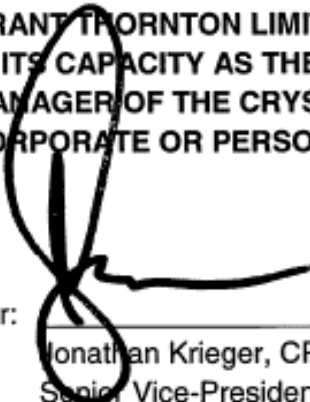
356 It is the Receiver's opinion that the fees and disbursements of A&B are fair and reasonable and justified in the circumstances. The Receiver recommends approval of A&B's accounts by this Honourable Court.

## **CONCLUSION**

357 For the reasons set out in this Second Report, the Receiver respectfully requests the relief and approval requested in the Receiver's Notice of Motion dated July 20, 2018.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 20<sup>th</sup> day of July, 2018.

**GRANT THORNTON LIMITED,  
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND  
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS  
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT  
Senior Vice-President

# TAB 15

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE

JUSTICE

*CONWAY*

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MONDAY, THE 20<sup>th</sup> DAY

OF AUGUST, 2018



**BETWEEN:**

**ONTARIO SECURITIES COMMISSION**

**Applicant**

**- and -**

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.**

**Respondents**

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT  
R.S.O. 1990, c. S.5, AS AMENDED**

**ORDER**

**THIS MOTION**, made by Grant Thornton Limited ("**GTL**"), in its capacity as the Court-appointed receiver and manager (in such capacity, the "**Receiver**"), without security, of all of the assets, undertakings and properties of each of the Respondents except the Respondent, Chrysalis Yoga Inc. ("**Chrysalis Yoga**") (each of the Respondents except for Chrysalis Yoga being individually and collectively, the "**Crystal Wealth Group**"), for an Order, *inter alia*, approving the Fourth Report of the Receiver dated July 20, 2018 (the "**Fourth Report**") and the activities of the Receiver set out in the Fourth Report, and for other relief requested by the

Receiver in its Notice of Motion dated July 20, 2018, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Fourth Report, including the affidavit of Bruce Bando sworn July 19, 2018 (the "**Bando Affidavit**"), and the affidavit of Mark van Zandvoort sworn July 10, 2018 (the "**van Zandvoort Affidavit**"), the factum of Craig Clydesdale served August 13, 2018, and on hearing the submissions of counsel for the Receiver and such other counsel who were present, no one appearing for any other person on the service list, although duly served as appears from the affidavits of service of Miranda Spence sworn July 23, 2018 and August 16, 2018, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the Receiver's motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Fourth Report and the activities of the Receiver described therein be and are hereby approved.
3. **THIS COURT ORDERS** that Confidential Appendix 1 and Confidential Appendix 3 (as defined in the Fourth Report) be and are hereby sealed until further Order of the Court.
4. **THIS COURT ORDERS** that the Receiver's methodology and proposal to make an interim distribution to investors of certain Crystal Wealth Funds, as set out in the Fourth Report, be and is hereby approved, and that the Receiver is hereby authorized to make such interim distribution to such investors.
5. **THIS COURT ORDERS** that Alberto Storelli, Brian Peoples, and Joe Harker are in contempt as a result of their failure to comply with the Order issued by this Court on December 11, 2017 (the "**December 11, 2017 Order**"), which Order required that each of them provide the Receiver and its lawyers, Aird & Berlis LLP, with certain requested but still outstanding information required by the Receiver for a proper account reconciliation and assessment of the US Real Estate LP (as defined in the Fourth Report).
6. **THIS COURT ORDERS** that, as a result of their failure to comply with the December 11, 2017 Order and the finding of contempt against them as set out in paragraph 5 above, Alberto Storelli, Brian Peoples, and Joe Harker are forthwith ordered to comply with the December 11, 2017 Order, and to pay to the Receiver costs in the sum of \$10,000.



7. **THIS COURT ORDERS** that the Receiver's Interim Statement of Receipts and Disbursements through to May 31, 2018, as appended to the Fourth Report, be and is hereby approved.

8. **THIS COURT ORDERS** that the Receiver's engagement of Adair Goldblatt Bieber LLP ("**AGB LLP**") pursuant to an engagement letter dated June 11, 2018, attached as Confidential Appendix 1 to the Fourth Report, be and is hereby approved.

9. **THIS COURT ORDERS** that each of Clayton Smith, Darcy Pahl, David DenHollander, Robert Maljaars, Jeffrey Maljaars, Al Housego, and Jerry Froese be and are hereby ordered to answer the undertakings given, and the questions which were taken under advisement and which were refused, during their respective examinations by the Receiver, as follows:

- (a) Clayton Smith shall forthwith answer the outstanding undertaking given, and shall answer the questions refused during his examination out of court, as set out in the charts appended as Appendix 17 to the Fourth Report;
- (b) Darcy Pahl shall forthwith answer the questions refused during his examination out of court, as set out in the chart appended as Appendix 19 to the Fourth Report;
- (c) David DenHollander shall forthwith answer the questions refused during his examination out of court, as set out in the chart appended as Appendix 21 to the Fourth Report;
- (d) Robert Maljaars shall forthwith answer the questions refused during his examination out of court, as set out in the chart appended as Appendix 20 to the Fourth Report;
- (e) Jeffrey Maljaars shall forthwith answer the questions refused during his examination out of court, as set out in the chart appended as Appendix 22 to the Fourth Report;
- (f) Al Housego shall forthwith answer the outstanding undertaking given during his examination out of court, as set out in the chart appended as Appendix 23 to the Fourth Report; and

- (g) on the consent of Jerry Froese and the Receiver, Jerry Froese shall forthwith answer: (i) the outstanding undertakings given during his examination out of court, being nos. 13, 18, 19, 20, 31 [production of a USB drive with the actual/native data as saved in the software], 34 [missing enclosures], 36, 41, and 42, as set out in the charts appended at Appendix 24 of the Fourth Report; and (ii) the questions taken under advisement and which were refused during his examination out of court, as set out in the charts appended as Appendix 24 to the Fourth Report.

10. **THIS COURT ORDERS** that, on the consent of the Receiver at the request of Regent Law Professional Corporation, paragraphs 162 and 164 of the Fourth Report be and are hereby amended as set out in Schedule "A" to this Order.

11. **THIS COURT ORDERS** that Craig Clydesdale be and is hereby ordered to answer the undertakings given, and the questions which were taken under advisement and which were refused at his examination held March 12 and 13, 2018, as set out at Appendix 18 to the Fourth Report, by no later than September 20, 2018, subject to the following:

- (a) Mr. Clydesdale's answer to Refusal #1 shall be kept confidential by the Receiver and counsel to the Receiver, and not posted on the Receiver's website or filed with the Court; and
- (b) Mr. Clydesdale shall not be required to answer Refusal #3 pending further Order of the Court.

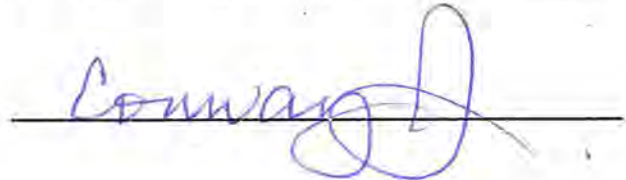
12. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period October 1, 2017 to May 31, 2018, as described in the Fourth Report and as set out in the Bando Affidavit, be and are hereby approved, and that the allocation of the Receiver's fees and disbursements from October 1, 2018 to May 31, 2018, as described and detailed in the Fourth Report, be and is hereby approved.

13. **THIS COURT ORDERS** that the fees and disbursements of Aird & Berlis LLP, counsel to the Receiver, for the period April 7, 2017 to May 31, 2018, as described in the Fourth Report and as set out in the van Zandvoort Affidavit, be and are hereby approved, and that the allocation of A&B's fees and disbursements in this regard, as described and detailed in the Fourth Report, be and is hereby approved.

14. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

15. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

16. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.



ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

AUG 20 2018

PER / PAR:





## SCHEDULE A

**Paragraph 162 of the Fourth Report shall be deemed to have been amended as follows (underlined portion reflecting amendment made to existing paragraph):**

162 Also on February 23, 2018, A&B sent correspondence to Dionne indicating that it had received confirmation from Hudson Inc. that she had personally filed for bankruptcy, however, that neither DDI Corp nor DDI had filed for bankruptcy. In response, Dionne insisted that she had not executed the DDI Corporate Guarantees and requested that she be provided with the individual's name who provided same to the Receiver. A&B advised Dionne that Darren Smits ("**Smits**"), at that time of Miller Thomson LLP in Calgary, Alberta (now a lawyer of Burstall LLP), had provided the DDI Corporate Guarantees to the Receiver and that Wilson was counsel to the specific transaction. A&B further requested that the Receiver be included on all future correspondence between Smits and Dionne.

**Paragraph 164 of the Fourth Report shall be deemed to have been amended as follows (underlined portion reflecting amendment made to existing paragraph):**

164 Froese testified during his examination that the potential investment in Restoration Energy through a Factoring Agreement was initially put forth by Smits, who is Frontline's lawyer, and was also the lawyer to Restoration Energy, which Smits confirmed to the Receiver. Recently, the Receiver learned that Smits has left Miller Thomson LLP, and is now practicing at Burstall LLP in Calgary.

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced at Toronto

**ORDER**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
Suite 1800, 181 Bay Street  
Toronto, ON M5J 2T9

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E-mail: [mvanzandvoort@airdberlis.com](mailto:mvanzandvoort@airdberlis.com)

*Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited*

# TAB 16

December 20, 2019

**TO: THE INVESTORS IN THE CRYSTAL WEALTH FUNDS**

**- and to –**

**CRYSTAL WEALTH DISCRETIONARY ACCOUNT HOLDERS**

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**Grant Thornton Limited**  
11th Floor  
200 King Street West, Box 11  
Toronto, ON  
M5H 3T4  
T +1 416 366 0100  
F +1 416 360 4949

The purpose of this notice is to provide an update on the administration of the receivership proceedings with respect to the Crystal Wealth Funds.

## 2019 Income Tax Slips

As you are aware, the Receiver issued the First Interim Distribution and the Second Interim Distribution on January 18, 2018 and September 27, 2018, respectively, for which tax slips were provided to investors in early 2019. As there was no interim distribution in 2019, the Receiver will not be issuing tax slips for the 2019 tax year.

## Update on the Receiver's Realization Actions

In our previous communications, Investors were advised that the Receiver would be making further efforts to advance its investigations and realizations regarding the Off-Book Investments. Such efforts would include, among other things, issuing demands, commencing litigation and commencing bankruptcy proceedings against certain companies and individuals, all in order to enhance investigative powers and/or determine the financial wherewithal of such companies and individuals for potential return to the Crystal Wealth Funds. The commencing of litigation or bankruptcy proceedings was determined on a case by case basis depending on our investigation into the merits of the claim, the financial situation of each person or entity and the level of cooperation from same. The Receiver's efforts to date are summarized in the table below.

In some cases, as noted below, the Receiver was able to avoid litigation or bankruptcy proceedings by negotiating settlements.

All of the following actions are on-going. The Receiver will provide a further update on such matters at an appropriate time.

## Proposed Class Action and Receiver's Action against BDO Canada LLP

As previously communicated, Adair Goldblatt Bieber LLP ("**AGB**") is the Receiver's lawyer of record in an Ontario Superior Court of Justice action (the "**Receiver's Action**", and together with the Proposed Class Action, the "**BDO Actions**") against BDO Canada LLP ("**BDO**"). As noted in the Fourth Report, similar to the Proposed Class Action, the Receiver's Action pertains to the audit services provided by BDO prior to the receivership proceedings, but was brought on behalf of the Company and the Crystal Wealth Funds (as opposed to the investors directly).

On December 9 and 10, 2019, the Honourable Justice Perell heard the certification motion in the Proposed Class Action. Justice Perell reserved his decision, and the outcome of the motion has therefore yet to be released.

Information regarding the BDO Actions can be accessed at: [www.agbllp.com/class-actions.html](http://www.agbllp.com/class-actions.html) (the “**AGB Case Website**”). Investors are encouraged to continue to monitor the AGB Case Website for further developments concerning the BDO Actions.

Should you have any questions regarding the Proposed Class Action and/or the Receiver’s Action, please contact either Nathaniel Read-Ellis or Simon Bieber of AGB:

**Nathaniel Read-Ellis**  
Adair Goldblatt Bieber LLP  
T: (416) 351-2789  
E: [nreadellis@AGBLLP.com](mailto:nreadellis@AGBLLP.com)

**Simon Bieber**  
Adair Goldblatt Bieber LLP  
T: (416) 351-2781  
E: [sbieber@AGBLLP.com](mailto:sbieber@AGBLLP.com)

## Status of Litigation and Bankruptcy Proceedings

| Debtor Entity/Entities or Defendant(s) | Crystal Wealth Group Claimant(s)                                                     | Court File No./Estate No.                                                                                              | Update                                                                                                                                                                                                                                 |
|----------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1566496 Alberta Ltd.</b>            | Crystal Wealth Enlightened Factoring Strategy (the “ <b>Factoring Fund</b> ”)        | Court of Queen’s Bench of Alberta (“ <b>ABQB</b> ”) – Court File No. 1801-12360; Estate No. 094942                     | Bankruptcy Order obtained on application of the Receiver on September 14, 2018. The Bowra Group Inc. has been appointed as trustee of the bankrupt’s estate.                                                                           |
| <b>647497 B.C. Ltd.</b>                | Factoring Fund                                                                       | Supreme Court of British Columbia – Court File No. VER-S-B-55205; Estate No. 11-2430287                                | Bankruptcy Order obtained on application of the Receiver on October 2, 2018. The Bowra Group Inc. has been appointed as trustee of the bankrupt’s estate.                                                                              |
| <b>Restoration Energy Inc.</b>         | Factoring Fund and Crystal Wealth Enlightened Hedge Fund (the “ <b>Hedge Fund</b> ”) | ABQB – Court File No. 1801-12359; Estate No. 094943                                                                    | Bankruptcy Order obtained on application of the Receiver on September 14, 2018. The Bowra Group Inc. has been appointed as trustee of the bankrupt’s estate.                                                                           |
| <b>1092545 B.C. Ltd.</b>               | Factoring Fund                                                                       | Ontario Superior Court of Justice (Commercial List) – Court File No. CV-17-11779-00CL; BCSC – Court File No. B-190369; | Judgment obtained by the Receiver against 1092545 B.C. Ltd. on August 20, 2018. Bankruptcy Order obtained on application of the Receiver on July 4, 2019. The Bowra Group Inc. has been appointed as trustee of the bankrupt’s estate. |

| Debtor Entity/Entities or Defendant(s)                                        | Crystal Wealth Group Claimant(s)                                                               | Court File No./Estate No.                                                                                | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                               |                                                                                                | Estate No. 11-254179                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Solid Holdings Ltd.</b>                                                    | Factoring Fund                                                                                 | BCSC – Court File No. B-180514; British Columbia Court of Appeal – Court File No. CA45889                | Bankruptcy Order obtained on application of the Receiver on February 1, 2019; affirmed by British Columbia Court of Appeal on June 16, 2019. The Bowra Group Inc. has been appointed as trustee of the bankrupt's estate.                                                                                                                                                                                                                                                                                           |
| <b>Onstar Exploration Ltd.</b>                                                | Factoring Fund, Hedge Fund, and Crystal Enlightened Bullion Fund (the “ <b>Bullion Fund</b> ”) | BCSC – Court File No. B-190401; Estate No. 11-254183                                                     | Bankruptcy Order obtained on application of the Receiver on September 16, 2019. The Bowra Group Inc. has been appointed as trustee of the bankrupt's estate.                                                                                                                                                                                                                                                                                                                                                        |
| <b>611802 B.C. Ltd</b>                                                        | Factoring Fund, Hedge Fund, and Bullion Fund                                                   | (BCSC – Court File No. 55863)                                                                            | Bankruptcy Order obtained on application of the Receiver on August 6, 2019. The Bowra Group Inc. has been appointed as trustee of the bankrupt's estate.                                                                                                                                                                                                                                                                                                                                                            |
| <b>Dome Mountain Resources of Canada Inc.</b>                                 | Factoring Fund and Hedge Fund                                                                  | (BCSC – Court File No. 56246)                                                                            | On December 12, 2019, the Receiver filed an application for a Bankruptcy Order against Dome Mountain Resources of Canada Inc., returnable January 15, 2020.                                                                                                                                                                                                                                                                                                                                                         |
| <b>Martin McCready</b>                                                        | CLJ Everest Ltd.                                                                               | Ontario Superior Court of Justice (“ <b>ONSC</b> ”) – Court File Nos. CV-18-1601019-00CL; 31-OR-208382-T | Judgment obtained by the Receiver against Martin McCready on January 11, 2019. Bankruptcy Order obtained on application of the Receiver on July 16, 2019.                                                                                                                                                                                                                                                                                                                                                           |
| <b>Jeffrey Maljaars, Robert Maljaars, Marion DenHollander, and Darcy Pahl</b> | Factoring Fund and Hedge Fund                                                                  | ONSC (Commercial List) – Court File No. CV-18-604459-00CL                                                | On September 4, 2018, the Receiver commenced an action in the ONSC (Commercial List) against Jeffrey Maljaars, Robert Maljaars, Marion DenHollander, and Darcy Pahl pursuant to their guarantor obligations to the Factoring and Hedge Funds, as applicable. On December 3, 2019, the Receiver obtained Default Judgment against Robert Maljaars and Darcy Pahl.<br><br>The action remains ongoing as against Marion DenHollander and Jeffrey Maljaars, who have delivered statements of defence in the proceeding. |

| Debtor Entity/Entities or Defendant(s)                                                                                                                                             | Crystal Wealth Group Claimant(s)             | Court File No./Estate No.                                   | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Zomongo.TV Corp.,<br/>Zomongo.TV Holdings Corp.,<br/>Zomongo Inc.,<br/>David DenHollander,<br/>Marion DenHollander,<br/>Jeremy Ostrowski, and<br/>Jocelyne Hughes-Ostrowski</b> | Factoring Fund and Hedge Fund                | ONSC (Commercial List) – Court File No. CV-19-00612240-0000 | <p>On January 9, 2019, the Receiver commenced an action in the ONSC (Commercial List) against Zomongo.TV Corp., Zomongo.TV Holdings Corp., Zomongo Inc., David DenHollander, Marion DenHollander, Jeremy Ostrowski, and Jocelyne Hughes-Ostrowski, in connection with the defendants' obligations to the Factoring Fund and Hedge Fund pursuant to the defendants' liabilities to the Funds, as applicable, pursuant to certain Factoring Agreements, letter agreement, and guarantees.</p> <p>The Receiver's action was stayed against Jeremy Ostrowski, who made an assignment in bankruptcy on April 18, 2019.</p> <p>On December 3, 2019, Default Judgment was obtained by the Receiver against Zomongo.TV Corp., Zomongo.TV Holdings Corp., Zomongo Inc., and Jocelyne Hughes-Ostrowski.</p> <p>The action remains ongoing as against Marion DenHollander and David DenHollander, who have delivered statements of defence in the proceeding.</p> |
| <b>Frontline Factoring Inc. and Jerry Froese</b>                                                                                                                                   | Factoring Fund and Hedge Fund                | ONSC (Commercial List) – Court File No. CV-18-00608752-00CL | <p>On September 4, 2018, the Receiver commenced an action in the ONSC (Commercial List) against Frontline Factoring Inc. ("<b>Frontline</b>") and Jerry Froese, in connection with the defendants' involvement and conduct with respect to and arising from the Factoring Procurement and Administration Agreement entered into by Frontline and the Funds. The action remains ongoing, and Frontline and Mr. Froese have delivered statements of defence in the proceeding.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Advanced Metal Concepts and Fabrication Ltd.</b>                                                                                                                                | Factoring Fund                               | N/A                                                         | <p>On February 12, 2019, after undertaking due diligence into the status of Advanced Metal Concepts and Fabrication Ltd., the Receiver agreed to assign the indebtedness owing by Advanced Metal to the Factoring Fund to a third party, in consideration of \$350,000.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Inca One Gold Corp.</b>                                                                                                                                                         | Factoring Fund, Hedge Fund, and Bullion Fund | N/A                                                         | <p>On October 30, 2019, the Receiver agreed to a confidential resolution with Inca One Gold Corp., details of which will be reported to the Court at a subsequent date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| Debtor Entity/Entities or Defendant(s)                            | Crystal Wealth Group Claimant(s)                                                                                                                                                     | Court File No./Estate No.                                   | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>OOM Energy Group</b>                                           | Crystal Wealth Mortgage Strategy (the “ <b>Mortgage Fund</b> ”), Crystal Wealth Infrastructure Strategy (the “ <b>Infrastructure Fund</b> ”), and Absolute Sustainable Property Fund | N/A                                                         | The Receiver and its counsel are continuing to explore recovery options with respect to the OOM Energy Loans.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Pond Technologies Inc.</b>                                     | Mortgage Fund and Crystal Wealth High Yield Mortgage Strategy (the “ <b>High Yield Mortgage Fund</b> ”)                                                                              | N/A                                                         | The Receiver continues to receive periodic payments in connection with the Pond Loan Amendments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>1076874 Properties Limited Partnership (US Real Estate LP)</b> | Factoring Fund and Hedge Fund                                                                                                                                                        | ONSC (Commercial List) – Court File No. CV-19-00630036-00CL | <p>On October 29, 2019, the Receiver commenced an action in the Ontario Superior Court of Justice (Commercial List) against 1076874 Properties Limited Partnership, and certain other persons and entities involved with and/or related to the US Real Estate LP (Alberto Storelli, Joseph Harker, Brian Peoples, 1076874 B.C. Ltd., 1077187 B.C. Ltd., DaVinci Capital Property, Inc., Rothbury REIT Limited Partnership, Rothbury Capital Corp. and DaVinci Capital REIT Inc.).</p> <p>At this time, despite service of the Statement of Claim, none of the defendants have defended the action. Should defences not be filed in accordance with the required timelines, the Receiver will seek default judgment.</p> |
| <b>Xynergy Medical Capital LLC</b>                                | Crystal Wealth Medical Strategy                                                                                                                                                      | N/A                                                         | The Receiver continues to engage with Xynergy Medical Capital LLC in connection with realization efforts pursuant to the Master Medical Receivables Purchase and Administration Agreement made effective as of March 31, 2016, and including with respect to the Medical Fund’s interest in certain NFL Participation Agreements, being funding agreements entered into between NFL players and KrunchCash Capital LLC (an entity associated with Xynergy).                                                                                                                                                                                                                                                             |



| Debtor Entity/Entities or Defendant(s) | Crystal Wealth Group Claimant(s)                                          | Court File No./Estate No. | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------|---------------------------------------------------------------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Single Source Services Ltd.</b>     | Factoring Fund                                                            | N/A                       | On December 10, 2019, the Receiver submitted a claim to Caterpillar Financial Services Limited (" <b>Cat Finance</b> ") to surplus proceeds of \$41,849.37 arising out of Cat Finance's recent seizure and sale of particular collateral held by Single Source Services Ltd. The Receiver is awaiting confirmation from Cat Finance with respect to the Factoring Fund's claimed entitlement to the surplus funds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Clayton Smith</b>                   | Crystal Wealth Management System Limited and all Crystal Wealth Funds     | N/A                       | Enforcement Staff of the Ontario Securities Commission commenced and concluded its own investigation into the conduct of Clayton Smith, which resulted in a Settlement Agreement in which Mr. Smith was sanctioned and reprimanded for his conduct. The Settlement Agreement, and the OSC's Oral Reasons for Approval of Settlement and the resulting Order, can be accessed at <a href="https://www.osc.gov.on.ca/documents/en/Proceedings-SET/set_20180528_smithc.pdf">https://www.osc.gov.on.ca/documents/en/Proceedings-SET/set_20180528_smithc.pdf</a> , <a href="https://www.osc.gov.on.ca/en/Proceedings_oth_2018_0614_smithc.htm">https://www.osc.gov.on.ca/en/Proceedings_oth_2018_0614_smithc.htm</a> , and <a href="https://www.osc.gov.on.ca/en/Proceedings_rad_2018_0614_smithc.htm">https://www.osc.gov.on.ca/en/Proceedings_rad_2018_0614_smithc.htm</a> , respectively. The Receiver has conducted an examination under oath of Clayton Smith and detailed investigations into Crystal Wealth Management System Limited and the Crystal Wealth Funds. The Receiver has brought this matter to the attention of the Ontario Provincial Police. |
| <b>Al Housego</b>                      | Crystal Wealth Management System Limited and certain Crystal Wealth Funds | N/A                       | On April 12, 2018, the Receiver conducted an examination under oath of Al Housego, at which time Mr. Housego testified that he was the subject of a securities commission investigation in British Columbia. The full transcript from the examination of Mr. Housego can be accessed on the Receiver's Case Website: <a href="https://docs.grantthornton.ca/document-folder/viewer/docul8LWsxWwho7J/209622021879615015?_ga=2.9065397.1615974802.1558975228-455411779.1525375598">https://docs.grantthornton.ca/document-folder/viewer/docul8LWsxWwho7J/209622021879615015?_ga=2.9065397.1615974802.1558975228-455411779.1525375598</a> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

Please contact the Receiver at any time should you have any questions.

**Toll Free Number:** +1 (866) 448-5867

**Email:** [CrystalWealth@GrantThornton.ca](mailto:CrystalWealth@GrantThornton.ca)

**Receiver's Case Website:** [www.GrantThornton.ca/CrystalWealth](http://www.GrantThornton.ca/CrystalWealth)

**DATED** at Toronto, Ontario, this 20<sup>th</sup> day of December, 2019.

**Grant Thornton Limited,**

in its capacity as the Court-appointed Receiver and Manager of  
the Crystal Wealth Group, and not in its corporate or personal capacity

# TAB 17

**\*Recent Developments Concerning Particular Investments/Debtors of the Crystal Wealth Group**

| Debtor Entity/Entities or Defendant(s) | Crystal Wealth Group Claimant(s)                                                     | Court File No./Estate No.                                                                                                                   | Update                                                                                                                                                                                                                                 |
|----------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1566496 Alberta Ltd.</b>            | Crystal Wealth Enlightened Factoring Strategy (the " <b>Factoring Fund</b> ")        | Court of Queen's Bench of Alberta (" <b>ABQB</b> ") – Court File No. 1801-12360; Estate No. 094942                                          | Bankruptcy Order obtained on application of the Receiver on September 14, 2018. The Bowra Group Inc. has been appointed as trustee of the bankrupt's estate.                                                                           |
| <b>647497 B.C. Ltd.</b>                | Factoring Fund                                                                       | Supreme Court of British Columbia – Court File No. VER-S-B-55205; Estate No. 11-2430287                                                     | Bankruptcy Order obtained on application of the Receiver on October 2, 2018. The Bowra Group Inc. has been appointed as trustee of the bankrupt's estate.                                                                              |
| <b>Restoration Energy Inc.</b>         | Factoring Fund and Crystal Wealth Enlightened Hedge Fund (the " <b>Hedge Fund</b> ") | ABQB – Court File No. 1801-12359; Estate No. 094943                                                                                         | Bankruptcy Order obtained on application of the Receiver on September 14, 2018. The Bowra Group Inc. has been appointed as trustee of the bankrupt's estate.                                                                           |
| <b>1092545 B.C. Ltd.</b>               | Factoring Fund                                                                       | Ontario Superior Court of Justice (Commercial List) – Court File No. CV-17-11779-00CL; BCSC – Court File No. B-190369; Estate No. 11-254179 | Judgment obtained by the Receiver against 1092545 B.C. Ltd. on August 20, 2018. Bankruptcy Order obtained on application of the Receiver on July 4, 2019. The Bowra Group Inc. has been appointed as trustee of the bankrupt's estate. |
| <b>Solid Holdings Ltd.</b>             | Factoring Fund                                                                       | BCSC – Court File No. B-180514; British Columbia Court of Appeal – Court File No. CA45889                                                   | Bankruptcy Order obtained on application of the Receiver on February 1, 2019; affirmed by British Columbia Court of Appeal on June 16, 2019. The Bowra Group Inc. has been appointed as trustee of the bankrupt's estate.              |
| <b>Onstar Exploration Ltd.</b>         | Factoring Fund, Hedge Fund, and Crystal                                              | BCSC – Court File No. B-190401; Estate No. 11-254183                                                                                        | Bankruptcy Order obtained on application of the Receiver on September 16, 2019. The Bowra Group                                                                                                                                        |

**\*Recent Developments Concerning Particular Investments/Debtors of the Crystal Wealth Group**

| Debtor Entity/Entities or Defendant(s)                                        | Crystal Wealth Group Claimant(s)                       | Court File No./Estate No.                                                                                | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                               | Enlightened Bullion Fund (the “ <b>Bullion Fund</b> ”) |                                                                                                          | Inc. has been appointed as trustee of the bankrupt's estate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>611802 B.C. Ltd</b>                                                        | Factoring Fund, Hedge Fund, and Bullion Fund           | (BCSC – Court File No. 55863)                                                                            | Bankruptcy Order obtained on application of the Receiver on August 6, 2019. The Bowra Group Inc. has been appointed as trustee of the bankrupt's estate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Dome Mountain Resources of Canada Inc.</b>                                 | Factoring Fund and Hedge Fund                          | (BCSC – Court File No. 56246)                                                                            | Bankruptcy Order obtained on application of the Receiver on January 15, 2020. The Bowra Group Inc. has been appointed as trustee of the bankrupt's estate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Martin McCready</b>                                                        | CLJ Everest Ltd.                                       | Ontario Superior Court of Justice (“ <b>ONSC</b> ”) – Court File Nos. CV-18-1601019-00CL; 31-OR-208382-T | Judgment obtained by the Receiver against Martin McCready on January 11, 2019. Bankruptcy Order obtained on application of the Receiver on July 16, 2019. Grant Thornton Limited has been appointed as trustee of the bankrupt's estate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Jeffrey Maljaars, Robert Maljaars, Marion DenHollander, and Darcy Pahl</b> | Factoring Fund and Hedge Fund                          | ONSC (Commercial List) – Court File No. CV-18-604459-00CL                                                | <p>On September 4, 2018, the Receiver commenced an action in the ONSC (Commercial List) against Jeffrey Maljaars, Robert Maljaars, Marion DenHollander, and Darcy Pahl pursuant to their guarantor obligations to the Factoring and Hedge Funds, as applicable. On December 3, 2019, the Receiver obtained Default Judgment against Robert Maljaars and Darcy Pahl, with enforcement efforts underway.</p> <p>The Receiver's enforcement efforts under the Default Judgment were stayed as against Darcy Pahl, who made an assignment in bankruptcy on February 18, 2020. Hardie &amp; Kelly Inc. has been appointed as trustee of the bankrupt's estate. The Receiver filed Proofs of Claim on behalf of the Factoring and Hedge Funds on February 21, 2020.</p> |

**\*Recent Developments Concerning Particular Investments/Debtors of the Crystal Wealth Group**

| Debtor Entity/Entities or Defendant(s)                                                                                                                                         | Crystal Wealth Group Claimant(s) | Court File No./Estate No.                                        | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                |                                  |                                                                  | <p>The Receiver is awaiting the trustee's confirmation as to when the first meeting of creditors will take place, and with respect to the Receiver's request that its counsel conduct the examination of Darcy Pahl under section 163(1) of the <i>Bankruptcy and Insolvency Act</i> on behalf of the trustee.</p> <p>On February 19, 2020, the Default Judgment Order was registered in British Columbia, and on March 2, 2020, the Default Judgment Order was registered in Alberta, permitting enforcement efforts against Robert Maljaars in those provinces.</p> <p>The action remains ongoing as against Marion DenHollander and Jeffrey Malhaars, who have delivered statements of defence in the proceeding.</p> |
| <b>Zomongo.TV Corp.,<br/>Zomongo.TV Holdings Corp., Zomongo Inc.,<br/>David DenHollander,<br/>Marion DenHollander,<br/>Jeremy Ostrowski, and<br/>Jocelyne Hughes-Ostrowski</b> | Factoring Fund and Hedge Fund    | ONSC (Commercial List) – –<br>Court File No. CV-19-00612240-0000 | <p>On January 9, 2019, the Receiver commenced an action in the ONSC (Commercial List) against Zomongo.TV Corp., Zomongo.TV Holdings Corp., Zomongo Inc., David DenHollander, Marion DenHollander, Jeremy Ostrowski, and Jocelyne Hughes-Ostrowski, in connection with the defendants' obligations to the Factoring Fund and Hedge Fund pursuant to the defendants' liabilities to the Funds, as applicable, pursuant to certain Factoring Agreements, letter agreement, and guarantees.</p> <p>The Receiver's action was stayed against Jeremy Ostrowski, who made an assignment in bankruptcy on April 18, 2019.</p>                                                                                                    |

**\*Recent Developments Concerning Particular Investments/Debtors of the Crystal Wealth Group**

| Debtor Entity/Entities<br>or Defendant(s)            | Crystal Wealth Group<br>Claimant(s) | Court File No./Estate No.                                          | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------------------------------|-------------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                      |                                     |                                                                    | <p>On December 3, 2019, Default Judgment was obtained by the Receiver against Zomongo.TV Corp., Zomongo.TV Holdings Corp., Zomongo Inc., and Jocelyne Hughes-Ostrowski.</p> <p>The Receiver's enforcement efforts under the Default Judgment were subsequently stayed against Jocelyne Hughes-Ostrowski, who made an assignment in bankruptcy on February 12, 2020. Bromwich &amp; Smith Inc. has been appointed as trustee of the bankrupt's estate. The Receiver filed its Proof of Claim with the trustee on February 18, 2020.</p> <p>On March 2, 2020, the Default Judgment Order was registered in Alberta as against Zomongo TV Corp., Zomongo TV Holdings Corp. and Zomongo Inc.</p> <p>The action remains ongoing as against Marion DenHollander and David DenHollander, who have delivered statements of defence in the proceeding.</p> |
| <b>Frontline Factoring Inc.<br/>and Jerry Froese</b> | Factoring Fund and Hedge Fund       | ONSC (Commercial List) –<br>Court File No. CV-18-<br>00608752-00CL | <p>On September 4, 2018, the Receiver commenced an action in the ONSC (Commercial List) against Frontline Factoring Inc. ("<b>Frontline</b>") and Jerry Froese, in connection with the defendants' involvement and conduct with respect to and arising from the Factoring Procurement and Administration Agreement entered into by Frontline and the Funds. The action remains ongoing, and Frontline and Mr. Froese have delivered statements of defence in the proceeding.</p>                                                                                                                                                                                                                                                                                                                                                                  |

**\*Recent Developments Concerning Particular Investments/Debtors of the Crystal Wealth Group**

| Debtor Entity/Entities or Defendant(s)                            | Crystal Wealth Group Claimant(s)                                                                                                                                                     | Court File No./Estate No.                                   | Update                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Advanced Metal Concepts and Fabrication Ltd.</b>               | Factoring Fund                                                                                                                                                                       | N/A                                                         | On February 12, 2019, after undertaking due diligence into the status of Advanced Metal Concepts and Fabrication Ltd., the Receiver agreed to assign the indebtedness owing by Advanced Metal to the Factoring Fund to a third party, in consideration of \$350,000. |
| <b>Inca One Gold Corp.</b>                                        | Factoring Fund, Hedge Fund, and Bullion Fund                                                                                                                                         | N/A                                                         | On October 30, 2019, the Receiver agreed to a confidential resolution with Inca One Gold Corp. (“ <b>Inca</b> ”), pursuant to which settlement the Receiver was paid \$250,000.00 in resolution of all claims against Inca.                                          |
| <b>OOM Energy Group</b>                                           | Crystal Wealth Mortgage Strategy (the “ <b>Mortgage Fund</b> ”), Crystal Wealth Infrastructure Strategy (the “ <b>Infrastructure Fund</b> ”), and Absolute Sustainable Property Fund | N/A                                                         | The Receiver and its counsel are continuing to explore recovery options with respect to the OOM Energy Loans.                                                                                                                                                        |
| <b>Pond Technologies Inc.</b>                                     | Mortgage Fund and Crystal Wealth High Yield Mortgage Strategy (the “ <b>High Yield Mortgage Fund</b> ”)                                                                              | N/A                                                         | The Receiver continues to receive periodic payments in connection with the Pond Loan Amendments.                                                                                                                                                                     |
| <b>1076874 Properties Limited Partnership (US Real Estate LP)</b> | Factoring Fund and Hedge Fund                                                                                                                                                        | ONSC (Commercial List) – Court File No. CV-19-00630036-00CL | On October 29, 2019, the Receiver commenced an action in the Ontario Superior Court of Justice (Commercial List) against 1076874 Properties                                                                                                                          |



**\*Recent Developments Concerning Particular Investments/Debtors of the Crystal Wealth Group**

| Debtor Entity/Entities or Defendant(s)      | Crystal Wealth Group Claimant(s) | Court File No./Estate No.                                                                                                                                                                                                         | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                             |                                  |                                                                                                                                                                                                                                   | <p>Limited Partnership, and certain other persons and entities involved with and/or related to the US Real Estate LP (Alberto Storelli, Joseph Harker, Brian Peoples, 1076874 B.C. Ltd., 1077187 B.C. Ltd., DaVinci Capital Property, Inc., Rothbury REIT Limited Partnership, Rothbury Capital Corp. and DaVinci Capital REIT Inc.).</p> <p>On February 26, 2020, Default Judgment was obtained by the Receiver against all defendants in the US Real Estate LP action. Enforcement efforts are underway.</p>                                                                                                                                                                                                                                                                                                                                                           |
| <p><b>Claims against BDO Canada LLP</b></p> |                                  | <p><b>Anthony Whitehouse Proposed Class Action</b> – ONSC Court File No. CV-17-575516</p> <p><b>Receiver Action against BDO Canada LLP</b> – ONSC Court File No CV-18-595063-00CL</p> <p>(together, the “<b>BDO Actions</b>”)</p> | <p>BDO Canada LLP (“<b>BDO</b>”) has delivered statements of defence in both the Proposed Class Action commenced by Anthony Whitehouse, and in the action commenced by the Receiver on behalf of the Crystal Wealth Funds and Crystal Wealth Management System Limited (the “<b>Company</b>”) against BDO. Similar to the Proposed Class Action, the Receiver’s Action pertains to the audit services provided by BDO prior to the receivership proceedings, but is brought on behalf of the Company and the Crystal Wealth Funds (as opposed to the investors directly). Adair Goldblatt Bieber LLP (“<b>AGB LLP</b>”) represents Mr. Whitehouse and the Receiver in the actions.</p> <p>On January 14, 2020 a settlement of the Receiver’s Action was entered into by the Receiver and BDO, subject to Court approval, as detailed in the Receiver’s Fifth Report.</p> |

**\*Recent Developments Concerning Particular Investments/Debtors of the Crystal Wealth Group**

| Debtor Entity/Entities or Defendant(s) | Crystal Wealth Group Claimant(s) | Court File No./Estate No. | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------|----------------------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                        |                                  |                           | Information in regards to the BDO Actions can be accessed at: <a href="http://www.agbllp.com/class-actions.html">www.agbllp.com/class-actions.html</a> (the “ <b>AGB Case Website</b> ”); investors are encouraged to continue to monitor the AGB Case Website for further developments concerning the BDO Actions.                                                                                                                                                                                     |
| <b>Xynergy Medical Capital LLC</b>     | Crystal Wealth Medical Strategy  | N/A                       | The Receiver continues to engage with Xynergy Medical Capital LLC in connection with realization efforts pursuant to the Master Medical Receivables Purchase and Administration Agreement made effective as of March 31, 2019, and including with respect to the Medical Fund’s interest in certain NFL Participation Agreements, being funding agreements entered into between NFL players and KrunchCash Capital LLC (an entity associated with Xynergy).                                             |
| <b>Single Source Services Ltd.</b>     | Factoring Fund                   | N/A                       | On December 10, 2019, the Receiver submitted a claim to Caterpillar Financial Services Limited (“ <b>Cat Finance</b> ”) to surplus proceeds of \$41,849.37 arising out of Cat Finance’s recent seizure and sale of particular collateral held by Single Source Services Ltd. The Receiver is evaluating Cat Finance’s position that the Factoring Fund’s entitlement to the surplus funds are subordinate in priority to a claim which Cat Finance has advised has been filed by Canada Revenue Agency. |

## **\*Recent Developments Concerning Particular Investments/Debtors of the Crystal Wealth Group**

\*The Receiver encourages all Crystal Wealth Group stakeholders to review the Receiver's Reports to Court for additional details concerning the debtors and investments which are the subject matter of the updates and enforcement steps tabled above. The Receiver's Reports to Court can be found on the Receiver's Case Website located at [www.GrantThornton.ca/CrystalWealth](http://www.GrantThornton.ca/CrystalWealth).

Please contact the Receiver at any time should you have any questions.

**Toll Free Number:** +1 (866) 448-5867

**Email:** [CrystalWealth@GrantThornton.ca](mailto:CrystalWealth@GrantThornton.ca)

**Receiver's Case Website:** [www.GrantThornton.ca/CrystalWealth](http://www.GrantThornton.ca/CrystalWealth)

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# TAB 18

CITATION: Whitehouse v. BDO Canada LLP, 2020 ONSC 144  
COURT FILE NO.: CV-17-579357CP  
DATE: 2020/01/08

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

|                                                             |   |                                                                                        |
|-------------------------------------------------------------|---|----------------------------------------------------------------------------------------|
| <b>BETWEEN:</b>                                             | ) |                                                                                        |
|                                                             | ) |                                                                                        |
| <b>ANTHONY WHITEHOUSE, CARRIE<br/>COUCH and JASON COUCH</b> | ) | <i>Simon Bieber, Nathaniel Read-Ellis and<br/>Michele Vanentini for the Plaintiffs</i> |
| Plaintiffs                                                  | ) |                                                                                        |
| - and -                                                     | ) |                                                                                        |
|                                                             | ) |                                                                                        |
| <b>BDO CANADA LLP</b>                                       | ) | <i>Andrea Laing, Doug McLeod and Dan<br/>Szirmak for the Defendant</i>                 |
| Defendant                                                   | ) |                                                                                        |
|                                                             | ) |                                                                                        |
|                                                             | ) | <b>HEARD:</b> December 9-11, 2019                                                      |

**PERELL, J.**

**REASONS FOR DECISION**

**A. Introduction**

[1] The Plaintiffs, Anthony Whitehouse, Carrie Couch, and Jason Couch, are investors in the mutual funds of Crystal Wealth Management Systems Ltd. The Plaintiffs lost their life savings and they blame BDO Canada LLP, which was the auditor of Crystal Wealth from 2007 to 2017. Crystal Wealth is now under a receivership initiated by the Ontario Securities Commission (“OSC”). Pursuant to the *Class Proceedings Act, 1992*,<sup>1</sup> Mr. Whitehouse and the Couchs bring an action against BDO and now they seek certification of their action as a class proceeding. They propose that Adair Goldblatt Bieber LLP be Class Counsel.

[2] The Plaintiffs allege that from 2007 to 2017, BDO provided clean audit opinions to the OSC and to the unitholders about Crystal Wealth’s mutual funds. The Plaintiffs allege that from 2007 to 2017, unknown to them and other unitholders, the management of Crystal Wealth was misappropriating assets. The Plaintiffs allege that the fraud was discovered as a result of an OSC appointing Receiver after Crystal Wealth did not deliver its audited financial statements for 2016; however, by the time the fraud was discovered, the unitholders had lost more than \$100 million. The Plaintiffs allege that had BDO done proper audits, the fraud would have been discovered sooner and before the losses mounted as they did. The Plaintiffs sue BDO for common law

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<sup>1</sup> S.O. 1992, c. 6.

negligence in providing auditing services.

[3] BDO resists certification. It concedes that the Plaintiffs have satisfied the identifiable class and the common issues criteria of certification. BDO, however, submits that the Plaintiffs have not satisfied the other three criteria for certification; namely: (a) the cause of action criterion; (b) the preferable procedure criterion; and (c) the representative plaintiff criterion.

[4] For the reasons that follow, I refuse certification. The case at bar is governed by *Hercules Managements Ltd. v. Ernst & Young*,<sup>2</sup> and *Lavender v. Miller Bernstein LLP*,<sup>3</sup> and while BDO has potential contractual liability to Crystal Wealth for negligent auditing, it does not have a proximate duty of care to the Plaintiffs and the putative Class Members. Thus, in the case at bar, the cause of action criterion for certification is not satisfied, and with its failure all the other certification criteria fail.

[5] Had the Plaintiffs satisfied the cause of action criterion, with some qualifications, I would have certified their action as a class proceeding.

## **B. Facts**

[6] Crystal Wealth was a discretionary portfolio management firm that specialized in creating and managing alternative investment strategies that were outside of traditional stock and bond portfolios. It was registered with the OSC under the categories of: (a) Exempt Market Dealer, (b) Investment Fund Manager, (c) Portfolio Manager, and (d) Commodity Trading Manager.

[7] Clayton Smith was Crystal Wealth's founder, Chief Executive Officer, Chief Compliance Officer, controlling shareholder, sole officer, and director.

[8] From 2007 to 2017, Crystal Wealth created, marketed, and managed open-ended mutual fund trusts. Pursuant to the *Securities Act*,<sup>4</sup> units in the mutual funds were distributed to unitholders on an exempt-market basis, pursuant to offering memoranda.

[9] A Declaration of Master Trust governed each of Crystal Wealth's mutual funds. The Declaration was incorporated by reference into each mutual fund's offering memorandum. The Declaration stipulated that Crystal Wealth is the trustee for the unitholders and stands possessed of, and holds sole legal title to, all of the property and assets of the mutual fund.

[10] The Declaration of Master Trust provides that no unitholder shall have or be deemed to have individual ownership of any property or asset of a mutual fund and the interest of a unitholder shall consist only of the right to receive payment from the Trustee of his interest in a mutual fund.

[11] The proposed Representative Plaintiff, Anthony Whitehouse, is a real estate agent who resides in Mississauga, Ontario. He invested almost \$1.0 million, his life savings, in five of Crystal Wealth's mutual funds.

[12] The proposed Representative Plaintiffs, Jason and Carrie Couch are spouses. They live in rural Alberta where they operate a beef farm. They invested almost \$600,000, their life savings, in three of Crystal Wealth's mutual funds.

[13] Mr. Whitehouse and the Couchs made their investments in Crystal Wealth's mutual funds

<sup>2</sup> [1997] 2 S.C.R. 165.

<sup>3</sup> 2018 ONCA 729, leave to appeal to the S.C.C. refused [2018] S.C.C.A. No. 488.

<sup>4</sup> R.S.O. 1990, c. S.5.

in the exempt market where under the *Securities Act*, issuers are excepted from certain disclosure requirements and permitted to distribute securities to “accredited investors”, who have a requisite net worth or investment sophistication. BDO submits that Mr. Whitehouse and the Couchs did not qualify as accredited investors, which, for reasons explored below, BDO submits disqualifies the Couchs as representative plaintiffs.

[14] Crystal Wealth grew significantly. In 2007, it operated just one mutual fund. By 2017, it was operating 15 funds. As of April 20, 2017, there were approximately 1,250 unitholders, and Crystal Wealth claimed that the mutual funds had an aggregate of approximately \$193.2 million in net asset value (“NAV”). As it turns out, the NAV of the mutual funds was materially overstated.

[15] Crystal Wealth’s 15 mutual funds were: ACM Growth Fund, ACM Income Fund, Bullion Fund, Conscious Capital Fund, Factoring Fund, Hedge Fund, High Yield Mortgage Fund, Infrastructure Fund, Media Fund, Medical Fund, Mortgage Fund, Resource Fund, Retirement Fund, Sustainable Dividend Fund, and Sustainable Property Fund.

[16] The underlying assets in the mutual funds were composed both of traditional investments such as stocks and bonds (the “on-book assets”), as well as unconventional investments, such as film loans, non-conventional residential mortgages, and factoring contracts (the “off-book assets”). The off-book assets accounted for approximately \$117.4 million (or approximately 60 percent) of the total NAV reported by Crystal Wealth as of April 20, 2017.

[17] There was substantial inter-fund investment among the mutual funds. The inter-fund investments accounted for approximately \$22.9 million (or approximately 12 percent) of the total NAV as of April 20, 2017. The largest recipients of these inter-fund investments were Media Fund, Hedge Fund, and Factoring Fund, which held substantial off-book assets.

[18] The on-book assets were held and recorded by the National Bank Correspondent Network or by Interactive Brokers Canada Inc, both of which are independent third parties. However, the off-book assets were held and recorded by Crystal Wealth or by third parties who were not independent third parties. In many cases, these off-book asset third parties had a personal relationship with Mr. Smith. The Plaintiffs allege that these third parties were actively colluding with Mr. Smith to manipulate the reported values of the off-book assets.

[19] Pursuant to the *Securities Act*, and the OSC’s NI 81-106, Crystal Wealth and each of its mutual funds was required to file audited financial statements with the OSC. Crystal Wealth was also required to send the audited statements to every unitholder. Failure to deliver audited financial statements to the OSC and unitholders could result in the suspension of Crystal Wealth’s registrations with the OSC.

[20] BDO is a national accounting, tax, and advisory firm. It was the auditor for Crystal Wealth from 2007 to 2017. BDO’s audits of Crystal Wealth and its Funds were conducted pursuant to retainer agreements negotiated and signed by Mr. Smith. The agreements impose obligations on Crystal Wealth with respect to the disclosure of accurate and complete audit information to BDO.

[21] During the BDO audit period, management representation letters were delivered to BDO affirming that Crystal Wealth had discharged its responsibility to make the requisite disclosures to BDO, including those relating to the existence of fraud and related-party transactions. The retainer agreements also contained certain indemnities in favour of BDO and terms limiting BDO’s liability.

[22] BDO provided clean audit opinions in respect of the 10 mutual funds that were in existence



by 2015. In each instance, BDO's opinion stated that the annual financial statements were free from material misstatement.

[23] BDO's auditor's report explained that BDO had conducted an audit of the mutual funds' financial statements in accordance with GAAS (generally accepted auditing standards). BDO's audit report explained that BDO selected its audit procedures based, in part, on the risk of material misstatement due to both error and fraud. BDO expressed the unqualified opinion that the financial statements present fairly, in all material respects, the financial position of the mutual funds.

[24] Crystal Wealth created five more mutual funds in 2016. BDO did not prepare audited statements for these mutual funds.

[25] As a result of Mr. Smith's failure to provide information and documents requested by BDO, Crystal Wealth did not file or deliver audited 2016 financial statements with the OSC for any of the Crystal Wealth Funds by the applicable March 31, 2017 deadline.

[26] On April 7, 2017, the OSC issued a temporary order that prohibited trading in the mutual funds' units and in the securities held by the mutual funds.

[27] On April 26, 2017, on application by the OSC, Grant Thornton LLP was appointed as the Receiver over all assets of Crystal Wealth and of its mutual funds. As a result of the temporary Order and the appointment of the Receiver, unitholders have been prohibited from redeeming their investments in the mutual funds since April 7, 2017.

[28] BDO disputes the Plaintiffs' contention that BDO's refusal to issue audit opinions in respect of the mutual funds' 2016 financial statements triggered the receivership.

[29] In the receivership, in the report to the Court, the Receiver stated that Crystal Wealth disclosed false or manipulated the NAVs of the mutual funds, causing the NAVs of certain mutual funds to be materially overstated. The report indicates that the inter-fund investments may have been used to falsely create liquidity to meet investor distributions and/or redemptions.

[30] The evidence of fraud related primarily to the Media Fund, which was the largest of the mutual funds. The Media Fund invested in loans to finance motion picture film productions. The loans were purchased from Media House Capital (Canada) Corp. and were to be repaid from the revenue of the films.

[31] All but six of the mutual funds held, directly or indirectly, inter-fund investments in the Media Fund, which was the largest recipient of inter-fund investment. The inter-fund investments in the Media Fund accounted for up to 61.4 percent of the NAVs of the other Funds that held direct inter-fund investments in the Media Fund.

[32] Unitholders of virtually every mutual fund suffered impairment in the value of their investments in the mutual funds. In its Second Report to the Court, the Receiver noted that the quality and collectability of investments held by six of the mutual funds (Mortgage Fund, Factoring Fund, Bullion Fund, Media Fund, Infrastructure Fund and Hedge Fund) may be grossly impaired.

[33] The information disclosed by the Receiver reveals that unitholders in all but one of the Funds (Resource Fund) have suffered an impairment on their investments. The impairments range from approximately two percent (Sustainable Dividend Fund) to as much as 100 percent (Conscious Capital Fund and Factoring Fund).



[34] Following the receivership, Mr. Smith reached a settlement with the OSC. The settlement was approved by the OSC in May 2018. As part of the settlement, Mr. Smith admitted to committing fraud. He admitted to misappropriating millions of dollars of investor money from the Mortgage Fund and the Media Fund, both of which had substantial off-book assets. He misappropriated approximately \$11 million in assets held by the Media Fund and Mortgage Fund. He also admitted to having misled both BDO and the OSC.

[35] BDO submits that the Plaintiffs have exaggerated the extent of Mr. Smith's fraud. BDO suggests that Mr. Smith's settlement agreement and the OSC's evidence in support of its receivership application indicate that the amount of Crystal Wealth assets subject to fraud was in the range of \$9-11 million (representing approximately 5% of the \$193 million in assets under management as of April 2017) and that the misappropriations were restricted to investments in only two mutual funds, the Media Fund and Mortgage Fund.

[36] As part of the OSC's investigation, Marcel Tillie, a Senior Forensic Accountant with staff of the Enforcement Branch of the OSC, reviewed documents relating to BDO's audit of the 2015 financial statements for the Media Fund. Based on this review of those materials, he had concerns about the existence and valuation of the Media Loans. Mr. Tillie was very critical of BDO's audit.

[37] In the receivership proceedings, the Receiver commenced proceedings against BDO for making the false representation in its opinions in the 2014 and 2015 financial statements for the Mortgage Fund and the Media Fund that the audits were conducted in accordance with GAAS.

[38] In the case at bar, the proposed Representative Plaintiffs retained Barry Myers, a former auditor, to provide an expert opinion in respect of the standard of care of auditors in the circumstances of the immediate case.

[39] Mr. Myers opined that that BDO could not have obtained sufficient audit evidence in light of deficiencies in Crystal Wealth's records. Mr. Myers opined that BDO could not have obtained reasonable assurance about whether the financial statements of each of the mutual funds as a whole were free from material misstatement, whether due to fraud or error.

[40] Mr. Myers's view was that in the absence of having obtained sufficient audit evidence, BDO expressed inappropriate opinions in respect of the financial statements. Mr. Myers also opined that the conflicts of interest noted in the Receiver's Reports and in the OSC's application materials for a receivership suggest that BDO did not exercise healthy skepticism, as required by the applicable Canadian audit standards.

### **C. Procedural Background: the Receivership, the Receiver's Action against BDO, and the Proposed Class Action against BDO**

[41] As a registered investment fund manager, Crystal Wealth was required by March 31, 2017 to file audited annual financial statements for the year ended December 31, 2016. By March 31, 2017, the Crystal Wealth mutual funds were required to deliver their audited annual financial statements for the year ended December 31, 2016. In 2017, Crystal Wealth failed to file its financial statements as required and this default attracted the attention of the enforcement branch of the OSC.

[42] As noted above, BDO, Crystal Wealth's auditor, was unable to assist Crystal Wealth to meet the deadline for providing audited financial statements because it was unable to obtain the

information it required from Crystal Wealth to finish the audits.

[43] Also, as noted above, on April 7, 2017, pursuant to the *Securities Act*,<sup>5</sup> the OSC issued a temporary order that prohibited trading in the mutual funds of Crystal Wealth and prohibited trading in the securities held by the mutual funds. As a result of the temporary Order and the subsequent appointment of a Receiver, unitholders have been prohibited from redeeming their investments in the mutual funds since April 7, 2017.

[44] On April 27, 2017, on the application of the OSC, Grant Thornton Limited was appointed Receiver pursuant to section 129 of the *Securities Act*. The appointment was based on the OSC's concerns that the *Securities Act* had been breached by Crystal Wealth and by its principal, Clayton Smith.

[45] Pursuant to the Order of Justice Newbould, the Receiver was granted the power to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings pending or instituted with respect to Crystal Wealth Group.

[46] On June 22, 2017, the Receiver provided the Court with its First Report, and it served a motion record in support of a motion to, among other things, approve a sales process to be conducted by the Receiver, by which prospective purchasers and managers could submit bids to the Receiver to either purchase the assets of certain Crystal Wealth mutual funds, or to take over the management of certain funds.

[47] On June 30, 2017, in the receivership proceedings, Justice Hainey issued an Order approving a creditor claims procedure. The Order, among other things, approved a sales process and a procedure for non-investor claims against Crystal Wealth.

[48] In the summer of 2017, in the Receivership proceeding, the law firm of Crawley Meredith Brush brought a motion seeking to be appointed as representative counsel to the approximately 3,000 unitholders of Crystal Wealth's mutual funds (BDO submits that this motion is relevant to the analysis of whether the Plaintiffs' action is the preferable procedure for the circumstances of the immediate case).

[49] The Receiver, the OSC, and certain investors, including Mr. Whitehouse, who was represented by Adair Goldblatt Bieber LLP appeared at the hearing of the motion. They opposed the appointment of representative counsel for the unitholders. The respondents to the motion asserted that a representative of the unitholders in the receivership proceeding was duplicative and unnecessary given the role played by the Receiver in recovering assets on behalf of the creditors and for the unitholders.

[50] In a July 5, 2017 endorsement, Justice Hainey concluded that the investors' interests were being protected by the Receiver. He dismissed Crawley Meredith Brush's motion. Justice Hainey reasoned that the appointment of a representative counsel for the unitholder investors would add unnecessary expense. In his endorsement, Justice Hainey stated at paragraph 5:<sup>6</sup>

5. The Receiver, as a court-appointed officer, has as its primary objective the interests and needs of the Investors. I am satisfied, based upon the Receiver's actions to date, that it has and will continue to advance the interests of the Investors in an objective and impartial manner with a view

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<sup>5</sup> R.S.O. 1990, c. S.5.

<sup>6</sup> *Ontario (Securities Commission) v. Crystal Wealth Management System Ltd.*, 2017 ONSC 4160.

to recognizing the unique interests of the Investors in each of Crystal Wealth's different and unique funds.

[51] On July 20, 2017, the Plaintiffs commenced their proposed class action against BDO for negligence in the preparation of the audit reports for Crystal Wealth. Adair Goldblatt Bieber LLP is the lawyer of record and the proposed Class Counsel.

[52] The Statement of Claim seeks a declaration that BDO had a duty of care to the Class Members which it breached by negligently performing its professional services, causing damages for negligence in the sum of \$150 million and punitive damages of \$25 million.

[53] The proposed Class Definition is:

[E]very person who:

(i) invested in any of the Funds, as that term is defined herein, of Crystal Wealth Management System Ltd. ("Crystal Wealth") at any time from April 12, 2007 to April 7, 2017 (the "Class Period") and who retained investments in any of the Funds on April 7, 2017, including, without limitation, those persons or entities who filed claims in receivership of Crystal Wealth, but excluding the Excluded Persons;

(ii) for purposes hereof, "Excluded Persons" means: (1) any client of Crystal Wealth who did not invest in any of the Funds, as defined herein, during the Class period; (2) the Defendant, BDO Canada LLP

[54] The proposed common issues are:

(1) Were the audit opinions delivered by BDO with respect to the financial reporting of Crystal Wealth and all attestations delivered by BDO with respect to Crystal Wealth's financial statements given for the purpose of:

(i) allowing Crystal Wealth to continue to operate as an Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager registered in Ontario pursuant to the *Securities Act*, R.S.O. 1990, c. S.5, and its Regulations; and

(ii) with the expectation and knowledge on the part of BDO that the Ontario Securities Commission would rely on BDO's opinion and its representations as the basis for OSC registration renewals and to permit continued, additional or new investments by members of the Class?

(2) Did BDO owe a duty of care to the Class with respect to the audit of the Funds?

(3) If so, did BDO breach this duty of care by failing to meet the applicable standard of care required of an auditor performing professional services?

(4) If so, did BDO's breach of the duty of care cause damages to the Class?

(5) Can damages be determined on an aggregate basis? If so, what are the aggregate damages?

(6) Should BDO pay punitive damages? If so, in what amount?

[55] On November 24, 2017, in the receivership proceeding, the Receiver provided the Court with its Second Report and brought a motion to authorize the Receiver to make an interim distribution. The Second Report detailed the Receiver's significant concerns over the quality and ultimate collectability of many of the recorded investments of the Crystal Wealth mutual funds.

[56] On December 11, 2017, Justice Myers issued an Order and approved, among other things,



the proposed interim distribution.

[57] On April 3, 2018, the Receiver commenced an action brought in the name of Crystal Wealth against BDO seeking damages. The Receiver advances claims for negligence, negligent misrepresentation, breach of contract, and gross negligence.

[58] On May 3, 2018, the Receiver delivered its Third Report to the Court.

[59] On June 15, 2018, in the proposed class action, the Plaintiffs served BDO with the motion record in support of the motion to certify action as a class proceeding. In the event that the Plaintiffs' proposed class action for negligence against BDO is certified, it is anticipated that the Class Action and the Receiver's action against BDO will be tried together or consolidated.

[60] On July 20, 2018, the Receiver delivered its Fourth Report to the Court. The Receiver, amongst other things, sought approval to make a further interim distribution to the investors of the Crystal Wealth funds.

[61] In its Fourth Report, the Receiver also sought approval of the engagement of Adair Goldblatt Bieber LLP as its lawyer of record in the Receiver's action brought in the name of Crystal Wealth against BDO. The Receiver recommended the engagement, and in its report to the Court at paragraph 331, the Receiver noted that:

331. The Receiver recommends that this Honourable Court approve the Receiver's engagement of [Adair Goldblatt Bieber LLP] pursuant to [Adair Goldblatt Bieber LLP's] Engagement Letter given that: (i) the Receiver's counsel, [Aird & Berlis], is unable to act for the Receiver in the Receiver's Action; (ii) the [Adair Goldblatt Bieber LLP] team, led by Simon Bieber, who will be involved in representing the Receiver, are qualified and accomplished litigators ... ; (iii) the Proposed Class Action and the Receiver's Action have questions of law and fact in common, and both claim relief arising out of the same transaction or occurrence or series of transactions; (iv) [Adair Goldblatt Bieber LLP] is already counsel to Whitehouse in the Proposed Class Action, and accordingly, can minimize the current legal costs to the estate of the Company and Crystal Wealth Funds by similarly acting for the Receiver on a contingency fee basis, and as a result of having access to the Class Proceeding Fund in the Proposed Class Action with respect to certain costs and disbursements which may be duplicative in both proceedings; and (v) the Receiver will be considered to fulfill the role as the administrator of the claims process in the Proposed Class Action, and would consequently be tasked with issuing distributions to investors arising from any recovery in the Proposed Class Action, in addition to any recovery obtained in the Receiver's Action.

[62] On August 20, 2018, Justice Conway granted an Order approving the retainer of Adair Goldblatt Bieber LLP to act for the Receiver in an action on behalf of Crystal Wealth against BDO for negligence, negligent misrepresentation, breach of contract, and gross negligence.

[63] It is common ground between the parties that the Receiver's action against BDO and the proposed class action are for the same alleged investor losses caused by BDO's alleged professional negligence. The Receiver's primary allegation is that BDO was negligent because it did not conduct its audits of the mutual funds in accordance with GAAS or ensure that Crystal Wealth's financial statements were prepared in accordance with the relevant accounting framework

[64] On September 13, 2019, BDO delivered its Statement of Defence in the Receiver's action.

[65] On November 13, 2019, the Plaintiffs delivered a Fresh as Amended Statement of Claim in their proposed class action against BDO.

[66] On September 13, 2019 BDO delivered its Statement of Defence in the proposed class

action. It pleads that it owed no duty of care to individual unitholders and that the unitholders do not have capacity to sue BDO directly as a matter of corporate law and the principle from *Foss v. Harbottle*<sup>7</sup> that holds that the assets of a corporation (including causes of action) are its assets and not the assets of the shareholders.

[67] The Class Proceedings Fund provides financial support for the Plaintiffs in this proposed class action.

[68] The Receiver's action against BDO is ready to proceed to document production and discovery, which is the next stage of the proposed class action should it be certified.

[69] While BDO submits that the Representative Plaintiffs' litigation plan in the proposed class action is vague, it is clear that the class action against BDO and the Receiver's action against BDO would proceed together and be tried together and may be consolidated for this purpose if necessary.

[70] As noted earlier in these Reasons for Decision, the Receiver took steps to monetize the mutual funds' assets and to distribute those assets to unitholders. In the receivership proceeding, the Receiver has already recovered \$65 million. Of this sum, the Receiver has held back \$7.6 million for creditors who filed proof of claims and \$1.3 million for receiver fees and legal fees. The creditor claims program sets a bar date (a deadline) for claims after which the claims are extinguished, but the court may grant leave for late claims.

[71] To date, the Receiver has distributed approximately \$56 million to unitholders, or less than 30 percent of the NAV falsely reported by Crystal Wealth as of April 20, 2017. The Receiver has made two interim distributions to unitholders, who rank behind the creditors in priority. The distributions were for \$31.4 million and \$25.3 million, representing 87% of the amounts recovered by the Receiver. Any recovery in the action against BDO will be distributed to the unitholders after paying the balance, if any, of the creditors' claims. The Receiver acknowledges the possibility that creditors may have claims in priority to the claims of the unitholders.

#### **D. Discussion and Analysis**

[72] As mentioned at the outset, my ultimate conclusion is that this action should not be certified as a class proceeding. To explain my conclusion, I shall in the immediately next part of these Reasons for Decision discuss the general principles of certification and I shall quickly address the class definition and common issues criteria for which there is no dispute.

[73] Then, in the immediate next part, I shall describe BDO's position with respect to the criteria for certification that it does contest. As foreshadowed above, BDO submits that three certification criteria are not satisfied.

[74] In the later parts of my Reasons for Decision, I shall discuss the merits of BDO's submissions. Thus, I shall discuss seriatim the common issues criterion, the preferable procedure criterion, and the representative plaintiff criterion.

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<sup>7</sup> (1843), 2 Hare 461, 67 E.R. 189 (Ch.); *Hercules Managements Ltd. v. Ernst & Young*, [1997] 2 S.C.R. 165 at para. 59; *Everest Canadian Properties Ltd. v. Mallmann*, 2008 BCCA 276.

### **E. Certification: General Principles and the Position of the Parties**

[75] The court has no discretion and is required to certify an action as a class proceeding when the following five-part test in s. 5 of the *Class Proceedings Act, 1992* is met: (1) the pleadings disclose a cause of action; (2) there is an identifiable class of two or more persons that would be represented by the representative plaintiff; (3) the claims of the class members raise common issues; (4) a class proceeding would be the preferable procedure for the resolution of the common issues; and (5) there is a representative plaintiff who: (a) would fairly and adequately represent the interests of the class; (b) has produced a plan for the proceeding that sets out a workable method of advancing the proceeding on behalf of the class and of notifying class members of the proceeding, and (c) does not have, on the common issues for the class, an interest in conflict with the interests of other class members.

[76] For an action to be certified as a class proceeding, there must be a cause of action shared by an identifiable class from which common issues arise that can be resolved in a fair, efficient, and manageable way that will advance the proceeding and achieve access to justice, judicial economy, and the modification of behaviour of wrongdoers.<sup>8</sup> On a certification motion, the question is not whether the plaintiff's claims are likely to succeed on the merits, but whether the claims can appropriately be prosecuted as a class proceeding.<sup>9</sup> The test for certification is to be applied in a purposive and generous manner, to give effect to the goals of class actions; namely: (1) to provide access to justice for litigants; (2) to encourage behaviour modification; and (3) to promote the efficient use of judicial resources.<sup>10</sup>

[77] In the immediate case, BDO does not dispute that the identifiable class and the common issues criteria have been satisfied. With the exception of question 6 (aggregate damages), I agree that these criteria have been satisfied. In the circumstances of the immediate case, where the Class Members' damages are individual issues, the test for when aggregate damages can be certified as a common issue is not satisfied. I would not certify question 6.

[78] BDO submits that whether or not individual unitholders have capacity to sue BDO directly is a threshold common issue that would need to be determined in a common issue trial if this case were certified. I agree with this submission, and I would have added this issue as a common issue had the cause of action criterion been satisfied.

[79] Moving on to the contested certification criteria, BDO argues that the cause of action criterion is not satisfied. It denies that it has a duty of care to the unitholders. As I shall explain below, I agree with BDO's argument.

[80] BDO argues that the preferable procedure criterion is not satisfied because the receivership proceeding (which includes the Receiver's action against BDO) is the preferable alternative procedure.

[81] With respect to the preferable procedure criterion, BDO submits that the class proceeding

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<sup>8</sup> *Sauer v. Canada (Attorney General)*, [2008] O.J. No. 3419 at para. 14 (S.C.J.), leave to appeal to Div. Ct. refused, [2009] O.J. No. 402 (Div. Ct.).

<sup>9</sup> *Hollick v. Toronto (City)*, 2001 SCC 68 at para. 16.

<sup>10</sup> *Hollick v. Toronto (City)*, 2001 SCC 68 at paras. 15 and 16; *Western Canadian Shopping Centres Inc. v. Dutton*, 2001 SCC 46 at paras. 26 to 29.



is redundant, and BDO submits that the Receiver's action against BDO is comprehensive as to BDO's liability for professional negligence, which can be founded in breach of contract and without the uncertainty of whether BDO's relationship is within the scope of an auditor's duty of care. BDO submits that resolving the issue of duty of care in negligence will substantially prolong a trial that could otherwise focus on whether there was a breach of contract in circumstances where BDO's potential liability in contract is conceded.

[82] Further, BDO submits that in the receivership proceeding, the Receiver is pursuing claims that will inure to the benefit of the Class Members and the Receiver has already recovered substantial funds and has started making payments to unitholders. BDO submits that the receivership proceedings provides equal or better procedural safeguards for stakeholders when compared with a class action, including oversight of the court, rights to information, participation and objection, sharing of legal fees, and an efficient claims administration process.

[83] Moreover, BDO asserts that certification should be denied because it would be a collateral attack on both the Receiver's appointment Order and the decision of Justice Hainey refusing independent counsel and representation for the unitholders.

[84] With respect to the representative plaintiff criterion, BDO alleges that Mr. Whitehouse is not a suitable class representative because he is pursuing an individual action against the Media House Defendants, who have not been sued by the Receiver and who are not defendants in the proposed class action. In Mr. Whitehouse's action against the Media House Defendants, he alleges that there were deceits and forgeries that deceived BDO. BDO submits that by being both a representative and in pursuing his own claim against the Media House Defendants, Mr. Whitehouse has a disqualifying conflict of interest.

[85] With respect to the representative plaintiff criterion, BDO submits that the Couchs, who may join Mr. Whitehouse's action as a co-plaintiff, are also not suitable representative plaintiffs not only because they will share Mr. Whitehouse's conflict but because they may have a claim against, Gary Froats, their investment advisor and a Class Member, who placed them as Crystal Wealth mutual fund investors, notwithstanding that they do not appear to have met the criteria to qualify as accredited investors under the *Securities Act*.

[86] Moreover, with respect to the representative plaintiff, BDO submits that Adair Goldblatt Bieber LLP has disqualifying conflicts of interest making them unsuitable Class Counsel because of their roles as Class Counsel, counsel in the Receiver's action against BDO, and counsel for Mr. Whitehouse in his action against the Media House Defendants. In this last regard, in the Media House action it is also proposed to add Mr. Froats as a plaintiff.

## **F. Cause of Action Criterion**

### **1. General Principles: Cause of Action Criterion**

[87] The first criterion for certification is that the plaintiff's pleading discloses a cause of action. The "plain and obvious" test for disclosing a cause of action from *Hunt v. Carey Canada*,<sup>11</sup> is used

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<sup>11</sup> [1990] 2 S.C.R. 959.

to determine whether a proposed class proceeding discloses a cause of action for the purposes of s. 5(1)(a) of the *Class Proceedings Act, 1992*.

[88] To satisfy the first criterion for certification, a claim will be satisfactory, unless it has a radical defect, or it is plain and obvious that it could not succeed.<sup>12</sup>

[89] Matters of law that are not fully settled should not be disposed of on a motion to strike an action for not disclosing a reasonable cause of action,<sup>13</sup> and the court's power to strike a claim is exercised only in the clearest cases.<sup>14</sup> The law must be allowed to evolve, and the novelty of a claim will not militate against a plaintiff.<sup>15</sup> However, a novel claim must have some elements of a cause of action recognized in law and be a reasonably logical and arguable extension of established law.<sup>16</sup>

[90] In *R. v. Imperial Tobacco Canada Ltd.*,<sup>17</sup> the Supreme Court of Canada noted that although the tool of a motion to strike for failure to disclose a reasonable cause of action must be used with considerable care, it is a valuable tool because it promotes judicial efficiency by removing claims that have no reasonable prospect of success and it promotes correct results by allowing judges to focus their attention on claims with a reasonable chance of success.

[91] In a proposed class proceeding, in determining whether the pleading discloses a cause of action, no evidence is admissible, and the material facts pleaded are accepted as true, unless patently ridiculous or incapable of proof. The pleading is read generously, and it will be unsatisfactory only if it is plain, obvious, and beyond a reasonable doubt that the plaintiff cannot succeed.<sup>18</sup>

[92] Bare allegations and conclusory legal statements based on assumption or speculation are not material facts; they are incapable of proof and, therefore, they are not assumed to be true for the purposes of a motion to determine whether a legally viable cause of action has been pleaded.<sup>19</sup>

[93] The failure to establish a cause of action usually arises in one of two ways: (1) the allegations in the statement of claim do not plead all the elements necessary for a recognized cause of action; or, (2) the allegations in the statement of claim do not come within a recognized cause

<sup>12</sup> *176560 Ontario Ltd. v. Great Atlantic & Pacific Co. of Canada Ltd.* (2002), 62 O.R. (3d) 535 at para. 19 (S.C.J.), leave to appeal granted, 64 O.R. (3d) 42 (S.C.J.), aff'd (2004), 70 O.R. (3d) 182 (Div. Ct.); *Anderson v. Wilson* (1999), 44 O.R. (3d) 673 at p. 679 (C.A.), leave to appeal to S.C.C. ref'd, [1999] S.C.C.A. No. 476.

<sup>13</sup> *Dawson v. Rexcraft Storage & Warehouse Inc.* (1998), 164 D.L.R. (4th) 257 (Ont. C.A.).

<sup>14</sup> *Temelini v. Ontario Provincial Police (Commissioner)* (1990), 73 O.R. (2d) 664 (C.A.).

<sup>15</sup> *Johnson v. Adamson* (1981), 34 O.R. (2d) 236 (C.A.), leave to appeal to the S.C.C. refused (1982), 35 O.R. (2d) 64n.

<sup>16</sup> *Silver v. Imax Corp.*, [2009] O.J. No. 5585 (S.C.J.) at para. 20; *Silver v. DDJ Canadian High Yield Fund*, [2006] O.J. No. 2503 (S.C.J.).

<sup>17</sup> 2011 SCC 42 at paras. 17-25.

<sup>18</sup> *Cloud v. Canada (Attorney General)* (2004), 73 O.R. (3d) 401 at para. 41 (C.A.), leave to appeal to the S.C.C. refused, [2005] S.C.C.A. No. 50, rev'g, (2003), 65 O.R. (3d) 492 (Div. Ct.); *Hollick v. Toronto (City)*, 2001 SCC 68 at para. 25; *Abdool v. Anaheim Management Ltd.* (1995), 21 O.R. (3d) 453 at p. 469 (Div. Ct.).

<sup>19</sup> *Deluca v. Canada (AG)*, 2016 ONSC 3865; *Losier v. Mackay, Mackay & Peters Ltd.*, [2009] O.J. No. 3463 at paras. 39-40 (S.C.J.), aff'd 2010 ONCA 613, leave to appeal ref'd [2010] SCCA 438; *Grenon v. Canada Revenue Agency*, 2016 ABQB 260 at para. 32; *Merchant Law Group v. Canada Revenue Agency*, 2010 FCA 184 at para. 34.



of action.<sup>20</sup>

## **2. Analysis: Cause of Action Criterion**

[94] There is no dispute that the allegations in the Amended Statement of Claim plead all the elements necessary for a recognized cause of action in negligence.

[95] The elements of a claim in negligence are: (1) the defendant owes the plaintiff a duty of care; (2) the defendant's behaviour breached the standard of care; (3) the plaintiff suffered compensable damages; (4) the damages were caused in fact by the defendant's breach; and, (5) the damages are not too remote in law.<sup>21</sup> In the immediate case, the constituent elements of the tort of negligence are pleaded in the Amended Statement of Claim, but the critical question remains whether the BDO has a duty of care to the Class Members.

[96] The pleading of a duty of care is set out in paragraphs 60 to 72 of the Amended Statement of Claim, which state:

### *The Claim*

60. BDO was engaged by Crystal Wealth to audit each of the Funds.

61. Crystal Wealth was required to file audited financial statements with the OSC pursuant to s. 21.10 (3) of the *Securities Act*, National Instrument 31-103 - *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (ss. 12.10, 12.14, 12.3 and 12.14), and National Instrument 81-106 - *Investment Fund Continuous Disclosure* (ss. 2.1 and 2.2).

62. Accordingly, BDO was conducting its audits for two purposes: (i) to ensure that Crystal Wealth complied with Ontario's securities laws such that it could continue to offer and redeem units in the Funds; and (ii) to allow investors in the Funds to assess the performance of the Funds and fairly value and/or evaluate their investments and to make investment decisions.

63. BDO knew that the OSC would rely on its audits in making decisions about Crystal Wealth and its ability to offer securities to the public.

64. In addition, BDO knew that investors were relying on its audits in purchasing units in the Funds and making decisions in respect of their investments. Indeed, BDO specifically addressed each of its audit reports to the "Unitholders" of the particular Fund that it was auditing. Accordingly, BDO intended that the Unitholders receive each audit report and rely on it in making investment decisions.

65. While BDO never delivered audit reports for the 2016 Funds, its clean audit reports for the BDO-Audited Funds allowed Crystal Wealth to continue to operate as an Exempt Market Dealer, Investment Fund Manager, Portfolio Manager, and Commodity Trading Manager registered with the OSC, to create the 2016 Funds, and to solicit investments in them from members of the Class.

66. In other words, had BDO not released clean audit reports for the BDO-Audited Funds, the 2016 Funds would never have come into existence and members of the Class would not have lost money by investing in them.

<sup>20</sup> 2106701 *Ontario Inc. (c.o.b. Novajet) v. 2288450 Ontario Ltd.*, 2016 ONSC 2673 at para. 42; *Aristocrat Restaurants Ltd. v. Ontario*, [2004] O.J. No. 5164 (S.C.J.); *Dawson v. Rexcraft Storage & Warehouse Inc.*, [1998] O.J. No. 3240 at para. 10 (C.A.).

<sup>21</sup> *Mustapha v. Culligan of Canada Ltd.*, 2008 SCC 27 at para. 3.

*The Duty to the Class*

67. BDO knew and intended for the Class to receive and rely on its audit reports. As part of its audits of the Funds, BDO had access to the individual names and number of units held by each investor of the Funds through the Funds Unit Holder Listing. BDO was aware of the exact amounts held by each investor and in which of the Funds each of the investors had invested.

68. At all material times BDO knew or ought to have known:

- (a) the identities and contact information of Crystal Wealth's investors;
- (b) that some or all of the members of the Class knew that BDO was the auditor of the Funds;
- (c) that its audits would be relied upon by members of the Class;
- (d) the holdings in some or all of the accounts of members of the Class; and
- (e) that the purpose of its audits was, in part, to enable Crystal Wealth to receive and hold cash and securities owned by the members of the Class.

69. At all material times, BDO owed a duty of care to the Class to:

- (i) audit the financial statements of each Fund in accordance with generally accepted auditing standards ("GAAS");
- (ii) ensure that the financial statements of each Fund presented fairly, in all material respects, the financial position of the Fund and its financial performance and its cash flows for the year in question in accordance with Generally Accepted Accounting Principles ("GAAP") or International Financial Reporting Standards ("IFRS") as applicable;
- (iii) issue audit reports on Crystal Wealth's financial statements for delivery to, *inter alia*, the OSC; and
- (iv) identify any material misstatements in Crystal Wealth's financial reporting or material weaknesses in Crystal Wealth's internal controls.

70. To the extent that the Fund held Off-Book Assets or non-traditional/illiquid assets, a GAAS-compliant audit required BDO to:

- (a) Obtain substantial evidence that the assets (i) actually existed; and (ii) were fairly valued;
- (b) Employ measures to obtain evidence and reasonable assurance that the loans in the Media Funds were (i) legitimate; (ii) enforceable; (iii) collectible; and (iv) did not constitute related party transactions; and
- (c) Employ measures to obtain reasonable assurances that Smith was not misappropriating investor money from the Funds.

71. The Plaintiffs plead and rely upon the Ontario Business Corporations Act (the "OBCA") and in particular sections 149, 151, 152, 153, 155, 158 and 159. In addition the Plaintiffs plead and rely upon the regulations promulgated under the OBCA and, in particular Regulation 62, sections 40, 41 and 42. The Plaintiffs further plead and rely upon sections 19, 21.10, 122 and 142 of the *Securities Act* and National Instruments 31-103 and 81-106.

72. BDO knew or ought to have known, the requirements of the *Securities Act* and the associated regulations and National Instruments applicable to the conduct of Crystal Wealth business. BDO

has obligation conduct a competent and thorough audit in accordance with GAAS. BDO was required to report any material misrepresentations or omissions contained in any material filed with the OSC.

[97] In analyzing paragraphs 60 to 72 of the Amended Statement of Claim it is important to note not only what is pleaded but what is not pleaded. What is not pleaded is any direct relationship, undertaking, or representation by BDO to the unitholders. There is no contract between the unitholders and BDO. What is pleaded is that the relationship between BDO and the unitholders finds its source through the medium of the *Securities Act*, National Instrument 31-103, and National Instrument 81-106.

[98] As described in paragraph 61 of the Amended Statement of Claim, the statutory regime under the *Securities Act* is the basis of the relationship between the plaintiff Class Members and the defendant BDO.

[99] Everything that follows in paragraphs 62 to 72 is an emanation, deduction, inference, argument, conclusion, or product of the statutory regime as being the source of the Class Members' reliance or of BDO's liability. Thus, the Plaintiffs submit that BDO had a duty of care to investors because the OSC permitted Crystal Wealth to continue offering its mutual funds and the OSC did so because it relied on receiving properly audited financial statements from BDO.

[100] Reliance and legal responsibility and what the parties knew or ought to have known or what the parties could rely on is based on statutory provisions of the *Securities Act*. Thus, for example, the Plaintiffs plead in paragraph 62 that "accordingly" BDO conducted its audits for two purposes associated with the *Securities Act*.

[101] The Plaintiffs do not plead that the two purposes of BDO's audits arise from any directly proximate relationship between the unitholders and BDO. The only direct relationship in the immediate case is between BDO and Crystal Wealth. The relationship between the Class Members and BDO is a conceit of the *Securities Act* and involves the interposition of the OSC.

[102] As pleaded in the Amended Statement of Claim, the two purposes of BDO's statutory audits are: (a) to assist the investors in making investment decisions; and (b) to ensure that Crystal Wealth was compliant with Ontario securities laws. In the Amended Statement of Claim, the Plaintiffs plead that BDO breached the duty of care it owed the unitholders based on the duty of care that is grounded on these two purposes of the statutory audits.

[103] For the purposes of the certification motion, the precise question that needs to be addressed is whether it is plain and obvious that the Plaintiffs are incorrect in asserting BDO had a duty of care to the Class Members through the medium of the *Securities Act* and the National Instruments.

[104] To begin to answer this question, the starting point is that the Plaintiffs' and the Class Members' claim in negligence is a claim for pure economic loss. The circumstances in which Canadian courts have allowed recovery in negligence for pure economic loss are limited. As the Supreme Court of Canada noted in *Martel Building Ltd. v. R.*<sup>22</sup> at paragraphs 36 and 37:

36. An historical review of the common law treatment of recovery for economic loss has been undertaken by this Court on several occasions. See *Rivtow Marine Ltd. v. Washington Iron Works*, [1974] S.C.R. 1189; *Canadian National Railway Co. v. Norsk Pacific Steamship Co.*, [1992] 1 S.C.R. 1021; and *D'Amato, supra*. Rather than re-canvassing the jurisprudential genealogy reviewed

<sup>22</sup> *Martel Building Ltd. v. R.*, 2000 SCC 60.

in these cases, it is enough to say that the common law traditionally did not allow recovery of economic loss where a plaintiff had suffered neither physical harm nor property damage. *See Cattle v. Stockton Waterworks Co.* (1875), L.R. 10 Q.B. 453.

37. Over time, the traditional rule was reconsidered. In *Rivtow* and subsequent cases it has been recognized that in limited circumstances damages for economic loss absent physical or proprietary harm may be recovered. The circumstances in which such damages have been awarded to date are few. To a large extent, this caution derives from the same policy rationale that supported the traditional approach not to recognize the claim at all. First, economic interests are viewed as less compelling of protection than bodily security or proprietary interests. Second, an unbridled recognition of economic loss raises the spectre of indeterminate liability. Third, economic losses often arise in a commercial context, where they are often an inherent business risk best guarded against by the party on whom they fall through such means as insurance. Finally, allowing the recovery of economic loss through tort has been seen to encourage a multiplicity of inappropriate lawsuits.

[105] As the law has developed in Canada, the Supreme Court has recognized that there are categorical exemptions to the general principle that purely economic losses are not compensable in negligence.

[106] In *Canadian National Railway Co. v. Norsk Pacific Steamship Co.*,<sup>23</sup> the Court recognized five established categories where recovery for pure economic losses was permitted; namely: (1) negligent misrepresentation; (2) negligence of public authorities; (3) negligent performance of a service; (4) supply of shoddy goods or structures; and (5) relational economic losses. Further, the Supreme Court recognized that the categories were not closed, and new exceptions were possible. And, the Court envisioned that a duty of care analysis and principled approach could be used to identify new exceptions to the general principle that pure economic losses are not recoverable in negligence.

[107] Thus, where there is a pure economic loss, if the relationship between the plaintiff and the defendant does not fall within a recognized class where the defendants have a duty of care, then whether a duty of care exists involves satisfying the requirements of a three-step analysis of: (1) foreseeability, in the sense that the defendant ought to have contemplated that the plaintiff would be affected by the defendant's conduct; (2) sufficient proximity, in the sense that the relationship between the plaintiff and the defendant is sufficiently close *prima facie* to give rise to a duty of care; and (3) the absence of overriding policy considerations that would negate any *prima facie* duty established by foreseeability and proximity. Thus, in a new category of case whether a relationship giving rise to a duty of care exists depends on foreseeability and proximity, moderated by policy concerns.<sup>24</sup>

[108] In the immediate case, in my opinion, the Plaintiffs' pure economic loss negligence claim is not a novel or new category of negligence claim for pure economic loss. It falls within the category of liability for the negligent performance of a service. Within this category there is a genre of cases that have considered the liability of auditors for negligent misrepresentation and for the negligent performance of a service.

[109] In 1997, in *Hercules Managements Ltd. v. Ernst & Young*,<sup>25</sup> the Supreme Court considered

<sup>23</sup> [1992] 1 S.C.R. 1021.

<sup>24</sup> *Anns v. Merton London Borough Council*, [1978] A.C. 728 (H.L.); *Mustapha v. Culligan of Canada Ltd.*, 2008 SCC 27 at para. 4.

<sup>25</sup> [1997] 2 S.C.R. 165.



the circumstances in which an auditor, in performing a statutory audit, owes a duty of care to the investors. The Supreme Court held that an auditor just providing a statutory audit does not owe a duty to shareholders or to investors in relation to their personal investment decisions. In the case of shareholders, a claim against an auditor for a negligently performed statutory audit must proceed derivatively as the claim of the corporation against its auditor.

[110] In *Hercules*, Hercules Management, Guardian Finance, and Max Freed were shareholders in Northguard Acceptance and Northguard Holdings, which corporations went into receivership in 1984. In 1988, Hercules, Guardian, and Mr. Freed sued Ernst & Young, which had been Northguards' auditors since 1971. Hercules, Guardian, and Mr. Freed alleged that Ernst & Young's audit reports for the years 1980, 1981, and 1982 were negligently prepared and that in reliance on these reports, they had suffered financial losses by investing more money in Northguard and by the diminishment in value of their shareholdings, which could have been avoided if Northguard had been properly informed about the state of its business. Ernst & Young brought a summary judgment motion to have the action dismissed. It argued that while it had a duty of care to Northguard, it did not have a duty of care to Hercules, Guardian, and Mr. Freed. Affirming the judgments of the Manitoba courts, the Supreme Court of Canada agreed with Ernst & Young that the auditors did not have a duty of care to those who had invested in Northguard in reliance on the auditor's reports. The case at bar is similar to the *Hercules* case.

[111] In *Deloitte & Touche v. Livent Inc. (Receiver of)*,<sup>26</sup> which involved a claim in contract and in negligence by a corporation against its auditor and not a claim by investors or others that might have relied on the audit, the Supreme Court revisited the analytical approach for cases of auditor's negligence and pure economic losses. In *Livent*, the Supreme Court did not overturn or disavow *Hercules* and rather the Court adopted a refined approach that still kept tight the scope of an auditor's liability for pure economic losses and that moved much of the analysis to the examination of the proximity of the relationship between the plaintiff and the defendant which analysis would usually resolve the matter of indeterminacy.

[112] In *Livent*, Justices Gascon and Brown (Brown and Rowe concurring) stated that it does not follow that because a proximate relationship and a duty of care has been found to exist for some purposes that a proximate relationship and a duty of care will exist for other purposes. Justice Gascon and Brown observed that rights to rely on audit reports and an auditor's duties or care are not limitless. At paragraphs 30-31, they stated:

30. In cases of pure economic loss arising from negligent misrepresentation or performance of a service, two factors are determinative in the proximity analysis: the defendant's undertaking and the plaintiff's reliance. Where the defendant undertakes to provide a representation or service in circumstances that invite the plaintiff's reasonable reliance, the defendant becomes obligated to take reasonable care. And, the plaintiff has a right to rely on the defendant's undertaking to do so. .... These corollary rights and obligations create a relationship of proximity. ....

31. Rights, like duties, are, however, not limitless. Any reliance on the part of the plaintiff which falls outside of the scope of the defendant's undertaking of responsibility -- that is, of the purpose for which the representation was made or the service was undertaken -- necessarily falls outside the scope of the proximate relationship and, therefore, of the defendant's duty of care. .... This principle, also referred to as the "end and aim" rule, properly limits liability on the basis that the defendant cannot be liable for a risk of injury against which he did not undertake to protect. .... By assessing all relevant factors arising from the relationship between the parties, the proximity analysis not only

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<sup>26</sup> 2017 SCC 63.

determines the existence of a relationship of proximity, but also delineates the scope of the rights and duties which flow from that relationship. In short, it furnishes not only a "principled basis upon which to draw the line between those to whom the duty is owed and those to whom it is not" (*Fallowka*, at para. 70), but also a principled delineation of the scope of such duty, based upon the purpose for which the defendant undertakes responsibility. As we will explain, these principled limits are essential to determining the type of injury that was a reasonably foreseeable consequence of the defendant's negligence.

[113] In the immediate case it is not necessary to do a three-stage duty of care analysis. In the immediate case, BDO's relationship to the Class Members with respect to their investment decisions is indistinguishable from the duty of care relationship alleged and analyzed in *Hercules* and alleged and analyzed in *Lavender v. Miller Bernstein LLP*,<sup>27</sup> discussed below. While the legal analysis has morphed over time because of the *Livent* decision, in these decisions the Supreme Court of Canada and the Ontario Court of Appeal, respectively, have concluded that there is no duty of care owed to the investors arising from a statutory audit similar to the situation in the immediate case.

[114] The analysis of the duty of care in the immediate case is the same as in *Lavender*, which is the most recent analysis. In my opinion, for want of proximity, it is plain and obvious that the Plaintiffs do not have a legally viable cause of action against BDO for auditor's negligence in performing a statutory audit based on an alleged duty of care to the unitholders with respect to their investment decisions.

[115] Before turning to the other alleged duty of care, on the matter of a duty of care with respect to the unitholders for investment decisions, the case at bar is distinguishable from *Excalibur Special Opportunities LP v. Schwartz Levitsky Feldman LLP*,<sup>28</sup> which was relied upon by the Plaintiffs. *Excalibur* was a case where there was also a claim for negligent misrepresentation and where the audit work was not a periodic statutory audit but was prepared for the purpose of promoting an investment and there were other circumstances that established that it was not plain and obvious that there was not a proximate relationship and duty of care between plaintiff and defendant.

[116] I turn now to the duty of care alleged to be based on the purpose of BDO's audit being to ensure that Crystal Wealth complied with Ontario's securities laws such that the OSC would permit it to continue to offer and redeem units in the mutual funds. At first blush, this would appear to base a novel negligence claim for pure economic losses. However, upon analysis the case at bar is indistinguishable from the Ontario Court of Appeal's analysis and decision in *Lavender*.<sup>29</sup>

[117] In *Lavender*, which was a certified class action, Mr. Lavender and the Class Members had invested in the securities of Buckingham Securities, a securities dealer. Under the regulations of the *Securities Act*, Buckingham was required to segregate investor assets and maintain a minimum level of net free capital. The OSC pulled Buckingham's licence and placed it in receivership for non-compliance with the regulatory requirements of the *Securities Act*. The investors lost their investments.

[118] In his class action, Mr. Lavender sued Buckingham's auditor, Miller Bernstein LLP. He

<sup>27</sup> 2018 ONCA 729, leave to appeal to the S.C.C. refused [2018] S.C.C.A. No. 488.

<sup>28</sup> 2016 ONCA 916, which reversed 2015 ONSC 1634 (Div. Ct) and 2014 ONSC 4118, leave to appeal to the S.C.C. ref'd [2017] S.C.C.A. No. 54.

<sup>29</sup> 2018 ONCA 729, rev'g 2017 ONSC 3958, leave to appeal to the S.C.C. refused [2018] S.C.C.A. No. 488.

alleged that Miller Bernstein LLP negligently audited Buckingham's annual registration renewal form, which was known as a Form 9 Report. Buckingham's Form 9 Reports in 1998, 1999, and 2000 falsely stated that Buckingham was in compliance with the regulatory segregation and minimum capital requirements of the *Securities Act*.

[119] In *Lavender*, on a summary judgment motion, the motions judge held that Miller Bernstein LLP had breached its duty of care to the class members. On appeal, in a judgment written by Justice Epstein (Justices van Rensburg and Brown concurring), the Court of Appeal reversed the summary judgment decision and held that Miller Bernstein LLP did not owe the class members a duty of care. The case at bar is similar to the *Lavender* case, and I am bound by the *Lavender* decision.

[120] In *Lavender*, Justice Epstein held that proximity was not established between the auditor and the class members in relation to the Form 9 Reports. The parties were not in such a close and direct relationship that it would be just and fair having regard to that relationship to impose a duty of care in law.

[121] In *Lavender*, Justice Epstein observed that the relationship between the auditor and the class members did not fit within a previously established category of proximity. She conducted a duty of care analysis in light of the Supreme Court's refinements of that analysis in *Livent*.<sup>30</sup> She observed that in cases of pure economic loss arising from negligent performance of a service, two factors are determinative of the proximity analysis: (a) the defendant's undertaking; and (b) the plaintiff's reliance sourced within the scope of that undertaking.<sup>31</sup>

[122] Justice Epstein concluded that in the circumstances of the *Lavender* case, a finding a proximity stretched the legal principle beyond its permissible bounds. She provided five reasons why proximity had not been established.

[123] First and foremost, having regard to the loss claimed by the class members and Miller Bernstein LLP's retainer from Buckingham, which was to audit Buckingham's Form 9 Reports, which were used by the OSC to regulate securities dealers and to protect investors, it did not necessarily follow that the audit of the reports created proximity between Miller Bernstein LLP and the class members.

[124] In this regard, Miller Bernstein LLP did not undertake to assist the class members in making investment decisions. Miller Bernstein LLP made no representations to the class members, and the class members were not given copies of the Form 9 reports and most of them would not have known of Miller Bernstein LLP's involvement for Buckingham. The limited scope of the auditor's undertaking and lack of direct connection between the auditor and the class militated against finding proximity in this case.<sup>32</sup> At paragraph 66 of her judgment, Justice Epstein stated:

66, In my view, the interposition of the OSC and Buckingham between the Auditors and the Class rendered the relationship between the parties too remote to ground a duty of care. The Auditor may well have owed a duty of care to Buckingham to properly conduct the audit. Perhaps an argument could be made that a duty was also owed to the OSC (which provided regulatory oversight and received the audit reports). This, however, is an issue I need not determine. In this case, the Auditor's

<sup>30</sup> 2017 SCC 63.

<sup>31</sup> 2018 ONCA 729 at paras. 35, 61, leave to appeal to the S.C.C. refused [2018] S.C.C.A. No. 488; *Deloitte & Touche v. Livent Inc. (Receiver of)* 2017 SCC 63 at para. 30

<sup>32</sup> *Lavender v. Miller Bernstein LLP*, 2018 ONCA 729 at para. 65, leave to appeal to the S.C.C. refused [2018] S.C.C.A. No. 488.



undertaking did not extend to assisting the Class members -- who, as mentioned earlier and as the motion judge noted, never saw the Form 9 Reports and did not even know of their existence -- with supervising Buckingham and making investment decisions. As a result, I am of the view that the Auditor's undertaking in this case strongly militates against a finding of proximity.

[125] In the immediate case, there is the same interposition of Crystal Wealth and the OSC between the Class Members and BDO, and this degree of separation makes the relationship between the parties too remote to ground a duty of care. In the immediate case, although the Class Members were provided with BDO's reports to the OSC, there was no undertaking by BDO to assist the Class Members in their investment decisions or to safeguard them from Crystal Wealth's non-compliance with the *Securities Act*. In the immediate case, connecting the dots of proximity from the investors in Crystal Wealth's mutual funds are analogous to connecting the dots of proximity in the *Lavender* case.

[126] The second reason that Justice Epstein had for concluding that there was no proximity in the *Lavender* case does not fully apply to the circumstances of the immediate case. In *Lavender*, it was conceded that the class members did not rely on or review the Form 9 Reports, which were submitted confidentially to the OSC. That said the Form 9 Reports, like the audits in the immediate case, were submitted to the OSC for its regulatory purposes and not for the purpose of informing or inducing the class members in making investment decisions. Thus, the absence of actual reliance just supported Justice Epstein's view that there was no proximity in relation to the reports.

[127] The third reason that Justice Epstein had for concluding that there was no proximity in the *Lavender* case was that in finding proximity, the motions judge had mistakenly believed that Miller Bernstein LLP was obliged to file the Form 9 Reports and that it had access to the names and accounts of every member of the Class. Justice Epstein, however, concluded that the truth rather distanced the auditor from the class and undermined the motion judge's proximity analysis.

[128] In the immediate case, it was Crystal Wealth's obligation pursuant to the *Securities Act*, to file audited financial statements with the OSC and so there is the same distancing of proximity and whether or not BDO had access to the names and accounts of every member of the Class does not change that it gave no undertaking to the class members to assist them in their investment decisions or to protect them from Crystal Wealth's breaches of the *Securities Act*.

[129] In *Lavender*, the fourth factor weighing against a finding of proximity was the statutory scheme. The statutory scheme required Buckingham to segregate assets, maintain net free capital and file an audited Form 9 that confirmed that it met those obligations. Justice Epstein was of the view that these provisions were not sufficient to ground a relationship of proximity to the class members for the purpose of their investment decisions in relation to forms that were audited by Miller Bernstein LLP but that the class members never saw.

[130] In my opinion, while in the immediate case, the audited statements were seen by the class members, such as was not the case in *Lavender* where the reports were confidential, for the reasons expressed above in relation to *Hercules Managements Ltd. v. Ernst & Young*, the statutory scheme cannot be seen as the basis of a duty of care to the investors in making investment decisions and, more to the point, as was the case in *Lavender*, the statutory scheme cannot be seen as the basis for a duty or care to ensure that Crystal Wealth complied with Ontario's securities laws such that the OSC would permit it to continue to offer and redeem units in the mutual funds.

[131] In the immediate case, it should be kept in mind that the asserted cause of action for pure economic losses is not a claim for negligent misrepresentation; rather, it is a claim for the negligent



provision of a service that allegedly made it foreseeable that the OSC would not be aware sooner of circumstances that it should stop Crystal Wealth from selling mutual funds. In the immediate case, the Plaintiffs' theory of the case is based on a duty of care to ensure that Crystal Wealth complied with Ontario's securities laws and this theory does not depend upon whether the unitholders saw the audited financial statements. If there is any reliance by the investors in the immediate case, it is to be found in the derivative less proximate reliance that the OSC would police Crystal Wealth for compliance with the *Securities Act*; in the immediate case, reliance is not to be found in the Class Members receiving and reviewing audited statements that complied with GAAS, GAAP or IFRS.

[132] Once the nature of the undertaking and the nature of the reliance in the immediate case is recognized, the case at bar is on all fours with *Lavender*, where the Court of Appeal concluded that the statutory scheme did not give rise to a duty of care on the auditors.

[133] The fifth reason that Justice Epstein did not find a duty of care, and another reason that applies in the immediate case is that she was conscious of the Supreme Court's admonition that the recognition of a duty of care in a claim for pure economic loss required more rigorous scrutiny than other claims for negligence.<sup>33</sup> In the immediate case, in my opinion, the rigorous analysis leads to the conclusion that it is plain and obvious that based on the material facts pleaded, BDO does not owe a duty of care to the Plaintiffs and the putative Class Members.

[134] In *Hercules*, the problem confronted by the Supreme Court was that it was foreseeable that many persons who had no direct relationship with auditors could foreseeably be seen to reasonably rely on the auditors carefully preparing a client's financial statements, and the thus the test for a duty of care could too readily be satisfied. In *Hercules*, the Supreme Court used public policy notions associated with indeterminacy to put boundaries on the scope of an auditor's liability. The notion of indeterminacy was used to rigorously scrutinize any exception to the general principle that pure economic losses are not recoverable for the tort of negligence. With the refinements of the analysis over the years that culminated most recently with the Supreme Court of Canada's decision in *Livent*, the boundaries are set no longer set by indeterminacy, but the boundaries are set as an aspect of a proximity analysis.

[135] In my opinion, there is not a proximate relationship between the investors and BDO that would support a negligence claim by the Class Members for their pure economic losses in the case at bar. As was the case in *Hercules* and in *Lavender*, the parties are not in such a close and direct relationship that it would be just and fair having regard to that relationship to impose a duty of care in law on BDO. BDO, however, remains exposed to liability in the causes of action advanced by the Receiver in the name of Crystal Wealth.

[136] I, therefore, conclude that the cause of action criterion is not satisfied.

[137] On the assumption that this conclusion is wrong, I shall next consider whether the preferable procedure criterion is satisfied in the case at bar.

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<sup>33</sup> *Lavender v. Miller Bernstein LLP*, 2018 ONCA 729 at para. 72, leave to appeal to the S.C.C. refused [2018] S.C.C.A. No. 488; *Mandeville v. The Manufacturers Life Insurance Company*, 2014 ONCA 417 at paras. 148-50, leave to appeal refused [2014] S.C.C.A. No. 390; *R. v. Imperial Tobacco Canada Ltd.*, 2011 SCC 42 at para. 42; *Martel Building Ltd. v. R.* 2000 SCC 60 at para. 35.

## **G. Preferable Procedure Criterion**

### **1. General Principles**

[138] Under the *Class Proceedings Act, 1992*, the fourth criterion for certification is the preferable procedure criterion. Preferability captures the ideas of: (a) whether a class proceeding would be an appropriate method of advancing the claims of the class members; and (b) whether a class proceeding would be better than other methods such as joinder, test cases, consolidation, and any other means of resolving the dispute.<sup>34</sup>

[139] In *AIC Limited v. Fischer*,<sup>35</sup> the Supreme Court of Canada emphasized that the preferability analysis must be conducted through the lens of judicial economy, behaviour modification, and access to justice. Justice Cromwell stated that access to justice has both a procedural and substantive dimension. The procedural aspect focuses on whether the claimants have a fair process to resolve their claims. The substantive aspect focuses on the results to be obtained and is concerned with whether the claimants will receive a just and effective remedy for their claims if established.

[140] Thus, for a class proceeding to be the preferable procedure for the resolution of the claims of a given class, it must represent a fair, efficient, and manageable procedure that is preferable to any alternative method of resolving the claims.<sup>36</sup> Arguments that no litigation is preferable to a class proceeding cannot be given effect.<sup>37</sup> Whether a class proceeding is the preferable procedure is judged by reference to the purposes of access to justice, behaviour modification, and judicial economy and by taking into account the importance of the common issues to the claims as a whole, including the individual issues.<sup>38</sup>

[141] To satisfy the preferable procedure criterion, the proposed representative plaintiff must show some basis in fact that the proposed class action would: (a) be a fair, efficient and manageable method of advancing the claim; (b) be preferable to any other reasonably available means of resolving the class members' claims; and (c) facilitate the three principal goals of class proceedings; namely: judicial economy, behaviour modification, and access to justice.<sup>39</sup>

[142] In considering the preferable procedure criterion, the court should consider: (a) the nature of the proposed common issue(s) and their importance in relation to the claim as a whole; (b) the individual issues which would remain after determination of the common issue(s); (c) the factors listed in the *Act*; (d) the complexity and manageability of the proposed action as a whole; (e) alternative procedures for dealing with the claims asserted; (f) the extent to which certification

<sup>34</sup> *Markson v. MBNA Canada Bank*, 2007 ONCA 334 at para. 69, leave to appeal to SCC ref'd [2007] S.C.C.A. No. 346; *Hollick v. Toronto (City)*, 2001 SCC 68.

<sup>35</sup> 2013 SCC 69 at paras. 24-38.

<sup>36</sup> *Cloud v. Canada (Attorney General)* (2004), 73 O.R. (3d) 401 at para. 52 (C.A.), leave to appeal to the S.C.C. ref'd, [2005] S.C.C.A. No. 50, rev'g (2003), 65 O.R. (3d) 492 (Div. Ct.).

<sup>37</sup> *1176560 Ontario Ltd. v. The Great Atlantic and Pacific Company of Canada Ltd.* (2002), 62 O.R. (3d) 535 at para. 45 (S.C.J.), aff'd (2004), 70 O.R. (3d) 182 (Div. Ct.).

<sup>38</sup> *Markson v. MBNA Canada Bank*, 2007 ONCA 334; *Hollick v. Toronto (City)*, 2001 SCC 68.

<sup>39</sup> *Musicians' Pension Fund of Canada (Trustee of) v. Kinross Gold Corp.*, 2014 ONCA 901; *AIC Limited v. Fischer*, 2013 SCC 69; *Hollick v. Toronto (City)*, 2001 SCC 68.

further the objectives underlying the *Act*; and (g) the rights of the plaintiff(s) and defendant(s).<sup>40</sup>

[143] The court must identify alternatives to the proposed class proceeding.<sup>41</sup> The proposed representative plaintiff bears the onus of showing that there is some basis-in-fact that a class proceeding would be preferable to any other reasonably available means of resolving the class members' claims, but if the defendant relies on a specific non-litigation alternative, the defendant has the evidentiary burden of raising the non-litigation alternative.<sup>42</sup> It is not enough for the plaintiff to establish that there is no other procedure which is preferable to a class proceeding; he or she must also satisfy the court that a class proceeding would be fair, efficient and manageable.<sup>43</sup>

[144] In *AIC Limited v. Fischer*, Justice Cromwell pointed out that when the court is considering alternatives to a class action, the question is whether the alternative has potential to provide effective redress for the substance of the plaintiff's claims and to do so in a manner that accords suitable procedural rights. He said that there are five questions to be answered when considering whether alternatives to a class action will achieve access to justice: (1) Are there economic, psychological, social, or procedural barriers to access to justice in the case? (2) What is the potential of the class proceeding to address those barriers? (3) What are the alternatives to class proceedings? (4) To what extent do the alternatives address the relevant barriers? and (5) How do the two proceedings compare?<sup>44</sup>

## **2. Analysis: Preferable Procedure**

[145] For the purposes of the discussion that follows, I will assume that the Plaintiffs have satisfied the cause of action, identifiable class, common issues, and representative plaintiff criteria.

[146] Based on these assumptions, I agree with the fulsome arguments of the Plaintiffs that their proposed class action satisfies the preferable procedure criterion, and I disagree with the excessive arguments of BDO that the proposed class action does not satisfy this criterion.

[147] However, for present purposes, as I shall now explain, there is a short and largely factual explanation for why the preferable procedure criterion is satisfied. In the circumstances of the immediate case, I need not analyze in any great detail the elaborate and complex competing arguments of the parties about the preferable procedure criterion.

[148] The essence of BDO's argument was that the receivership and the Receivers' action against BDO was preferable in every aspect of a preferable procedure analysis. Thus, BDO submitted that the proposed class action should not be certified, and the investors should be left with the recoveries to be made by the Receiver in the receivership and in its action against BDO.

[149] This lack of preferability of the proposed class action in contrast to the Receiver's action against BDO was disputed by the Plaintiffs, whose essential argument was that their claims in

<sup>40</sup> *Cloud v. Canada (Attorney General)* (2004), 73 O.R. (3d) 401 at para. 52 (C.A.), leave to appeal to the S.C.C. ref'd, [2005] S.C.C.A. No. 50, rev'g (2003), 65 O.R. (3d) 492 (Div. Ct.); *Chadha v. Bayer Inc.* (2003), 63 O.R. (3d) 22 (C.A.), leave to appeal to S.C.C. ref'd [2003] S.C.C.A. No. 106.

<sup>41</sup> *AIC Limited v. Fischer*, 2013 SCC 69 at para. 35; *Hollick v. Toronto (City)*, 2001 SCC 68 at para. 28.

<sup>42</sup> *AIC Limited v. Fischer*, 2013 SCC 69 at paras. 48-49.

<sup>43</sup> *Amyotrophic Lateral Sclerosis Society of Essex County v. Windsor (City)*, 2015 ONCA 572 at para. 62; *Caputo v. Imperial Tobacco Ltd.*, [2004] O.J. No. 299 at para. 62-67 (S.C.J.).

<sup>44</sup> *Musicians' Pension Fund of Canada (Trustee of) v. Kinross Gold Corp.*, 2014 ONCA 901 at para. 125; *AIC Limited v. Fischer*, 2013 SCC 69 at paras. 27-38.



negligence against BDO were more potent than the Receiver's claim in contract.

[150] The Plaintiffs argued that the class action was more potent because in the Receiver's action for breach of contract, BDO had protected itself with contractual exculpatory provisions and other defences that it could not assert against a negligence claim. Thus, the Plaintiffs' negligence claim provided excellent procedural justice and had the potential of delivering more substantive justice and to come closer to perfect compensation for the investment losses.

[151] The Plaintiffs accused BDO of not understanding that the unitholders' cause of action in negligence was an independent cause of action that was not a derivative of the Receiver's action on behalf of Crystal Wealth against its auditor.

[152] As already noted, I, however, for present purposes, need not explore the voluminous competing arguments because BDO's essential argument was based on the false premise that the Receiver's action against BDO was an "alternative" to the proposed class proceeding.

[153] A preferable procedure analysis of alternative procedures will arise in a situation where there are mutually exclusive choices of procedure and the choice is one is preferable to the other. However, in the factual circumstances of the immediate case, with: (a) the factual issues being identical; (b) the legal issues being virtually identical; and (c) Adair Goldblatt Bieber LLP being the counsel for the Receiver and also the proposed Class Counsel, the Receiver's action and the proposed class action are not mutually exclusive choices; in the immediate case, the Receiver's action and the proposed class action are not "alternatives". They are complementary or supplementary procedures that fit together when prosecuted by the same counsel.

[154] With consolidation, the Receiver's action and the proposed class action actions would become one choice, and without consolidation, the actions might be said to be "alternates" but in the circumstances of the immediate case, the actions are not rival proceedings and they are not "alternatives".

[155] Typically, a defendant in a proposed class action will point to a true alternative to a class proceeding of a joinder action, a test case, a proceeding in another jurisdiction, a quasi-judicial or administrative proceeding, or an available remedial scheme. In the immediate case, BDO cannot point to a true alternative. The proposed class action and the Receiver's action are to be prosecuted as one case with one set of costs and a singular contingency fee arrangement with Class Counsel.

[156] In the immediate case, BDO's argument that the Class Members' negligence claim based on the same factual footprint as the breach of contract claim will lead to unmanageability or bog down the Receiver's claim in contract is a bogus argument, as is BDO's arguments that there is a risk of double jeopardy or inconsistent findings of fact and law. Consolidated or tried together, only one judge will decide the cases and there will be no double counting of damages. Tried together, the cases are manageable and the aims of access to justice, behaviour modification, and judicial economy will be best achieved.

[157] In short, notwithstanding the huffing and puffing of BDO to blow the class proceeding down as not the preferable procedure, there is no meaningful preferable procedure debate in the immediate case.

[158] But for the failure of the Plaintiffs to satisfy the cause of action criterion, I would have concluded that the preferable procedure criterion is satisfied.

## **H. Representative Plaintiff Criterion**

### **1. General Principles**

[159] The fifth and final criterion for certification as a class action is that there is a representative plaintiff who would adequately represent the interests of the class without conflict of interest and who has produced a workable litigation plan. The representative plaintiff must be a member of the class asserting claims against the defendant, which is to say that the representative plaintiff must have a claim that is a genuine representation of the claims of the members of the class to be represented or that the representative plaintiff must be capable of asserting a claim on behalf of all of the class members as against the defendant.<sup>45</sup>

[160] Whether the representative plaintiff can provide adequate representation depends on such factors as: his or her motivation to prosecute the claim; his or her ability to bear the costs of the litigation; and the competence of his or her counsel to prosecute the claim.<sup>46</sup>

[161] In the context of class proceedings, there are three types of conflict of interest that require examination:<sup>47</sup> (1) conflicts of interest arising from a lawyer's direct financial interest in the class proceedings, which are an inherent conflict allowed by the entrepreneurial model of the class proceedings legislation; (2) conflicts arising from the lawyer's divided loyalties arising outside of the class proceeding; and (3) conflicts arising from a divergence of interest between the representative plaintiff and class members.

[162] While a litigation plan is a work in progress, it must correspond to the complexity of the particular case and provide enough detail to allow the court to assess whether a class action is: (a) the preferable procedure; and (b) manageable including the resolution of the common issues and any individual issues that remain after the common issues trial.<sup>48</sup> The litigation plan will not be workable if it fails to address how the individual issues that remain after the determination of the common issues are to be addressed.<sup>49</sup>

### **2. Analysis**

[163] During the course of the oral argument, without withdrawing its argument that Adair Goldblatt Bieber LLP, Mr. Whitehouse, and the Couchs had disqualifying conflicts of interest, BDO conceded that if all the other certification criteria were satisfied, then any problems associated with the representative plaintiffs were solvable by subtraction or substitution.

[164] By acting for Mr. Whitehouse, the Couchs, and Mr. Froats in both the class action and in the Media House action, then there were conflicts of interest of the kind I discussed in *Vaeth v.*

<sup>45</sup> *Drady v. Canada (Minister of Health)*, [2007] O.J. No. 2812 at paras. 36-45 (S.C.J.); *Attis v. Canada (Minister of Health)*, [2003] O.J. No. 344 at para. 40 (S.C.J.), aff'd [2003] O.J. No. 4708 (C.A.).

<sup>46</sup> *Western Canadian Shopping Centres Inc. v. Dutton*, 2001 SCC 46 at para. 41.

<sup>47</sup> P. Perell, "Class Proceedings and Lawyers' Conflict of Interest" (2009), 35 *Advocates' Quarterly* 202.

<sup>48</sup> *Carom v. Bre-X Minerals Ltd.* (1999), 44 O.R. (3d) 173 (Div. Ct.), rev'd on other grounds (2000), 51 O.R. (3d) 236 (C.A.); *Cloud v. Canada (Attorney General)* (2004), 73 O.R. (3d) 401 at para. 95 (C.A.); *Caputo v. Imperial Tobacco Ltd.*, [2004] O.J. No. 299 at para. 76 (S.C.J.); *Griffin v. Dell Canada Inc.*, [2009] O.J. No. 418 at para. 100 (S.C.J.).

<sup>49</sup> *Caputo v. Imperial Tobacco Ltd.*, [2004] O.J. No. 299 at paras. 62-67 (S.C.J.); *Griffin v. Dell Canada Inc.*, [2009] O.J. No. 418 (S.C.J.).

*North American Palladium Ltd.*,<sup>50</sup> and *Persaud v. Talon International Inc.*<sup>51</sup> However, these conflicts could be avoided by replacing Mr. Whitehouse and the Couchs as representative plaintiffs and by a change of lawyers for the plaintiffs in the Media House action.

[165] In other words, Mr. Whitehouse and the Couchs could continue as - class members - in the proposed class action and they could retain new counsel in the *Media House* action. Adair Goldblatt Bieber LLP would continue as counsel for the Receiver's action and as Class Counsel in the class action with replacement Representative Plaintiffs.

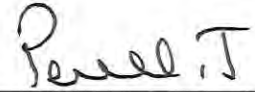
[166] As it is the case that I am not certifying the class action and because of BDO's concession that the representative plaintiff criterion could be solved as could any infelicities in the litigation plan, I do not propose to say more about the representative plaintiff criterion.

[167] I simply conclude that I would have treated the representative plaintiff criterion as conditionally satisfied in the circumstances of the immediate case if the cause of action criterion had been satisfied.

### **I. Conclusion**

[168] For the above reasons, I dismiss the certification motion.

[169] If the parties cannot agree about the matter of costs, they may make submissions in writing beginning with the submissions of BDO within twenty days of the release of these Reasons for Decision followed by the Plaintiffs' submissions within a further twenty days.



Perell, J.

Released: January 8, 2020

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<sup>50</sup> 2016 ONSC 5015.

<sup>51</sup> 2018 ONSC 5377.

**CITATION:** Whitehouse v. BDO Canada LLP, 2020 ONSC 144  
**COURT FILE NO.:** CV-17-579357CP  
**DATE:** 2020/01/08

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**BETWEEN:**

**ANTHONY WHITEHOUSE, CARRIE COUCH and  
JASON COUCH**

Plaintiffs

- and -

**BDO CANADA LLP**

Defendant

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**REASONS FOR DECISION**

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PERELL J.

**Released:** January 8, 2020

ANTHONY WHITEHOUSE et al.  
Plaintiffs

-and-

BDO CANADA LLP  
Defendant

Court File No. CV-17-579357-00CP

January 8, 2020  
Order to go in accordance with  
Rooms per Decision recorded today  
Perell J.

ONTARIO  
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT  
TORONTO

AMENDED MOTION RECORD OF THE PLAINTIFF  
VOLUME 1 OF 20

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# TAB 19

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

B E T W E E N:

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME 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 CONCIOUS CAPITAL STRATEGY and CRYSTAL WEALTH RETIREMENT ONE FUND, by their Court-Appointed Receiver and Manager, GRANT THORNTON LIMITED

Plaintiffs

- and -

BDO CANADA LLP

Defendant

1. The Defendant BDO Canada LLP ("**BDO**") admits the allegations in paragraphs 2 to 5 of the Statement of Claim.
2. BDO has no knowledge of the allegations in paragraphs 7 and 14 of the Statement of Claim except where expressly admitted below.
3. BDO denies the balance of the allegations contained in the Statement of Claim except where expressly admitted below. BDO specifically denies that the plaintiffs are entitled to the relief set out in paragraph 1 of the Statement of Claim or to any relief whatsoever.

## Overview

4. The plaintiffs in this case are unjustifiably seeking to hold BDO responsible as an “insurer” for the entirety of losses sustained by Crystal Wealth.<sup>1</sup> Auditors are not insurers against fraud or other misconduct. They perform tests based on sampling but do not and cannot guarantee that an audit will detect all forms of financial misconduct. The manipulation of financial records by the management or directing mind of the client can be especially difficult to detect. In this case, any compensable losses were not caused by BDO but by the intentionally deceptive conduct of Crystal Wealth’s founder and directing mind, Clayton Smith, and the fund manager CWMS.

5. BDO is itself a victim of the misconduct alleged in the Statement of Claim, which was sophisticated and designed to evade detection by standard audit procedures. Smith employed a number of tactics, including forgery and outright lies, that were designed to mislead and did in fact mislead not only BDO but also Staff of both the Ontario Securities Commission (“**OSC**”) and the B.C. Securities Commission.

6. BDO denies that it was negligent in failing to detect Smith’s carefully concealed misconduct or otherwise failing to prevent the losses alleged by the plaintiffs.

7. BDO also denies liability in negligent misrepresentation. CWMS and Smith, its directing mind, *misled BDO*. Neither negligent misrepresentation nor detrimental reliance can be established by any of the plaintiffs in the circumstances.

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<sup>1</sup> “Crystal Wealth” and other capitalized terms are defined below.

8. Further, and in any event, the damages claimed by the plaintiffs are both premature and overstated. Amongst other factors: the claimed damages fail to account for the ongoing recoveries of Grant Thornton Limited as Receiver over the assets of CWMS and the Funds; the misconduct, to the extent it occurred, was confined to a limited timeframe near the end of BDO's relationship with Crystal Wealth; and inherent risks associated with many of the Funds' "direct" investments (as discussed below).

## **Background**

### *Crystal Wealth*

9. Crystal Wealth Management System Ltd. ("**CWMS**") was a Burlington, Ontario-based Investment Fund Manager, Portfolio Manager and Commodity Trading Manager whose founder, controlling shareholder, COO, and directing mind was Clayton Smith. CWMS operated and managed proprietary investment funds (the "**Funds**" and together with CWMS, "**Crystal Wealth**"), which were structured as open-ended mutual fund trusts distributed to investors, on an exempt basis, pursuant to Offering Memoranda.

### *BDO's Retainers with Crystal Wealth*

10. During the period that encompassed the fiscal years 2007 to 2015, BDO audited the annual financial statements of CWMS and, for differing lengths of time, the annual financial statements of various Funds (the "**BDO Audit Period**"). The number of Funds managed by CWMS, and in turn audited by BDO, increased over the course of the BDO Audit Period. Two Funds were under management in 2007 but by 2015 ten Funds were

under management. Of these, five were established in or after 2014. The following chart indicates the Funds that were audited by BDO and the relevant timeframes:

| <b>Fund</b>                                                       | <b>Fiscal Years Audited by BDO</b> |
|-------------------------------------------------------------------|------------------------------------|
| Media Strategy                                                    | 2011 – 2015                        |
| Mortgage Strategy                                                 | 2007 – 2015                        |
| Enlightened Factoring (known as<br>Enlightened Income until 2015) | 2010 – 2015                        |
| Enlightened Resource                                              | 2009 – 2015                        |
| Medical Strategy                                                  | 2010 – 2015                        |
| Enlightened Bullion                                               | 2015                               |
| High Yield Mortgage Strategy                                      | 2015                               |
| ACM Income                                                        | 2014 – 2015                        |
| ACM Growth                                                        | 2014 – 2015                        |
| Retirement One                                                    | 2015                               |

11. BDO's audits of CWMS and the Funds were conducted pursuant to retainers negotiated and signed by Clayton Smith in his capacity as the principal of CWMS (the "**BDO Retainers**"). The BDO Retainers imposed certain explicit obligations on CWMS with respect to the disclosure of accurate and complete information to BDO. In particular, the BDO Retainers required CWMS to provide BDO with information relating to fraud or suspected fraud, effective corporate governance and related party transactions. During the BDO Audit Period, management representation letters were delivered to BDO

affirming that CWMS had discharged its responsibility to make the requisite disclosures to BDO.

12. In addition, the BDO Retainers required CWMS to indemnify BDO and its partners, agents or employees for any and all losses, costs, damages, expenses, claims, demands or liabilities arising out of any breach by CWMS or its directors, officers, agents or employees of the covenants made by CWMS in the BDO Retainers, unless those breaches were found to have been due to BDO's own negligence.

13. Further, various of the BDO Retainers specified that in any dispute or claim arising out of services rendered by BDO, BDO would only be liable for its proportionate share of liability based on its degree of fault as determined by a Court or arbitrator.

#### *BDO's Early Audits of the Funds*

14. Prior to 2014, the Funds collectively held a small number of investments, comprised of both securities such as mutual funds, as well as "direct" investments, such as mortgages and commercial loans. By their nature, the accounting treatment of the Funds' "direct" investments was inherently subject to a level of managerial discretion and judgment. Nonetheless, the "direct" investments often produced real returns which corroborated the value ascribed to them by CWMS and supported Smith's representations to BDO in the course of its audit work. During this period, BDO did not encounter any "red flags" which would cast doubt on Smith's integrity or the reliability of the Funds' accounting procedures or records.

#### *Crystal Wealth's Expansion and Smith's Misconduct*

15. Beginning in or around 2013, Crystal Wealth began to expand its investor base. During this period, the number of Funds increased, as did the number, variety and overall recorded value of the Funds' "direct" investments. It is now apparent that this expansion was driven in large part by false and exaggerated representations being made by Smith about certain of the Funds' "direct" investments offering "secure" and "guaranteed" returns (the "**Smith Inducements**").

16. The Smith Inducements were designed to induce both existing and new unitholders to invest in what were, in reality, inherently speculative and uncertain ventures. BDO was not aware of the Smith Inducements at the time they were made and is not responsible for the Smith Inducements or for any losses arising from them.

17. In or around 2013, Smith embarked on a course of conduct involving the manipulation of the financial records of certain of the Funds. With the value of hindsight, it is now apparent that this conduct helped to create the appearance of stable or "guaranteed" performance by the Funds in order to meet false expectations created by the Smith Inducements and continue to attract new investment. Eventually this conduct also extended to the diversion of assets of certain Funds to Smith and parties related to Smith and measures to conceal this diversion.

18. As the directing mind of CWMS, Smith carefully concealed his misconduct from BDO, the unitholders, Canadian securities regulators and other third parties through various means, including manipulating and forging records, circumventing audit controls and coordinating with third parties to ensure consistency in his false responses to BDO's inquiries.

### *BDO Ceases to Act for Crystal Wealth*

19. In the course of its audits for the fiscal year ending in 2016, BDO's relationship with Smith became increasingly strained. CWMS and Smith began to evade audit inquiries and failed to provide information and documents requested by BDO. As a result of CWMS and Smith's failures to provide the information requested by BDO, BDO was only able to complete its audits for three of the Funds,<sup>2</sup> and Crystal Wealth failed to file or deliver audited financial statements for any of the Funds as required by March 31, 2017.

### *Crystal Wealth Receivership*

20. In April 2017, OSC Staff obtained a Court Order appointing Grant Thornton Limited ("**GTL**") as Receiver and manager of all assets, undertakings and properties of CWMS, the Funds, Smith and certain of his personal companies (the "**Appointment Order**"). The Appointment Order followed OSC Staff's identification of suspected fraud through an expansive investigation involving, among other things, compelled witness examinations.

21. Since the Appointment Order, GTL has exercised its powers as Receiver to, amongst other things, institute a procedure to identify creditor claims (i.e., debt claims) (the "**Creditor Claims Procedure**") and, after instituting a holdback in an amount sufficient to satisfy the face value of creditor claims, make interim distributions to unitholders (i.e., equity claims) stemming from GTL's ongoing realization of assets. GTL has signalled its intention to make further distributions in the future.

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<sup>2</sup> The Enlightened Resource Fund, Absolute Sustainable Dividend Fund and Conscious Capital Fund.



22. GTL has also exercised its powers as Receiver to conduct extensive compelled examinations of Smith, other Crystal Wealth personnel and various third parties associated with the Funds.

23. In November 2017, GTL and BDO entered into a court-approved settlement in respect of a Proof of Claim filed by BDO under the Creditor Claims Procedure (the “**BDO Proof of Claim**”). The BDO Proof of Claim asserted amounts for certain fees and expenses incurred by BDO, as well as a contingent indemnity claim based on BDO’s right to indemnification in the BDO Retainers. The settlement regarding the BDO Proof of Claim, wherein BDO agreed to waive its contingent indemnity claim, was for the expressly stated purpose of facilitating and expediting the Receiver’s distribution efforts on behalf of unitholders. As part of the settlement, BDO agreed not to bring any claims against the plaintiffs but reserved its right to defend a claim brought by the plaintiffs, as well as assert contributory negligence against the plaintiffs in its defence.

24. GTL’s success to date in recovering the Funds’ assets and distributing them to unitholders reflects the fact that Crystal Wealth was not an inherently fraudulent structure. Initially, and during the BDO Audit Period, the Funds had substantial assets which often realized real returns.

25. A typical pattern in financial frauds affecting otherwise viable enterprises is that they start with small, immaterial deceptions and then “snowball” over time as the fraudster must engage in riskier and more detectable manipulation of financial records in order to conceal the prior misconduct. It appears that Smith’s misconduct was identified and

halted relatively soon after it began, such that the Funds' investments retained material value at the time of the Appointment Order.

### *Smith Settles with OSC Staff*

26. Smith reached a settlement with OSC Staff, which was approved by the OSC in May 2018. As part of his settlement, Smith admitted to fraud, including the direct misappropriation of investor funds, and to misleading both BDO and the OSC by providing false information to BDO during the course of its audits. Smith and the OSC agreed that Smith would be assessed a monetary penalty of \$250,000.

### **BDO Met the Requisite Standard of Care**

27. BDO met the requisite standard of care in auditing the financial statements of CWMS and the Funds. BDO conducted each of its audits in accordance with Generally Accepted Auditing Standards ("**GAAS**") and met its obligations thereunder to obtain reasonable assurance that the Funds' financial statements were free of material misstatement.

28. Auditors are not required to assume fraud in the absence of specific reasons for suspicion. A properly conducted audit may still fail to detect a material fraud, particularly one that is perpetrated by management. Under GAAS, an auditor's duty to detect fraud does not extend to the authentication of audit evidence, and is limited by factors such as the skillfulness of the perpetrator, the frequency and extent of manipulation, the relative size of the amounts manipulated, and the seniority of the individuals involved. All of these

factors are relevant in this case. Smith's misconduct, to the extent it occurred, was undetectable to BDO before it ceased to act for the following reasons:

- (a) Smith disguised the Funds' true finances, circumvented controls and skilfully and intentionally manipulated records;
- (b) As above, such misconduct occurred late in the BDO Audit Period, after a number of audit years in which no red flags were apparent;
- (c) Such misconduct extended only to a portion of the Funds' total assets under management;
- (d) As above, such misconduct was only detected through an expansive investigation conducted by OSC Staff involving compelled witness examinations and other measures. In contrast, OSC Staff did not uncover the misconduct during their prior compliance reviews of Crystal Wealth, wherein they were provided with and reviewed the same records provided to BDO;
- (e) Smith provided a variety of forged documents and false responses to BDO in response to its audit inquiries and coordinated with third parties to ensure consistency in his misrepresentations to BDO.

29. As noted above, the Funds' investments had real value and some of those investments increased in value both during and after the BDO Audit Period. In addition, certain of the Funds made investments near the end of the BDO Audit Period that have

been deemed impaired by GTL only on account of events that occurred or were discoverable after the BDO Audit Period.

### **BDO Is Not Liable for Negligent Misrepresentation**

30. Given that it met the requisite standard of care in auditing the financial statements of CWMS and the Funds, BDO denies that the plaintiffs have any actionable claim for negligent misrepresentation.

31. In any event, BDO denies that there was any detrimental reliance by the plaintiffs or any party on BDO's audit work and puts the plaintiffs to the strict proof thereof.

32. Smith and CWMS acted as agents for the Funds in their interactions with BDO and were the only parties capable of receiving representations by BDO on behalf of the Funds and being misled. Smith and CWMS owed fiduciary duties to the Funds and contractual duties to BDO to provide it with accurate audit information, yet intentionally misled BDO in the course of its audit work. Accordingly, to the extent that BDO made any negligent misrepresentations (which is denied), they were based on Smith and CWMS's own false statements and omissions, and Smith and CWMS knew or ought to have known not to rely on them.

33. Further, as the plaintiffs in this action are CWMS and the Funds themselves, BDO denies that any detrimental reliance by the unitholders bears any relevance to the plaintiffs' claim. In any event, BDO denies that the unitholders detrimentally relied on any misrepresentations contained in BDO's audit work. As above, to the extent that the unitholders detrimentally relied on any misrepresentations in making investment

decisions pertaining to the Funds, such reliance would have been on misrepresentations made by Smith and CWMS, including the Smith Inducements.

### **Contributory Negligence**

34. BDO denies that it caused any of the damage or losses alleged by the plaintiffs and puts them to the strict proof thereof. As above, any such damage or losses were caused by the misconduct of Smith as directing mind of CWMS. Accordingly, BDO pleads contributory negligence on the part of CWMS and relies on the provisions of the *Negligence Act*, R.S.O. 1990, c.N.1.

### **The Damages Claimed are Overstated and Premature**

35. In the alternative, the damages or losses alleged are excessive for the following, amongst other, reasons:

- (a) Many or all of the Funds' investments were inherently speculative and uncertain in nature, and some or all of the losses sustained by the Funds were merely ordinary course business losses that would have been sustained irrespective of the alleged fraud and other misconduct;
- (b) Many of the losses at issue related to transactions that occurred after the BDO Audit Period;
- (c) The damages claimed by the plaintiffs fail to account for, and must be reduced by, GTL's past and future monetization of the Funds' assets;

- (d) The damages claimed are premature and fail to account for positive conclusions reached by GTL regarding the future recoverability of the Funds' investments and anticipated future distributions;
- (e) The plaintiffs have failed to mitigate their damages because they have failed to follow avenues of recovery against Smith and other third parties who condoned, participated in or benefitted from Smith's misconduct;
- (f) As provided for in various of the BDO Retainers, to the extent BDO is liable at all, BDO's liability is several and not joint with Smith, CWMS and other culpable third parties; and
- (g) The plaintiffs profited from the sale of assets at values that were inflated as a result of Smith's misconduct, which amounts must be set off against any alleged losses.

### **Relief Sought**

36. BDO denies that the plaintiffs are entitled to the relief claimed and requests that this action against it be dismissed with costs to BDO.

Dated: September 13, 2019

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Lawyers for the Plaintiff

CRYSTAL WEALTH                      -and- BDO CANADA LLP  
MANAGEMENT SYSTEM LTD et al.  
Plaintiffs

Defendant

Court File No. CV-18-595063-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**STATEMENT OF DEFENCE OF BDO CANADA LLP**

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**TAB 20**



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

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22<sup>e</sup> étage  
20, rue queen ouest  
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## IN THE MATTER OF BDO CANADA LLP

### SETTLEMENT AGREEMENT

#### PART I - INTRODUCTION

1. As gatekeepers, auditors play an important role in investor protection because they contribute to public confidence in the integrity of financial reporting, a cornerstone of our capital markets. The framework for proper disclosure is undermined when they fail to adequately carry out their role.
2. Auditors must comply with generally accepted auditing standards when conducting audits. When auditing an investment fund in the exempt market, an auditor must understand the fund's portfolio, operations and service organizations to carry out its role. It is critical that the auditor obtain appropriate audit evidence to support its opinion, that it exercise appropriate professional skepticism and that its audit work be appropriately overseen.
3. The parties will jointly file a request that the Ontario Securities Commission (the "**Commission**") issue a Notice of Hearing to announce that it will hold a hearing (the "**Settlement Hearing**") to consider whether, pursuant to sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5 (the "**Act**"), it is in the public interest for the Commission to make certain orders against BDO Canada LLP (the "**Respondent**").

## PART II - JOINT SETTLEMENT RECOMMENDATION

4. Staff (“**Staff**”) of the Commission recommend settlement of the proceeding (the “**Proceeding**”) against the Respondent commenced by the Notice of Hearing dated October 12, 2018, in accordance with the terms and conditions set out in Part V of this Agreement. The Respondent consents to the making of an order substantially in the form attached as Schedule A to this Agreement (the “**Order**”) based on the facts set out herein.

5. For the purposes of the Proceeding, and any other regulatory proceeding commenced by a securities regulatory authority, the Respondent agrees with the facts set out in Part III of this Agreement and the conclusions in Part IV of this Agreement.

## PART III - AGREED FACTS

### A. OVERVIEW

6. Between 2005 and 2017, the Respondent was the auditor of Crystal Wealth Management Systems Limited (“**Crystal Wealth**”) and the investment funds managed by it at the time (the “**Crystal Wealth Funds**”). In April 2017, on application by the Commission, Crystal Wealth, the Crystal Wealth Funds and their directing mind, Clayton Smith (“**Smith**”), were put into receivership by the Ontario Superior Court of Justice. The Commission subsequently approved a settlement agreement between Smith and Staff in which Smith admitted to fraud on two Crystal Wealth Funds—Crystal Wealth Media Strategy (the “**Media Fund**”) and Crystal Wealth Mortgage Strategy (the “**Mortgage Fund**” and, together with the Media Fund, the “**Funds**” and each a “**Fund**”). Certain of the fraudulent investments were recorded in the Funds’ financial statements that were audited by the Respondent.

7. The Respondent audited the Funds’ financial statements as at and for the years ended December 31, 2014 and December 31, 2015. In those financial statements, the Media Fund and Mortgage Fund were valued at approximately \$50 million and \$40 million, respectively. In each of the four auditor’s reports accompanying those financial statements, the Respondent stated that it had performed its audit (each, an “**Audit**”) in accordance with Canadian generally accepted auditing standards (“**GAAS**”).

8. The Respondent did not meet GAAS in the conduct of the Audits in three principal ways. First, the Respondent did not obtain sufficient appropriate audit evidence of the existence and valuation of the Funds' assets. Second, the Respondent did not undertake its work with sufficient professional skepticism. Third, in issuing its audit opinions, the Respondent did not complete the engagement quality control reviews ("EQCRs") of the Audits that it had determined were required.

9. By stating in each auditor's report that it had conducted the Audit in accordance with GAAS, the Respondent breached subsection 122(1)(b) of the Act. In addition, each of the Respondent's breaches of GAAS violated subsection 78(3) of the Act.

## **B. BACKGROUND**

10. The Funds were privately-offered mutual fund trusts managed by Crystal Wealth, a Burlington, Ontario-based corporation. Crystal Wealth also acted as the Funds' trustee, portfolio manager and promoter.

11. Smith was Crystal Wealth's founder, principal shareholder, directing mind and sole director and officer. He acted as Crystal Wealth's President, Chief Executive Officer, Chief Financial Officer and Chief Compliance Officer and was the Respondent's principal point of contact during the Audits.

12. The Respondent is a limited liability partnership, the head office of which is in Toronto, Ontario. It has more than 125 offices across Canada and is part of the international BDO network of independent member firms.

13. By 2005, the Respondent had been appointed auditor of Crystal Wealth and the Crystal Wealth Funds. The Respondent's Burlington, Ontario office conducted the audits of the Funds' 2014 and 2015 financial statements.

14. The Respondent was also engaged to audit the Funds' 2016 financial statements. At the time of those audits, the Respondent was aware of Staff's investigation in this matter. In the audits, the Respondent introduced new procedures, such as seeking additional evidence from sources independent of the Funds and Smith. The Respondent was not able to obtain the

additional evidence it determined was required to issue its auditor's reports. They were not issued by March 31, 2017, when the financial statements were due to be delivered to unitholders.

15. Thereafter, on April 6, 2017, on application by Staff, the Commission ordered that all trading in securities of the Crystal Wealth Funds cease. On April 26, 2017, on application by the Commission, the Ontario Superior Court of Justice appointed Grant Thornton Limited (the “**Receiver**”) receiver and manager of the assets of the Crystal Wealth Funds, Crystal Wealth and Smith, personally.

16. On June 13, 2018, the Commission approved a settlement agreement between Staff and Smith. In the settlement agreement, Smith admitted to fraud relating to investments recorded in the Media Fund's 2014 and 2015 financial statements and the Mortgage Fund's 2015 financial statements.

## **C. DETAILED FACTS**

17. Staff's allegations and the Respondent's admissions are restricted to compliance with auditing standards and do not address the accuracy of the Funds' financial statements. The Proceeding does not involve allegations of breaches of accounting standards by the Respondent, by Crystal Wealth, or by any other party.

### **(1) Generally Accepted Auditing Standards**

18. As the basis for the auditor's opinion, GAAS require the auditor to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Reasonable assurance is a high, but not absolute, level of assurance. As stated in GAAS, the auditor is not expected to, and cannot, obtain absolute assurance that the financial statements are free from material misstatement due to fraud or error.

19. To obtain reasonable assurance, GAAS set out various standards to be met, requirements to be fulfilled and steps to be taken. They include obtaining sufficient appropriate audit evidence while exercising professional skepticism, as well as completing EQCRs as required by GAAS.

***(a) Sufficient Appropriate Audit Evidence Required***

20. To obtain reasonable assurance, the auditor must obtain sufficient appropriate audit evidence to reduce, to an acceptably low level, the risk of incorrectly opining on misstated financial statements.

The Need for Retrospective Reviews

21. To assess the risk of material misstatement in the current period, the auditor must perform a retrospective review of the outcomes of accounting estimates included in the prior financial statements. Among other things, retrospective reviews assist in assessing the likelihood that the current estimates may be misstated and in identifying any indications of management bias that might represent a risk of material misstatement due to fraud or error.

The Need for Independent Evidence

22. The higher the assessed risk of material misstatement, the more persuasive the required audit evidence. Generally, evidence from independent sources outside the audited entity is more reliable than evidence from the entity.

The Need for Assurance about Service Organization Controls

23. A service organization is a service provider whose services are part of the audited entity's financial reporting information systems. When an audited entity uses a service organization, transactions that affect its financial statements become subject to the service organization's controls. If the auditor obtains evidence from the service organization, the auditor cannot simply assume that the service organization's related controls operate effectively. It must obtain evidence about their effectiveness by testing the controls directly or performing alternative procedures considered necessary.

The Need to Address Inconsistencies and Obtain Sufficient Appropriate Audit Evidence

24. Determining what procedures are required to complete an audit is a dynamic process that must be responsive to any changes in the auditor's assessment of the risk of material misstatement. For example, if evidence from two sources is inconsistent, the auditor must determine what changes to its planned procedures are necessary to resolve the matter. If the

auditor cannot obtain sufficient appropriate evidence of a material item, the auditor must not provide an unmodified opinion on the financial statements.

#### The Need to Respond to Misstatements

25. If the auditor identifies a material misstatement, it must determine whether the misstatement is indicative of fraud or error. If it is, the auditor must evaluate the implications for the audit, including the reliability of management representations, recognizing that an instance of fraud is unlikely to be an isolated occurrence. If the auditor concludes that the financial statements are not free from material misstatement, the auditor must not provide an unmodified opinion on them.

#### The Need to Document the Audit

26. Audit documentation is the record of the audit procedures performed, relevant audit evidence obtained and conclusions reached. A principal purpose of audit documentation is to evidence that the audit was planned and performed in accordance with GAAS. The audit documentation must provide evidence of the auditor's basis for conclusions about critical matters such as whether the auditor has obtained reasonable assurance that the financial statements are free from material misstatement. The audit documentation for an engagement must be assembled in the audit file for that engagement.

#### ***(b) Professional Skepticism Required***

27. The auditor must plan and perform its audit with professional skepticism, recognizing that circumstances may cause the financial statements to be materially misstated. Professional skepticism requires a questioning mind and a critical assessment of the audit evidence. It includes alertness to contradictory audit evidence, information that brings the reliability of documents into question and conditions that may indicate fraud, such as missing evidence.

#### ***(c) Engagement Quality Control Reviews Required***

28. If the auditor determines that an EQCR is required, the EQCR must be performed before the auditor's report is completed. An EQCR is an objective evaluation of the engagement team's significant judgments and conclusions. The EQCR reviewer cannot be part of the engagement team.

## **(2) Non-Compliance with Generally Accepted Auditing Standards**

29. The Respondent's Audits did not comply with GAAS due to a lack of sufficient appropriate audit evidence, professional skepticism, and appointing an EQCR reviewer.

### ***(a) Lack of Sufficient Appropriate Audit Evidence***

30. The Respondent did not obtain sufficient appropriate audit evidence of the existence and valuation of the significant assets recorded in the Media Fund's and the Mortgage Fund's 2014 and 2015 financial statements.

#### Media Fund

##### Background to the Fund

31. In the 2014 and 2015 financial statements, the Media Fund was valued at approximately \$50 million. The Fund primarily invested in asset-backed debt obligations ("**Loans**") of motion picture and series television productions. The Loans were to finance the production projects. In 2014 and 2015, approximately 25 Loans represented 85% of the Fund's assets.

32. Media House Capital (Canada) Corp. ("**MHC**") was retained by the Fund to conduct due diligence on potential Loan investments and present them to the Fund for purchase. If the Fund acquired a Loan, MHC was to manage and service it, including collecting principal and interest payments for the Fund. MHC received an upfront fee of up to 10% of the value of the Loans it sold to the Fund. The Fund purchased Loans from MHC on an ongoing basis.

##### The Respondent Did Not Adequately Address Existence of Loans

33. The Respondent did not obtain sufficient appropriate evidence of the existence of the Loans. Its planned procedures were to confirm all the Loans with MHC, whether they had been acquired in the current or previous years. In addition, the Respondent planned to review the "loan agreements" for Loans ("**New Loans**") purchased in the current year.

34. The Respondent did not adequately assess whether MHC was a service organization in the 2014 Audit and did not take other steps required by GAAS when service organizations are involved in either Audit. MHC was to record information about the Loans for the Fund, but the



Respondent did not obtain assurance about the controls relevant to the audit evidence provided by MHC.

35. In addition, there were three significant deficiencies in the “loan agreements” the Respondent obtained for the New Loans. First, they were not agreements between the borrower—the production company—and the lender—the Fund. Instead, the Respondent obtained two types of documents (“**Loan Documents**”): (a) purchase notices, each of which was a notice from the Fund to MHC that it wished to purchase a Loan; and (b) supplements, each of which evidenced MHC’s sale of a Loan to the Fund. The Loan Documents did not provide sufficient evidence of the borrowers’ obligations to the Fund.

36. Second, the Respondent did not obtain a complete set of Loan Documents for every New Loan. Purchase notices were unaccompanied by supplements and many of the supplements were only partially executed.

37. Third, even though information in many Loan Documents was inconsistent with other audit evidence, the Respondent did not enhance its procedures to properly resolve the discrepancies. For instance, various Loan Documents set forth principal amounts that differed from those in MHC’s confirmations. Yet in its Audits, the Respondent identified and performed procedures on few of the inconsistencies and, in one case, relied solely on information from Smith, rather than independent evidence.

38. The audit files also included a variety of Loan Documents and promissory notes for Loans purchased in previous years. There were deficiencies with this documentation. These deficiencies should have prompted the Respondent to perform further procedures.

*The Respondent Did Not Adequately Address Valuation of Loans*

39. The Respondent did not appropriately assess Smith’s valuation of the Loans.

40. The value of the Loans turned on the probability of collecting on them. That probability depended on the sales of the productions to be financed by the Loans. As a result, forecasts of those sales (“**Sales Forecasts**”) were critical to determining the value of the Loans. In the 2014

and 2015 Audits, the Respondent relied on Sales Forecasts that it stated had been confirmed by, or obtained from, MHC.

41. The Respondent's procedures for auditing Smith's Loan valuations and its responses to the results of those procedures did not comply with GAAS.

#### *2014 Audit*

42. In the 2014 Audit, the Respondent did not conduct the required retrospective review of Smith's 2013 Loan valuation and inappropriately relied on an analysis from the Respondent's valuations group.

43. First, because the Respondent did not conduct the required retrospective review of Smith's 2013 Loan valuation, it could not determine whether there was an increased risk of material misstatement due to fraud or error. The Respondent's audit documentation included a checklist (the "**Fraud Checklist**") to assist its engagement team in complying with the GAAS requirements concerning fraud. The Fraud Checklist required retrospective reviews of significant accounting estimates and a determination of whether differences between the estimates and the actual results indicated management bias. The Respondent completed the Fraud Checklist by stating that no retrospective reviews were necessary because there were no significant accounting estimates. Yet in other audit documentation, the Respondent recognized that the value of the Loans was a significant accounting estimate.

44. Second, in evaluating Smith's 2014 Loan valuation, the Respondent relied on an analysis from its valuations group. The valuations group's analysis was based on Sales Forecasts, the appropriateness and reliability of which were to be assessed with a confirmation from MHC. The audit file, however, contained no such confirmation of the Sales Forecasts.

#### *2015 Audit*

45. In the 2015 Audit, the Respondent failed to comply with GAAS in its retrospective review of Smith's 2014 Loan valuation and in its audit of Smith's 2015 Loan valuation.

#### Deficient Retrospective Review of Smith's 2014 Loan Valuation

46. The Respondent's retrospective review in the 2015 Audit was problematic because its procedures, and its response to the results of those procedures, were inadequate.

47. In its retrospective review, the Respondent compared Smith's 2014 forecast of expected receipts on the Loans with the amounts collected on the Loans in 2015 and early 2016. In determining the amounts collected in 2015, the Respondent relied on the Fund's accounting records. The Respondent did not corroborate the amounts collected with evidence such as bank records.

48. The results of the Respondent's analysis revealed that the 2014 forecast of receipts, when compared to amounts collected by early 2016, fell short by almost 80% or \$25 million.

49. The Respondent concluded that the shortfall appeared to be largely due to timing and noted that Smith was revising his current estimates. The Respondent did not adequately consider whether the shortfall represented a risk of material misstatement due to fraud or error in the 2015 financial statements it was auditing, particularly in light of the magnitude of the shortfall.

#### Deficient Audit of Smith's 2015 Loan Valuation

50. The Respondent's procedures relating to Smith's 2015 Loan valuation were deficient because of the steps that the Respondent took and because of the Respondent's response to the results. To evaluate Smith's 2015 Loan valuation, the Respondent developed its own Loan valuation.

51. Both the valuation of Smith and that of the Respondent depended on Sales Forecasts from MHC. The Respondent's procedures to determine the appropriateness of the Sales Forecasts were inadequate. They consisted of conducting the flawed retrospective review described above and obtaining oral representations from MHC, the organization that had provided the Sales Forecasts.

52. In the Respondent's Loan valuation, the Respondent came to a single estimate of the value of the Loans (the "**Value**") of \$47 million. To calculate the Value, the Respondent added

what it determined was the “most likely” value of each Loan to \$1.5 million in respect of a guarantee from MHC.

53. There were several issues with the Respondent’s calculation of the Value. First, the Respondent did not follow the methodology it stated it used to determine the “most likely” value of each Loan. Instead, in determining the “most likely” value of each Loan, the Respondent often arrived at values for the Loans that were greater than what had been recorded as owing on the Loans. The result was an inappropriate increase in the Value of \$1.4 million.

54. Additionally, the Respondent should not have included the amount of the guarantee in the Value. The guarantee consisted of a letter dated March 31, 2016, in which MHC stated that it would pay a “recoupable” \$1.5 million towards the Fund, for any losses above and beyond the Fund’s accrued loan-loss provisions. Aside from its “recoupable” nature, the guarantee was not in effect at the date of the financial statements. The result was a further, inappropriate increase in the Value of \$1.5 million.

55. Finally, although the Respondent planned to request an analysis from its valuations group to value the Loans, the Respondent finalized the Value without that analysis. According to the audit documentation, the valuations group’s analysis would be, and was, provided in report form. But there were no reports, or any other evidence of the valuations group’s steps, in the audit file.

56. The Value was approximately \$3 million less than Smith’s Loan value. The difference between the Value and Smith’s Loan value would have been twice the size—approximately \$6 million—had the Respondent not inappropriately increased the Value.

57. Two days before the date of its auditor’s report, the Respondent sent Smith an interim, working copy of its Loan valuation. In the covering email, the Respondent wrote: “The numbers may not make sense at the moment but I’m hoping we can clarify a few things/I can let you know our thought process and we can meet somewhere in the middle.”

58. The \$3 million was ultimately disclosed in a note to the financial statements as a “potential change” in Smith’s Loan value, and Smith’s Loan value appeared in the body of the financial statements. The Respondent should have taken steps to identify the reason for the

difference between the Value and Smith's Loan value and to determine whether the difference was due to fraud or error.

## Mortgage Fund

### *Background to the Fund*

59. In the 2014 and 2015 financial statements, the recorded value of the Mortgage Fund was \$40 million and \$44 million, respectively. The Fund primarily invested in residential mortgages in Canada. In 2014 and 2015, the Fund held over 300 residential mortgages constituting 83% and 63% of its assets, respectively. The Fund also held commercial mortgages and commercial loans. In connection with its investments, the Fund engaged several service providers.

60. Spectrum-Canada Capital (2002) Corporation and Spectrum-Canada Mortgage Services Inc. (collectively, "**Spectrum**") was the principal seller of residential mortgages to the Fund. Like MHC, Spectrum was to evaluate investments in accordance with due diligence guidelines and present them to the Fund for potential purchase. Once the Fund purchased a mortgage from Spectrum, Spectrum managed and serviced it. Among other things, Spectrum held a bank account for mortgage payments and provided reports on which the Fund's records were based. Spectrum's fees were based on the Fund's outstanding advances on the mortgages. The Fund purchased mortgages from Spectrum on an ongoing basis.

61. Other of the Fund's residential mortgages were administered by Squire Management Inc. ("**Squire**"). Like Spectrum, Squire held a bank account into which mortgage payments were deposited and sent Smith weekly reports summarizing all mortgages and payments.

62. Liberty Mortgage Services Ltd. ("**Liberty**") dealt with the Fund's commercial mortgages. Like Spectrum, Liberty sold the Fund mortgages it held that met the Fund's criteria. The Fund recorded the mortgages in its books based on Liberty's weekly reports.

### *The Respondent Did Not Adequately Address Existence of Mortgages*

63. The Respondent did not obtain sufficient appropriate evidence of the existence of the mortgages. In performing its procedures, the Respondent relied on audit evidence from Spectrum, Squire and Liberty (collectively, the "**Service Providers**") and failed to properly test the audit evidence it obtained.

64. In the 2014 Audit, the Respondent did not adequately evaluate Spectrum as a service organization and in neither audit, took other steps required by GAAS when service organizations are involved.

65. The Service Providers were to note information about the Fund's mortgage loans in the records they maintained for the Fund, but the Respondent did not obtain assurance about the controls related to the audit evidence provided by the Service Providers.

66. The Respondent's approach to testing the new mortgages was inadequate at both the sampling and testing stages.

67. To start, in sampling the new residential mortgages to be tested in its 2014 Audit, the Respondent assessed overall risk as "low/normal" because Spectrum administered the mortgages. In making this assessment, the Respondent did not explain why Spectrum's involvement reduced the risk. The lower risk assessment resulted in a smaller sample size and thus less reliable test results.

68. To test the selected mortgages, in each Audit, the Respondent stated that it had compared information in a listing of new mortgages provided by Smith against information in mortgage files. However, the Respondent's documentation of its review of the mortgage files was deficient. The audit files did not provide sufficient evidence that the Respondent performed procedures to confirm key mortgage details such as property location, term and interest rate.

69. Last, in the 2014 audit file, Smith's listing of initial loan amounts differed from the information in Spectrum's confirmation. The Respondent neither identified the discrepancies nor performed procedures to reconcile them.

*The Respondent Did Not Adequately Address Valuation of Mortgages and Commercial Loans*

70. The Respondent's audits of Smith's valuations of the Fund's mortgages and commercial loans were also inadequate.

### *Deficient Audit of Smith's Mortgage Valuation*

71. The Respondent's mortgage valuation work was deficient with respect to retrospective reviews and obtaining sufficient appropriate audit evidence.

72. In its 2014 Audit, the Respondent did not perform a retrospective review on the accrued loss provision on the mortgages—an essential component in their value. Without this review, the Respondent could not assess whether there was a heightened risk of material misstatement due to fraud or error. On the Fraud Checklist that required this analysis, the Respondent indicated that no retrospective review was required because there were no significant accounting estimates. Yet in other audit documentation, the Respondent recognized that the accrued loss provision on the mortgages was a significant accounting estimate.

73. In addition, the Respondent did not obtain the evidence required to verify Smith's estimated accrued loss provision in either Audit. To start, the Respondent relied on evidence from the Service Providers, despite not having adequately considered the reliability of this evidence. Further, in the 2014 Audit, to determine which commercial mortgages were in arrears, the Respondent relied solely on Smith. The Respondent did not corroborate the completeness of Smith's listing of mortgages in arrears with independent evidence.

### *Deficient Audit of Smith's Commercial Loan Valuation*

74. The Respondent's audit work on Smith's 2015 commercial loan valuation was also deficient.

75. To audit Smith's 2015 valuation, the Respondent developed its own valuation. The Respondent's valuation did not consider the probability of collecting on the commercial loans held by the Mortgage Fund. For example, one of the commercial loans was a Loan on a media production that the Mortgage Fund had acquired from MHC. The Respondent did not consider Sales Forecasts in valuing that Loan, even though the Respondent had determined in its Media Fund Audits that Sales Forecasts were critical to the Loan valuation.

76. In its working papers, the Respondent indicated that there was a memorandum explaining its methodology for valuing the commercial loans. But there was no such memorandum or other explanation of the Respondent's approach to valuing the commercial loans in the audit file.

77. Because of all the admissions described above, the Respondent's Audits of the Mortgage Fund's 2014 and 2015 financial statements did not comply with GAAS.

***(b) Insufficient Professional Skepticism***

78. The Respondent did not conduct its Audits with sufficient professional skepticism. In some instances, the Respondent did not take proper account of contradictory audit evidence and other circumstances which should have caused it to treat Smith's representations with greater caution, obtain additional evidence from independent sources and perform additional procedures on that evidence.

***(c) Lack of Engagement Quality Control Reviews***

79. The Respondent did not complete EQCRs on any of the Audits, even though it had determined that they were required. Although the Respondent indicated in its audit documentation for each of the Audits that one of its partners had acted as EQCR reviewer, that partner could not conduct an EQCR under GAAS because he was a member of the engagement team. Other documentation in each audit file confirmed that no EQCR had been completed.

**D. MITIGATING FACTORS**

80. Staff do not allege dishonest conduct or intentional misconduct by the Respondent.

81. Since 2015, in addition to its continuous efforts to improve its audit policies and procedures, the Respondent has taken a number of steps to ensure adherence to those policies and procedures to address and prevent re-occurrences of conduct such as that at issue in the Proceeding. Those steps include:

- (a) requiring discussions of audit approaches between the National Assurance Team and audit partners on mortgage investment corporation or investment fund audits;
- (b) enhancing the Respondent's review of file risk ratings on audits of entities that raise capital from accredited investors;



- (c) requiring discussions of planned audit approaches for investment fund audits between the National Assurance Standards Partners and Burlington-based personnel;
- (d) mandating a consultation with valuation experts where significant accounting estimates have been identified, including on whether to involve a valuation expert in the audit;
- (e) introducing national training on the audit work required in identifying and relying upon the work of service organizations;
- (f) mandating consultations by audit engagement teams with the Respondent's technical leaders in certain situations involving service organizations; and
- (g) mandating financial statement reviews by independent technical leaders on all moderate and high-risk audit/review engagements and certain low risk engagements involving transactions that are potentially higher risk.

#### **PART IV - NON-COMPLIANCE WITH ONTARIO SECURITIES LAW AND CONDUCT CONTRARY TO THE PUBLIC INTEREST**

82. The Respondent acknowledges and admits that:

- (a) each of the Respondent's statements in its auditor's reports that the relevant Audit had been conducted in accordance with GAAS was contrary to subsection 122(1)(b) of the Act;
- (b) each of the Respondent's failures to comply with GAAS in auditing the Funds' 2014 and 2015 financial statements constituted a breach of subsection 78(3) of the Act; and
- (c) as set out in sub-paragraphs (a) and (b), the Respondent engaged in conduct contrary to the public interest.

#### **PART V - TERMS OF SETTLEMENT**

83. The Respondent agrees to the terms of settlement set forth below.

84. The Respondent consents to the Order, pursuant to which it is ordered that:
- (a) this Agreement be approved;
  - (b) the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the Act;
  - (c) the Respondent pay an administrative penalty in the amount of \$3,500,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act;
  - (d) the Respondent pay costs in the amount of \$500,000, pursuant to section 127.1 of the Act; and
  - (e) the amounts set out in sub-paragraphs (c) and (d) be paid by wire transfer prior to the issuance of the Order.

85. Upon court approval of the settlement between BDO and the Receiver, Staff will recommend to the Commission that \$2,500,000 of the \$3,500,000 specified in paragraph 84(c) be allocated or used for the benefit of unitholders of the Crystal Wealth Funds in accordance with subsection 3.4(2)(b)(i) of the Act. Such amounts are to go to the unitholders, without any deduction for legal fees or expenses, including any expenses related to the distribution of the amounts.

## **PART VI - FURTHER PROCEEDINGS**

86. If the Commission approves this Agreement, Staff will not commence or continue any proceeding against the Respondent under Ontario securities law based on the misconduct described in Part III of this Agreement, unless the Respondent fails to comply with any term in this Agreement (any such failure, a “**Breach**”). If a Breach occurs, Staff may bring proceedings under Ontario securities law against the Respondent that may be based on, among other things, the facts set out in Part III of this Agreement as well as the Breach.

87. The Respondent waives any defences to a proceeding referenced in paragraph 86 that are based on the limitation period in the Act, provided that no such proceeding shall be commenced later than six years from the date of the occurrence of the last Breach.

## **PART VII - PROCEDURE FOR APPROVAL OF SETTLEMENT**

88. The parties will seek approval of this Agreement at the Settlement Hearing, which will be held on a date determined by the Secretary to the Commission in accordance with this Agreement and the Commission's *Rules of Procedure* (2019), 42 OSCB 9714.

89. The Respondent's National Risk Management Partner, on behalf of the Respondent, will attend the Settlement Hearing in person.

90. The parties confirm that this Agreement sets forth all of the agreed facts that will be submitted at the Settlement Hearing, unless the parties agree that additional facts should be submitted at the Settlement Hearing.

91. If the Commission approves this Agreement:

- (a) the Respondent irrevocably waives all rights to a full hearing, judicial review or appeal of this matter under the Act; and
- (b) neither party will make any public statement that is inconsistent with this Agreement or with any additional agreed facts submitted at the Settlement Hearing.

92. Whether or not the Commission approves this Agreement, the Respondent will not use, in any proceeding, this Agreement or the negotiation or process of approval of this Agreement as the basis for any attack on the Commission's jurisdiction, alleged bias, alleged unfairness or any other remedies or challenges that may be available.

## **PART VIII - DISCLOSURE OF AGREEMENT**

93. If the Commission does not make the Order:

- (a) this Agreement and all discussions and negotiations between Staff and the Respondent before the Settlement Hearing will be without prejudice to Staff and the Respondent; and
- (b) Staff and the Respondent will each be entitled to all available proceedings, remedies and challenges, including proceeding to a hearing on the merits of the allegations contained in the Amended Statement of Allegations in respect of the Proceeding. Any such proceedings, remedies and challenges will not be affected by this Agreement, or by any discussions or negotiations relating to this Agreement.

94. The parties will keep the terms of this Agreement confidential until the Settlement Hearing, unless they agree in writing not to do so or unless otherwise required by law.

#### **PART IX - EXECUTION OF AGREEMENT**

95. This Agreement may be signed in one or more counterparts which together constitute a binding agreement.

96. A facsimile copy or other electronic copy of any signature will be as effective as an original signature.

***[The remainder of this page is intentionally left blank.]***

**DATED** at Toronto, Ontario, as of the 20th day of January, 2020.

**BDO CANADA LLP**

By: ***“David Simkins”***

Name: David Simkins

Title: Chief Operating Officer

I have the authority to bind the partnership.

**DATED** at Toronto, Ontario, as of the 20th day of January, 2020.

**ONTARIO SECURITIES COMMISSION**

By: ***“Jeff Kehoe”***

Name: Jeff Kehoe

Title: Director, Enforcement Branch

**SCHEDULE A**  
**FORM OF ORDER**



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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**IN THE MATTER OF**  
**BDO CANADA LLP**

**FILE NO.:** 2018-59

*[Name(s) of Commissioner(s) comprising the Panel]*

*[Day and date order made]*

**ORDER**  
**(Sections 127 and 127.1 of the *Securities Act*, RSO 1990, c S.5)**

**WHEREAS** on **[date]**, the Ontario Securities Commission (the **Commission**) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the Joint Request for a Settlement Hearing filed by BDO Canada LLP (**the Respondent**) and Staff of the Commission for approval of a settlement agreement dated as of **[date]** (the **Agreement**);

**ON READING** the Amended Statement of Allegations dated September 16, 2019 and the Agreement and on hearing the submissions of the representatives for the parties, including that the Commission has received \$4.0 million in respect of the amounts ordered in paragraphs 3 and 4 below;

**IT IS ORDERED THAT:**

1. the Agreement is approved;
2. the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the **Act**);

3. the Respondent pay an administrative penalty in the amount of \$3,500,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and

4. the Respondent pay costs in the amount of \$500,000, pursuant to section 127.1 of the Act.

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*[Name of Panel Chair]*

•

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*[Name of Commissioner]*

•

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*[Name of Commissioner]*

**TAB 21**



## SETTLEMENT AGREEMENT

BDO CANADA LLP ("BDO")

and

Grant Thornton Limited (the "**Receiver**", collectively with BDO the "**Parties**"), in its capacity as Court-Appointed Receiver and Manager of Crystal Wealth Management System 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 and Crystal Wealth Retirement One Fund (the "**Crystal Wealth Entities**") agree as follows:

1. This Settlement Agreement is contingent upon:
  - a. The Ontario Securities Commission ("**OSC**") approving a settlement between BDO and the OSC, and making an order that \$2,500,000.00 of an Administrative Monetary Penalty agreed to between the OSC and BDO be paid to the Receiver for the purposes of distribution to unitholders (the "**AMP Payment**"). The amount of the AMP Payment shall not be subject to any reduction for legal fees or expenses, including any expenses related to the distribution of the amounts (the "**AMP Contingency**"); and
  - b. Approval by the Ontario Superior Court of Justice (Commercial List), which shall be sought on a contingent basis subject to the AMP Contingency ("**Contingent Commercial List Approval**") and on a final basis upon the Receiver obtaining the AMP Payment, ("**Final Commercial List Approval**").
2. Subject to Final Commercial List Approval as provided for in Section 1(b), and within twenty (20) days of such approval, BDO shall:
  - a. Make a payment of \$31,703,662.27 to the Receiver, by wire transfer (the "**BDO Payment**"), with such payment to be held in escrow by the Receiver pending confirmation by BDO of the delivery of the releases referenced in Section 3;
  - b. Provide written authorization to the Receiver to release \$796,337.73 currently being held on reserve in respect of BDO's unpaid invoices and legal fees (the "**BDO Fee Amount**" and the "**BDO Authorization**") so that the BDO Fee Amount shall be available for distribution to stakeholders. The BDO Authorization shall be held in escrow by the Receiver pending confirmation by BDO of the delivery of the releases referenced in Section 3.
3. As consideration for the BDO Payment and the BDO Authorization, the Receiver shall:
  - a. Provide, within two business days of receipt, written confirmation of receipt of the BDO Payment and the BDO Authorization;

- b. provide, within ten (10) days of confirming receipt of the BDO Payment and BDO Authorization, a full and final Release of all claims that were or could have been asserted in the Receiver's Action against BDO by the Receiver. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]; and

- c. provide to Media House Capital (Canada) Corp., Bron Capital Partners Corp., Bron Studios Inc., Bron Animation Inc., Bron Media Corp., Bron Developments Inc., Aaron Gilbert and Stephen Thibault (collectively, "**Media House**") within ten (10) days of confirming receipt of the BDO Payment and BDO Authorization, a full and final Release of all claims that were or could have been asserted in the Receiver Action against Media House. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

4. The Receiver shall have responsibility for obtaining Contingent Commercial List Approval and Final Commercial List Approval (collectively the "**Commercial List Approvals**") but BDO shall provide reasonable assistance to the Receiver as required and shall be afforded the opportunity to review and comment on written materials filed by the Receiver in support of the Commercial List Approvals, provided that there is no obligation on the Receiver to accept any of BDO's comments.
5. Within 30 days of satisfying subsections 3 (b) &(c) by delivering releases, the Crystal Wealth Entities shall take whatever steps are necessary to obtain a without costs dismissal of the Receiver's action having Court File No. CV-18-595063-00CL (the "**Action**") and provide a copy of the Dismissal Order evidencing such dismissal to counsel for BDO. The dismissal of the Action is without prejudice to the rights of any party to this Settlement Agreement to bring a claim alleging a breach of the terms of this Settlement Agreement.
6. The existence of settlement may be disclosed by the parties, but the terms of this Settlement Agreement shall be maintained by the parties in strict confidence and shall be subject to "without prejudice privilege" pending the filing of motion materials for Preliminary Commercial List Approval and shall not be disclosed to any third party, other than the parties' counsel, the Court and the Ontario Securities Commission, or as otherwise ordered by the Court. No amendment of this Settlement Agreement shall be effective unless made in writing and signed by the Parties hereto, or their counsel. [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

7. This Settlement Agreement may be signed in counterparts and delivered by facsimile copy, and each of such counterparts and executed facsimile copy shall constitute an original document. Such counterparts, taken together, shall constitute one and the same document.

**BDO CANADA LLP**

Per:

\_\_\_\_\_  
I have authority to bind the corporation

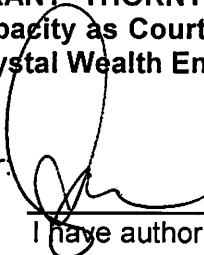
Name:

Title:

Date:

**GRANT THORNTON LIMITED solely in its  
capacity as Court-Appointed Receiver of the  
Crystal Wealth Entities**

Per:

  
\_\_\_\_\_  
I have authority to bind the corporation

Name:

Title:

Date:

J. M. NELSON  
SE. VICE PRESIDENT  
JAN 14 / 2020

7. This Settlement Agreement may be signed in counterparts and delivered by facsimile copy, and each of such counterparts and executed facsimile copy shall constitute an original document. Such counterparts, taken together, shall constitute one and the same document.

**BDO CANADA LLP**

Per: \_\_\_\_\_

I have authority to bind the corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**GRANT THORNTON LIMITED solely in its  
capacity as Court-Appointed Receiver of the  
Crystal Wealth Entities**

Per: \_\_\_\_\_

I have authority to bind the corporation

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

# TAB 22



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

22<sup>nd</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

22<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

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IN THE MATTER OF  
BDO CANADA LLP

D. Grant Vingoe, Vice Chair and Chair of the Panel  
Lawrence P. Haber, Commissioner  
Mary Anne De Monte-Whelan, Commissioner

FILE NO.: 2018-59

January 24, 2020

ORDER  
(Sections 127 and 127.1  
of the *Securities Act*, RSO 1990, c S.5)

WHEREAS on January 24, 2020, the Ontario Securities Commission (the Commission) held a hearing at the offices of the Commission, located at 20 Queen Street West, 17th Floor, Toronto, Ontario, to consider the Joint Request for a Settlement Hearing filed by BDO Canada LLP (the Respondent) and Staff of the Commission for approval of a settlement agreement dated as of January 20, 2020 (the Agreement);

ON READING the Amended Statement of Allegations dated September 16, 2019 and the Agreement and on hearing the submissions of the representatives for the parties, including that the Commission has received \$4.0 million in respect of the amounts ordered in paragraphs 2 and 3 below;

IT IS ORDERED THAT:

1. the Agreement is approved;
2. the Respondent be reprimanded, pursuant to paragraph 6 of subsection 127(1) of the *Securities Act*, RSO 1990, c S.5 (the Act);
3. the Respondent pay an administrative penalty in the amount of \$3,500,000, pursuant to paragraph 9 of subsection 127(1) of the Act, which amount be designated for allocation or use by the Commission in accordance with subsection 3.4(2)(b) of the Act; and
4. the Respondent pay costs in the amount of \$500,000, pursuant to section 127.1 of the Act.

*"D. Grant Vingoe"*

*"Lawrence P. Haber"*

Lawrence P. Haber

D. Grant Vingoe

*"Mary Anne De Monte-Whelan"*

Mary Anne De Monte-Whelan

# TAB 23

**IN THE MATTER OF THE RECEIVERSHIP OF  
CRYSTAL WEALTH MANAGEMENT SYSTEMS LIMITED AND THE CRYSTAL WEALTH FUNDS  
RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD ENDING FEBRUARY 29, 2020**

|                                                                | CAD                        |                  |                                 |               | USD              |                                 |              |
|----------------------------------------------------------------|----------------------------|------------------|---------------------------------|---------------|------------------|---------------------------------|--------------|
|                                                                | Receiver Trust<br>Accounts | NBIN<br>Accounts | Interactive Brokers<br>Accounts | Combined      | NBCN<br>Accounts | Interactive Brokers<br>Accounts | Combined     |
| <b>OPENING BALANCE</b>                                         | \$ 193,260                 | \$ 4,426,035     | \$ 656,289                      | \$ 5,275,584  | \$ (224,991)     | \$ (17,148)                     | \$ (242,139) |
| <b>CASH RECEIPTS</b>                                           |                            |                  |                                 |               |                  |                                 |              |
| Collection of Residential Mortgage Interest & Principal        | 2,461,300                  | 15,348,182       | -                               | 17,809,482    | -                | -                               | -            |
| Sale of Media Loans                                            | 14,375,000                 | -                | -                               | 14,375,000    | -                | -                               | -            |
| Sale of Equities                                               | -                          | 9,320,115        | 214,321                         | 9,534,436     | 4,228,221        | -                               | 4,228,221    |
| USD Account to CAD Account Transfers                           | -                          | 7,958,368        | -                               | 7,958,368     | (6,089,591)      | (517,620)                       | (6,607,211)  |
| Collection of Media Loan Principal & Interest                  | 6,640,124                  | 239,006          | -                               | 6,879,130     | 229,690          | -                               | 229,690      |
| Redemption of Units in External Mutual Funds                   | 50,205                     | 5,045,702        | -                               | 5,095,907     | -                | -                               | -            |
| Inter-fund Investor Distribution [Second Interim Distribution] | -                          | 3,003,080        | -                               | 3,003,080     | -                | -                               | -            |
| Collection of Commercial Loan Principal & Interest             | 2,813,136                  | 23,935           | -                               | 2,837,071     | -                | -                               | -            |
| Sale of Mount Nemo Property                                    | 2,100,000                  | -                | -                               | 2,100,000     | -                | -                               | -            |
| Inter-fund Investor Distribution [First Interim Distribution]  | -                          | 1,676,498        | -                               | 1,676,498     | -                | -                               | -            |
| Sale/Settlement of Medical Factoring Contracts                 | -                          | -                | -                               | -             | 1,134,313        | -                               | 1,134,313    |
| Repayment of NFL Participation Agreements                      | -                          | -                | -                               | -             | 714,687          | -                               | 714,687      |
| Settlement of NFL Participation Agreements                     | -                          | -                | -                               | -             | 410,091          | -                               | 410,091      |
| Proceeds from USD Futures                                      | -                          | -                | -                               | -             | -                | 535,172                         | 535,172      |
| Redemption of GIC                                              | 525,311                    | -                | -                               | 525,311       | -                | -                               | -            |
| Settlement of Factoring Contracts                              | 350,000                    | -                | -                               | 350,000       | -                | -                               | -            |
| Collection of Factoring Contract Interest                      | -                          | 53,094           | -                               | 53,094        | -                | -                               | -            |
| Interest                                                       | 41,218                     | 306,711          | 198                             | 348,127       | 7,824            | 52                              | 7,876        |
| Settlement of Gold Loans                                       | 250,000                    | -                | -                               | 250,000       | -                | -                               | -            |
| Other Realizations                                             | 28,840                     | -                | -                               | 28,840        | -                | -                               | -            |
| Dividend Income                                                | 3,615                      | 6,986            | -                               | 10,601        | 13,496           | -                               | 13,496       |
| Reimbursement of Realty Taxes - Mount Nemo                     | 1,834                      | -                | -                               | 1,834         | -                | -                               | -            |
| Account Transfers                                              | (21,398,782)               | 22,941,452       | (869,764)                       | 672,906       | -                | -                               | -            |
| <b>TOTAL CASH RECEIPTS</b>                                     | 8,241,801                  | 65,923,129       | (655,245)                       | 73,509,685    | 648,731          | 17,604                          | 666,335      |
| <b>CASH DISBURSEMENTS</b>                                      |                            |                  |                                 |               |                  |                                 |              |
| First Interim Distribution                                     | 25,204                     | 31,437,810       | -                               | 31,463,014    | -                | -                               | -            |
| Second Interim Distribution                                    | 39,853                     | 25,230,733       | -                               | 25,270,586    | -                | -                               | -            |
| Mount Nemo - Payment of Secured Mortgage                       | 1,394,080                  | -                | -                               | 1,394,080     | -                | -                               | -            |
| Consulting Fees                                                | 1,023,114                  | -                | -                               | 1,023,114     | -                | -                               | -            |
| Exercising Warrants                                            | -                          | 589,844          | -                               | 589,844       | -                | -                               | -            |
| Custodial & Bank Charges                                       | 1,478                      | 121,604          | 1,044                           | 124,126       | 1,047            | 456                             | 1,503        |
| Realtor Commissions - Mount Nemo                               | 94,500                     | -                | -                               | 94,500        | -                | -                               | -            |
| Fees on Sale of Mortgages                                      | 67,446                     | -                | -                               | 67,446        | -                | -                               | -            |
| Commissions                                                    | -                          | 63,940           | -                               | 63,940        | 11,561           | -                               | 11,561       |
| Mount Nemo - Insurance                                         | 56,308                     | -                | -                               | 56,308        | -                | -                               | -            |
| Preparation of Tax Slips                                       | 51,840                     | -                | -                               | 51,840        | -                | -                               | -            |
| HST Paid                                                       | 33,632                     | -                | -                               | 33,632        | -                | -                               | -            |
| Mount Nemo - Property Maintenance                              | 24,194                     | -                | -                               | 24,194        | -                | -                               | -            |
| Wages & Source Deductions                                      | 22,124                     | -                | -                               | 22,124        | -                | -                               | -            |
| Advertising and Notices                                        | 12,475                     | -                | -                               | 12,475        | -                | -                               | -            |
| HST Paid on Realtor Commissions                                | 12,285                     | -                | -                               | 12,285        | -                | -                               | -            |
| Other Expenses                                                 | 12,005                     | -                | -                               | 12,005        | -                | -                               | -            |
| Storage & Moving                                               | 11,756                     | -                | -                               | 11,756        | -                | -                               | -            |
| Rent Expense                                                   | 10,832                     | -                | -                               | 10,832        | -                | -                               | -            |
| Security                                                       | 8,061                      | -                | -                               | 8,061         | -                | -                               | -            |
| Utilities                                                      | 6,420                      | -                | -                               | 6,420         | -                | -                               | -            |
| Receiver Fees                                                  | 1,987,247                  | -                | -                               | 1,987,247     | -                | -                               | -            |
| HST Paid on Receiver Fees                                      | 258,342                    | -                | -                               | 258,342       | -                | -                               | -            |
| Legal Fees                                                     | 1,736,416                  | -                | -                               | 1,736,416     | -                | -                               | -            |
| HST Paid on Legal Fees                                         | 222,355                    | -                | -                               | 222,355       | -                | -                               | -            |
| Bankruptcy Trustee & Legal Fees                                | 266,893                    | -                | -                               | 266,893       | -                | -                               | -            |
| HST/GST Paid on Bankruptcy Trustee Fees                        | 31,186                     | -                | -                               | 31,186        | -                | -                               | -            |
| <b>TOTAL CASH DISBURSEMENTS</b>                                | 7,410,046                  | 57,443,931       | 1,044                           | 64,855,021    | 12,608           | 456                             | 13,064       |
| <b>ENDING BALANCE</b>                                          | \$ 1,025,015               | \$ 12,905,233    | \$ -                            | \$ 13,930,248 | \$ 411,132       | \$ -                            | \$ 411,132   |



**TAB 24**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD.,  
1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH  
MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS  
FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED  
FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH  
YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE  
SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL  
WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY,  
CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE  
FUND, and CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, c. S.5, AS  
AMENDED**

**AFFIDAVIT OF BRUCE BANDO**

I, **BRUCE BANDO**, of the City of Mississauga, in the Province of Ontario, **MAKE OATH  
AND SAY** as follows:

1. I am a Vice President of Grant Thornton Limited, ("**GTL**") which was appointed as receiver and manager ("**Receiver**") without security, of all the assets, undertakings and properties of each of the Respondents (collectively, "**Crystal Wealth**"). As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and where so stated I verily believe such to be true.

2. Attached and marked as Exhibit "A" to this my affidavit are summary billing setting out the fees and disbursements of GTL incurred in its role as Receiver of Crystal Wealth from June 1, 2018 to February 29, 2020, in the amount of \$684,024.34, disbursements of \$1,458.88 and HST of \$89,112.82 for a total of \$774,596.04. The average hourly rate is \$407.23. Attached and marked as Exhibit "B" to this my affidavit are detailed billings by individual and date of services rendered.

3. Given the complexity of this insolvency matter, I believe the hourly rates and the total amount of fees are reasonable and comparable for insolvency services of this nature rendered by other firms in the City of Toronto.

4. This affidavit is sworn in connection with the approval of the fees and disbursements of GTL and for no improper purpose.

*mississauga*  
**SWORN BEFORE ME** at the City of  
Toronto, in the Province of Ontario, this  
21<sup>st</sup> day of March 2020.

  
\_\_\_\_\_  
Commissioner for Taking Affidavits,  
etc.

SHAKIRA JOHN

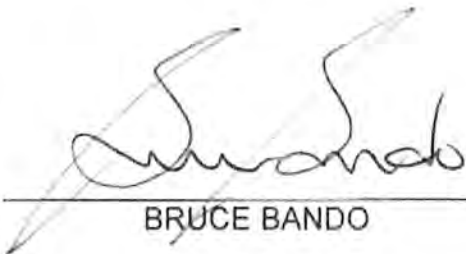
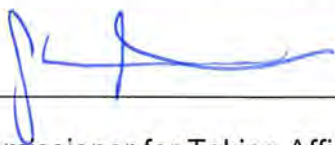
  
\_\_\_\_\_  
BRUCE BANDO

Exhibit "A" to the Affidavit of Bruce Bando,  
sworn before me this 27th day of March 2020.

A handwritten signature in blue ink, appearing to be "Shakara John", written over a horizontal line.

Commissioner for Taking Affidavits, etc.

SHAKARA JOHN

Crystal Wealth Management System Limited

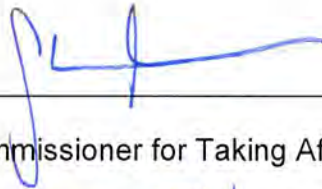
Summary of Fees of the Receiver

For the Period from June 1, 2018 to February 29, 2020

| Period                               | Hours    | Fees          | Disbursements | Subtotal      | HST          | Total         |
|--------------------------------------|----------|---------------|---------------|---------------|--------------|---------------|
| June 1, 2018 to March 31, 2019       | 998.95   | \$ 377,825.70 | 1,112.66      | \$ 378,938.36 | \$ 49,261.99 | \$ 428,200.35 |
| April 1, 2019 to October 31, 2019    | 404.50   | \$ 176,092.88 | 221.40        | \$ 176,314.28 | \$ 22,920.86 | \$ 199,235.13 |
| November 1, 2019 to January 31, 2020 | 215.15   | \$ 101,936.36 | \$ 24.74      | \$ 101,961.10 | \$ 13,254.94 | \$ 115,216.05 |
| February 1-29, 2020                  | 61.10    | \$ 28,169.40  | \$ 100.08     | \$ 28,269.48  | \$ 3,675.03  | \$ 31,944.51  |
| Total                                | 1,679.70 | \$ 684,024.34 | 1,458.88      | 685,483.22    | 89,112.82    | \$ 774,596.04 |

Average hourly rate 407.23

Exhibit "B" to the Affidavit of Bruce Bando,  
sworn before me this 27th day of March 2020.

A handwritten signature in blue ink, appearing to read "Shakira John", written over a horizontal line.

Commissioner for Taking Affidavits, etc.

SHAKIRA JOHN

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD.,  
1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH  
MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS  
FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED  
FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH  
YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE  
SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL  
WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY,  
CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE  
FUND, and CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, c.  
S.5, AS AMENDED**

**BILL OF COSTS**

**BN 12738 4717 RT0001  
Client #225805  
Invoice#LSO-5155**

To professional services as Receiver rendered for the period from June 1, 2018 to March 31, 2019.

| Date         | Full Name     | Hours | Detail                                                                                                      |
|--------------|---------------|-------|-------------------------------------------------------------------------------------------------------------|
| June 1, 2018 | Arsheel Muhit | 1.25  | Internal meeting to discuss the Fourth Report;<br>Correspondence with an investor re: account<br>balance.   |
| June 1, 2018 | Bruce Bando   | 1.10  | Internal meeting to discuss the Fourth Report;<br>Correspondence from Solid Holdings and review<br>thereof. |

Accounts are due when rendered. All accounts outstanding over 30 days  
will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date         | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------|---------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 1, 2018 | Jason Knight  | 1.90  | Prepare for and attend meeting with team to discuss the contents of the Fourth Report and the next steps re: same; Review contents of Fourth Report; Draft correspondence to investor re: status of interim distribution.                                                                                                                                                                                                       |
| June 1, 2018 | Rosa Wilford  | 0.65  | General banking and filing administration; Prepare disbursement requisition forms; Post entries; Issue cheques.                                                                                                                                                                                                                                                                                                                 |
| June 4, 2018 | Arsheel Muhit | 0.50  | Various correspondence with investors re: status of funds, upcoming report to the Court and potential distributions to investors.                                                                                                                                                                                                                                                                                               |
| June 4, 2018 | Bruce Bando   | 2.30  | Correspondence from NBIN re: deposit; Correspondence from Spectrum regarding mortgage in default; Tending to investors inquiries and internal correspondence thereof; Discussion with counsel regarding the report and changes thereof; Draft Notice to Investors and forward to counsel.                                                                                                                                       |
| June 4, 2018 | Jason Knight  | 0.20  | Review correspondence from investors; Draft email correspondence re: loan.                                                                                                                                                                                                                                                                                                                                                      |
| June 4, 2018 | Rosa Wilford  | 0.50  | Review internal instructions re: disbursement requests; Prepare requisitions; Post entries; Issue cheques.                                                                                                                                                                                                                                                                                                                      |
| June 5, 2018 | Arsheel Muhit | 2.00  | Various correspondence with investors re: status of funds, Media fund sale, upcoming report to the Court.                                                                                                                                                                                                                                                                                                                       |
| June 5, 2018 | Bruce Bando   | 3.20  | Correspondence with counsel re: OSC clarification of a frozen account and review thereof; Review and amend draft Fourth Report; Correspondence to an investor; Correspondence from counsel re: Notice to Investors and review thereof; Correspondence from counsel re: time analysis and review thereof; Correspondence with Spectrum regarding mortgage in default.                                                            |
| June 6, 2018 | Arsheel Muhit | 3.00  | Draft, review and send email to Crystal Wealth investors re: Notice to Investors; Review and allocate Receiver's fees among Crystal Wealth funds.                                                                                                                                                                                                                                                                               |
| June 6, 2018 | Bruce Bando   | 2.60  | Report matters; Finalize the Notice to Investors; Discussion with Enliven; Discussion with counsel regarding outstanding items; Correspondence with an investor; Correspondence regarding Restoration Energy and review thereof; Prepare for and attend conference call with counsel to Alberta examinations; Various correspondence from counsel regarding J. Froese outstanding requests; Discussion with counsel thereafter. |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.



| Date          | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                    |
|---------------|-------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 7, 2018  | Arsheel Muhit     | 5.00  | Review and perform allocation of Receiver's fees among funds for Fourth Report; Correspondence with the team re: Fourth Report; Various correspondence with investors re: upcoming report, accessing NBIN accounts and status of proceedings; Review correspondence from investors; Review Fourth Report. |
| June 7, 2018  | Bruce Bando       | 1.80  | Internal discussions regarding the Fourth Report; Correspondence and discussion with counsel regarding commencing an action re: Mount Nemo; Correspondence with J. Mushaluk and related correspondence re: status; Inquiry from an investor.                                                              |
| June 8, 2018  | Arsheel Muhit     | 1.25  | Various correspondence with investors re: status of funds and upcoming report.                                                                                                                                                                                                                            |
| June 8, 2018  | Bruce Bando       | 2.00  | Review material for the report and internal discussion re: same; File administration and approval of disbursements; Internal discussion re: investor garnishment.                                                                                                                                         |
| June 8, 2018  | Rosa Wilford      | 0.50  | Review internal email instructions re: Banking; Prepare disbursement requisition forms; Post entries; Issue cheques; General banking administration.                                                                                                                                                      |
| June 8, 2018  | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                           |
| June 11, 2018 | Arsheel Muhit     | 5.00  | Internal discussion re: Fourth Report; Allocation WIP across funds; Format and review fund summary charts for the report.                                                                                                                                                                                 |
| June 11, 2018 | Bruce Bando       | 2.90  | Draft Fourth Report; Various correspondence from counsel re: Adair and number of investors and review of attachments thereof; Correspondence with Spectrum regarding renewals.                                                                                                                            |
| June 11, 2018 | Jesse Cooper      | 1.50  | Conduct fee analysis and allocation thereof.                                                                                                                                                                                                                                                              |
| June 11, 2018 | Rosa Wilford      | 1.75  | Review various estate bank accounts and reconcile May statements; Prepare receipt and disbursement requisition forms; Post entries; Issue cheques; Email; General banking administration.                                                                                                                 |
| June 11, 2018 | Valerie Naccarato | 0.10  | Deposit at bank.                                                                                                                                                                                                                                                                                          |
| June 12, 2018 | Bruce Bando       | 1.10  | Correspondence with counsel and review of changes to the Adair engagement letter; Continue with the Fourth Report; Various correspondence regarding an investor and                                                                                                                                       |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date          | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------|---------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|               |               |       | report.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| June 13, 2018 | Arsheel Muhit | 2.70  | Internal meeting to discuss Crystal Wealth investor calls; Various correspondence with investors re: status of funds; Draft fund summaries for the Fourth Report.                                                                                                                                                                                                                                                                                                                                                        |
| June 13, 2018 | Bruce Bando   | 1.70  | Review and execute the Adair engagement letter; Internal correspondence and discussion regarding the Fourth Report; Review and respond to counsel re: corporate records.                                                                                                                                                                                                                                                                                                                                                 |
| June 13, 2018 | Jason Kanji   | 0.40  | Status update on return calls to investors planning going forward.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| June 13, 2018 | Jesse Cooper  | 0.50  | Conduct fee analysis and allocation thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| June 14, 2018 | Bruce Bando   | 6.20  | Continue with the Fourth Report and internal discussions thereof; Various correspondence with counsel re: OSC matters and review OSC settlement with C. Smith; Investor inquiry.                                                                                                                                                                                                                                                                                                                                         |
| June 15, 2018 | Arsheel Muhit | 1.50  | Conduct fee analysis and allocation thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| June 15, 2018 | Bruce Bando   | 0.70  | Continue with the Fourth Report and correspondence with counsel thereof; Review AB and SK registration material, execute and forward to counsel.                                                                                                                                                                                                                                                                                                                                                                         |
| June 15, 2018 | Rosa Wilford  | 0.80  | Review banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| June 18, 2018 | Arsheel Muhit | 4.00  | Internal meeting to discuss status of Fourth Report; Continue with fee analysis and allocation thereof.                                                                                                                                                                                                                                                                                                                                                                                                                  |
| June 18, 2018 | Bruce Bando   | 4.70  | Report matters and internal discussions and meeting to discuss same; Correspondence with Advanced Metals; Correspondence with Home Trust; Correspondence and discussion with counsel re: IFDS; Correspondence with Spectrum regarding mortgage discharges; Correspondence from an investor, assemble information and forward to counsel; Correspondence re: US properties; Correspondence from Liberty Mortgage; Correspondence from Adair re: class proceeding documents; Correspondence with KPMG re: Advanced Metals. |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date          | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                  |
|---------------|-------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 18, 2018 | Jason Knight      | 6.90  | Prepare for and attend meeting to discuss the Fourth Report; Draft sections of Fourth Report; Various internal discussions re: Fourth Report and contents of same; Review correspondence re: Advanced Metal.                                                                                                                            |
| June 19, 2018 | Arsheel Muhit     | 5.00  | Continue with fee analysis and allocation thereof; Review fund summary tables for the report; Correspondence with investors re: status of file.                                                                                                                                                                                         |
| June 19, 2018 | Bruce Bando       | 3.10  | Review mortgage in default with Spectrum and respond to correspondence from Spectrum re: same; Review and amend responses to three investors and discussion thereof; Review correspondence from KPMG re: Advanced Metals and respond to same; Continue with the report - appendices.                                                    |
| June 19, 2018 | Jason Knight      | 4.60  | Review investor correspondence received and discuss same internally; Draft Fourth Report; Review NBIN invoice for May 2018 fees and allocate same amongst the Funds; Draft email correspondence to NBIN re: fee approval.                                                                                                               |
| June 19, 2018 | Rosa Wilford      | 0.50  | Review internal email instructions from the team re: Banking; Prepare receipt requisition forms; Post entries; General banking administration.                                                                                                                                                                                          |
| June 19, 2018 | Valerie Naccarato | 0.10  | Deposit at bank.                                                                                                                                                                                                                                                                                                                        |
| June 20, 2018 | Arsheel Muhit     | 4.00  | Correspondence with investors and NBIN re: status of proceedings; Begin to draft R&D for the Fourth Report; Review and continue allocation across funds.                                                                                                                                                                                |
| June 20, 2018 | Jason Knight      | 5.80  | Draft responses to email correspondence received from investors; Internal correspondence re: information provided by AGB LLP; Continue with drafting the Fourth Report; Telephone conversation with previous investment advisor re: interim distribution; Telephone conversation with investor re: status of file and updates re: same. |
| June 20, 2018 | Jesse Cooper      | 2.00  | Update Second Investor Interim Distribution worksheet.                                                                                                                                                                                                                                                                                  |
| June 21, 2018 | Arsheel Muhit     | 4.00  | Correspondence with an investor, NBIN and TD re: issues surround pre-receivership transfers; Draft R&D for the Fourth Report and internal discussions re: same; Allocate fees across CW funds.                                                                                                                                          |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date          | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------|---------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 21, 2018 | Jason Knight  | 6.10  | Draft correspondence to investor re: update on receivership proceedings; Internal correspondence re: Fourth Report and R&D up to and including May 31, 2018; Draft Fourth Report sections; Telephone conversation with investor re: status update of investments held in the Hedge Fund and Factoring Fund.                                                                                                                                            |
| June 21, 2018 | Jesse Cooper  | 2.50  | Update Second Investor Interim Distribution worksheet.                                                                                                                                                                                                                                                                                                                                                                                                 |
| June 22, 2018 | Arsheel Muhit | 2.50  | Draft and revise R&D for Fourth Report; Fee allocation; Internal correspondence re. R&D and report matters.                                                                                                                                                                                                                                                                                                                                            |
| June 22, 2018 | Jason Knight  | 4.10  | Telephone conversation with investor re: various matters including the Factoring Contracts and Gold Loans; Draft correspondence to A. Braun re: OnStar; Review correspondence received from Inca re: repayment of Gold Loan; Internal meeting to discuss R&D to be included in the Fourth Report, among other items; Draft Fourth Report sections; Correspondence with counsel re: Advanced Metal and review release letter provided by KPMG re: same. |
| June 24, 2018 | Jason Knight  | 2.10  | Draft Fourth Report.                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| June 25, 2018 | Arsheel Muhit | 6.00  | Review A&B fee allocation and adjust model thereof.                                                                                                                                                                                                                                                                                                                                                                                                    |
| June 25, 2018 | Jason Knight  | 8.10  | Draft Fourth Report; Telephone conversation with counsel re: Fourth Report and letter from KPMG re: Advanced Metal; Review Housego examination transcript and include relevant items in the Fourth Report; Review examinations of DenHollander, Pahl, and R. Maljaars to include items relevant in same in the Fourth Report.                                                                                                                          |
| June 26, 2018 | Arsheel Muhit | 3.00  | Finalize fee allocation; Finalize R&D; Correspondence with investors re: status of funds and upcoming report to the Court.                                                                                                                                                                                                                                                                                                                             |
| June 26, 2018 | Jason Knight  | 1.40  | Draft Fourth Report; Review investor distribution workbook and modify same to include distribution of funds received from Inter-fund Investments; Various internal discussions re: Fourth Report; Review letter provided by KPMG re: Advanced Metals.                                                                                                                                                                                                  |
| June 26, 2018 | Rosa Wilford  | 0.25  | Correspondence with the Bank; Review print screens for un-cleared and returned items; Notify team; Emails and general banking administration.                                                                                                                                                                                                                                                                                                          |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date          | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------|---------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 27, 2018 | Jason Knight  | 4.80  | Continue with the Fourth Report; Investor loan and interim distribution model; Draft response to investor email correspondence received re: update on interim distribution; Provide instructions internally to transfer amount received re: investor loan; Perform analysis on release of pro-rata interim distribution to same investor accounts and draft email to NBIN providing instructions on same. |
| June 28, 2018 | Arsheel Muhit | 1.00  | Correspondence with investors re: status of funds and upcoming report to the Court.                                                                                                                                                                                                                                                                                                                       |
| June 28, 2018 | Rosa Wilford  | 0.60  | Review internal email instructions re: Banking wire transfer; Draft letter to the Bank; Prepare disbursement requisition forms: Email correspondences to and from Bank for authorization of transfer; Posting entries; Email wire confirmation to team. General banking administration.                                                                                                                   |
| June 29, 2018 | Jason Knight  | 10.10 | Provide directions to NBIN re: wire transfer received; Internal correspondence re: Fourth Report and Pond wire transfer; Correspondence with counsel re: Fourth Report; Scan and send completed consent letter re: KPMG report; Draft the Fourth Report; Perform review of completed sections and make revisions to same; Draft correspondence to 611 BC re: status of Gold Loans.                        |
| June 29, 2018 | Rosa Wilford  | 0.60  | Review internal email instructions re: Banking; Correspondences with the Bank; Review print screens for expecting wire; Respond to email; Phone calls with Bank; General banking and filing administration.                                                                                                                                                                                               |
| June 30, 2018 | Jason Knight  | 3.60  | Draft the Fourth Report; Review various documents provided by 611 BC and summarize same; Perform final review of the Fourth Report and distribute same internally for review.                                                                                                                                                                                                                             |
| July 3, 2018  | Arsheel Muhit | 1.00  | Correspondence with investors re: status of funds and upcoming report.                                                                                                                                                                                                                                                                                                                                    |
| July 3, 2018  | Bruce Bando   | 4.20  | Review Fourth Report followed by discussions internally and with counsel re: same; Correspondence from counsel re: Dome Mountain.; Internal discussion re: IFDS.                                                                                                                                                                                                                                          |
| July 3, 2018  | Rosa Wilford  | 0.25  | Review internal email instructions re: Banking; Correspondences with the Bank; Review print screens for expecting wire; Respond to email; General banking administration.                                                                                                                                                                                                                                 |

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| Date         | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------|---------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 4, 2018 | Arsheel Muhit | 2.50  | Correspondence with investors re: status of funds and upcoming report/distributions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| July 4, 2018 | Bruce Bando   | 4.70  | Review report regarding Advanced Metals, review PPSA draft and release response and internal discussion re: same; Review response to an investor and discussion with counsel to include C. Smith receivership; Internal discussion on an investor matter and review of correspondence; Report matters; Review draft IFDS agreement and correspondence re: same.                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| July 4, 2018 | Jason Knight  | 5.10  | Review report provided by KPMG re: Advanced Metals and discuss same internally; Draft correspondence to investor re: receivership proceedings; Investigate wire transaction from Pond and discuss same internally; Email correspondence with investor re: Smith and other matters; Review Fourth Report and compile appendices for same; Review and revise Fund Summary workbook and compile appendices for same; Phone conversation with investor re: various matters and debrief conversation with team; Prepare for and attend internal meeting to discuss first review of the Fourth Report; Review changes to Fourth Report and address notes to draft included in same; Finalize revised Fourth Report draft and send same to counsel; Correspondence re: an investor distribution and repayment of loan. |
| July 4, 2018 | Rosa Wilford  | 0.75  | Review internal email instructions re: Banking; Correspondences with the Bank; Review print screens for expecting wires; Respond to emails; General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| July 5, 2018 | Arsheel Muhit | 1.25  | Correspondence with investors re: status of funds and Fourth Report to the Court.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| July 5, 2018 | Bruce Bando   | 4.50  | Correspondence from Pond and review materials; Correspondence from OnStar and internal discussion re: same; Review McCready statement of claim and various correspondence with counsel re: same; Review Clayton Smith materials and consider next steps; Draft correspondence and new appendix to the statutory declaration, discussion and correspondence with counsel and release; Banking matters; Review appendices and report matters and discussion thereof.                                                                                                                                                                                                                                                                                                                                              |

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| Date         | Full Name    | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------|--------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 5, 2018 | Jason Knight | 2.90  | Format and compile Fund Summary appendices and discuss same internally; Review statement of claim re: McCready (Mount Nemo) and discuss same internally; Draft response to OnStar re: repayment of Subscription Gold Agreements; Perform analysis on allocation of Pond interest payment and provide instructions to banking team re: same; Upload and organize Fourth Report appendices for counsel to review; Internal discussions re: investor correspondence and IFDS contacts.                              |
| July 5, 2018 | Rosa Wilford | 0.60  | Review internal email instructions from the team re: Banking; Correspondences with the Bank; Review print screens for expecting wire; Prepare receipt and disbursement requisition forms; Post entries; Email the team notification of wire. General banking administration.                                                                                                                                                                                                                                     |
| July 6, 2018 | Bruce Bando  | 4.00  | Continue with review of appendices and internal discussions thereof; Review and amend response to an investor; Respond to another investor; Various correspondence with NBIN.                                                                                                                                                                                                                                                                                                                                    |
| July 6, 2018 | Jason Knight | 2.60  | Revise and send correspondence to OnStar; Internal discussions re: Fourth Report, specifically Fund Summaries and Interim Distribution workbook; Make revisions to Fund Summaries and Interim Distribution workbook based on discussions and redistribute same to team; Draft response to an investor re: Smith and OSC fine; Prepare for and attend conference call with team to discuss review of appendices; Phone conversation with investor re: various items with respect to the receivership proceedings. |
| July 6, 2018 | Rosa Wilford | 1.25  | Review internal email instructions from the team re: Banking; Review accounts for wire transfers; Draft letters to the Bank; Complete cheque requisition forms; Email correspondences to and from the Bank for authorization of transfers; Posting entries; Email wire confirmations to the team; General banking and filing administration.                                                                                                                                                                     |
| July 9, 2018 | Bruce Bando  | 1.50  | Correspondence with NBIN; Correspondence counsel; Correspondence C. Smith; Internal discussion regarding the report; Call to Enliven and review of materials.                                                                                                                                                                                                                                                                                                                                                    |
| July 9, 2018 | Jason Knight | 3.10  | Review Fund Summaries and revise same; Draft correspondence to counsel re: Fund Summaries; Review counsel's comments, revisions, and additions to the Fourth Report draft; Review and revise R&D up to and including May 31, 2018.                                                                                                                                                                                                                                                                               |

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| Date          | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------|------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 9, 2018  | Jonathan Krieger | 0.30  | Correspondence from investors; Correspondence with team thereto.                                                                                                                                                                                                                                                                                                                           |
| July 9, 2018  | Rosa Wilford     | 0.50  | Review monthly trustee banking summary report for July 2018; Post accrued interest for multiple bank accounts.                                                                                                                                                                                                                                                                             |
| July 10, 2018 | Arsheel Muhit    | 1.00  | Correspondence with investors re: status of the Fourth Report and funds; Proof/review of fund summaries.                                                                                                                                                                                                                                                                                   |
| July 10, 2018 | Bruce Bando      | 5.80  | Review report and internal discussions thereof; Attend meeting with counsel regarding the report and correspondence thereof; Correspondence with the BCSC; Correspondence from counsel re: class certification proceedings; Draft response to an investor.                                                                                                                                 |
| July 10, 2018 | Jason Knight     | 7.10  | Review and update R&D for Fourth Report; Prepare for and attend meeting with counsel and team to discuss the Fourth Report and the next steps with respect to recovery efforts on investments; Debrief meeting with team to discuss additional items to include in the Fourth Report; Begin preparing updated draft Fourth Report to incorporate comments from meeting with counsel.       |
| July 10, 2018 | Jonathan Krieger | 2.00  | Review of the draft report; Correspondence from investors; Meeting at Aird & Berlis re: discussion of the report and relief sought; Discussion with team re: action items.                                                                                                                                                                                                                 |
| July 11, 2018 | Arsheel Muhit    | 0.75  | Correspondence with investors re: upcoming report and status of funds.                                                                                                                                                                                                                                                                                                                     |
| July 11, 2018 | Bruce Bando      | 1.90  | Internal discussion regarding the report; Amend response to an investor; Service list matters; Discussion re: Advanced Metals; Draft notice to investors and forward to counsel; Correspondence with counsel re: same and arrange issuance.                                                                                                                                                |
| July 11, 2018 | Jason Knight     | 5.90  | Update Fund Summary workbook to include comments from internal review; Format Fund Summary workbook and insert tables into the Fourth Report; Continue revisions to the Fourth Report based on internal review, internal discussions, and meeting with counsel; Compile appendices for the Fourth Report and format same; Review draft notice to investors and counsel's comments on same. |

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| Date          | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------|------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 11, 2018 | Jonathan Krieger | 2.30  | Correspondence with the team re: notice to creditors/investors; Correspondence from counsel re: comments; Correspondence from counsel re: action items.                                                                                                                                                                                                                                                                                                                                                                                               |
| July 11, 2018 | Rosa Wilford     | 1.00  | Review various estate bank accounts and reconcile June statements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| July 12, 2018 | Arsheel Muhit    | 2.50  | Correspondence with investors regarding the Notice dated July 12 <sup>th</sup> and status of the Fourth Report; Send notice to the investors.                                                                                                                                                                                                                                                                                                                                                                                                         |
| July 12, 2018 | Bruce Bando      | 3.70  | Review demands on guarantors and various correspondence with counsel; Review appendices to the report and various internal discussions thereof; Various correspondence with Spectrum re: rates; Conference call with Enliven; Investor correspondence matters.                                                                                                                                                                                                                                                                                        |
| July 12, 2018 | Jason Knight     | 7.30  | Finalize and review statement of receipts and disbursements; Internal discussions re: correspondence received from investors re: interim distribution and investigate same; Draft correspondence to Richardson GMP re: status of the Fourth Report; Telephone conversation with Enliven re: certain Residential Mortgages; Review and finalize Fund Summary workbook and include individual appendices in the Fourth Report.                                                                                                                          |
| July 13, 2018 | Arsheel Muhit    | 2.00  | Correspondence with investors re: status of funds, upcoming report, recent notice to investors and accessing funds.                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| July 13, 2018 | Bruce Bando      | 6.00  | Correspondence with NBIN; Investor inquiry; Various correspondence from counsel re: Zomongo; Review and amend report; Discussion re: Advanced Metals; Discussion with counsel on the report and review counsel's changes to the report; Review correspondence from accountants to Advanced Metals.                                                                                                                                                                                                                                                    |
| July 13, 2018 | Jason Knight     | 3.40  | Review NBIN June 2018 invoice and prepare analysis allocating same amongst the Funds; Draft correspondence to NBIN providing directions for payment of the June 2018 invoice; Review counsel's correspondence to Restoration Energy; Review comments on R&D and make revisions to same; Review correspondence from counsel to counter-parties of Factoring Fund investments; Provide instructions to post service list; Perform review of Fourth Report and comments to same from counsel; Review various correspondence from counsel re: Zomongo TV. |

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| Date          | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------|------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 16, 2018 | Arsheel Muhit    | 1.25  | Correspondence with investors re: status of the receivership and upcoming report to the Court.                                                                                                                                                                                                                                                                                                                                 |
| July 16, 2018 | Bruce Bando      | 3.20  | Report matters to include internal meeting to discuss the report and appendices; Discussion regarding an investor inquiry; Correspondence from counsel re: Restoration Energy and review thereof; Correspondence with Spectrum on renewals; Discussion and review of correspondence from an investor; Discussion re: mortgages.                                                                                                |
| July 16, 2018 | Jason Knight     | 8.40  | Prepare for and attend internal meeting to discuss the Fourth Report and review of the appendices included in same; Draft and update Fourth Report based on results of the internal meeting; Discuss investor correspondence received and required responses to same; Review correspondence from Spectrum re: increase of rates to mortgages and discuss same internally; Compile and review appendices for the Fourth Report. |
| July 16, 2018 | Jonathan Krieger | 3.90  | Call with counsel re: discussion of alternatives with respect to remaining loans; Correspondence with team re: report to the Court; Review of the report to the Court and draft as required; Further correspondence with team re: amendments to schedule presentation.                                                                                                                                                         |
| July 17, 2018 | Arsheel Muhit    | 1.00  | Correspondence with investors re: status of upcoming report to the Court and potential second interim distribution.                                                                                                                                                                                                                                                                                                            |
| July 17, 2018 | Bruce Bando      | 7.30  | Review and amend report and discussions thereof; Review and amend appendices.                                                                                                                                                                                                                                                                                                                                                  |
| July 17, 2018 | Jason Knight     | 5.10  | Update interim distribution table and include same in the Fourth Report; Various discussions re: Fourth Report and appendices included in same; Prepare revised draft of email to investor re: interim distribution and discrepancy between NBIN and IFDS records; Revise R&D to include fee accruals and ensure same are correct; Draft correspondence internally re: Fourth Report.                                          |
| July 17, 2018 | Jonathan Krieger | 1.20  | Meeting with team re: review of the report comments; Further review of report and Exec Summary.                                                                                                                                                                                                                                                                                                                                |
| July 18, 2018 | Bruce Bando      | 1.30  | Various discussions regarding the report and review thereof.                                                                                                                                                                                                                                                                                                                                                                   |

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| Date          | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------|------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 18, 2018 | Jason Knight     | 1.60  | Review and finalize the Fourth Report and draft correspondence to counsel re: same; Internal discussions re: interim distribution workbook and reserve included for professional fees; Telephone conversation with an investor re: US Real Estate LP; Review draft email to an investor re: Bullion Fund and make revisions to same.                                                                                                                                                |
| July 18, 2018 | Jonathan Krieger | 0.50  | Correspondence re: matters related to report; Review of correspondence with counsel.                                                                                                                                                                                                                                                                                                                                                                                                |
| July 18, 2018 | Rania Erian      | 0.60  | Prepare Affidavit of Fees.                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| July 19, 2018 | Arsheel Muhit    | 0.50  | Correspondence with investors re: status of CW funds and the upcoming report.                                                                                                                                                                                                                                                                                                                                                                                                       |
| July 19, 2018 | Bruce Bando      | 1.70  | Correspondence with counsel re: documents to be posted on the case website; Correspondence with Spectrum re: portfolio; Various correspondence with Xynergy and review thereof regarding offer; Correspondence from Inca One; Review of financials and discussion thereof; Review and swear affidavit; Correspondence Waddington's.                                                                                                                                                 |
| July 19, 2018 | Jason Knight     | 0.90  | Internal discussions re: Inca One settlement; Review correspondence from Spectrum re: Residential Mortgages; Review correspondence from counsel re: legal proceedings and BDO LLP Statement of Claim.                                                                                                                                                                                                                                                                               |
| July 19, 2018 | Rosa Wilford     | 1.00  | Review various banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| July 20, 2018 | Arsheel Muhit    | 1.25  | Correspondence with investors; prepare and send notice to investors.                                                                                                                                                                                                                                                                                                                                                                                                                |
| July 20, 2018 | Bruce Bando      | 2.90  | Review draft report from counsel and various correspondence and discussion with counsel thereof; Review Notice of Motion; Internal discussions regarding the case website.                                                                                                                                                                                                                                                                                                          |
| July 20, 2018 | Jason Knight     | 4.30  | Internal discussions re: finalization of the Fourth Report; Draft notice to investors and website update re: issuance of the Fourth Report and provide same to counsel for review; Update appendices, perform final review, and send same to counsel for inclusion in motion materials; Coordinate release of the Fourth Report and inclusion of same on case website; Administer case website to include examination transcripts and other supporting documents re: Fourth Report. |

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| Date          | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                    |
|---------------|-------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 20, 2018 | Jonathan Krieger  | 1.70  | Finalize report to Court; Discussions with the team re: amendments required; Review of correspondence from counsel.                                                                                                                                                                                                                                                       |
| July 23, 2018 | Arsheel Muhit     | 1.25  | Correspondence with investors re: Fourth Report inquiries.                                                                                                                                                                                                                                                                                                                |
| July 23, 2018 | Jason Knight      | 0.90  | Review correspondence from counsel re: legal actions; Review investor emails received to the Crystal Wealth inbox and draft responses to same; Review and organize various correspondence received from CRA, Ministry of Finance, and creditors; Review correspondence from counsel re: Restoration Energy; Administer case website re: service list and other documents. |
| July 23, 2018 | Valerie Naccarato | 0.20  | Follow internal email instructions, prepare deposit form, post entry; General banking administration; Deposit at bank.                                                                                                                                                                                                                                                    |
| July 24, 2018 | Arsheel Muhit     | 5.00  | Correspondence with investors re: Fourth Report; Review Fourth Report to Court.                                                                                                                                                                                                                                                                                           |
| July 24, 2018 | Jonathan Krieger  | 0.50  | Review of materials re: Court motion; Conference call with Aird & Berlis and BC counsel.                                                                                                                                                                                                                                                                                  |
| July 25, 2018 | Jason Knight      | 1.10  | Phone conversation with investors re: Sustainable Dividend Fund and Sustainable Property Fund; Internal discussions re: various investor correspondence; Review correspondence and information regarding the NFL Participation Agreements; Review correspondence from Spectrum re: remaining mortgages in Mortgage Fund and High Yield Mortgage Fund.                     |
| July 26, 2018 | Arsheel Muhit     | 0.75  | Correspondence with investors re: Fourth Report.                                                                                                                                                                                                                                                                                                                          |
| July 26, 2018 | Jason Knight      | 0.50  | Review correspondence from investors and draft responses to same; Review summaries provided by Spectrum.                                                                                                                                                                                                                                                                  |
| July 27, 2018 | Arsheel Muhit     | 1.00  | Correspondence with investors re: Fourth Report.                                                                                                                                                                                                                                                                                                                          |

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| Date           | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------|---------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 30, 2018  | Bruce Bando   | 3.70  | Correspondence from Wells Fargo and internal discussion re: same; Investor correspondence and discussions thereof; Review correspondence and offer from Inca One, discuss same and draft response followed by discussion with counsel and issuance of response; Review correspondence regarding Advanced Metals and respond to BMO; Discussion with BMO re: same; Review Waddington's terms and discussion re: same. |
| July 30, 2018  | Jason Knight  | 2.60  | Review claims submitted by NBIN and BDO LLP and review supporting documentation re: same; Discuss claims procedure and the allocation of claims, if any, against the CWMSL; Phone conversation with counsel re: potential management fee to be claimed by the management company from the Funds.                                                                                                                     |
| July 31, 2018  | Bruce Bando   | 2.30  | Discussion with counsel regarding Advanced Metals followed by correspondence to BMO re: same; Review Pond matters and correspondence to Pond; Review of status, internal discussion and correspondence with Spectrum regarding the portfolio; Discussion regarding sale of art and Wells Fargo collateral and review of documentation thereof.                                                                       |
| July 31, 2018  | Jason Knight  | 0.70  | Internal discussions re: Pond shares and Residential Mortgages; Correspondence with the auctioneer re: art work and other items to sell; Draft correspondence to Wells Fargo re: email providing notice of security discharge re: Single Source assets.                                                                                                                                                              |
| August 1, 2018 | Arsheel Muhit | 1.00  | Correspondence with investors re: status of distribution and questions from the Fourth Report.                                                                                                                                                                                                                                                                                                                       |
| August 1, 2018 | Bruce Bando   | 1.60  | Correspondence with Pond; File management matters; Review and amend response to an investor; Review PPSA notices re: Dome et. al. and respond to counsel; Discussion with counsel re: C. Smith statutory declaration; Respond to another investor re: timing of the distribution.                                                                                                                                    |
| August 1, 2018 | Jason Knight  | 0.80  | Correspondence re: sale of artwork and discuss same internally; Discussion re: Pond shares and warrants; Draft email responses to investor correspondence received re: BDO LLP action and the Fourth Report; Review transactions provided by TD for Crystal Wealth Marketing Inc. and discuss same internally.                                                                                                       |
| August 2, 2018 | Arsheel Muhit | 1.00  | Correspondence with investors re. Fourth Report; Internal correspondence re: trademark                                                                                                                                                                                                                                                                                                                               |

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| Date           | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                           |
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|                |                   |       | renewal.                                                                                                                                                                                                                                                                                                                                                                         |
| August 2, 2018 | Bruce Bando       | 1.50  | Discussions regarding CW Marketing and review of materials; Discussions regarding banking matters and approval of same.                                                                                                                                                                                                                                                          |
| August 2, 2018 | Jason Knight      | 1.90  | Internal discussions re: TD transaction history re: CW Marketing Inc.; Provide banking instructions for fund transfers; Prepare analysis of allocation of professional fees and transfers required amongst Funds for the payment of same.                                                                                                                                        |
| August 2, 2018 | Rosa Wilford      | 1.10  | Review internal email instructions from the team re: Banking; Review account ledger; Transfer funds; Prepare receipt requisition form; Post entries; General banking administration.                                                                                                                                                                                             |
| August 3, 2018 | Bruce Bando       | 2.10  | Review of files and various correspondence regarding trademarks; Correspondence with NBIN; Discussion with Pond; Correspondence with broker; Correspondence to BMO re: Advanced Metals; Various correspondence with Spectrum and review thereof; Correspondence with counsel re: Dome Mountain potential payout and OOM Energy matters.                                          |
| August 3, 2018 | Jason Knight      | 1.10  | Phone conversation with investor re: Fourth Report and other matters re: recovery of certain assets; Correspondence re: trademark.                                                                                                                                                                                                                                               |
| August 3, 2018 | Valerie Naccarato | 0.10  | Deposit at bank.                                                                                                                                                                                                                                                                                                                                                                 |
| August 7, 2018 | Arsheel Muhit     | 0.75  | Correspondence with investors re: status of funds, the Fourth report and general inquiries.                                                                                                                                                                                                                                                                                      |
| August 7, 2018 | Bruce Bando       | 3.20  | Review correspondence and attachment from Spectrum; Review and draft response to an investor; Discussion with the bank re: Advanced Metals; Review and amend correspondence to the TD Bank re: CWMI and discussions thereof; Review response from the TD Bank and discussions thereof and various correspondence with counsel; Correspondence with counsel re: investor inquiry. |
| August 7, 2018 | Jason Knight      | 0.90  | Review investor correspondence received and responses to same; Revise draft investor responses and discuss same internally; Draft correspondence to TD Bank re: Crystal Wealth Marketing Inc. and discuss same internally.                                                                                                                                                       |
| August 7, 2018 | Rosa Wilford      | 0.25  | Review monthly invoice payments; Prepare disbursement requisition forms; Post entries; issue cheque; General banking administration.                                                                                                                                                                                                                                             |

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| Date            | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                               |
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| August 8, 2018  | Arsheel Muhit     | 1.25  | Correspondence with investors re: status of funds and receivership.                                                                                                                                                                                                                                                                                                                                  |
| August 8, 2018  | Bruce Bando       | 1.30  | Discussion and correspondence with BMO re: Advanced Metals; Correspondence with counsel re: OOM Energy; Discussion with counsel re: McCready litigation, Advanced Metals; CWMI and trademarks matters; Correspondence re: Wells Fargo and sale of Caterpillar equipment.                                                                                                                             |
| August 8, 2018  | Jason Knight      | 0.60  | Draft correspondence and analysis to counsel re: Single Source equipment and Wells Fargo correspondence re: same; Internal discussions re: investor correspondence.                                                                                                                                                                                                                                  |
| August 8, 2018  | Rosa Wilford      | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                      |
| August 9, 2018  | Arsheel Muhit     | 0.75  | Correspondence with creditors re: upcoming distribution and status of proceedings.                                                                                                                                                                                                                                                                                                                   |
| August 9, 2018  | Bruce Bando       | 0.70  | Various correspondence with counsel re: investor inquiry, pending bankruptcy applications and other outstanding matters; Review correspondence to an investor; Correspondence re: trademarks.                                                                                                                                                                                                        |
| August 9, 2018  | Jason Knight      | 2.40  | Review and draft responses to investor correspondence received; Various correspondence with counsel and internally re: litigation and items outstanding; Draft correspondence to an investor and NBIN re: release of interim distribution; Correspondence with storage company re: delivery of certain assets; Correspondence with art auctioneer and completion of required documentation for same. |
| August 9, 2018  | Rosa Wilford      | 1.00  | Review various estate bank accounts and reconcile July statements.                                                                                                                                                                                                                                                                                                                                   |
| August 9, 2018  | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                      |
| August 10, 2018 | Bruce Bando       | 3.00  | Conference call with counsel on outstanding matters; Discussion and correspondence with counsel re: trademarks; Arrange execution of MLT engagement letter and forward same; Correspondence BMO and then Advanced Metals; Conference call with bankruptcy trustee and counsel; Discussion re: fee allocation and true up; Correspondence NBIN re: outstanding distribution.                          |

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| Date            | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
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| August 10, 2018 | Jason Knight     | 4.80  | Prepare analysis of professional fee allocation amongst the various Crystal Wealth Funds and required transfers to the Mortgage Fund; Discuss analysis internally and draft instructions to NBIN and internal banking group to affect transfers; Review custody fee invoice from NBIN for July 2018 and allocate same amongst the Funds; Draft correspondence to NBIN re: custody fee payment; Prepare for and attend conference call with counsel to discuss status of file and items to be completed; Draft letter to CRA requesting trust exams; Prepare for and attend conference call with counsel and Alberta counsel re: bankruptcy filings and litigation; Phone conversation with an investor re: agreement and the payment of amounts due to same; Prepare for and attend conference call with counsel to discuss patents and trademarks. |
| August 10, 2018 | Jonathan Krieger | 1.00  | Discussion with team; Correspondence thereto; Conference call with MLT re: matters related to loans in BC/Alberta; Correspondence with counsel thereto.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| August 10, 2018 | Rosa Wilford     | 2.75  | Review internal email instructions re: Banking various wire transfers; Draft letters to Bank; Prepare disbursement requisition forms; Email correspondences to and from Bank for authorization of transfers; Faxing; Posting entries; Email wire confirmations to the team; General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| August 13, 2018 | Bruce Bando      | 0.60  | Review factum re: C. Clydesdale and discussion with counsel.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| August 13, 2018 | Jason Knight     | 1.90  | Review Factum re: C. Clydesdale and discuss same internally; Provide directions to NBIN re: wire transfers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| August 14, 2018 | Bruce Bando      | 0.90  | Review correspondence re: CWMI and discussion thereof; Correspondence with the BCSC; Discussion with counsel re: upcoming motion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| August 14, 2018 | Jason Knight     | 0.70  | Draft email correspondence re: Crystal Wealth Marketing Inc. and discuss same internally; Revise email correspondence and send same to former advisor; Correspondence re: Single Source lien discharge; Correspondence re: investor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.



| Date            | Full Name    | Hours | Detail                                                                                                                                                                                                                                                                                                                                                          |
|-----------------|--------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 15, 2018 | Bruce Bando  | 1.80  | Various correspondence with Spectrum regarding a prospective purchaser and internal discussions thereof; Correspondence and discussions from counsel regarding J. Froese undertakings, response and review thereof; Correspondence with Spectrum regarding a specific mortgage and corresponding write-off and review thereof.                                  |
| August 15, 2018 | Jason Knight | 1.40  | Review correspondence re: OOM Energy; Discuss correspondence and offer from Spectrum re: Residential Mortgages; Discuss discharge of Residential Mortgages; Review correspondence re: Froese and statements made in the Fourth Report; Review counsel's responses to same; Review information provided by Froese re: examination requests.                      |
| August 16, 2018 | Bruce Bando  | 0.40  | Various correspondence with counsel re: J. Froese undertakings; Correspondence with NBIN re: Spectrum deposit; Review of and discussion regarding sale of artwork.                                                                                                                                                                                              |
| August 16, 2018 | Jason Knight | 1.10  | Review correspondence re: Froese and statements made in the Fourth Report; Review counsel's responses to same; Discussion re: artwork and correspondence with auctioneer re: same; Review weekly Spectrum report.                                                                                                                                               |
| August 16, 2018 | Rosa Wilford | 0.80  | Review various banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                             |
| August 17, 2018 | Bruce Bando  | 1.20  | Correspondence, review and discussion with counsel regarding C. Clydesdale correspondence from his counsel and case website matters; Correspondence with counsel regarding PPSA notices; Discussion with BMO regarding Advanced Metals; Correspondence from counsel re: Clydesdale and Froese undertakings; Correspondence from NBIB re: investor distribution. |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date            | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------|-------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 17, 2018 | Jason Knight      | 0.50  | Review NBIN information re: investor distribution; Draft correspondence to such investor re: distribution; Administration of Case Website; Review correspondence from counsel re: OOM Energy and Frontline Factoring;                                                                                                                                                                                                                             |
| August 17, 2018 | Jonathan Krieger  | 0.60  | Review of correspondence from counsel re: upcoming motion; Correspondence re: matters related to portfolio status.                                                                                                                                                                                                                                                                                                                                |
| August 20, 2018 | Arsheel Muhit     | 2.00  | Draft notice to investors re: court attendance and order dated August 20, 2018; Review of counsel's invoices in preparation of payments; Correspondence with investors re: accessing funds, the Fourth Report, timing of upcoming distribution and status update on proceedings.                                                                                                                                                                  |
| August 20, 2018 | Bruce Bando       | 5.50  | Prepare for and attend Court; Correspondence with NBIN re: deposit from Spectrum and interim distribution to an investor; Review and amend a notice to investors; Correspondence from counsel re: Adair proceedings and review thereof; Correspondence from counsel re: provincial registrations; Correspondence with counsel regarding implementation of the Court Orders as well as C. Clydesdale matters; Case website matters.                |
| August 20, 2018 | Jonathan Krieger  | 0.40  | Discussion with team and counsel re: Court motion and results.                                                                                                                                                                                                                                                                                                                                                                                    |
| August 21, 2018 | Arsheel Muhit     | 0.50  | Send notice to investors and post to website.                                                                                                                                                                                                                                                                                                                                                                                                     |
| August 21, 2018 | Bruce Bando       | 2.40  | Court matters to include case website; Finalize notice to investors; Various correspondence with counsel re: BDO LLP matters and demands of commercial loans and US real estate status; File management; Correspondence BLG re: trademarks.                                                                                                                                                                                                       |
| August 21, 2018 | Jason Knight      | 1.90  | Review August 20th materials and Endorsement; Review correspondence from counsel to various parties re: August 20th Order; Internal call to discuss items to be completed and distribution of funds to investors; Prepare and update analysis for the repayment of professional fees on behalf of the Mortgage Fund; Review and revise notice to investors and discuss same internally; Review correspondence from counsel re: US Real Estate LP. |
| August 21, 2018 | Valerie Naccarato | 0.20  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                   |
| August 22, 2018 | Arsheel Muhit     | 0.50  | Correspondence with NBIN re: investor inquiry into transferring account; Correspondence with CRA re. Trust and HST Exams.                                                                                                                                                                                                                                                                                                                         |

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| Date            | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------|---------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 22, 2018 | Bruce Bando   | 1.00  | Correspondence with broker re: Pond; Various correspondence with counsel regarding BDO LLP action and review of documents; Review default letter to Advanced Metals followed by correspondence with counsel; Correspondence regarding C. Clydesdale meeting and concern thereof.                                                                                                                                                                                                                                                                                                                                                       |
| August 22, 2018 | Jason Knight  | 3.80  | Review correspondence from Cinnos re: Infrastructure Fund; Review correspondence from counsel re: bankruptcies; Draft instructions to NBIN re: transfer of funds; Internal discussions re: trust exams; Draft letter to CRA re: NR4 forms and include same; Prepare analysis for payment of professional fees and provide instructions to banking team re: same; Review documents re: promissory note and draft letter to Cinnos re: same; Calculate interest owing under the Cinnos Promissory Note and include schedule of calculation in the letter to Cinnos; Review draft letter to Advanced Metals and provide comments on same. |
| August 23, 2018 | Arsheel Muhit | 0.50  | Correspondence with investors re: status of proceedings and interim distribution.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| August 23, 2018 | Bruce Bando   | 3.20  | Discussion regarding BDO LLP mediation, second interim distribution and other matters; Review and final draft letters to Cinnos; Review draft and final emails to S. Whale; Discussion with broker re: Pond shares and internal discussion and correspondence thereof; Correspondence with counsel re: trademarks; Correspondence with KPMG re: Advanced Metals and discussions with BMO re: same; Review Class Action report.                                                                                                                                                                                                         |
| August 23, 2018 | Jason Knight  | 6.10  | Review correspondence received from counsel re: BDO LLP matters and file supporting documents included in same; Discuss BDO LLP matters internally; Draft email correspondence to former advisor and discuss same internally; Review and finalize letter re: Advanced Metals; Review and finalize letter to Cinnos re: Convertible Promissory Note; Prepare second interim distribution workbook and schedules to be provided to each of the broker/dealers; Draft letter to be provided to broker/dealers re: second interim distribution and compile contact information re: same.                                                   |

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| Date            | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------|-------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 24, 2018 | Arsheel Muhit     | 2.25  | Correspondence with investors re. Fourth Report, second distribution and general matters re: status of funds.                                                                                                                                                                                                                                                                                                                                                                              |
| August 24, 2018 | Bruce Bando       | 2.00  | Correspondence with counsel re: investor response; File matters; Review correspondence from counsel to bankruptcy trustee, assemble documents and respond; Discussion with counsel to the trustee followed by correspondence to counsel; Review investor response, amend and discussions internally and with counsel.                                                                                                                                                                      |
| August 24, 2018 | Jason Knight      | 4.80  | Send email correspondence to broker / dealers re: Second Interim Distribution enclosing letter re: same; Internal discussions re: response to investor correspondence; Draft letters to brokers who had not provided a responses for the first interim distribution; Review correspondence received from counsel re: US Real Estate LP, Smith, and Dome Mountain and discuss same internally; Review draft correspondence re: investor; Coordinate and organize distribution to investors. |
| August 27, 2018 | Bruce Bando       | 4.40  | Review correspondence from Pond and amended agreement and respond; Correspondence from counsel regarding US real estate and Smith undertakings; Discussion regarding a specific response to an investor; Various correspondence and discussions with counsel and counsel to the proposed trustee re: bankruptcy affidavits, review and amend same and internal discussions thereof.                                                                                                        |
| August 27, 2018 | Jason Knight      | 4.10  | Discuss draft response to investor internally and revise same; Correspondence with former advisor re: April 20th Package and location of same; Coordinate release of letters to broker/dealers who did not receive first interim distribution; Internal correspondence re: CRA; Review and revise draft affidavits for bankruptcy applications for Solid Holdings, 647 BC, 156 Alberta, and Restoration Energy; Internal discussions re: draft affidavits and changes made to same.        |
| August 27, 2018 | Valerie Naccarato | 1.20  | Review internal instructions re: Banking; Correspondences with Bank; Review print screens for expecting wire; Prepare receipt and disbursement requisition forms; Post entries; Issue cheques; Email team notification of wire; General banking administration.                                                                                                                                                                                                                            |

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| Date            | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                    |
|-----------------|---------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 28, 2018 | Bruce Bando   | 2.80  | Various discussions, conference call and correspondence regarding the affidavits and reviews thereof; Attend at counsel's office and execute same; Various correspondence with counsel re: 109 BC; Correspondence with BMO re: Advanced Metals. Correspondence re: C. Smith undertakings.                                                 |
| August 28, 2018 | Jason Knight  | 2.10  | Correspondence with brokers re: interim distribution and coordinating the documents required for same; Internal discussions re: Advanced Metals; Coordinate release of bankruptcy motion materials and review of same.                                                                                                                    |
| August 29, 2018 | Arsheel Muhit | 1.25  | Correspondence with investors re: upcoming distribution, status of receivership and the Fourth Report.                                                                                                                                                                                                                                    |
| August 29, 2018 | Bruce Bando   | 0.70  | Correspondence with counsel on Advanced Metals; CRA trust exam matters; Correspondence with BSCS; Correspondence with AGB LLP.                                                                                                                                                                                                            |
| August 30, 2018 | Arsheel Muhit | 0.75  | Correspondence with CRA re: trust examination and documents required for same; Correspondence with Tert & Ross re: obtaining certain documentation from storage for trust exam; Internal discussions re: trust exam.                                                                                                                      |
| August 30, 2018 | Jason Knight  | 0.70  | Internal meetings and correspondence re: various matters; Review correspondence re: CRA trust exams and information required for same.                                                                                                                                                                                                    |
| August 31, 2018 | Arsheel Muhit | 1.25  | Correspondence with investors re: status of proceedings and the Fourth Report; Correspondence with Tert & Ross re: storage files.                                                                                                                                                                                                         |
| August 31, 2018 | Bruce Bando   | 1.90  | Correspondence regarding Pond shares and review thereof; Correspondence regarding first auction of prints; Correspondence from counsel regarding security registration on 647, proposed statement of claim against certain guarantors and review thereof; Correspondence with BCSC; Review of certain materials re: C. Smith undertaking. |

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| Date              | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------|------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 31, 2018   | Jason Knight     | 4.10  | Review correspondence received from investors; Review vendor receipt re: artwork and discuss same internally; Discuss next steps re: Advanced Metals with team and review information provided by same; Review enforcement documents provided by counsel; Administration of case website; Correspondence with brokers re: interim distribution; Review monthly Residential Mortgage report provided by Spectrum.    |
| August 31, 2018   | Jonathan Krieger | 1.00  | Correspondence from Alberta Securities Commission; Correspondence re: matters related to fund valuation.                                                                                                                                                                                                                                                                                                            |
| September 4, 2018 | Arsheel Muhit    | 0.50  | Various correspondence with investors re: status of funds and upcoming distribution.                                                                                                                                                                                                                                                                                                                                |
| September 4, 2018 | Bruce Bando      | 3.90  | Correspondence from D. Pahl and C. Smith, review thereof and discussion with counsel; Review and discussion of investor responses; Review and amend letter to TD Bank re: CWMI; Various correspondence with BMO; Review execute and return agreement; Review materials from US Real Estate counsel; Correspondence with BCSC; Statement of Claim matters re: guarantors and review of draft correspondence thereof. |
| September 4, 2018 | Jason Knight     | 2.30  | Review correspondence received from investors and draft responses to same for review; Correspondence re: Cinnos; Correspondence and discussions re: C. Smith consent and spouse consent: Crystal Wealth Marketing Inc. matters; Draft correspondence to TD Bank re: Crystal Wealth Marketing Inc; Internal discussions re: Advanced Metal; Phone conversation with investor re: second interim distribution.        |
| September 4, 2018 | Jonathan Krieger | 1.00  | Review of information re: distribution, upcoming Court motion; Call with ASC re: investigation and access to information; Correspondence with team thereto and review of information.                                                                                                                                                                                                                               |
| September 5, 2018 | Arsheel Muhit    | 2.00  | Various correspondence with investors and NBIN re: accessing funds and estate transfers.                                                                                                                                                                                                                                                                                                                            |
| September 5, 2018 | Bruce Bando      | 2.40  | Correspondence with counsel re: C. Smith undertakings; Correspondence from Pond; Discussion and correspondence with counsel regarding OSC inquiry; Discussion regarding preparation for second interim distribution and investor inquiry; Prepare for and attend meeting with AGB LLP and internal discussion thereafter; Review records re: BDO LLP.                                                               |

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| Date               | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------|-------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 5, 2018  | Jason Knight      | 3.40  | Draft email correspondence to NBIN re: second distribution; Prepare and update schedules for NBIN to facilitate second distribution; Prepare for and attend meeting with AGB LLP re: BDO LLP action and debrief same internally; Review documents provided by BDO LLP's counsel and discuss contents of same; Review correspondence from investors and discuss same internally; Draft email correspondence to broker re: second distribution and prepare schedules to include in same; Review information provided for US Real Estate LP; Review bankruptcy materials for 647 BC and Solid Holdings. |
| September 6, 2018  | Bruce Bando       | 1.30  | Various correspondence with AGB LLP regarding meditation and retainer; US real estate review followed by instructions to counsel; Correspondence with counsel regarding OSC matters.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| September 6, 2018  | Jason Knight      | 1.20  | Review correspondence from counsel re: OOM Energy; Compile documents requested by AGB LLP and upload same to Dropbox; Draft correspondence to AGB LLP re: information uploaded.                                                                                                                                                                                                                                                                                                                                                                                                                      |
| September 6, 2018  | Jonathan Krieger  | 0.50  | Correspondence and review of documents re: litigation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| September 6, 2018  | Rosa Wilford      | 0.75  | Review internal email instructions re: Banking wire transfer; Draft letter to Bank; Prepare disbursement requisition forms; Email correspondences to and from Bank for authorization of transfer; Posting entries; Email wire confirmation to the team; General banking administration.                                                                                                                                                                                                                                                                                                              |
| September 7, 2018  | Bruce Bando       | 0.90  | Prepare for and conduct conference call with Cinnos.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| September 7, 2018  | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| September 10, 2018 | Bruce Bando       | 2.60  | Various correspondence related to the status/ask regarding the US real estate; Correspondence with NBIN regarding second interim distribution; Conference call with KPMG, followed by executing and sending the notice of default; Internal correspondence regarding Pond shares and undertaking of C. Smith spouse; Review correspondence related to the BDO LLP litigation; Internal discussion re: same.                                                                                                                                                                                          |

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| Date               | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------|------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 10, 2018 | Jason Knight     | 4.10  | Phone call with Richardson GMP re: interim distribution and schedule accompanied with same; Correspondence re: investor and review account information re: payments to NBIN; Revise NBIN distribution schedules and draft correspondence to NBIN re: same; Phone conversation with investor re: Court attendance; Phone conversation with KPMG re: Advanced Metals; Locate, compile and upload information requested by AGB LLP to Dropbox; Correspondence with AGB LLP re: various items re: BDO LLP; Prepare analysis re: NAV reconciliation requested by AGB LLP. |
| September 11, 2018 | Bruce Bando      | 3.20  | Correspondence regarding outstanding undertakings of Messrs. Pahl et. al. and review thereof; Correspondence and discussion with counsel re: D. Pahl email; Review correspondence to the bank re: C. Smith spouse accounts; Discussions, conference call and various correspondence with counsel re: OSC request and review of documents; Review correspondence and attachments from Cinnos; Review and discuss analysis for AGB LLP; Correspondence Hampton Securities re: Pond shares and research and discussion thereof.                                         |
| September 11, 2018 | Jason Knight     | 4.70  | Draft letter to TD Bank re: C. Smith spouse bank statements and compile necessary supporting schedules to be included in same; Internal discussions re: letter to TD Bank; Prepare realization analysis and discuss same internally; Revise realization analysis; Correspondence with an investor re: outstanding loan; Review correspondence from counsel re: OSC; Administer case website; Review correspondence re: Dome Mountain.                                                                                                                                |
| September 11, 2018 | Jonathan Krieger | 0.90  | Review of information from counsel re: request of OSC; Call with the team thereto; Conference call with counsel re: matters related to request for information.                                                                                                                                                                                                                                                                                                                                                                                                      |
| September 11, 2018 | Rania Erian      | 0.10  | Upload documents to the case website.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| September 11, 2018 | Rosa Wilford     | 1.00  | Review various estate bank accounts and reconcile August statements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| September 12, 2018 | Arsheel Muhit    | 0.50  | Correspondence with investor re: account matters; Review Crystal Wealth storage boxes for tax information in advance of CRA trust exam.                                                                                                                                                                                                                                                                                                                                                                                                                              |

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| Date               | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------|------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 12, 2018 | Bruce Bando      | 0.80  | Correspondence and discussion with the OSB - Calgary; Correspondence with bankruptcy counsel re: same; Correspondence from D. Pahl and counsel; CRA trust exam matters; McCready matters.                                                                                                                                                                                                                                                              |
| September 13, 2018 | Arsheel Muhit    | 0.50  | Correspondence with investor re: status of upcoming distribution; Internal discussion re: upcoming CRA trust exams and HST returns.                                                                                                                                                                                                                                                                                                                    |
| September 13, 2018 | Bruce Bando      | 0.90  | Various correspondence re: Dome Mountain; File matters; Analysis re: shortfall for purposes of the mediation and correspondence thereof.                                                                                                                                                                                                                                                                                                               |
| September 13, 2018 | Rosa Wilford     | 1.00  | Review banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                                                                                                                            |
| September 14, 2018 | Arsheel Muhit    | 1.00  | Various correspondence with investors re: address change, account administration, the Fourth Report, and upcoming distribution.                                                                                                                                                                                                                                                                                                                        |
| September 14, 2018 | Bruce Bando      | 0.30  | Correspondence from counsel re: McCready; Correspondence to AGB LLP.                                                                                                                                                                                                                                                                                                                                                                                   |
| September 15, 2018 | Bruce Bando      | 0.20  | Correspondence with counsel to the Trustee and review thereof.                                                                                                                                                                                                                                                                                                                                                                                         |
| September 17, 2018 | Bruce Bando      | 0.80  | Correspondence with AGB LLP and begin review of mediation documents; Internal discussion regarding investor response and NBIN fees; Correspondence with Trustee.                                                                                                                                                                                                                                                                                       |
| September 17, 2018 | Jason Knight     | 4.80  | Internal meeting to discuss various items re: Crystal Wealth administration; Various correspondence with Richardson GMP re: investor listing and accuracy of same; Correspondence with NBIN re: investor listing; Review correspondence from an investor re: mortgages; Review weekly Spectrum report provided by same; Reviewing Mediation Brief filed by AGB LLP and Blakes; Coordinate payment of monthly NBIN fees and allocate same to the Funds. |
| September 17, 2018 | Jonathan Krieger | 0.50  | Correspondence and discussions with the team re: matters related to litigation; Review of correspondence thereto.                                                                                                                                                                                                                                                                                                                                      |

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| Date               | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------|------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 18, 2018 | Bruce Bando      | 1.80  | Review mediation materials; Review A. Housego statutory declaration; Review correspondence and indemnity re: GMP and provide comments; Discussion re: Second Interim Distribution logistics; Correspondence with Trustee and search for contact details; Correspondence with counsel re: Solid Holdings.                                                                                                                |
| September 18, 2018 | Jason Knight     | 2.90  | Review indemnity letter provided by Richardson GMP, discuss same internally and revise same to include certain provisions; Review responding materials filed by Solid Holdings re: bankruptcy application; Revise investor distribution list based on Richardson GMP Comments; Review statutory declaration provided by A. Housego; Prepare approval documentation for Second Distribution and discuss same internally. |
| September 19, 2018 | Bruce Bando      | 1.00  | Various matters pertaining to the second interim distribution; Prepare for and attend meeting at AGB LLP and subsequent review of documents; Correspondence with counsel re: Zomongo; Various correspondence with Trustee counsel.                                                                                                                                                                                      |
| September 19, 2018 | Jason Knight     | 4.80  | Prepare for and attend meeting with AGB LLP to discuss upcoming mediation, including review of report; Review mediation brief from Media House Capital; Draft correspondence to team to outline potential distribution to brokers via wire transfers; Correspondence with various brokers re: distribution and schedule of investors; Prepare draft notice to investors re: second interim distribution.                |
| September 19, 2018 | Rosa Wilford     | 0.25  | Review internal instructions from the team re: Banking; Prepare and post deposit entries; General banking administration.                                                                                                                                                                                                                                                                                               |
| September 20, 2018 | Arsheel Muhit    | 1.50  | Review books and records and complete pre-receivership HST returns.                                                                                                                                                                                                                                                                                                                                                     |
| September 20, 2018 | Bruce Bando      | 0.50  | Various discussions regarding the mediation; Internal correspondence re: HST returns.                                                                                                                                                                                                                                                                                                                                   |
| September 20, 2018 | Jason Knight     | 5.20  | Prepare for and attend Mediation re: Receiver's Action against BDO LLP; Correspondence with various brokers re: second interim distribution.                                                                                                                                                                                                                                                                            |
| September 20, 2018 | Jonathan Krieger | 1.30  | Correspondence and discussions re: BDO LLP mediation; Correspondence and review of information from counsel; Review of requisitions re: matters related to Second Distribution.                                                                                                                                                                                                                                         |
| September 20, 2018 | Rosa Wilford     | 0.25  | Review payment request; Prepare disbursement requisition forms; Post entries; Issue cheque; General banking administration.                                                                                                                                                                                                                                                                                             |

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| Date               | Full Name          | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------|--------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 20, 2018 | Valerie Naccarato  | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                 |
| September 21, 2018 | Arsheel Muhit      | 3.25  | Various correspondence with investors re: status of proceedings, upcoming distribution and distribution calculation.                                                                                                                                                                                                                                                                                                            |
| September 21, 2018 | Bruce Bando        | 1.70  | Various correspondence with counsel and with AGB LLP re: mediation; Conference call with MLT Aikins re: Solid Holdings; Conference call with counsel re: mediation.                                                                                                                                                                                                                                                             |
| September 21, 2018 | Jason Knight       | 4.10  | Review documents provided by C. Clydesdale re: undertakings and organize same; Review weekly report provided by Spectrum; Prepare for and attend conference call with counsel re: Solid Holdings bankruptcy application; Prepare for and attend conference call with counsel re: BDO LLP matters; Correspondence with brokers re: Second Distribution.                                                                          |
| September 21, 2018 | Rosa Wilford       | 4.00  | Review internal email instructions from the team re: Banking; Prepare HST Returns; Review and print General Ledger reports; Prepare quarterly HST returns for the period from April 27, 2017, to June 30, 2018; Prepare schedule; Email the team with supporting documentation; General file administration.                                                                                                                    |
| September 24, 2018 | Bruce Bando        | 1.60  | Review and internal discussion regarding CRA final audit matters and HST filings; Discussion regarding Zomongo; Correspondence with AGB LLP re: books and records; Attend conference call with GT Indirect Tax and discussion thereafter; Review files and respond to inquiry from BCSC.                                                                                                                                        |
| September 24, 2018 | Christina Zurowski | 1.00  | Discussion and call re GST matters related to re-supply of fees.                                                                                                                                                                                                                                                                                                                                                                |
| September 24, 2018 | Jason Knight       | 2.90  | Internal discussions re: HST and Second Distribution; Phone call with AGB LLP re: BDO LLP information request; Prepare listing of records located in storage and draft correspondence to AGB LLP re: same; Format and copy electronic records from Crystal Wealth Dropbox and coordinate delivery of same to AGB LLP; Prepare for and attend conference call with Excise Tax group re: HST matters and discuss same internally. |
| September 24, 2018 | Jonathan Krieger   | 0.50  | Review of matters related to litigation; Correspondence from counsel.                                                                                                                                                                                                                                                                                                                                                           |
| September 25, 2018 | Arsheel Muhit      | 0.50  | Correspondence with CRA re: upcoming trust exam.                                                                                                                                                                                                                                                                                                                                                                                |

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| Date               | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------|------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 25, 2018 | Bruce Bando      | 2.60  | Prepare for and attend meeting with C. Clydesdale and counsel; Discussion with counsel thereafter; Correspondence from counsel regarding Zomongo, litigation and BCSC; Meeting to review second interim distribution worksheets; Discussion and correspondence with ICBC.                                                                                                                                                                                                                                                                                                       |
| September 25, 2018 | Jason Knight     | 5.40  | Prepare for and attend meeting with A&B, C. Clydesdale, and B. McKenzie re: OOM Energy Loans; Debrief meeting with counsel and internally; Internal meeting to discuss Second Distribution and workbook calculating same; Draft correspondence to NBIN with instructions re: the Second Distribution; Review files transferred to flash drive requested by BDO LLP and draft correspondence to AGB LLP re: same; Draft letter to Ministry of Finance re: EHT Lien; Various phone and email correspondence with investors re: inquiries and updates re: the Second Distribution; |
| September 25, 2018 | Jonathan Krieger | 0.80  | Correspondence with the team re: distribution reconciliation; Review of information thereto.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| September 26, 2018 | Arsheel Muhit    | 0.25  | Review Bankruptcy documents for Restoration Energy and 1566496 Alberta Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| September 26, 2018 | Bruce Bando      | 2.80  | MLT Aikins matters; Discussion re: BC investors, correspondence from and to ICBC and research files thereof; Various correspondence from Bowra re: Restoration Energy and 156, review of and internal discussion re: same.                                                                                                                                                                                                                                                                                                                                                      |
| September 26, 2018 | Jason Knight     | 3.50  | Review invoice from bankruptcy counsel and provide instructions to pay same; Correspondence with broker re: wire instructions and Second Distribution; Phone correspondence with investors re: Second Distribution; Internal correspondence re: BC Insurance requests; Internal meeting to discuss investor notice re: Second Distribution; Review correspondence from counsel re: Restoration Energy and Zomongo and discuss same internally.                                                                                                                                  |
| September 26, 2018 | Rosa Wilford     | 0.25  | Review internal email instructions from the team re: Banking; Review invoices; Prepare disbursement requisition forms; Post entries; Issue cheque; General banking administration.                                                                                                                                                                                                                                                                                                                                                                                              |
| September 27, 2018 | Arsheel Muhit    | 3.50  | Attend CRA trust exam and respond to various requests for information.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

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| Date               | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------|-------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 27, 2018 | Bruce Bando       | 0.80  | Various correspondence to and from NBIN regarding the second interim distribution; Internal discussions re: same; Correspondence from counsel re: Factoring matters.                                                                                                                                                                                                                                                                                                                                                          |
| September 27, 2018 | Jason Knight      | 3.10  | Correspondence with various brokers re: Second Distribution; Various correspondence with NBIN re: release of Second Distribution; Review of Spectrum reporting.                                                                                                                                                                                                                                                                                                                                                               |
| September 28, 2018 | Arsheel Muhit     | 1.00  | Various correspondence with investors re: distribution; Send notice to investors.                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| September 28, 2018 | Jason Knight      | 3.80  | Complete proof of claim for Restoration Energy; Review correspondence from Pond re: interest payment and provide instructions to banking group re: receipt of same; Coordinate release of Second Interim Distribution and correspond with various brokers re: same; Finalize notice to investors re: Second Interim Distribution; Review draft demand letter to Cinnos; Administration of Case Website.                                                                                                                       |
| September 28, 2018 | Rania Erian       | 0.10  | Update website.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| September 28, 2018 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| October 1, 2018    | Arsheel Muhit     | 3.00  | Correspondence with investors re: distribution and September 28, 2018 Notice; Complete proof of claims against Restoration Energy and 156 Alberta Ltd.                                                                                                                                                                                                                                                                                                                                                                        |
| October 1, 2018    | Bruce Bando       | 1.10  | Review correspondence from counsel re: BDO claim and discussion thereof; Various correspondence and discussion regarding Cinnos indebtedness; Discussion regarding proof of claims for Restoration Energy and 156 bankruptcies.                                                                                                                                                                                                                                                                                               |
| October 1, 2018    | Jason Knight      | 1.80  | Internal discussions re: various matters including: BDO, bankruptcy proceedings, and debenture with Cinnos; Review correspondence from brokers re: Second Distribution and confirmation of receipt of same; Draft correspondence to AGB LLP re: BDO matters and Crystal Wealth documents; Draft correspondence to counsel re: Cinnos; Review banking information provided by TD and draft correspondence to counsel re: same; Review NOA's sent by the CRA re: the trust returns for the Funds and saving same on the server. |
| October 1, 2018    | Jonathan Krieger  | 1.00  | Review of correspondence re: matters related to access to information, litigation requests; Correspondence with team thereto.                                                                                                                                                                                                                                                                                                                                                                                                 |

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| Date            | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------|---------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 1, 2018 | Rosa Wilford  | 0.50  | Review internal instructions re: Banking; Correspondences with Bank; Review print screens for expecting wire: Phone calls with Bank; Email the team; General banking administration.                                                                                                                                                                                                                                             |
| October 2, 2018 | Arsheel Muhit | 0.75  | Correspondence with investors re: interim distribution.                                                                                                                                                                                                                                                                                                                                                                          |
| October 2, 2018 | Bruce Bando   | 1.30  | Various correspondence from AGB LLP and internal discussion thereof; Correspondence from counsel re: Zomongo; Correspondence with trustee of Restoration Energy and provide instructions re: proof of claim; Various correspondence with NBIN; Correspondence from BC counsel re: bankruptcy of 647 BC and 109 BC action.                                                                                                        |
| October 2, 2018 | Jason Knight  | 1.70  | Draft correspondence to AGB LLP re: BDO matters; Draft email response to investor re: Second Distribution; Internal call to discuss outstanding matters and items to be requested from BDO; Revise proof of claims for 156 Alberta and Restoration Energy bankruptcy and draft correspondence to Bowra Group re: same; Phone conversation with Bowra Group; Review correspondence from bankruptcy counsel re: bankruptcy orders. |
| October 2, 2018 | Rosa Wilford  | 0.75  | Review internal email instructions from the team re: Banking; Correspondences with Bank; Review print screens for expecting wire: Email team; Review CRA Mail; Notify the team; General banking administration.                                                                                                                                                                                                                  |
| October 3, 2018 | Arsheel Muhit | 1.00  | Correspondence with investors re: distribution and accessing of funds; Correspondence with investors re: Receiver's claim.                                                                                                                                                                                                                                                                                                       |
| October 3, 2018 | Bruce Bando   | 2.40  | Correspondence from counsel re: Dome Mountain, discussion thereof and review payout schedules; Various correspondence from counsel re: McCready and assemble information; Correspondence NBIN regarding the distribution; Correspondence with Bowra re: 647 BC and search for information and send.                                                                                                                              |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date            | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------|-------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 3, 2018 | Jason Knight      | 2.80  | Review correspondence sent by Dome Mountain and discuss same internally; Prepare payout and loan continuity schedule for Dome Mountain et al factored invoices and draft correspondence to counsel re: same; Draft response to investor email correspondence; Correspondence with NBIN re: communications to investors; Prepare for and attend conference call with AGB LLP and Blakes re: BDO information request; Correspondence re: Pond Loan payment. |
| October 3, 2018 | Rosa Wilford      | 1.25  | Review internal email instructions from the team re: Banking: Review payment schedule; Prepare journal entries; Post items; Provide supporting documentation; Email the team; General banking administration; Prepare receipt and disbursement requisition forms.                                                                                                                                                                                         |
| October 4, 2018 | Arsheel Muhit     | 1.00  | Correspondence with investors re: status of distribution and accessing funds.                                                                                                                                                                                                                                                                                                                                                                             |
| October 4, 2018 | Bruce Bando       | 1.30  | Discussion with ASC and tend to preparation of requested information; Discussion re: interim distribution; Investor matters.                                                                                                                                                                                                                                                                                                                              |
| October 4, 2018 | Jason Knight      | 1.80  | Prepare SRD for Mount Nemo up to September 30, 2018; Review Mount Nemo GL and provide instructions to correct journal entries included in same; Draft correspondence to counsel re: Mount Nemo SRD and offer summary.                                                                                                                                                                                                                                     |
| October 4, 2018 | Jonathan Krieger  | 0.80  | Correspondence and discussions re: matters related to ASC requests for information; Correspondence re: protocol thereto.                                                                                                                                                                                                                                                                                                                                  |
| October 4, 2018 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| October 5, 2018 | Arsheel Muhit     | 3.75  | Correspondence with investors re: second distribution, accessing funds and status of proceedings.                                                                                                                                                                                                                                                                                                                                                         |
| October 5, 2018 | Jason Knight      | 1.80  | Review draft response to Crystal Wealth investor, revise response, and discuss same internally; Review summary of distributions paid to brokers and cross reference same to NBIN banking information; Draft correspondence to NBIN re: second wire transfers to brokers.                                                                                                                                                                                  |
| October 9, 2018 | Arsheel Muhit     | 1.00  | Correspondence with investors; Draft letter to Alberta Securities Commission; Purchase and encrypt USB key to send information to ASC; Internal discussions re: same.                                                                                                                                                                                                                                                                                     |

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| Date             | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                         |
|------------------|-------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 9, 2018  | Bruce Bando       | 2.70  | Correspondence from counsel to 2441472, review and respond; Various correspondence with counsel thereof; Internal correspondence re: AGB LLP; Discussion regarding information requested by ASC; Correspondence with Spectrum re: Mortgage discharge; File management; Review and amend correspondence to ASC. |
| October 10, 2018 | Arsheel Muhit     | 3.00  | Correspondence with investors re: second distribution and accessing funds; Finalize package to be sent to ASC.                                                                                                                                                                                                 |
| October 10, 2018 | Bruce Bando       | 1.90  | ASC matters, finalization and correspondence thereof; File matters; Various correspondence with counsel re: McCready; Various correspondence with BC counsel re: 647 BC Ltd. bankruptcy order; Correspondence with counsel re: Dome Mountain.                                                                  |
| October 10, 2018 | Rosa Wilford      | 0.25  | Correspondences with the team re: Banking; Prepare receipt requisition form; Post deposit entries; Email; General banking administration.                                                                                                                                                                      |
| October 11, 2018 | Arsheel Muhit     | 3.00  | Correspondence with investors re: status of proceedings, interim distribution, accessing funds and claim against BDO.                                                                                                                                                                                          |
| October 11, 2018 | Bruce Bando       | 0.70  | Correspondence from counsel re: 647 BC Ltd.; Correspondence with counsel re: McCready; Various correspondence with Trustee of 647 BC Ltd.; Review correspondence from Advanced Metals and forward to counsel.                                                                                                  |
| October 11, 2018 | Rosa Wilford      | 0.80  | Review various estate bank accounts and reconcile multiple September statements.                                                                                                                                                                                                                               |
| October 12, 2018 | Arsheel Muhit     | 2.00  | Correspondence with investors re: second distribution and accessing funds.                                                                                                                                                                                                                                     |
| October 12, 2018 | Bruce Bando       | 1.10  | Correspondence with counsel re: McCready matter; Correspondence and discussion with counsel re: Advanced Metals; File matters; Correspondence with Trustee of 647 BC Ltd. and review thereof.                                                                                                                  |
| October 12, 2018 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                |
| October 15, 2018 | Arsheel Muhit     | 2.00  | Correspondence with investors re: second interim distribution and accessing funds.                                                                                                                                                                                                                             |

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| Date             | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
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| October 15, 2018 | Bruce Bando      | 4.50  | Various correspondence and discussion regarding the McCready matter and work required thereon to include review of statement of adjustments; Correspondence from Cinnos, review of materials and attend conference call; Conduct brief review of documents re: undertakings from J. Froese and various correspondence with counsel thereof; Review materials related to Zomongo; Review documents and execute proof of claim for 647 BC Ltd. bankruptcy; Various correspondence Inca One. |
| October 15, 2018 | Jason Knight     | 1.40  | Correspondence re: Cinnos; Correspondence with team re: investor voicemails; Correspondence with Spectrum and investor re: outstanding loan; Correspondence with broker re: Second Distribution; Prepare for and attend conference call with Cinnos Management re: outstanding debenture.                                                                                                                                                                                                 |
| October 15, 2018 | Jonathan Krieger | 0.70  | Investor inquiries re: litigation matters; Correspondence thereto; Correspondence re: matters related to BDO action.                                                                                                                                                                                                                                                                                                                                                                      |
| October 16, 2018 | Arsheel Muhit    | 2.00  | Correspondence with investors re: accessing funds, status of proceedings and the Fourth Report; Correspondence with CRA re: GST/HST audit.                                                                                                                                                                                                                                                                                                                                                |
| October 16, 2018 | Bruce Bando      | 3.20  | Review affidavit re: McCready and attend meeting with counsel to amend and execute same; Review Cinnos PPSA; Correspondence with IPC Securities regarding the class action; Discussion with IACP regarding Gavin Mines; Review files for ASC inquiry, correspondence with counsel re: same and respond; Discussion regarding property tax matters re: Mount Nemo.                                                                                                                         |
| October 16, 2018 | Jason Knight     | 0.10  | Correspondence re: investor emails received.                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| October 17, 2018 | Bruce Bando      | 1.80  | McCready matters to include tax issues, review of documents and various correspondence with counsel; Correspondence with AGB LLP; Correspondence with Spectrum re: account in default and review same; Various correspondence from Trustee of Restoration Energy and 156 Alberta.                                                                                                                                                                                                         |
| October 17, 2018 | Rosa Wilford     | 1.15  | Review banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                                                                                                                                                               |

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| Date             | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                         |
|------------------|---------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 18, 2018 | Bruce Bando   | 1.70  | McCready matters to include various correspondence with counsel, review amended affidavit and execute same at their office; Discussion regarding NRT; Correspondence with Trustee of Restoration re: hard drives; Correspondence from counsel re: trademarks and review thereof; Correspondence with Trustee of 647 BC Ltd.                                    |
| October 19, 2018 | Arsheel Muhit | 0.75  | Various investor matters.                                                                                                                                                                                                                                                                                                                                      |
| October 19, 2018 | Bruce Bando   | 0.30  | Correspondence with counsel re: IFDS and McCready material.                                                                                                                                                                                                                                                                                                    |
| October 22, 2018 | Arsheel Muhit | 1.00  | Correspondence with investors re: accessing funds and status of the Factoring and Hedge funds.                                                                                                                                                                                                                                                                 |
| October 22, 2018 | Bruce Bando   | 1.60  | Correspondence with NBIN re: deposit from Spectrum; Review correspondence from KPMG re: Advanced Metal, investigate and draft response for review by counsel; Correspondence from counsel re: same and reply to KPMG; Correspondence with broker re: Pond shares; Correspondence from counsel re: M. Denhollander.                                             |
| October 23, 2018 | Jason Knight  | 0.40  | Draft correspondence to SS&C re: tax preparation services for the upcoming taxation reporting period; Review information re: bankruptcy matters provided by trustee of same.                                                                                                                                                                                   |
| October 24, 2018 | Bruce Bando   | 2.90  | Review affidavit re: Solid Holdings, files and discussion with counsel; Various correspondence with trustee counsel re: same; Review correspondence from AGB LLP, files and internal discussion on process and leave message; Correspondence with counsel to Advanced Metals and discussion with counsel re: same; Correspondence with counsel re: OOM Energy. |
| October 25, 2018 | Bruce Bando   | 2.40  | Discussion with AGB LLP re: documents followed by internal discussions re: same; Various correspondence and discussions with counsel re: C. Clydesdale and St. Mary's; Correspondence with counsel re: Dome Mountain; Prepare for and attend conference call with counsel to Lyncorp (Advanced Metals) and discussion with counsel thereafter.                 |
| October 26, 2018 | Bruce Bando   | 0.60  | Prepare for and attend conference call with counsel to proposed trustee of Solid Holdings; Discussion with counsel before and after the call.                                                                                                                                                                                                                  |

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| Date             | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------|-------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 26, 2018 | Jason Knight      | 0.40  | Review of Spectrum mortgage report and correspondence re: same; Correspondence with SS&C re: tax preparation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| October 29, 2018 | Arsheel Muhit     | 3.00  | Correspondence with investors re: accessing funds and general inquiries on proceedings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| October 29, 2018 | Bruce Bando       | 0.90  | Correspondence with counsel re: McCready; Correspondence re: personal loan; Correspondence with NBIN re: second interim distribution and monthly fees; Various correspondence with counsel re: Dome Mountain; Correspondence from AGB LLP.                                                                                                                                                                                                                                                                                                                                                                                                                        |
| October 29, 2018 | Jason Knight      | 3.70  | Review payment from investor and provide directions re: same; Draft email correspondence to NBIN re: interim distribution required to be processed via cheque; Review NBIN fees for September 2018 and draft correspondence to NBIN re: approval of same; Draft correspondence re: Second Interim Distribution and provided internal instructions to release same; Correspondence with NBIN re: various matters; Phone call with investor re: status update on proceedings and issues with funds being deposited to NBIN; Investigate differences between amounts deposited and withdrawn from NBIN accounts and draft email correspondence to investor re: same. |
| October 29, 2018 | Rosa Wilford      | 0.25  | Review internal email instructions from the team re: Banking; Prepare receipt requisition forms; Post entries; General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| October 29, 2018 | Valerie Naccarato | 0.10  | Deposit at bank.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| October 30, 2018 | Arsheel Muhit     | 1.00  | Correspondence with investors re: update on funds, calculation of distribution and statement of claim.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| October 30, 2018 | Bruce Bando       | 1.50  | Correspondence from NBIN re: second distribution; Correspondence on tax matters; Correspondence from an investor, internal discussion thereof followed by discussion with an investor; Discussion regarding second distribution; Discussion with MLT Aikins; Review Written Arguments re: Solid Holdings.                                                                                                                                                                                                                                                                                                                                                         |
| October 30, 2018 | Jason Knight      | 0.80  | Correspondence with NBIN re: investor distributions and wire transfers; Internal meeting re: investor correspondence received; Correspondence re: BDO matters.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

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| Date             | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------|---------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 30, 2018 | Rosa Wilford  | 0.75  | Review internal email instructions from the team re: Banking; Review account; Prepare cheque requisition forms; Post payment entries; Issue cheques; Email team; General banking administration.                                                                                                                                                                                                                                                                           |
| October 31, 2018 | Bruce Bando   | 3.30  | Various correspondence with NBIN re: charges to investor accounts and discussion thereof; Review changes to Written Arguments and discussion with counsel; Review status and conduct discussions regarding gold contracts and US real estate and various correspondence with counsel; Correspondence with Bowra and counsel; Correspondence Enliven; Review minutes of the FMOC for 647 BC Ltd.; Discussion with counsel re: OOM Energy and next steps.                    |
| October 31, 2018 | Jason Knight  | 1.30  | Draft correspondence to NBIN re: transaction fees; Correspondence with Spectrum re: Residential Mortgages; Internal discussions re: Gold Loans and next steps re: same; Review and respond to investor emails; Correspondence re: bankruptcy proceedings; Review revised Solid Holdings Written Argument and discuss same internally; Correspondence and review of bankruptcy report re: 647 BC Ltd.                                                                       |
| October 31, 2018 | Rosa Wilford  | 0.25  | Review internal instructions from the team re: Banking; Prepare cheque requisition forms; Post payment entries; Issue cheque; General banking administration.                                                                                                                                                                                                                                                                                                              |
| November 1, 2018 | Arsheel Muhit | 3.00  | Meet with CRA agent re: HST audit.                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| November 1, 2018 | Bruce Bando   | 2.40  | Discussion re: financial statement preparation; NR forms and amount claimed owing and claims filed; Prepare for and attend conference call with Enliven; Correspondence with NBIN re: Spectrum deposit and second interim distribution; Review notice of assessment from CRA re: HST and discussion thereof; HST audit matters; Correspondence from MLT Aikens re: Solid Holdings bankruptcy application; Correspondence from Trustee of 647 BC Ltd. and bring down files. |
| November 1, 2018 | Jason Knight  | 3.40  | Prepare financial statements for Crystal Wealth Funds required for 2018 income tax purposes and discuss same internally; Review correspondence from counsel and bankruptcy counsel re: bankruptcy matters.                                                                                                                                                                                                                                                                 |

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| Date             | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                           |
|------------------|---------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 1, 2018 | Rosa Wilford  | 1.10  | Review internal instructions re: Banking; Correspondences with the Bank; Review print screens for expecting wires; Prepare receipt and disbursement requisition forms; Post deposit and payment entries; Email the team notification of wires. Review mail from CRA; Notify the team; General banking and filing administration. |
| November 2, 2018 | Arsheel Muhit | 3.00  | Correspondence with investors re: accessing funds and status of proceedings; Correspondence with NBIN re: investor matters; Draft letter to CRA re: tax matters.                                                                                                                                                                 |
| November 2, 2018 | Jason Knight  | 2.60  | Correspondence with Cinnos re: debenture; Correspondence with Xynergy re: NFL Participation Agreements; Review correspondence from counsel re: US Real Estate LP; Continue the preparation of financial statements for the Funds for tax purposes; Internal discussions re: responses to investor emails received.               |
| November 5, 2018 | Arsheel Muhit | 1.00  | Correspondence with NBIN re: investor matters; Correspondence with investors re: accessing funds and distributions.                                                                                                                                                                                                              |
| November 5, 2018 | Bruce Bando   | 1.70  | Review Notice of Motion and related attachments; Various correspondence with counsel re: same; Internal discussion re: books and records exchange with counsel to BDO; Correspondence with AGB LLP re: same; Correspondence with counsel re: Factoring Fund; Correspondence from counsel to Advanced Metals.                     |
| November 5, 2018 | Jason Knight  | 5.10  | Document discovery with Blakes and AGB LLP re: BDO litigation; Review motion materials re: Maljaars, DenHollanders, Pahl motion; Review sample of invoice requested from CRA and locate same in Crystal Wealth books and records; Various correspondence re: investor distribution.                                              |
| November 5, 2018 | Rosa Wilford  | 0.75  | Correspondences with Bank; Review print screens; Post entries; Email the team; General banking administration.                                                                                                                                                                                                                   |
| November 6, 2018 | Bruce Bando   | 2.30  | Correspondence AGB LLP re: BDO; Correspondence regarding second interim distribution and loan payment; Prepare for and attend conference call with Bowra and counsel; Prepare for and attend meeting with counsel to discuss future actions.                                                                                     |

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| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                      |
|-------------------|---------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 6, 2018  | Jason Knight  | 1.10  | Investor distribution / mortgage matters; Review correspondence from AGB LLP re: BDO matters; Prepare financial statements for certain of the Funds for tax purposes; Correspondence with NBIN re: an investor.                                                                             |
| November 6, 2018  | Rosa Wilford  | 0.50  | Review internal email instructions re: Banking wire transfer; Draft letter to Bank; Prepare disbursement requisition forms; Email correspondences to and from the Bank for authorization of transfer; Posting entries; Email wire confirmation to the team; General banking administration. |
| November 7, 2018  | Arsheel Muhit | 1.50  | Correspondence with investors re: accessing funds and general inquiries re: status of proceedings.                                                                                                                                                                                          |
| November 7, 2018  | Bruce Bando   | 0.70  | Correspondence with Enliven and review of matter thereof; Correspondence NBIN; Correspondence with Bowra.                                                                                                                                                                                   |
| November 7, 2018  | Rosa Wilford  | 0.50  | Review internal instructions from the team re: Banking; Prepare disbursement requisition forms; Post entries; Issue cheque; General banking administration.                                                                                                                                 |
| November 8, 2018  | Bruce Bando   | 1.10  | Prepare for and attend conference call with Enliven; Discussion, review of information and correspondence with counsel re: C. Smith; Review legal report from Spectrum; Correspondence from NBIN; Correspondence Xynergy.                                                                   |
| November 8, 2018  | Gladys Nmoye  | 0.25  | Perform corporate search.                                                                                                                                                                                                                                                                   |
| November 8, 2018  | Rosa Wilford  | 1.20  | Review various estate bank accounts and reconcile October statements.                                                                                                                                                                                                                       |
| November 9, 2018  | Bruce Bando   | 0.50  | Review draft NDA regarding the mortgages managed by Spectrum; Correspondence from NBIN; Various correspondence with counsel re: J. Maljaars; Various correspondence with Spectrum regarding a registration.                                                                                 |
| November 9, 2018  | Jason Knight  | 1.10  | Revise NDA re: potential mortgage purchaser and discuss same internally; Review weekly report provided by Spectrum; Review correspondence re: J. Maljaars.                                                                                                                                  |
| November 12, 2018 | Bruce Bando   | 0.50  | Review statement of claim re: Frontline Factoring and J. Froese; Discussion with counsel; Review undertakings of J. Maljaars.                                                                                                                                                               |

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| Date              | Full Name    | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------|--------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 12, 2018 | Rosa Wilford | 0.50  | Review monthly Banking interest report; Post entries; General banking administration.                                                                                                                                                                                                                                                                                     |
| November 13, 2018 | Bruce Bando  | 0.50  | Various correspondence with counsel re: Notice of Action and Notice to Defend; Correspondence from Spectrum re: mortgage defect; Correspondence Spectrum re: potential purchaser.                                                                                                                                                                                         |
| November 13, 2018 | Jason Knight | 0.70  | Prepare for and attend conference call with SS&C re: tax preparation and discuss same internally; Correspondence from investor re: status of proceedings.                                                                                                                                                                                                                 |
| November 14, 2018 | Bruce Bando  | 0.70  | Tax matters regarding investors; Potential purchaser matters re: mortgages; Correspondence with counsel re: OOM Energy; Correspondence NBIN re: second interim distribution; Correspondence from Xynergy and internal discussion thereof.                                                                                                                                 |
| November 14, 2018 | Jason Knight | 0.80  | Review NDA received from Spectrum and discuss same internally; Correspondence with Spectrum re: potential sale of mortgages; Draft correspondence to Xynergy re: Medical Fund and NFL contracts; Draft correspondence to tax group re: RRSP/RRIF reporting requirements for investors; Review letter to CRA re trust exams and draft correspondence re: same to the team. |
| November 15, 2018 | Bruce Bando  | 0.50  | Various correspondence from counsel regarding Court attendance today and serving same on Messrs. Pahl and Maljaars; Service matters thereafter and discussion with counsel re: Advanced Metals; Correspondence from counsel re: McCready.                                                                                                                                 |
| November 15, 2018 | Jason Knight | 0.70  | Discussions re: investor notice re: BDO Action; Draft responses to email correspondence received from investors; Review Order issued re: Maljaars and Pahl actions; Review and file correspondence from counsel.                                                                                                                                                          |
| November 16, 2018 | Bruce Bando  | 1.00  | Review draft letter to Zomongo; Review and amend letter to CRA and internal discussion thereof; Various correspondence to AGB LLP; Review defense of M. Denhollander; Review undertakings from D. Denhollander; Correspondence with NBIN.                                                                                                                                 |
| November 16, 2018 | Jason Knight | 0.70  | Review letter re: Zomongo and revise same; Format letter and prepare for service; Review weekly report on mortgages provided by Spectrum; Review correspondence re: CRA.                                                                                                                                                                                                  |

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| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                     |
|-------------------|---------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 18, 2018 | Rosa Wilford  | 0.80  | Review various banking reports and approve monthly estate balances.                                                                                                                                                                                                                                        |
| November 19, 2018 | Bruce Bando   | 0.20  | Correspondence from counsel re: ASC matters.                                                                                                                                                                                                                                                               |
| November 19, 2018 | Jason Knight  | 0.60  | Review correspondence from counsel re: ASC matters; Review and respond to correspondence from investors; Begin drafting notice to investors re: file update.                                                                                                                                               |
| November 21, 2018 | Bruce Bando   | 0.50  | Correspondence with counsel re: Zomongo; Various correspondence and discussion re: Cinnos; Review correspondence from counsel re: OOM Energy and respond.                                                                                                                                                  |
| November 22, 2018 | Arsheel Muhit | 1.00  | Correspondence with investors re: access of funds, general inquiries and status of proceedings.                                                                                                                                                                                                            |
| November 22, 2018 | Bruce Bando   | 0.70  | Correspondence from counsel re: McCready and demands/NITES re: Zomongo and review thereof; Correspondence from AGB LLP; Correspondence with Enliven; Internal correspondence regarding an investor inquiry.                                                                                                |
| November 23, 2018 | Arsheel Muhit | 1.00  | Participate on call with Enliven re: Mortgage Fund; Correspondence with investors re: status of proceedings.                                                                                                                                                                                               |
| November 23, 2018 | Bruce Bando   | 0.80  | Correspondence from counsel re: David DenHollander defense; Prepare for and attend call with Enliven; Investor matters; Correspondence with AGB LLP.                                                                                                                                                       |
| November 23, 2018 | Jason Knight  | 1.40  | Review J. Maljaars statement of defence and correspondence re: same; Review draft correspondence to Zomongo re: enforcement proceedings; Discussions re: enforcement letters re: Zomongo.                                                                                                                  |
| November 26, 2018 | Bruce Bando   | 1.40  | Review of various correspondence from counsel re: Zomongo; Review correspondence from Advanced Metals; Investor matters and review response to an inquiry; Review correspondence from the Bowra group; Prepare for and attend conference call with counsel re: Advanced Metals.                            |
| November 26, 2018 | Jason Knight  | 3.10  | Review materials filed re: Mount Nemo; Review Zomongo correspondence and file same; Internal discussions re: correspondence received from investors; Prepare for and attend call with counsel re: Advanced Metals and debrief same internally; Draft responses to numerous emails received from investors. |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.



| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                              |
|-------------------|---------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 27, 2018 | Arsheel Muhit | 1.00  | Correspondence with investors re: status of proceedings and accessing cash in accounts.                                                                                                                                                                                                                                                             |
| November 27, 2018 | Bruce Bando   | 1.20  | Internal discussion regarding Advanced Metals; Discussion with counsel thereafter; Various correspondence and discussion with counsel re: McCready hearing; Review correspondence and attachments re: US properties and reply to counsel.                                                                                                           |
| November 27, 2018 | Jason Knight  | 1.30  | Internal discussions re: Advanced Metals personal guarantees; Review of invoices for Bowra Group re: bankruptcies; Phone conversation with an investor re: various matters; Review correspondence and materials re: Mount Nemo litigation.                                                                                                          |
| November 28, 2018 | Bruce Bando   | 0.70  | Correspondence from AGB LLP and review thereof; Correspondence with counsel re: McCready and Advanced Metals; Discussion with Spectrum re: mortgage in arrears; Call to Bowra.                                                                                                                                                                      |
| November 28, 2018 | Jason Knight  | 0.10  | Correspondence re: AGB LLP website and notice to investors.                                                                                                                                                                                                                                                                                         |
| November 29, 2018 | Bruce Bando   | 0.60  | Various correspondence re: Advanced Metals and J. Maljaars response and review thereof; Discussion with counsel on Advanced Metals and McCready; Correspondence Bowra and call to same.                                                                                                                                                             |
| November 29, 2018 | Jason Knight  | 1.30  | Draft email correspondence to investor re: NBIN accounts; Correspondence with Spectrum re: distressed mortgage; Draft email response to correspondence received from investors; Correspondence with NBIN re: investor share certificates; Review mail received from CRA and discuss same internally; Review Oct 2018 bank statements and file same. |
| November 30, 2018 | Bruce Bando   | 0.50  | Correspondence from counsel re: McCready and Denhollander matters; Prepare for and attend conference call with Enliven followed by internal discussion thereafter.                                                                                                                                                                                  |
| November 30, 2018 | Jason Knight  | 2.80  | Internal discussions re: notice to investors re: update on proceedings and enforcement actions; Correspondence with Bowra Group re: 647 BC; Draft notice to investors.                                                                                                                                                                              |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date             | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------|---------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 3, 2018 | Bruce Bando   | 1.90  | Review and amend notice to investors and discussion thereof; Correspondence NBIN re: C. Smith account; Review, sign and send minutes of inspectors for 156 Alberta and Restoration Energy; Review correspondence from MLT Aikins and file history; Discussion with counsel re: same.                                                                                                                                                                                                                                           |
| December 3, 2018 | Jason Knight  | 1.70  | Internal discussions re: investor notice; Revise and update workbook for T3 returns for Funds; Revise and update notice to investors and draft correspondence to counsel re: same; Review of documents provided by Spectrum re: proposed sale of mortgages.                                                                                                                                                                                                                                                                    |
| December 4, 2018 | Bruce Bando   | 1.80  | Correspondence re: specific investor inquiry; HST matters re: letter from CRA; Review spreadsheet of mortgages from Spectrum and discussion re: same; Correspondence with counsel re: Zomongo; Review status of Pond; Review status of Advanced Metals; Follow up on OOM Energy; Correspondence with counsel to Cinnos; General notice to investors matters.                                                                                                                                                                   |
| December 4, 2018 | Jason Knight  | 3.10  | Internal discussions re: response to investors correspondence; Review correspondence received from Spectrum re: distressed mortgage; Review counsel's changes to the draft notice to investors and discuss same internally; Correspondence with NBIN re: Smith accounts and distributions to be made to same; Draft analysis of distributions to Smith accounts; Review correspondence received from CRA and discuss same internally; Perform analysis on distributions not made to brokers and draft correspondence re: same. |
| December 4, 2018 | Rosa Wilford  | 0.25  | Review CRA mail; Notify the team; Email; General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| December 5, 2018 | Arsheel Muhit | 0.50  | Update investor email addresses and communication list; Send notice to investors by email.                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| December 5, 2018 | Bruce Bando   | 2.30  | Discussion with counsel re: Advanced Metals and next steps; Correspondence and meeting with Pond; Correspondence from counsel re: Zomongo, Solid Holdings and Advanced Metals; Prepare for and attend meeting with Pond; Discussion thereafter.                                                                                                                                                                                                                                                                                |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date             | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------|---------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 5, 2018 | Jason Knight  | 2.40  | Administration of case website; Review correspondence from counsel re: Solid Holdings, Advanced Metals, and Zomongo and discuss same internally; Coordinate release of Notice to Investors; Draft correspondence to investor re: email received; Prepare for and attend meeting with Pond Technologies.                                                                                                                                                                                                                  |
| December 6, 2018 | Arsheel Muhit | 1.50  | Correspondence with investors re: status of funds and accessing funds distributions.                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| December 6, 2018 | Bruce Bando   | 1.20  | Correspondence from D. DenHollander, review Zomongo files followed by discussion and correspondence with counsel; Correspondence from NBIN re: Spectrum; Review demand letter re: Zomongo; Correspondence re: offer from Advanced Metals and counter thereof.                                                                                                                                                                                                                                                            |
| December 6, 2018 | Jason Knight  | 2.60  | Review excel workbook provided by Spectrum re: sale of mortgages; Perform summary analysis on workbook provided and discuss results of analysis internally; Correspondence with NBIN re: distribution to C. Smith accounts.                                                                                                                                                                                                                                                                                              |
| December 6, 2018 | Rosa Wilford  | 0.25  | Review payment instructions; Post invoice entries; Issue cheque. General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| December 7, 2018 | Arsheel Muhit | 1.00  | Correspondence with investors re: status of proceedings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| December 7, 2018 | Bruce Bando   | 1.80  | Review mortgage stratification re: potential sale and internal discussions re: same; Correspondence to a mortgage broker; Review correspondence and responding affidavit re: Solid Holdings and respond to counsel; Review correspondence from BMO re: Advanced Metals and respond to counsel; Correspondence with AGB LLP re: documents received from BDO; Correspondence with counsel re: Pond.                                                                                                                        |
| December 7, 2018 | Jason Knight  | 2.90  | Internal discussions re: sale of mortgages; Email correspondence with investors and NBIN re: certain investment holdings; Prepare for and attend call with prior investment advisor re: file update; Various discussions with NBIN re: outstanding fees; Perform analysis of invoices received from NBIN compared to payments made by the Receiver to NBIN and draft email to NBIN explaining net amount owing; Analysis of distributions made to investors and draft correspondence to be sent to individual investors. |

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| Date              | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------|------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 10, 2018 | Bruce Bando      | 3.10  | Review correspondence re: OOM Energy and Cinnos; Review affidavit and meeting with counsel to swear same; Review various files provided by counsel to BDO and correspondence with AGB LLP; Internal discussions re: RRIF matters; Correspondence with mortgage broker.                                                                                                                                                                                                                                                                                                                                                                         |
| December 10, 2018 | Jason Knight     | 5.80  | Review Spletzer affidavit re: Solid Holdings bankruptcy application and correspondence from counsel re: same; Correspondence with tax group re: registered retirement account transfers; Correspondence with AGB LLP re: BDO and discussions internally re: information provided by BDO; Draft letters to be sent to investors who hold accounts with custodians whom have not responded to interim distribution correspondence; Correspondence with an investor and NBIN re: withdrawals; Conference call with tax group re: RRIF/RRSP investor accounts; Correspondence re: CRA Trust Exam and related matters; Draft correspondence to CRA. |
| December 10, 2018 | Michael Zimnicki | 0.50  | RRIF issues.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| December 11, 2018 | Arsheel Muhit    | 0.50  | Internal correspondence re: HST matters; Correspondence with CRA re: HST matters.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| December 11, 2018 | Bruce Bando      | 1.20  | Amend Confidentiality Agreement and internal discussion re: same; Correspondence with a mortgage broker; Review statement of claim re: Frontline Factoring and correspondence counsel re: same.                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| December 11, 2018 | Jason Knight     | 2.30  | Review and revise confidentiality agreement to be sent re: Residential Mortgages; Review correspondence from counsel re: Zomongo guarantor; Draft correspondence re: confidentiality agreement; Review and note changes to statement of claim re: Frontline Factoring & J. Froese; Draft correspondence to counsel re: revisions made to statement of claim; Correspondence re: BDO data room; Setup login information and briefly review information contained in the BDO data room.                                                                                                                                                          |
| December 12, 2018 | Arsheel Muhit    | 0.50  | Correspondence with CRA re: HST matters.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| December 12, 2018 | Bruce Bando      | 0.20  | Correspondence with counsel re: McCready; Correspondence counsel re' BDO action.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| December 12, 2018 | Jason Knight     | 0.60  | Internal discussions and discussions with counsel re: BDO data room; Internal meeting re: correspondence received from CRA re: trust exam.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

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| Date              | Full Name         | Hours | Detail                                                                                                                                                                                                                                                  |
|-------------------|-------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 13, 2018 | Bruce Bando       | 0.90  | Correspondence from counsel re: McCready, Advanced Metals and Frontline Factoring and discussion with counsel re: same; Correspondence AGB LLP and review database.                                                                                     |
| December 14, 2018 | Jason Knight      | 0.50  | Review payment received re: sale of art work and provide record instructions re: same; Correspondence with counsel re: Solid Holdings; Correspondence re: NFL Agreements.                                                                               |
| December 14, 2018 | Valerie Naccarato | 0.10  | Deposit at bank.                                                                                                                                                                                                                                        |
| December 16, 2018 | Rosa Wilford      | 0.90  | Review various estate bank accounts and reconcile November statements.                                                                                                                                                                                  |
| December 17, 2018 | Arsheel Muhit     | 0.50  | Correspondence with investors re: account matters and transfers.                                                                                                                                                                                        |
| December 17, 2018 | Bruce Bando       | 2.50  | Correspondence from bankruptcy counsel re: Solid Holdings; Prepare for tomorrow's attendance at Court re: McCready; Prepare for and attend conference call with Xynergy and internal discussion thereafter.                                             |
| December 17, 2018 | Jason Knight      | 1.10  | Internal discussions re: CRA notices; Review correspondence from counsel re: Solid Holdings; Prepare for and attend conference call with Xynergy re: NFL Participation Agreements; Phone call with investor re: status of investments in NBIN accounts. |
| December 17, 2018 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                         |
| December 18, 2018 | Bruce Bando       | 2.60  | Prepare for and attend Court re: McCready; Discussion with McCready thereafter; Case website matters.                                                                                                                                                   |
| December 18, 2018 | Jason Knight      | 0.10  | Internal discussions re: McCready hearing re: Mount Nemo property.                                                                                                                                                                                      |
| December 19, 2018 | Bruce Bando       | 0.80  | Correspondence with Pond; Review McCready Factum and provide comments to counsel; Review draft claim re: Inca One; Correspondence counsel re: Advanced Metals.                                                                                          |
| December 19, 2018 | Jason Knight      | 0.90  | Review of Factum re: McCready proceedings and correspondence re: revisions to same; Review statement of claim drafted re: Inca One and correspondence with counsel re: same; Review of correspondence re: Advanced Metals.                              |
| December 19, 2018 | Rosa Wilford      | 0.20  | Review banking reports and approve monthly estate balances.                                                                                                                                                                                             |

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| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------|---------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 20, 2018 | Arsheel Muhit | 0.25  | Email to advisor re: deceased investor and process to follow.                                                                                                                                                                                                                                                                                                                                                                                                  |
| December 20, 2018 | Bruce Bando   | 0.50  | Correspondence from an investor; Correspondence from counsel re: Inca One and Advanced Metals; Correspondence with Spectrum; Correspondence with a mortgage broker; Correspondence re: Scott Whale.                                                                                                                                                                                                                                                            |
| December 21, 2018 | Arsheel Muhit | 4.00  | Correspondence with investors re: accessing funds, status of proceedings and general inquiries.                                                                                                                                                                                                                                                                                                                                                                |
| December 21, 2018 | Bruce Bando   | 0.70  | Discussion and correspondence with counsel re: Advanced Metals.                                                                                                                                                                                                                                                                                                                                                                                                |
| December 22, 2018 | Jason Knight  | 0.40  | Internal correspondence re: investor emails and other items received from same; Review correspondence and draft email from counsel re: Advanced Metals.                                                                                                                                                                                                                                                                                                        |
| December 31, 2018 | Arsheel Muhit | 0.40  | Correspondence with investors re: distribution and status of proceedings.                                                                                                                                                                                                                                                                                                                                                                                      |
| January 2, 2019   | Arsheel Muhit | 1.00  | Correspondence with investors re: status of proceedings and general account inquiries.                                                                                                                                                                                                                                                                                                                                                                         |
| January 2, 2019   | Jason Knight  | 2.10  | Correspondence with NBIN re: interim distribution to broker/dealer; Correspondence with TD Canada re: Crystal Wealth Marketing Inc. bank accounts; Draft correspondence to Spectrum re: request for payout statement; Prepare interim distribution to two investors whose broker was unresponsive and draft correspondence including same; Review NBIN fee invoice and allocate same amongst the Funds; Draft correspondence to NBIN re: payment of NBIN fees. |
| January 2, 2019   | Rosa Wilford  | 1.00  | Review payment instructions; Review supporting documentation; Post invoice entries; Issue cheques. General banking administration.                                                                                                                                                                                                                                                                                                                             |
| January 3, 2019   | Arsheel Muhit | 1.00  | Correspondence with investors re: general inquiries and status of proceedings.                                                                                                                                                                                                                                                                                                                                                                                 |
| January 3, 2019   | Jason Knight  | 0.50  | Review weekly Spectrum report re: Residential Mortgages; Draft correspondence re: Crystal Wealth Marketing Inc bank account; Correspondence re: Pond interest payment.                                                                                                                                                                                                                                                                                         |

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| Date             | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                       |
|------------------|-------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 3, 2019  | Jason Knight      | 0.10  | Review weekly Spectrum report re: Residential Mortgages; Draft correspondence re: Crystal Wealth Marketing Inc bank account; Correspondence re: Pond interest payment.                                                                                                                                                                       |
| January 4, 2019  | Rosa Wilford      | 0.75  | Review internal instructions re: Banking; Correspondences with Bank; Review print screens for expecting wire; Prepare receipt and disbursement requisition forms; Post entries; Email team notification of wire; Reconcile December statement; General banking administration.                                                               |
| January 7, 2019  | Bruce Bando       | 1.50  | Review of various correspondence from counsel; Review undertakings of B. Maljaars; Correspondence Spectrum re: mortgage; Correspondence Enliven re: sale of mortgages.                                                                                                                                                                       |
| January 7, 2019  | Jason Knight      | 0.30  | Review statement of claim re: Zomongo et. al.; Review of various correspondence with counsel.                                                                                                                                                                                                                                                |
| January 8, 2019  | Arsheel Muhit     | 0.50  | Correspondence with investors re general inquiries and status of proceedings.                                                                                                                                                                                                                                                                |
| January 8, 2019  | Bruce Bando       | 0.90  | Review statement of claim against Zomongo; Correspondence counsel re: same; Review status of McCready action and correspondence with counsel.                                                                                                                                                                                                |
| January 8, 2019  | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                              |
| January 9, 2019  | Arsheel Muhit     | 0.50  | Correspondence with investors re: general inquiries and status of proceedings.                                                                                                                                                                                                                                                               |
| January 9, 2019  | Bruce Bando       | 0.40  | Discussion with counsel re: Zomongo and McCready; Correspondence with Spectrum.                                                                                                                                                                                                                                                              |
| January 10, 2019 | Bruce Bando       | 1.50  | Review list of mortgages proposed being purchased, followed by correspondence to Spectrum re: same.                                                                                                                                                                                                                                          |
| January 11, 2019 | Bruce Bando       | 3.30  | Prepare for and attend at Court for the McCready matter; Correspondence with NBIN.                                                                                                                                                                                                                                                           |
| January 14, 2019 | Bruce Bando       | 2.70  | Review of correspondence from MLT Aikins and response thereto; McCready matters to include correspondence with counsel and drafting and releasing letter re: same; 109 BC matters; Correspondence with Spectrum re: personal loan; Various internal discussions re: the foregoing, mortgage fund interested party, Xynergy request and fees. |

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| Date             | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------|-------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 14, 2019 | Jason Knight      | 1.20  | Internal discussions re: cheques issued to investors re: first and second distributions; Review materials re: Mount Nemo Property; Review correspondence with Spectrum re: sale of mortgages and final listing of same; Correspondence re: Mount Nemo Property and invoices received re: bankruptcy application legal counsel; Correspondence with Spectrum re: an investor loan; Draft correspondence to counsel re: allocation of fees for tax returns. |
| January 14, 2019 | Rania Erian       | 0.10  | Website maintenance.                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| January 14, 2019 | Rosa Wilford      | 0.80  | Review various banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                                                                                                                       |
| January 14, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| January 15, 2019 | Bruce Bando       | 0.10  | Correspondence Spectrum re: purchase.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| January 15, 2019 | Jason Knight      | 6.40  | Correspondence re: Mortgage Fund; Correspondence re: an investor loan and payment of same; Prepare financial statements for year ending Dec 31, 2018 for T3 tax returns.                                                                                                                                                                                                                                                                                  |
| January 16, 2019 | Bruce Bando       | 1.50  | Correspondence counsel re: OOM Energy and review thereof; Correspondence with Spectrum re: sale of mortgages; Correspondence with a mortgage broker re: remaining mortgages; Various correspondence with counsel re: McCready and review of files; Correspondence counsel to Advanced Metals; Discussion and review of correspondence from a personal loan entity.                                                                                        |
| January 16, 2019 | Jason Knight      | 0.90  | Review correspondence from counsel re: OOM Energy and discuss same internally; Correspondence with Spectrum re: potential sale of Residential Mortgages; Draft correspondence to investor re: inquiry of Second Distribution; Correspondence re: an investor loan and discussion internally re: same.                                                                                                                                                     |
| January 17, 2019 | Bruce Bando       | 0.70  | Internal discussion re: the list to be referred and correspondence with mortgage broker; Review list thereof; Investor inquiry; Various correspondence from counsel re: Advanced Metals.                                                                                                                                                                                                                                                                  |
| January 17, 2019 | Jason Knight      | 0.70  | Compile outstanding mortgage spreadsheet and discuss same internally; Draft correspondence to broker re: sale of mortgages; Correspondence with the team re: payment received from an investor.                                                                                                                                                                                                                                                           |

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| Date             | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                     |
|------------------|---------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 17, 2019 | Rosa Wilford  | 0.25  | Review internal email instructions from the team re: Banking; Prepare deposit requisition; Post receipt entries; General banking administration.                                                                                                                                           |
| January 18, 2019 | Bruce Bando   | 0.80  | Correspondence with counsel re: Lyncorp; Various correspondence AGB LLP and internal discussion re: same; Various correspondence with Spectrum re: renewals; Investor inquiry; Go Daddy matters; Correspondence from Pond; Correspondence counsel re: sale of mortgages.                   |
| January 18, 2019 | Jason Knight  | 0.80  | Correspondence re: BDO matters; Review correspondence from Spectrum re: Residential Mortgages and review weekly report provided by same.                                                                                                                                                   |
| January 19, 2019 | Arsheel Muhit | 0.50  | Correspondence with an investor re: account access and general inquiries.                                                                                                                                                                                                                  |
| January 21, 2019 | Bruce Bando   | 0.50  | Internal correspondence re: sale of mortgages and renewals; Correspondence with Spectrum thereof; Go Daddy matters; Correspondence with counsel re: OOM Energy.                                                                                                                            |
| January 21, 2019 | Jason Knight  | 4.10  | Review LOI provided by Spectrum re: sale of mortgages and verify accuracy of mortgages included on listing; Correspondence re: web service provider; Prepare workbook and allocate Receiver fees to the various Crystal Wealth Group entities; Internal discussions re: mortgage renewals. |
| January 22, 2019 | Bruce Bando   | 1.40  | Correspondence with Spectrum re: renewals; Xynergy matters re: call; Correspondence re: OOM Energy; Discussions with counsel re: sale of mortgages; Prepare for and attend call with counsel and then with advisors to Advanced Metals.                                                    |
| January 22, 2019 | Jason Knight  | 0.70  | Draft correspondence to NBIN re: release of interim distribution to an investor; Correspondence with Xynergy; Review correspondence from counsel re: OOM Energy.                                                                                                                           |
| January 23, 2019 | Arsheel Muhit | 0.50  | Correspondence with investors re general inquiries, account access and status of proceedings.                                                                                                                                                                                              |
| January 23, 2019 | Bruce Bando   | 0.80  | Correspondence with Spectrum re: mortgage discharges in the High Yield Fund and review of files as well as correspondence with counsel; Various correspondence counsel re: Advanced Metals.                                                                                                |

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| Date             | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------|---------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 23, 2019 | Jason Knight  | 1.10  | Prepare for and attend call with Xynergy re: NFL Contracts; Review of listing re: sale of mortgages and draft correspondence to counsel re: same.                                                                                                                                                                                                                                             |
| January 24, 2019 | Arsheel Muhit | 2.50  | Correspondence with investors re: account matters, accessing funds and status of proceedings.                                                                                                                                                                                                                                                                                                 |
| January 24, 2019 | Bruce Bando   | 0.20  | Correspondence from Spectrum re: sale of mortgages; Correspondence with a mortgage broker.                                                                                                                                                                                                                                                                                                    |
| January 24, 2019 | Jason Knight  | 1.00  | Process renewal of website/email servers; Review weekly report from Spectrum; Review correspondence from Xynergy re: NFL contracts; Review materials provided by Advanced Metals and discuss same internally; Review loan confirmation re: Pond Loan and draft correspondence to auditor re: same.                                                                                            |
| January 25, 2019 | Arsheel Muhit | 0.25  | Correspondence with an investor re: status of proceedings and accessing NBIN account.                                                                                                                                                                                                                                                                                                         |
| January 25, 2019 | Bruce Bando   | 0.20  | Advanced Metals matters and internal correspondence.                                                                                                                                                                                                                                                                                                                                          |
| January 25, 2019 | Jason Knight  | 4.20  | Review correspondence from CRA re: additional questions and requested information; Review Crystal Wealth's books and records for requested information and compile same to be provided to CRA; Draft letter to CRA with responses to questions and results of review of additional information; Draft correspondence to an investor; Finalize financial statements required for tax purposes. |
| January 28, 2019 | Bruce Bando   | 0.30  | Correspondence with counsel re: OOM Energy; Correspondence from Spectrum re: litigation regarding a mortgage; Correspondence with counsel re: fee analysis.                                                                                                                                                                                                                                   |
| January 28, 2019 | Jason Knight  | 4.30  | Prepare financial statements for Mortgage Fund and High Yield Mortgage Fund required for T3 returns; Internal discussions re: various matters and items outstanding; Review and finalize financial statements workbook; Review correspondence from counsel re: OOM Energy and invoices for fees incurred.                                                                                     |
| January 29, 2019 | Arsheel Muhit | 0.50  | Correspondence with investors.                                                                                                                                                                                                                                                                                                                                                                |
| January 29, 2019 | Bruce Bando   | 0.50  | Internal discussion re: Xynergy; Various correspondence with counsel re: OOM Energy.                                                                                                                                                                                                                                                                                                          |

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| Date             | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                |
|------------------|---------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 29, 2019 | Jason Knight  | 1.10  | Correspondence with AGB LLP re: books and records; Internal discussions re: Xynergy; Review bank statements provided by NBIN and organize same; Correspondence with NBIN re: an investor payments; Review correspondence re: OOM Energy; Correspondence with Xynergy. |
| January 30, 2019 | Bruce Bando   | 1.30  | Review correspondence from Xynergy; Correspondence with counsel re: Advanced Metals and sale of mortgages; Correspondence with Spectrum; Various correspondence regarding review of files at BMO and request by BDO for Crystal Wealth files.                         |
| January 30, 2019 | Jason Knight  | 0.30  | Correspondence re: transfer of books and records.                                                                                                                                                                                                                     |
| January 31, 2019 | Bruce Bando   | 0.80  | Various correspondence with counsel re: sale of mortgages; Various correspondence with Spectrum re: same.                                                                                                                                                             |
| January 31, 2019 | Jason Knight  | 0.70  | Review correspondence from bankruptcy counsel; Various discussions with AGB LLP and Tert & Ross re: books and records to be couriered.                                                                                                                                |
| February 1, 2019 | Bruce Bando   | 0.40  | Various correspondence with bankruptcy counsel and review decision re: Solid Holdings.                                                                                                                                                                                |
| February 1, 2019 | Jason Knight  | 0.50  | Review decision re: Solid Holdings bankruptcy application and correspondence from counsel re: same.                                                                                                                                                                   |
| February 4, 2019 | Bruce Bando   | 1.30  | Prepare for and attend conference call with counsel; Correspondence with bankruptcy counsel re: OnStar and 611 BC; Correspondence with Pond; Correspondence from counsel re: Zomongo statement of claim.                                                              |
| February 4, 2019 | Jason Knight  | 2.20  | Prepare for and attend conference call with counsel to discuss Advanced Metals and other matters; Gather and compile relevant supporting documentation re: advances to OnStar and 611 BC; Draft correspondence to bankruptcy counsel re: same.                        |
| February 4, 2019 | Rosa Wilford  | 0.25  | Review internal instructions from the team re: Banking; Review invoice; Prepare disbursement requisition form; Post entries; Issue cheque.                                                                                                                            |
| February 5, 2019 | Arsheel Muhit | 1.25  | Correspondence with investors re: status of proceedings, litigation, and accessing account balances.                                                                                                                                                                  |

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| Date             | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                    |
|------------------|-------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 5, 2019 | Bruce Bando       | 2.60  | Review matters pertaining to Pond; Discussion and review of software in preparation for tomorrow's meeting at BDO; Correspondence and discussion with AGB LLP re: same; Discussion with counsel re: BDO; Correspondence from counsel re: Zomongo.                                                                                                         |
| February 5, 2019 | Jason Knight      | 3.40  | Internal discussions re: Medical Fund; Prepare and finalize loan continuity schedules for OnStar and 611 BC Gold Loans; Internal discussions re: fee allocation.                                                                                                                                                                                          |
| February 5, 2019 | Mandi Quirk       | 5.00  | Consolidate Professional fees into the workbook, review bills and allocate by fund.                                                                                                                                                                                                                                                                       |
| February 6, 2019 | Arsheel Muhit     | 2.00  | Attend BDO office for the document review.                                                                                                                                                                                                                                                                                                                |
| February 6, 2019 | Bruce Bando       | 4.60  | Prepare for and attend at the offices of BDO to review working paper files; Various correspondence and discussions with counsel regarding particular funds and working papers to request; Discussion with counsel re: Advanced Metals offer and McCready; Correspondence from counsel re: sale of mortgages; Discussion with a former investment advisor. |
| February 6, 2019 | Jason Knight      | 1.20  | Review correspondence from counsel re: Zomongo; Review; Phone call with CRA re: information provided and additional information requested; Internal discussions re: BDO matters.                                                                                                                                                                          |
| February 6, 2019 | Mandi Quirk       | 3.20  | Continue with fee allocation workbook.                                                                                                                                                                                                                                                                                                                    |
| February 6, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                           |
| February 7, 2019 | Arsheel Muhit     | 0.50  | Correspondence with investors re: general inquiries.                                                                                                                                                                                                                                                                                                      |
| February 7, 2019 | Bruce Bando       | 0.70  | Various correspondence from Spectrum regarding the sale and review thereof; Discussion with counsel re: same; MLT Aikins matters re: billings.                                                                                                                                                                                                            |
| February 7, 2019 | Jason Knight      | 0.40  | Review correspondence from counsel re: Solid Holdings and 611 BC; Review various correspondence re: sale of certain Residential Mortgages.                                                                                                                                                                                                                |
| February 7, 2019 | Rosa Wilford      | 0.25  | Review internal email instructions from the team re: Banking; Review payment records and provide supporting documentation; Email the team.                                                                                                                                                                                                                |
| February 7, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                           |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                   |
|-------------------|---------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 8, 2019  | Arsheel Muhit | 1.00  | Correspondence with investors re: accessing funds in their accounts, general inquiries re: status of proceedings.                                                                                                                                                                                                                                        |
| February 8, 2019  | Bruce Bando   | 1.60  | Internal discussion re: Solid Holdings and residual mortgages; Review MLT Aikins invoices and correspondence re: same; Correspondence NBIN; Discussion with counsel on Advanced Metals and OOM Energy; Various correspondence with counsel to Advanced Metals; Discussion and correspondence with bankruptcy counsel re: Solid Holdings and its request. |
| February 8, 2019  | Jason Knight  | 4.40  | Review professional fee allocation workbook; Review invoices from A&B and allocate fees amongst the Funds; Internal discussions re: Solid Holdings and sale of Residential Mortgages; Review, revise, and finalize financial statements for the calendar year 2018 to be used for the required T3 returns and draft correspondence to team re: same.     |
| February 9, 2019  | Rosa Wilford  | 1.20  | Review estate bank accounts and reconcile January statements.                                                                                                                                                                                                                                                                                            |
| February 10, 2019 | Rosa Wilford  | 0.70  | Review banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                              |
| February 11, 2019 | Arsheel Muhit | 1.00  | Correspondence with an investor re: account balances; Internal meeting to discuss financial statement preparation for each CW fund.                                                                                                                                                                                                                      |
| February 11, 2019 | Bruce Bando   | 2.20  | Various correspondence and discussions with counsel re: Advanced Metals as well as counsel to Advanced Metals; Internal discussion to review financial statements of funds; Correspondence re: mortgages for sale; Correspondence to M. McCready; Various correspondence with bankruptcy counsel re: Solid Holdings and review information.              |
| February 11, 2019 | Jason Knight  | 1.40  | Prepare for and attend internal meeting to discuss financial statement workbook for income tax purposes; Correspondence with Spectrum; Review correspondence from counsel re: Solid Holdings and notice of appeal;                                                                                                                                       |
| February 11, 2019 | Rosa Wilford  | 0.50  | Review internal email instructions from the team re: Banking; Review payment request; Prepare disbursement requisition form; Post entries; Issue cheque. Review outstanding cheques to clear; Correspondences with the team; Follow instructions; Void payment; Provide supporting documentation; General banking administration.                        |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date              | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-------------------|-------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 12, 2019 | Arsheel Muhit     | 0.75  | Correspondence with investors re: status of proceedings.                                                                                                                                                                                                                                                                                                                                                                         |
| February 12, 2019 | Bruce Bando       | 3.30  | Review the excel workbook supporting the financial statements of the funds; Solid Holdings matter with counsel and discussion thereof; Prepare for and attend conference call with mortgage broker followed by discussion thereafter; Correspondence with MLT Aikins re: invoices; Correspondence with Pond.                                                                                                                     |
| February 12, 2019 | Jason Knight      | 0.80  | Prepare for and attend conference call with mortgage broker re: potential sale of Residential Mortgages; Review comments on financial statement workbook;                                                                                                                                                                                                                                                                        |
| February 13, 2019 | Bruce Bando       | 0.30  | Various correspondence with Spectrum on closing of the sale.                                                                                                                                                                                                                                                                                                                                                                     |
| February 13, 2019 | Jason Knight      | 0.80  | Phone call with RBC re: investor matters; Review correspondence re: sale of mortgages.                                                                                                                                                                                                                                                                                                                                           |
| February 14, 2019 | Bruce Bando       | 0.40  | Review correspondence from Pond; Discussion re: financial statements for the funds.                                                                                                                                                                                                                                                                                                                                              |
| February 14, 2019 | Jason Knight      | 6.30  | Review comments on financial statements for tax purposes and provide responses to same; Review and revise financial statement workbook to address comments and questions; Correspondence with CRA re: trust exam; Review correspondence from Pond; Internal discussion re: financial statements; Gather various information requested by CRA for trust exam and draft summary letter to same outlining the information provided. |
| February 14, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                  |
| February 15, 2019 | Arsheel Muhit     | 2.00  | Review notice from CRA re: GST audit reassessment; Correspondence with NBIN re: investor account matters; Correspondence with investors re: general inquiries, accessing accounts, estate transfers and status of proceedings.                                                                                                                                                                                                   |
| February 15, 2019 | Bruce Bando       | 1.00  | Review HST assessment; Internal correspondence thereof; Review correspondence and attachments from Pond.                                                                                                                                                                                                                                                                                                                         |
| February 15, 2019 | Jason Knight      | 0.80  | Internal discussions re: correspondence received from the CRA; Review and finalize letter to be provided to the CRA re: requested information.                                                                                                                                                                                                                                                                                   |

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| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------|---------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 16, 2019 | Jason Knight  | 1.00  | Correspondence with internal tax team re: T3 returns; Correspondence with SS&C re: tax slips for investors; Draft response to email correspondence received from investor re: investments held at NBIN and withdraw of proceeds.                                                                                                                                                                                                      |
| February 18, 2019 | Jason Knight  | 1.70  | Draft email correspondence to Xynergy re: NFL Contracts; Review email correspondence from investors; Draft correspondence to RBC re: amounts received by client re: First and Second Distributions; Review custody fee invoice from NBIN for December 2018 and allocate fees amongst the Funds; Draft correspondence to team re: approval of payment of custody fees and allocation of same.                                          |
| February 19, 2019 | Arsheel Muhit | 2.75  | Correspondence with investors re: status of proceedings; Review financial projections provided by Pond.                                                                                                                                                                                                                                                                                                                               |
| February 19, 2019 | Bruce Bando   | 1.50  | Various correspondence from counsel regarding the sale of mortgages and review thereof; Various correspondence NBIN and discussion on analysis thereof; Investor response matter; McCready examination scheduling; Correspondence with BCSC and review of files thereof; Correspondence from ICBC and discussion thereof. Various correspondence with counsel re: Advanced Metals and correspondence with counsel to Advanced Metals. |
| February 19, 2019 | Jason Knight  | 0.60  | Review correspondence and information provided by Pond: Internal discussion re: various file matters; Review correspondence from counsel re: Advanced Metals; Correspondence with NBIN re: monthly custody fees.                                                                                                                                                                                                                      |
| February 20, 2019 | Arsheel Muhit | 1.25  | Correspondence with investors re: status of proceedings and litigation.                                                                                                                                                                                                                                                                                                                                                               |
| February 20, 2019 | Bruce Bando   | 1.20  | Various correspondence with Spectrum and review of files re: discharge; Various correspondence with counsel on sale of mortgages and the settlement with Advanced Metals; Arrange payment of Bowra invoice.                                                                                                                                                                                                                           |

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| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------|---------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 20, 2019 | Jason Knight  | 0.90  | Phone conversation with an investor re: update on proceedings; Review various correspondence from Spectrum and counsel re: sale of certain Residential Mortgages; Review various correspondence from counsel and Advanced Metals re: settlement of debt.                                                                                                                                                                                                                                                                       |
| February 20, 2019 | Rosa Wilford  | 0.25  | Review internal email instructions from the team re: Banking; Provide wire instructions; Respond to emails.                                                                                                                                                                                                                                                                                                                                                                                                                    |
| February 21, 2019 | Arsheel Muhit | 0.50  | Correspondence with NBIN re investor matters.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| February 21, 2019 | Bruce Bando   | 2.40  | Review and amend response to an investor; Various correspondence with NBIN; Single Source matters; T3 return matters; Meeting with counsel and execute mortgage sale documents; Various correspondence with Spectrum re: same; Review Solid Holdings materials.                                                                                                                                                                                                                                                                |
| February 21, 2019 | Jason Knight  | 1.30  | Prepare listing of investors for BC Insurance Counsel and draft covering correspondence to same; Internal discussions re: payment of Bowra invoice re: 156 Alberta bankruptcy proceedings; Correspondence with NBIN re: LIRA accounts and discuss same internally; Correspondence with tax team re: preparation of 2018 T3 returns; Review weekly Spectrum report on Residential Mortgages; Draft correspondence to NBIN re: RRIF/RRSP accounts and treatment of same; Review NBIN bank statements for Jan 2019 and file same. |
| February 21, 2019 | Rosa Wilford  | 0.75  | Review internal email instructions re: Banking wire transfer; Draft letter to Bank; Prepare disbursement requisition forms: General banking administration.                                                                                                                                                                                                                                                                                                                                                                    |
| February 22, 2019 | Bruce Bando   | 2.60  | Correspondence with counsel re: McCready; Review letter from CRA, amend response letter and various internal discussions re: same; Discussion on potential interest on Xynergy portfolio; Discussion on results of Cinnoos meeting; Correspondence NBIN on approval; Prepare for and attend conference call with NBIN re: LIRA and RIF followed by internal discussion thereafter.                                                                                                                                             |
| February 22, 2019 | Jason Knight  | 3.00  | Prepare for and attend meeting at Cinnoos head office re: cash issues and management changes; Internal discussions debriefing results of the meeting; Conference call with the team to review correspondence received from CRA and next steps to address same.                                                                                                                                                                                                                                                                 |

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| Date              | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                       |
|-------------------|-------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 22, 2019 | Rosa Wilford      | 0.70  | Review internal email instructions from the team re: Government filings; Phone call to CRA; Fax supporting documents; Email the team.                                                                                                                                                        |
| February 22, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                              |
| February 23, 2019 | Bruce Bando       | 0.60  | Review intellectual property and information provided at today's meeting re: Cinnos; Correspondence from Spectrum and review list of mortgages begin sold; Correspondence with counsel re: Solid Holdings; Correspondence with Spectrum on remaining mortgages.                              |
| February 25, 2019 | Arsheel Muhit     | 0.75  | Correspondence with investors re status of proceedings and account access.                                                                                                                                                                                                                   |
| February 25, 2019 | Bruce Bando       | 0.90  | Various correspondence with Spectrum and review of files thereof; Review additional Cinnos material; Various correspondence with counsel re: McCready.                                                                                                                                       |
| February 25, 2019 | Jason Knight      | 1.40  | Prepare for and attend meeting with tax group re: preparation of T3 returns for Funds; Correspondence with Spectrum re: sale of Residential Mortgages; Correspondence with investor re: status of proceedings.                                                                               |
| February 25, 2019 | Rosa Wilford      | 0.25  | Follow-up phone call with CRA re HST Business Numbers.                                                                                                                                                                                                                                       |
| February 26, 2019 | Arsheel Muhit     | 0.50  | Correspondence with investors re status of proceedings and account access.                                                                                                                                                                                                                   |
| February 26, 2019 | Bruce Bando       | 1.30  | Various correspondence re: Ascend and payment of Trustee fees; Correspondence from counsel re: McCready; Correspondence NBIN re: Trustee matters; Various correspondence and discussions with counsel re: sale of mortgages; Discussion with Spectrum re: same.                              |
| February 26, 2019 | Jason Knight      | 0.30  | Correspondence with NBIN re: transfer of funds and discuss same internally.                                                                                                                                                                                                                  |
| February 26, 2019 | Rosa Wilford      | 1.50  | Review internal email instructions from the team re: Banking; Setup new control accounts; Respond to email; Review payment requests; Post disbursement entries; Issue cheque; General banking administration; Review voicemail from CRA; Prepare and fax letter re HST numbers. Phone calls. |
| February 27, 2019 | Arsheel Muhit     | 0.25  | Correspondence with investors re general matters.                                                                                                                                                                                                                                            |

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| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------|---------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 27, 2019 | Bruce Bando   | 0.70  | Correspondence NBIN; Various correspondence relating to the sale of mortgages; Correspondence re: Solid Holdings and review thereof.                                                                                                                                                                                                                                                                                     |
| February 27, 2019 | Jason Knight  | 0.60  | Draft correspondence to Gravitas and RBC re: investor distribution; Review correspondence from counsel re: sale of Residential Mortgages.                                                                                                                                                                                                                                                                                |
| February 27, 2019 | Rosa Wilford  | 1.00  | Review internal email instructions from the team re: Banking; Correspondences with the Bank; Review print screens for expecting wire; Prepare receipt and disbursement requisition forms; Post entries; Email team notification of wire. Setup accounts; General banking administration.                                                                                                                                 |
| February 28, 2019 | Arsheel Muhit | 0.25  | Correspondence with investors re status of proceedings.                                                                                                                                                                                                                                                                                                                                                                  |
| February 28, 2019 | Bruce Bando   | 1.40  | Correspondence with NBIN; Correspondence and discussion regarding investor matter and Gravitas; Discussion re: Xynergy audit request; Discussions with counsel on sale of mortgages and issue re: HST provision followed by review of black lined agreement.                                                                                                                                                             |
| February 28, 2019 | Jason Knight  | 0.80  | Phone conversation with Gravitas re: investor account; Internal discussions re: cancellation of cheques and issuance of same; Correspondence with RBC re: investor; Correspondence with investor re: file update.                                                                                                                                                                                                        |
| February 28, 2019 | Rosa Wilford  | 1.25  | Review internal instructions from the team re: Banking: Phone call; Review payment requests; Review cleared items: Correspondences with Bank; Prepare Bank letters re: Stop payments; Provide supporting documentation; Review ledger; Review Bank confirmation: Notify the team; Void payments; Prepare disbursement requisition forms; Post entries; Issue cheques; Respond to emails: General banking administration. |
| March 1, 2019     | Arsheel Muhit | 0.25  | Correspondence with investors re: general inquiries and litigation.                                                                                                                                                                                                                                                                                                                                                      |
| March 1, 2019     | Bruce Bando   | 0.50  | Various correspondence with Spectrum; Discussion with counsel; Review Xynergy audit confirmation and discussion thereof.                                                                                                                                                                                                                                                                                                 |

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| Date          | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------|-------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 1, 2019 | Jason Knight      | 2.10  | Correspondence with Gravitass re: issuance of payment; Provide instructions to the banking group re: payment of Interim Distributions; Internal discussions re: file matters; Phone call with investor re: status of proceedings; Review OSC materials re: BDO and discuss same internally; Download and file BDO/OSC materials on network.                                                                                                                              |
| March 1, 2019 | Rosa Wilford      | 0.50  | Review internal email instructions from the team re: Banking; Review payment requests; Post disbursement entries; Issue cheques; General banking administration.                                                                                                                                                                                                                                                                                                         |
| March 4, 2019 | Arsheel Muhit     | 1.00  | Correspondence with investors re: status of proceedings and accessing accounts.                                                                                                                                                                                                                                                                                                                                                                                          |
| March 4, 2019 | Bruce Bando       | 1.40  | Correspondence with MLT Aikins; Various correspondence with discussions with counsel re: sale of mortgages; Discussion with Spectrum re: same; Correspondence with Spectrum on mortgage discharges and review of files.                                                                                                                                                                                                                                                  |
| March 4, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| March 5, 2019 | Arsheel Muhit     | 1.20  | Review Pond Technologies financial model.                                                                                                                                                                                                                                                                                                                                                                                                                                |
| March 5, 2019 | Bruce Bando       | 2.90  | Review Assignment Agreement re: Advanced Metals followed by correspondence with counsel; Various correspondence with Xynergy re: audit confirmation and offer; Various correspondence and discussions with counsel re: APS of relating to the sale of mortgages, issues and review thereof; Various correspondence with Spectrum re: same and review final list of mortgages being sold; Correspondence with Spectrum re: mortgage in default and review of information. |
| March 5, 2019 | Jason Knight      | 1.60  | Review calculation of fees accrued for Xynergy; Review and execute required audit confirmation; Draft correspondence to Xynergy re: NFL Agreements and offer receiver on same; Correspondence with NBIN re: an investor matter; Correspondence with an investor re: update on various funds and BDO matters; Correspondence re: Single Source.                                                                                                                           |
| March 6, 2019 | Bruce Bando       | 1.80  | Correspondence from Spectrum re: mortgage in default and legal action being taken; Correspondence from counsel re: guarantor legal actions; Discussion on Xynergy; Various correspondence and discussions with Spectrum and counsel regarding the sale of the mortgages.                                                                                                                                                                                                 |

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| Date           | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                              |
|----------------|---------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 6, 2019  | Jason Knight  | 0.40  | Correspondence with tax group re: T3 returns; Correspondence re: discharge of Residential Mortgage with Spectrum; Internal discussions re: Xynergy matters.                                                                                                                         |
| March 7, 2019  | Bruce Bando   | 1.30  | Correspondence with MLT Aikins; Various correspondence and discussions with counsel and counsel to the purchaser of the mortgage funds addressing final issues and purchase price; Correspondence from counsel re: Lynncorp; Various correspondence to Spectrum on mortgage payout. |
| March 7, 2019  | Jason Knight  | 0.50  | Review correspondence re: Advanced Metals and Residential Mortgages; Internal discussions re: sale of Residential Mortgages and closing of same; Correspondence with Spectrum.                                                                                                      |
| March 7, 2019  | Rosa Wilford  | 0.80  | Review various estate bank accounts and reconcile February statements.                                                                                                                                                                                                              |
| March 8, 2019  | Bruce Bando   | 1.60  | Correspondence from counsel re: OOM Energy; Review status and consider alternatives; Various correspondence with counsel and Spectrum on sale of mortgages.                                                                                                                         |
| March 8, 2019  | Jason Knight  | 0.10  | Provide instructions re: banking matters.                                                                                                                                                                                                                                           |
| March 8, 2019  | Rosa Wilford  | 0.80  | Review estate bank account and reconcile February statement. Notify the team incoming wire; Prepare receipt requisition form; Post entries; Prepare wire transfer; Emails; General banking administration.                                                                          |
| March 9, 2019  | Arsheel Muhit | 0.60  | Correspondence with investors re: status of proceedings and accessing NBIN accounts.                                                                                                                                                                                                |
| March 11, 2019 | Arsheel Muhit | 1.00  | Allocation of legal expenses across funds and draft correspondence with NBIN re: same.                                                                                                                                                                                              |
| March 11, 2019 | Bruce Bando   | 1.00  | Review correspondence from Cinnos and internal discussion thereof; MLT Aikins matters; Various correspondence with counsel re: transfer of funds; Various correspondence with Spectrum re: closing of sale.                                                                         |

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| Date           | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                            |
|----------------|-------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 11, 2019 | Jason Knight      | 1.00  | Prepare for and attend internal meeting with tax group re: T3 returns; Discuss Cinno's matters and tax matters with team.                                                                                                                                                                                                         |
| March 12, 2019 | Arsheel Muhit     | 1.80  | Prepare disbursement to counsel and draft correspondence with NBIN re: bank transfers; Correspondence with CRA re: file requests; Correspondence with investors re: file matters, tax matters and accessing funds.                                                                                                                |
| March 12, 2019 | Bruce Bando       | 0.80  | Correspondence from counsel re: Ostrowski and review of information; Discussion on Cinno's; MLT Aikins fee matters; Review and amend correspondence to Cinno's.                                                                                                                                                                   |
| March 12, 2019 | Jason Knight      | 1.50  | Review of correspondence re: payment from Advanced Metals; Draft email response to Cinno's and discuss same internally; Discussion with the team re: CRA matters; Email correspondence to Cinno's re: T5 slips.                                                                                                                   |
| March 12, 2019 | Michael Zimnicki  | 1.50  | Review T3s and issues re beneficiary and nature of inter-fund unit losses.                                                                                                                                                                                                                                                        |
| March 12, 2019 | Rosa Wilford      | 0.50  | Review internal email instructions re: Banking wire transfer; Draft letter to Bank; Prepare disbursement requisition forms; Email correspondences to and from Bank for authorization of transfer; Posting entries; Email wire confirmation to the team. General banking administration.                                           |
| March 13, 2019 | Bruce Bando       | 0.50  | Correspondence with Spectrum re: mortgage discharge; Correspondence with counsel re: wired funds and internal discussion thereof.                                                                                                                                                                                                 |
| March 13, 2019 | Jason Knight      | 1.60  | Correspondence re: OOM Energy; Correspondence with Spectrum re: proceeds from sale of Residential Mortgages; Review email correspondence from Cinno's; Phone call with investor re: update on proceedings, including realization on assets in Funds and litigation re: BDO; Correspondence with Cinno's re: issuance of T5 slips. |
| March 13, 2019 | Rosa Wilford      | 1.60  | Review internal instructions re: Banking; Correspondences with the Bank; Review print screens for expecting wire; Prepare receipt and disbursement requisition forms; Post entries; Email the team notification of wire. General banking administration; Review various banking reports and approve monthly estate balances.      |
| March 13, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                   |

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| Date           | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                      |
|----------------|------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 14, 2019 | Arsheel Muhit    | 1.40  | Correspondence with investors re: status of proceedings, litigation and accessing funds.                                                                                                                                                                                    |
| March 14, 2019 | Bruce Bando      | 0.50  | Review and respond to Spectrum on a proposed new fee; Xynergy matters; Various correspondence and review re: Zomongo.                                                                                                                                                       |
| March 14, 2019 | Jason Knight     | 0.30  | Prepare for and attend meeting with tax group to discuss finalization of T3 returns.                                                                                                                                                                                        |
| March 15, 2019 | Arsheel Muhit    | 1.60  | Correspondence with investors re: update to litigation, status of proceedings and accessing NBIN accounts.                                                                                                                                                                  |
| March 15, 2019 | Bruce Bando      | 0.30  | Begin review of tax workbook.                                                                                                                                                                                                                                               |
| March 15, 2019 | Jason Knight     | 0.70  | Correspondence re: final T3 returns; Review custody fee invoice from NBIN and allocate same amongst the Funds; Draft correspondence to NBIN re: approval of fees; Review weekly report provided by Spectrum; Correspondence with SS&C re: preparation of investor T3 slips. |
| March 15, 2019 | Michael Zimnicki | 0.50  | Discussions on filing approach.                                                                                                                                                                                                                                             |
| March 17, 2019 | Bruce Bando      | 1.00  | Review T3 workbook; Review correspondence from Spectrum.                                                                                                                                                                                                                    |
| March 17, 2019 | Jason Knight     | 0.90  | Perform allocation analysis of sale of Spectrum Residential Mortgages between the Mortgage Fund and High Yield Mortgage Fund;                                                                                                                                               |
| March 18, 2019 | Arsheel Muhit    | 0.30  | Correspondence with investors re: status of proceedings.                                                                                                                                                                                                                    |
| March 18, 2019 | Bruce Bando      | 1.80  | Review allocation of purchase price and related fee regarding the sale of mortgages; Continue review of the tax workbook followed by internal discussion and correspondence re: same; Correspondence with Spectrum regarding the new fee structure.                         |

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| Date           | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
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| March 18, 2019 | Jason Knight  | 4.00  | Prepare correspondence to team re: transfer of proceeds from sale of Residential Mortgages; Internal discussions re: T3 tax returns and Residential Mortgage proceed allocation workbook; Draft banking instructions to banking team re: coding of proceeds and transfer of funds; Phone call with investor re: file update and status of various Funds, including BDO litigation; Draft email correspondence to AGB LLP re: investor contact; Review T3 returns and provide comments on same; Compile missing trust numbers for certain Funds and draft correspondence to tax group re: same; Draft correspondence to various custodial entities re: clarification of account status; |
| March 18, 2019 | Rosa Wilford  | 2.50  | Review internal email instructions re: Banking; Correspondences with the Bank; Review print screens for expecting wires; Prepare receipt and disbursement requisition forms for three wires received; Post entries; Prepare wire transfer; Letter; Emails to the team; General banking administration.                                                                                                                                                                                                                                                                                                                                                                                 |
| March 19, 2019 | Arsheel Muhit | 2.50  | Draft notice to investors re: tax slips and other matters; Correspondence with investors re: tax matters and transferring funds; Review Pond financial model and internal discussions re: same.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| March 19, 2019 | Bruce Bando   | 0.30  | Internal discussion re: payments and mortgages.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| March 19, 2019 | Jason Knight  | 4.80  | Review T3 returns and revise comments on same; Continue to prepare individual T3 slip workbook; Locate missing addresses and postal codes required for investors; Allocate interest for the Mortgage Fund and HY Mortgage Fund to investors; Perform final review of T3 slip workbook; Draft correspondence re: final review of workbook required.                                                                                                                                                                                                                                                                                                                                     |
| March 20, 2019 | Arsheel Muhit | 1.30  | Correspondence with investors re: tax matters, accessing funds, status of proceedings and status of litigation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

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| Date           | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                    |
|----------------|-------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 20, 2019 | Bruce Bando       | 1.70  | Various correspondence from counsel re: Zomongo statements of claim and review thereof; Correspondence with NBIN; Review of T3 individual slip workbook and discussions re: methodology; Correspondence from counsel re: mortgage issue and discussion with Spectrum; Correspondence MLT Aikins; Investor matters and discussion thereof. |
| March 20, 2019 | Valerie Naccarato | 0.30  | Fax RBC wire, notify the team with wire confirmation; Process entry in Ascend.                                                                                                                                                                                                                                                            |
| March 21, 2019 | Arsheel Muhit     | 1.20  | Correspondence with investors re: status of proceedings; Review and allocation of Trustee's fees relating to Bankruptcy proceedings.                                                                                                                                                                                                      |
| March 21, 2019 | Bruce Bando       | 2.00  | Various correspondence with Spectrum re: sale; Review detailed correspondence from an investor and draft response; Review MLT Aikins invoice; Correspondence from NBIN re: fees.                                                                                                                                                          |
| March 22, 2019 | Bruce Bando       | 0.20  | Investor matters; Correspondence with NBIN.                                                                                                                                                                                                                                                                                               |
| March 25, 2019 | Arsheel Muhit     | 1.00  | Correspondence with investors re: accessing NBIN accounts and tax matters.                                                                                                                                                                                                                                                                |
| March 25, 2019 | Bruce Bando       | 1.60  | Various correspondence from counsel re: D. Denhollander; Correspondence with Spectrum re: discharge; Review and approve invoice from counsel; Various correspondence from Pond, review documents and provide a response thereof; Investor matters and review correspondence; Sign T3 returns; Correspondence with AGB LLP.                |
| March 26, 2019 | Bruce Bando       | 2.70  | Tax matters re: T3's; Internal correspondence re: accounting of funds; Investor inquiry; Draft notice to investors and web page introduction to include review of files; NBIN fee matters; Various correspondence AGB LLP and review site.                                                                                                |
| March 26, 2019 | Jason Knight      | 0.40  | Internal correspondence with the team re: NBIN matters;                                                                                                                                                                                                                                                                                   |
| March 27, 2019 | Arsheel Muhit     | 1.10  | Review and payment of counsel's fees; Correspondence with NBIN re: wire instructions.                                                                                                                                                                                                                                                     |
| March 27, 2019 | Bruce Bando       | 1.60  | Investor communication matters; Review Solid Holdings submission and provide comments to counsel; Meeting to review SRD and claims.                                                                                                                                                                                                       |

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| Date           | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                   |
|----------------|------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March 27, 2019 | Jason Knight     | 4.70  | Review and revise notice to investors and discuss same internally; Update distribution workbook; Review appeal affidavit filed by Solid Holdings re: bankruptcy; Phone call with CRA re: Trust Exam; Draft correspondence to NBIN re: payment of fees; Prepare for and attend internal meeting to discuss potential distribution and claims outstanding. |
| March 27, 2019 | Jonathan Krieger | 0.50  | Review of correspondence re: investor communications; Correspondence with the team thereto.                                                                                                                                                                                                                                                              |
| March 27, 2019 | Rosa Wilford     | 0.30  | Review internal instructions from the team re: Banking; Review payment requests; Post disbursement entries; Issue cheque; General banking administration.                                                                                                                                                                                                |
| March 28, 2019 | Arsheel Muhit    | 1.00  | Review, revise and send notice to investors.                                                                                                                                                                                                                                                                                                             |
| March 28, 2019 | Bruce Bando      | 0.50  | Investor communication matters.                                                                                                                                                                                                                                                                                                                          |
| March 28, 2019 | Jason Knight     | 0.30  | Internal discussions re: investor notice and administration of website.                                                                                                                                                                                                                                                                                  |
| March 28, 2019 | Jonathan Krieger | 0.80  | Correspondence from the team re: notices, next steps to advance administration.                                                                                                                                                                                                                                                                          |
| March 28, 2019 | Mandi Quirk      | 0.20  | Posting update.                                                                                                                                                                                                                                                                                                                                          |
| March 29, 2019 | Bruce Bando      | 0.40  | Various correspondence with Pond re: interest payment; Various correspondence re: T3's; A&B matters; Solid Holdings matters.                                                                                                                                                                                                                             |
| March 29, 2019 | Jason Knight     | 0.70  | Perform spot check of T3 slips prepared by SS&C and draft internal correspondence re: same; Correspondence with investor re: recent notice; Correspondence re: Pond; Internal discussions re: CRA correspondence; Locate personnel files for consultants with receivable balances and draft correspondence to team re: same.                             |
| March 29, 2019 | Rosa Wilford     | 0.30  | Review internal email instructions from team re Banking; Correspondences with Bank; Review print screens for expecting wire; Email; General banking administration.                                                                                                                                                                                      |

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**Time Summary**

|                                  |               |         |          |             |                   |
|----------------------------------|---------------|---------|----------|-------------|-------------------|
| J. Krieger, Sr. Vice President   | 24.70         | hours @ | \$595.00 | per hour \$ | 14,696.50         |
| M. Zimnicki, Tax Partner         | 2.50          | hours @ | \$745.00 | per hour \$ | 1,862.50          |
| C. Zurowski, Tax Partner         | 1.00          | hours @ | \$740.00 | per hour \$ | 740.00            |
| B. Bando, Vice President         | 318.40        | hours @ | \$495.00 | per hour \$ | 157,608.00        |
| J. Knight, Manager               | 89.90         | hours @ | \$375.00 | per hour \$ | 33,712.50         |
|                                  | 294.30        | hours @ | \$295.00 | per hour \$ | 86,818.50         |
| R. Wilford, Manager              | 18.70         | hours @ | \$275.00 | per hour \$ | 5,142.50          |
|                                  | 37.90         | hours @ | \$260.00 | per hour \$ | 9,854.00          |
| A. Muhit, Senior Associate       | 39.25         | hours @ | \$275.00 | per hour \$ | 10,793.75         |
|                                  | 151.85        | hours @ | \$235.00 | per hour \$ | 35,684.75         |
| M. Quirk, Senior Associate       | 8.40          | hours @ | \$190.00 | per hour \$ | 1,596.00          |
| J. Kanji, Senior Associate       | 0.40          | hours @ | \$175.00 | per hour \$ | 70.00             |
| G. Nmoye, Analyst                | 0.25          | hours @ | \$130.00 | per hour \$ | 32.50             |
| R. Erian, Analyst                | 0.10          | hours @ | \$135.00 | per hour \$ | 13.50             |
|                                  | 0.80          | hours @ | \$130.00 | per hour \$ | 104.00            |
| V. Naccarato, Analyst            | 4.00          | hours @ | \$130.00 | per hour \$ | 520.00            |
| Jesse Cooper, Analyst            | 6.50          | hours @ | \$90.00  | per hour \$ | 585.00            |
|                                  | <u>998.95</u> |         |          | \$          | <u>359,834.00</u> |
| 5% Technology and Administration |               |         |          | \$          | <u>17,991.70</u>  |
|                                  |               |         |          | \$          | <u>377,825.70</u> |

**Disbursements**

|                                 |           |                          |
|---------------------------------|-----------|--------------------------|
| Courier                         | \$        | 227.43                   |
| Postage                         | \$        | 95.80                    |
| USB Keys                        | \$        | 162.94                   |
| Travel                          | \$        | 43.10                    |
| Website renewal                 | \$        | 292.74                   |
| Mail Redirection                | \$        | 161.65                   |
| Dropbox subscription            | \$        | 129.00                   |
|                                 | \$        | <u>1,112.66</u>          |
| Subtotal time and disbursements | \$        | 378,938.36               |
| HST                             | \$        | <u>49,261.99</u>         |
| <b>Total Invoice</b>            | <b>\$</b> | <b><u>428,200.35</u></b> |

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD.,  
1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH  
MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS  
FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED  
FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH  
YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE  
SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL  
WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY,  
CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE  
FUND, and CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, c.  
S.5, AS AMENDED**

**BILL OF COSTS**

**BN 12738 4717 RT0001  
Client #225805  
Invoice#LSON-5748**

To professional services as Receiver rendered for the period from April 1, 2019 to October 31, 2019.

| Date          | Full Name    | Hours | Detail                                                                                                                                                                                                                             |
|---------------|--------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 1, 2019 | Rosa Wilford | 0.50  | Review internal email instructions re: Banking; Correspondences with Bank; Review print screens for expecting wires; Prepare receipt and disbursement requisition forms; Post entries; Email team; General banking administration. |
| April 1, 2019 | Bruce Bando  | 1.30  | Review investment advisor loan material; Discussion and various correspondence with counsel re: same; Correspondence regarding interest paid by Pond; A&B invoice matters.                                                         |

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will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date          | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                             |
|---------------|---------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 1, 2019 | Jason Knight  | 1.80  | Compile and organize investor tax slips to be sent to CRA and draft letter to CRA re: same; Phone call with Richardson GMP re: inquiry; Correspondence with AGB re: return of records to storage; Draft correspondence to Xynergy and discuss same internally; Prepare allocation analysis of payment from Pond and draft correspondence to banking team re: same. |
| April 2, 2019 | Rosa Wilford  | 3.3   | Review internal email instructions re: Banking; Correspondences with Bank; Review print screens for expecting wires; Prepare receipt and disbursement requisition forms for various direct deposits and payments; Post entries; Email team; General banking administration.                                                                                        |
| April 2, 2019 | Jason Knight  | 1.00  | Review correspondence from Xynergy; Prepare reconciliation of Crystal Wealth Management trust account.                                                                                                                                                                                                                                                             |
| April 2, 2019 | Bruce Bando   | 1.10  | Discussion with counsel re: former investment advisor receivables; Internal discussion thereof; Various correspondence with Xynergy and discussion thereof.                                                                                                                                                                                                        |
| April 2, 2019 | Arsheel Muhit | 2.10  | Correspondence with investors re: status of proceedings, accessing accounts, tax matters and other matters.                                                                                                                                                                                                                                                        |
| April 3, 2019 | Rosa Wilford  | 0.30  | Review payment requests re Banking; Prepare disbursement requisition form; Post invoice entries; Issue cheque; General banking administration.                                                                                                                                                                                                                     |
| April 3, 2019 | Jason Knight  | 2.90  | Correspondence with NBIN re: transfer of funds between accounts; Correspondence with Xynergy re: Medical Fund; Prepare for and attend phone call with Xynergy re: NFL Agreements; Prepare reconciliation analysis of Crystal Wealth Management System trust account and prepare required adjustments to same and discuss same internally.                          |
| April 3, 2019 | Bruce Bando   | 0.90  | Various correspondence from counsel re: Solid Holdings; Correspondence NBIN; Investor matters re: T3's; Review inter-fund transactions.                                                                                                                                                                                                                            |
| April 3, 2019 | Arsheel Muhit | 1.40  | Correspondence with investors re: tax reporting, status of litigation and proceedings.                                                                                                                                                                                                                                                                             |
| April 4, 2019 | Rosa Wilford  | 1.50  | Review internal email instructions from team re: Banking; Review payment requests; Prepare disbursement requisition forms; Post entries; Issue cheques; General banking administration.                                                                                                                                                                            |

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| Date          | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------|-------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 4, 2019 | Bruce Bando       | 0.70  | Review accounting for adjustments and discussion thereof; Correspondence NBIN.                                                                                                                                                                                                                                                                                                                 |
| April 4, 2019 | Jason Knight      | 3.40  | Prepare reconciliation of Crystal Wealth trust account and discuss required entries and adjustments internally; Draft correspondence to NBIN to correct allocation of funds amongst NBIN accounts; Prepare analysis to allocate professional fees amongst the Funds and determine the amounts required to be reimbursed to the Mortgage Fund; Review Spectrum report on Residential Mortgages. |
| April 4, 2019 | Arsheel Muhit     | 1.00  | Correspondence with investors re: change of address, tax slips and transfer requests.                                                                                                                                                                                                                                                                                                          |
| April 5, 2019 | Jason Knight      | 1.80  | Draft correspondence to counsel re: Single Source equipment and review response to same from counsel; Review draft email response to an investor and provide comments on same; Provided detail on professional fee fund transfers internally; Phone call with investor re: update on Funds and potential next distribution, if any.                                                            |
| April 5, 2019 | Bruce Bando       | 0.40  | Banking matter and approval of same; Internal correspondence re: accounting.                                                                                                                                                                                                                                                                                                                   |
| April 5, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                |
| April 5, 2019 | Arsheel Muhit     | 1.00  | Correspondence with investors re: tax matters and update on proceedings.                                                                                                                                                                                                                                                                                                                       |
| April 6, 2019 | Bruce Bando       | 3.00  | Review of accounts in preparation for next report to Court and related matters thereto.                                                                                                                                                                                                                                                                                                        |
| April 6, 2019 | Jason Knight      | 0.30  | Review and draft correspondence to NBIN re: wire transfers.                                                                                                                                                                                                                                                                                                                                    |
| April 8, 2019 | Rosa Wilford      | 1.80  | Review internal email instructions from team re: Banking: Review schedules and payment requests; Prepare disbursement requisition forms; Post invoice entries; Issue cheques; Prepare wire transfers; Letter; Emails; Correspondences to and from Bank for authorization of transfers; Provide team with wire confirmation: Post entries; General banking administration.                      |
| April 8, 2019 | Bruce Bando       | 2.00  | Review various worksheets re: transfers and adjustments and discussions thereof; Various correspondence with NBIN; Various correspondence re: banking.                                                                                                                                                                                                                                         |

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| Date           | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                  |
|----------------|-------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 8, 2019  | Arsheel Muhit     | 1.20  | Correspondence with investors re: update to proceedings, tax matters and other general inquiries.                                                                                                                                                                                                                       |
| April 8, 2019  | Jason Knight      | 1.10  | Internal correspondence re: payment of professional fees between Funds and payment of counsel fees; Provide instructions to NBIN re: fund transfers; Provide instructions and support for receiver of funds to trust accounts to internal banking team; Review correspondence and amendment to loan agreement re: Pond. |
| April 9, 2019  | Rosa Wilford      | 1.00  | Review estate bank accounts and reconcile March statements.                                                                                                                                                                                                                                                             |
| April 9, 2019  | Jason Knight      | 0.40  | Phone conversation with investor re: status of proceedings and next steps.                                                                                                                                                                                                                                              |
| April 9, 2019  | Bruce Bando       | 0.50  | Conference call with Spectrum re: mortgages sold; Discussion with counsel re: same.                                                                                                                                                                                                                                     |
| April 9, 2019  | Arsheel Muhit     | 0.40  | Correspondence with investor re: status of proceedings and accessing accounts.                                                                                                                                                                                                                                          |
| April 10, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                         |
| April 10, 2019 | Bruce Bando       | 0.30  | Vmail from and correspondence with Pond.                                                                                                                                                                                                                                                                                |
| April 10, 2019 | Jason Knight      | 0.60  | Correspondence with investor re: tax returns; Correspondence with investment advisor re: issued T3 returns and classification of interest income and return of capital.                                                                                                                                                 |
| April 11, 2019 | Bruce Bando       | 0.40  | Various correspondence with Spectrum.                                                                                                                                                                                                                                                                                   |
| April 11, 2019 | Arsheel Muhit     | 0.20  | Correspondence with investors re: tax matters.                                                                                                                                                                                                                                                                          |
| April 11, 2019 | Jason Knight      | 0.20  | Phone conversation with an investor re: tax slips.                                                                                                                                                                                                                                                                      |
| April 12, 2019 | Rosa Wilford      | 0.50  | Review banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                             |
| April 12, 2019 | Jason Knight      | 0.90  | Review correspondence from third-party investment adviser re: T3 slips; Compile T3 slips for clients of third-party investment advisor and draft correspondence to same.                                                                                                                                                |
| April 12, 2019 | Bruce Bando       | 0.10  | Correspondence NBIN.                                                                                                                                                                                                                                                                                                    |
| April 15, 2019 | Bruce Bando       | 1.20  | SS&C fee matter and discussion thereof; Correspondence with counsel re: BDO working papers; Correspondence AGB LLP; Discussion with counsel to Pond; Correspondence re: Wells.                                                                                                                                          |

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| Date           | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------|---------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 15, 2019 | Jason Knight  | 0.50  | Review invoices from SS&C re: tax preparation services and allocate same amongst the Funds for payment; Internal discussions re: payment of invoices; Payment of invoice re: preparation of tax returns; Correspondence with NBIN re: transfer of funds.                                                                                                                                                                                                           |
| April 15, 2019 | Rosa Wilford  | 0.30  | Review internal email instructions from team re: Banking; Review payment requests and prepare disbursement requisition form; Post entries; Issue cheque; General banking administration.                                                                                                                                                                                                                                                                           |
| April 16, 2019 | Jason Knight  | 1.60  | Internal correspondence re: BDO matters; Review correspondence from AGB LLP re: mediation brief and discuss same internally; Draft correspondence re: outstanding loan held by Mortgage Fund and final payment required for same; Correspondence with an investor re: T3 returns; Review March 31 <sup>st</sup> NBIN bank statements and file same; Review T3's returned as undeliverable and file same; Correspondence re: responses to investor emails received. |
| April 16, 2019 | Arsheel Muhit | 2.50  | Correspondence with investors re: tax matters, accessing funds, status of proceedings and NBIN account information.                                                                                                                                                                                                                                                                                                                                                |
| April 16, 2019 | Bruce Bando   | 1.80  | Review documentation in preparation for the mediation; Various correspondence and vmails with AGB LLP re: same; Discussion with counsel re: same as well as McCready and other litigation matters; AGB LLP invoice matters; Internal discussions; Investor correspondence.                                                                                                                                                                                         |
| April 17, 2019 | Rosa Wilford  | 0.30  | Review internal email instructions from team re: Banking; Correspondences with Bank; Review print screens for expecting wires; Respond to email; General banking administration.                                                                                                                                                                                                                                                                                   |
| April 17, 2019 | Bruce Bando   | 2.50  | Review BDO material - Mediation Brief; Discussion with counsel; Correspondence with NBIN; Correspondence with counsel to Pond; McCready matters; DenHollander matters.                                                                                                                                                                                                                                                                                             |
| April 17, 2019 | Jason Knight  | 0.90  | Correspondence re: BDO litigation matters; Review custody fee invoice from NBIN and allocate same amongst the Funds for payment; Correspondence with NBIN re: transfer of funds; Provide internal instructions re: receipt of funds and coding of same; Correspondence re: Pond Loan.                                                                                                                                                                              |

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| Date           | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------|-------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 18, 2019 | Rosa Wilford      | 3.50  | Review internal email instructions from team re: Banking; Correspondences with Bank; Review print screens for expecting wires; Prepare receipts and disbursement requisition forms for multiple wires; Post various entries; Email team notification of wires. Provide supporting documentation; Draft letter to Bank; Prepare disbursement requisition forms: Email correspondences to and from Bank for authorization of transfer; Posting entries; Email wire confirmation to team. General banking administration. |
| April 18, 2019 | Jason Knight      | 0.20  | Discussions re: BDO matters; Phone call with an investor re: tax forms and interest income reported on same.                                                                                                                                                                                                                                                                                                                                                                                                           |
| April 18, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| April 18, 2019 | Bruce Bando       | 0.40  | Correspondence with counsel re: DenHollander and Inca One; Various correspondence with AGB LLP re: mediation; Correspondence from counsel to Pond.                                                                                                                                                                                                                                                                                                                                                                     |
| April 18, 2019 | Arsheel Muhit     | 0.30  | Correspondence with investors re: tax matters.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| April 19, 2019 | Bruce Bando       | 0.90  | Review AGB LLP draft mediation brief, internal correspondence and provide comments thereon; Correspondence with counsel to Pond; Various correspondence with counsel re: Alpine matter.                                                                                                                                                                                                                                                                                                                                |
| April 19, 2019 | Jonathan Krieger  | 1.10  | Review of Mediation brief and comments thereto.                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| April 22, 2019 | Jonathan Krieger  | 1.10  | Review of court documentation; Discussions re: disclosures.                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| April 22, 2019 | Bruce Bando       | 1.50  | Discussion with AGB LLP re: mediation; Various correspondence with counsel re: Spectrum mortgages; Prepare for and attend call with Inca One; Internal discussion re: Inca One and Xynergy; Correspondence with counsel re: Pond and review and assemble information thereof.                                                                                                                                                                                                                                          |
| April 23, 2019 | Jason Knight      | 0.90  | Review correspondence from counsel re: Zomongo matters and discuss same internally; Phone conversation with Richardson GMP re: file update and potential distributions; Draft email correspondence to investor re: interim distributions.                                                                                                                                                                                                                                                                              |
| April 24, 2019 | Bruce Bando       | 6.60  | Prepare for and attend mediation re: BDO and internal updates thereof; Discussion with counsel re: Pond; Review Xynergy proposal, perform analysis and internal discussion re: same.                                                                                                                                                                                                                                                                                                                                   |

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| Date           | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                         |
|----------------|------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 24, 2019 | Jason Knight     | 0.30  | Correspondence re: Medical Fund matters; Internal discussions re: BDO Matters;                                                                                                                                                                                                                                 |
| April 24, 2019 | Jonathan Krieger | 0.40  | Correspondence with team re: matters related to mediation;                                                                                                                                                                                                                                                     |
| April 25, 2019 | Bruce Bando      | 0.60  | Various correspondence with counsel re: mediation and factoring fund matters; Review Ostrowski materials and discussion thereof re: proof of claim.                                                                                                                                                            |
| April 25, 2019 | Arsheel Muhit    | 0.70  | Correspondence with investors and advisors re: status of proceedings and tax matters.                                                                                                                                                                                                                          |
| April 25, 2019 | Jason Knight     | 1.70  | Correspondence with team re: BDO matters and email correspondence from investors; Phone correspondence with an investor re: T3 matters; Complete proof of claim form for Zomongo principal bankruptcy and compile required supporting documentation required for same; Correspondence with AGB re: email data; |
| April 26, 2019 | Bruce Bando      | 0.70  | Various correspondence with Inca One; Correspondence with counsel re: mortgage portfolio sale, Pond and McCready.                                                                                                                                                                                              |
| April 26, 2019 | Jason Knight     | 1.30  | Locate T3 slips for certain investors and provide copies of same via email; Phone conversation with an investor re: update on proceedings and BDO matters.                                                                                                                                                     |
| April 29, 2019 | Jason Knight     | 1.50  | Complete proofs of claim and compile required documents to support same re: Zomongo personal guarantee bankruptcy; Draft email correspondence to bankruptcy trustee re: proofs of claim; Begin drafting memorandum of understanding re: Xynergy and NFL Participation Agreements.                              |
| April 29, 2019 | Bruce Bando      | 0.40  | Various correspondence counsel re: McCready; Review report from Spectrum.                                                                                                                                                                                                                                      |

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| Date           | Full Name         | Hours | Detail                                                                                                                                                                                                                                |
|----------------|-------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| April 30, 2019 | Jason Knight      | 0.10  | Review legal report provided by Spectrum re: Residential Mortgages; Correspondence re: Xynergy matters.                                                                                                                               |
| April 30, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                       |
| April 30, 2019 | Bruce Bando       | 0.90  | Correspondence from counsel re: McCready; Cinnos and Xynergy matters; Discussion with counsel re: OOM Energy.                                                                                                                         |
| April 30, 2019 | Rosa Wilford      | 0.60  | Review various account ledgers; Update bank account report; General banking administration.                                                                                                                                           |
| April 30, 2019 | Arsheel Muhit     | 0.30  | Review online databases re: Crystal Wealth.                                                                                                                                                                                           |
| May 1, 2019    | Bruce Bando       | 0.80  | Correspondence with counsel re: OOM Energy; Review and investigate offer re: Inca One.                                                                                                                                                |
| May 2, 2019    | Jason Knight      | 1.10  | Review correspondence re: Inca One; Review, revise and finalize first draft of memorandum of understanding re: Xynergy; Review correspondence from an investor re: address changes and process same.                                  |
| May 2, 2019    | Bruce Bando       | 1.00  | Review draft agreement with Xynergy and internal discussion thereof; Various correspondence with counsel re: OOM Energy; Correspondence with counsel re: Factoring statement of claim and review thereof.                             |
| May 3, 2019    | Bruce Bando       | 2.50  | Review amendment re: Pond and internal correspondence thereof; File management matters; Correspondence with counsel re: OOM Energy; Various correspondence from counsel re: Solid Holdings and review of documents thereof.           |
| May 3, 2019    | Arsheel Muhit     | 0.20  | Correspondence with investors.                                                                                                                                                                                                        |
| May 3, 2019    | Jason Knight      | 1.60  | Phone correspondence with Xynergy's counsel re: NFL Participation Agreements; Draft memorandum of understanding re: NFL Participation Agreements; Review report on Residential Mortgages from Spectrum; Correspondence re: Pond Loan. |
| May 6, 2019    | Bruce Bando       | 0.60  | Review correspondence from counsel re: Solid Holdings; Correspondence re: Xynergy; Various correspondence re: OOM Energy.                                                                                                             |

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| Date         | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------|---------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 6, 2019  | Jason Knight  | 1.60  | Review correspondence re: Solid Holdings from counsel; Review Solid Holdings' factum and draft factum of Receiver and provide comments on same to counsel; Review Pond Loan amendment draft and discuss same internally; Draft correspondence to counsel re: Medical Fund memorandum of understanding; Review counsel's blackline factum re: Solid Holdings; Phone call with counsel re: memorandum of understanding. |
| May 7, 2019  | Jason Knight  | 1.40  | Review BDO Mediation Brief and compile notes on same; Review EY Report supporting BDO materials.                                                                                                                                                                                                                                                                                                                      |
| May 7, 2019  | Bruce Bando   | 2.10  | Various correspondence from counsel re: Pond and Xynergy and review thereof; Prepare for and attend conference call with counsel and St Mary's re: OOM Energy; Discussion with counsel before and thereafter; Discussion with potential trustee and various correspondence with counsel re: McCready.                                                                                                                 |
| May 8, 2019  | Jason Knight  | 0.10  | Correspondence with team re: legal fees.                                                                                                                                                                                                                                                                                                                                                                              |
| May 8, 2019  | Arsheel Muhit | 1.10  | Analysis of Pond Loan Agreement and internal discussions re: same.                                                                                                                                                                                                                                                                                                                                                    |
| May 8, 2019  | Bruce Bando   | 1.70  | Various correspondence and discussion with counsel re: Pond; Discussion and review if interest calculation; Correspondence from counsel re: OOM Energy; Correspondence re: loan on Mortgage Fund.                                                                                                                                                                                                                     |
| May 8, 2019  | Rosa Wilford  | 1.00  | Review estate bank accounts and reconcile April statements.                                                                                                                                                                                                                                                                                                                                                           |
| May 9, 2019  | Rosa Wilford  | 0.30  | Review internal email instructions from team re: Banking; Prepare receipt requisition form; Post deposit entries; General banking administration.                                                                                                                                                                                                                                                                     |
| May 9, 2019  | Jason Knight  | 0.10  | Internal correspondence re: allocation of fees;                                                                                                                                                                                                                                                                                                                                                                       |
| May 9, 2019  | Bruce Bando   | 1.00  | File management matters; Various correspondence from counsel re: Pond and review thereof.                                                                                                                                                                                                                                                                                                                             |
| May 10, 2019 | Jason Knight  | 0.80  | Prepare for and attend phone call with counsel re: NFL Agreements; Review reporting provided by Spectrum on residential mortgages; Correspondence re: Pond Loan.                                                                                                                                                                                                                                                      |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date         | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------|---------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 10, 2019 | Bruce Bando   | 1.10  | Review Pond market information; Various discussions with counsel re: response to Pond; Review and amend document; Correspondence with counsel re: SK filings and execute same.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| May 10, 2019 | Rosa Wilford  | 0.50  | Review various banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| May 13, 2019 | Bruce Bando   | 0.80  | Review draft amendment to the Pond agreement and discussion with counsel thereof; Discussion with counsel re: McCready followed by correspondence with potential trustee; Correspondence counsel re: mortgages.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| May 14, 2019 | Bruce Bando   | 2.20  | Discussion and correspondence with potential trustee re: McCready and internal discussions thereof; Various correspondence with Spectrum re: a mortgage in default and a mortgage payout; Various discussions with Pond; Various discussions with counsel re: same as well as OOM Energy; Execute Pond amendment and further discussions with counsel.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| May 15, 2019 | Jason Knight  | 4.10  | Review correspondence re: Pond Loan and review responses to same from Pond's counsel; Correspondence with Xynergy re: NFL Participation Agreements; Review amendment to Medical Fund Master Agreement with Xynergy and prepare supporting schedules for same; Draft correspondence to counsel; Review draft email to investor re: status of BDO litigation and bankruptcies; Review invoice re: NBIN April custody fees, perform allocation of same amongst the Funds and draft correspondence to NBIN with instructions on payment of same; Prepare analysis allocating fees for the three months ending Mar 31, 2019; Prepare reconciliation entries required for Crystal Wealth trust accounts; Provide instructions to NBIN and internal banking team re: required transfers and other general banking matters; Review correspondence from Spectrum re: renewal of mortgages and discuss same internally. |
| May 15, 2019 | Bruce Bando   | 1.20  | Correspondence with Spectrum re: mortgage in default; Various discussions and correspondence re: outstanding matters; Review and approve engagement letter re: Segal; Review changes to the Xynergy agreement; Various correspondence NBIN and review thereof; Correspondence re: mortgages for renewal.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| May 15, 2019 | Arsheel Muhit | 1.20  | Correspondence with investors re: general matters and status of proceedings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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| Date         | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------|---------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 16, 2019 | Rosa Wilford  | 1.50  | Review internal email instructions from team re: Banking: Correspondences with Bank; Review print screens for expecting wire: Respond to email; Review account ledger; Prepare re-allocations of accounts; Transfers; Journal entries; Review reports; Provide supporting documentation; General banking administration.                                                                                                                                                                                                                       |
| May 16, 2019 | Arsheel Muhit | 0.80  | Correspondence with Caterpillar re: sale of equipment to which CW is a subordinate creditor.                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| May 16, 2019 | Bruce Bando   | 1.90  | Various discussions on mortgage renewals, loan in the mortgage fund and Xynergy; Various correspondence with counsel on Xynergy and review thereof; Various correspondence from Spectrum re: renewals and loan and Caterpillar matter and review thereof; Various correspondence with Xynergy.                                                                                                                                                                                                                                                 |
| May 16, 2019 | Jason Knight  | 3.10  | Review revised amendment to the Master Agreement re: Medical Fund and discuss same with counsel; Draft correspondence to Xynergy re: amendment; Internal discussions re: file update; Banking matters; Draft email correspondence to Spectrum re: renewal of residential mortgages; Correspondence with Spectrum re: other matters with respect to residential mortgages; Revising proof of claim re: Ostrowski bankruptcy proceedings and compile required documents requested by trustee of same; Correspondence with Xynergy re: amendment. |
| May 17, 2019 | Jason Knight  | 2.30  | Review correspondence from Spectrum re: mortgage renewals and draft response to same; Internal correspondence re: Xynergy and offer re: Inca One indebtedness; Correspondence with Spectrum re: outstanding loan balance from investor; Draft email correspondence to Xynergy re: Amendment and discuss same internally.                                                                                                                                                                                                                       |
| May 17, 2019 | Bruce Bando   | 1.80  | Correspondence regarding mortgage renewals; Correspondence to potential purchaser of the debt of Inca One; Discussion and correspondence re: response to Xynergy; Correspondence from Spectrum, review files and respond.                                                                                                                                                                                                                                                                                                                      |

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| Date         | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                          |
|--------------|-------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 21, 2019 | Rosa Wilford      | 1.20  | Review internal instructions re: Banking; Correspondences with Bank; Review payment requests; Review print screens for expecting wire: Prepare receipt and disbursement requisition forms; Post entries; Email team notification of wire. General banking administration.                                                                       |
| May 21, 2019 | Jason Knight      | 1.90  | Internal discussions re: payment of invoices and response to Xynergy; Review Master Agreement with Xynergy re: NFL Settlements and draft correspondence to counsel re: same; Correspondence with Spectrum re: specific loan and weekly reporting.                                                                                               |
| May 21, 2019 | Bruce Bando       | 1.90  | Review various correspondence from Xynergy, draft response and discussion re: same; Various correspondence with counsel re: same; Various discussions on payment of invoice; Various correspondence with Inca One; Various correspondence with Spectrum; Various correspondence with Farber re: McCready; Correspondence with counsel re: same. |
| May 21, 2019 | Arsheel Muhit     | 0.60  | Correspondence with investors re: status of litigation and other matters.                                                                                                                                                                                                                                                                       |
| May 22, 2019 | Jason Knight      | 0.90  | Review correspondence from counsel re: Xynergy matters and discuss same internally; Prepare for and attend conference call with counsel to discuss next steps re: NFL Agreements; Review offer presented by Inca re: settlement of debt and discuss same internally; Finalize email correspondence to Xynergy and send same.                    |
| May 22, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                 |
| May 22, 2019 | Bruce Bando       | 2.10  | Various correspondence counsel: McCready and Inca One and review thereof; Discussions thereof; Discussion with counsel re: OOM Energy and US real estate; Correspondence from Inca One; Various correspondence and conference call with counsel re: Xynergy.                                                                                    |
| May 23, 2019 | Rosa Wilford      | 0.60  | Review internal email instructions re: Banking; Correspondences with Bank; Review print screens for cleared items; Prepare disbursement requisition forms; Post entries; Email team; Prepare transfer request; Bank letter; General banking administration.                                                                                     |
| May 23, 2019 | Jason Knight      | 0.10  | Provide directions to banking team re: transfer of funds to NBIN.                                                                                                                                                                                                                                                                               |

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| Date         | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                              |
|--------------|-------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 23, 2019 | Bruce Bando       | 1.00  | Correspondence with counsel re: OOM Energy and US Real Estate; Personal loan matters; Various correspondence Inca One.                                                                                                                                                              |
| May 24, 2019 | Rosa Wilford      | 0.50  | Review internal email instructions re: Banking wire transfer; Draft letter to Bank; Prepare disbursement requisition forms; Email correspondences to and from Bank for authorization of transfer; Posting entries; Email wire confirmation to team; General banking administration. |
| May 24, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                     |
| May 24, 2019 | Bruce Bando       | 2.60  | Various correspondence regarding Western Wealth, research thereof, review CW records for the investment, internal discussion, draft and send correspondence; Correspondence counsel re: same; Discussion with counsel re: OOM Energy; Correspondence from Inca One.                 |
| May 24, 2019 | Jason Knight      | 0.60  | Correspondence with Xynergy; Review Spectrum report re: Residential Mortgages; Correspondence re: banking matters; Correspondence re: Inca matters and review update on bankruptcy proceedings and related matters.                                                                 |
| May 27, 2019 | Rosa Wilford      | 0.20  | General banking administration.                                                                                                                                                                                                                                                     |
| May 27, 2019 | Jason Knight      | 0.30  | Review correspondence from counsel re: US Real Estate LP; Correspondence re: Spectrum mortgages and registration of same.                                                                                                                                                           |
| May 27, 2019 | Bruce Bando       | 1.00  | Correspondence re: Al Housego; Correspondence bankruptcy counsel and review affidavit re: Onstar; Correspondence with counsel re: Spectrum mortgages. Correspondence with counsel re: US Real Estate LP; Correspondence potential trustee for McCready.                             |
| May 28, 2019 | Arsheel Muhit     | 0.60  | Prepare cheque requisition for payment to service provider; Correspondence with investors.                                                                                                                                                                                          |
| May 28, 2019 | Jason Knight      | 1.10  | Correspondence with counsel re: requested documents and litigation matters; Review bankruptcy applications prepared by counsel and discuss same internally.                                                                                                                         |

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| Date         | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                       |
|--------------|-------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| May 28, 2019 | Bruce Bando       | 1.60  | Review affidavit for 109 BC and various correspondence with counsel re: same; Review bankruptcy application materials re: McCready and discussion with counsel re: same.                                                                                                                                                                                     |
| May 28, 2019 | Rosa Wilford      | 0.30  | Review internal instructions from team re: Banking; Review payment requests; Prepare disbursement requisition forms; Post entries; Issue cheque; General banking administration.                                                                                                                                                                             |
| May 29, 2019 | Rosa Wilford      | 0.50  | General banking administration.                                                                                                                                                                                                                                                                                                                              |
| May 29, 2019 | Jason Knight      | 1.10  | Correspondence re: litigation matters; Review correspondence re: Residential Mortgages; Correspondence with storage service provider re: retrieval of records; Prepare instructions to NBIN re: release of interim distribution holdback re: outstanding loan and discuss same internally; Correspondence with investor re: release of interim distribution. |
| May 29, 2019 | Bruce Bando       | 0.80  | Correspondence with Spectrum re: mortgage payout; Review bankruptcy application materials for 611 BC.                                                                                                                                                                                                                                                        |
| May 30, 2019 | Jason Knight      | 0.90  | Review correspondence from counsel re: US Real Estate LP; Review materials re: 611 BC and Onstar bankruptcy applications; Correspondence with investor re: inquiries; Review Spectrum report on Residential Mortgages; Review correspondence from Spectrum re: enforcement proceedings.                                                                      |
| May 30, 2019 | Bruce Bando       | 1.30  | Various correspondence and discussion with counsel re: bankruptcy affidavits and review thereof; Various correspondence with Spectrum re: mortgage in default and power of sale.                                                                                                                                                                             |
| May 31, 2019 | Jason Knight      | 0.50  | Email correspondence with third party investment advisor and individual investors re: next interim distribution and timing of same; Correspondence re: mortgage enforcement issues.                                                                                                                                                                          |
| May 31, 2019 | Bruce Bando       | 1.50  | Correspondence from counsel re: Inca One and 107 LP; Spectrum mortgage in default matters; Prepare for and attend meeting with counsel.                                                                                                                                                                                                                      |
| May 31, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                              |
| June 2, 2019 | Bruce Bando       | 0.20  | Correspondence with Western Wealth; Correspondence with Inca One; Correspondence with MLT Aikins.                                                                                                                                                                                                                                                            |

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| Date          | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------|---------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 3, 2019  | Jason Knight  | 0.90  | Correspondence with team re: payment of invoices; Correspondence with Spectrum re: enforcement proceedings; Locate and compile documents requested by counsel to Crystal Wealth investor and draft correspondence to counsel re: same.                                                                                                                                                                                             |
| June 3, 2019  | Bruce Bando   | 1.10  | Various correspondence with Spectrum re: mortgage in default; MLT Aikins bill matters; McCready bankruptcy matters; Various correspondence with counsel re: specific investor; Correspondence with counsel on OOM Energy.                                                                                                                                                                                                          |
| June 4, 2019  | Jason Knight  | 0.50  | Phone call with counsel re: Onstar materials; Correspondence with team re: posting of documents to case website and discuss same with counsel.                                                                                                                                                                                                                                                                                     |
| June 5, 2019  | Arsheel Muhit | 0.10  | Correspondence with an investor re: NBIN account.                                                                                                                                                                                                                                                                                                                                                                                  |
| June 5, 2019  | Jason Knight  | 0.80  | Review books and records of Crystal Wealth for information re: purchases of gold ounces; Prepare analysis for counsel re: Onstar affidavit and draft correspondence re: same; Review schedule re: Onstar to be included in bankruptcy materials re: same; Correspondence with counsel re: Solid Holdings' bankruptcy materials and affidavit re: same; Correspondence with NBIN re: interim distribution and release date of same. |
| June 6, 2019  | Jason Knight  | 2.10  | Finalize affidavit re: Solid Holdings and correspondence with counsel re: same; Correspondence with Xynergy; Review correspondence from counsel and revisions to written arguments re: Solid Holdings; Review revised Onstar bankruptcy materials and correspondence from counsel re: same.                                                                                                                                        |
| June 7, 2019  | Jason Knight  | 0.50  | Review correspondence re: US Real Estate LP; Review Spectrum weekly report and provide commentary on same; Review NBIN correspondence re: banking matters.                                                                                                                                                                                                                                                                         |
| June 9, 2019  | Arsheel Muhit | 0.30  | Process invoices for payment.                                                                                                                                                                                                                                                                                                                                                                                                      |
| June 10, 2019 | Jason Knight  | 0.90  | Review correspondence from Spectrum re: payout of mortgage; Correspondence with counsel re: Crysalis Yoga bank balance and response re: same; Review correspondence from Spectrum re: fees and reporting and discuss same internally.                                                                                                                                                                                              |

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| Date          | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------|-------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 10, 2019 | Bruce Bando       | 2.70  | Review of various correspondence over the past week; Review changes to the affidavit and other materials re: Onstar; Chrysalis matters and correspondence thereof; Review US LP offer and attend conference call with counsel followed by correspondence thereafter; L/M with K. Hart of Inca One re: offer.                                                                                                                                                                                         |
| June 11, 2019 | Bruce Bando       | 0.70  | Correspondence counsel re: Onstar; Various correspondence Spectrum and review thereof re: fees and offer; Various correspondence re: McCready bankruptcy.                                                                                                                                                                                                                                                                                                                                            |
| June 11, 2019 | Arsheel Muhit     | 0.30  | Prepare cheque requisition forms.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| June 12, 2019 | Bruce Bando       | 3.10  | Review and amend NDA re: potential purchaser of mortgages; Prepare for and attend conference call with principals and counsel of the US LP followed by discussion with counsel thereof; Review files re: Pond and potential to sell the debt; Review and amend letter to counsel to the US LP and review various correspondence thereafter; Meeting with counsel to execute bankruptcy documents for Onstar; Disbursement matters; Correspondence with counsel to potential purchaser for Pond debt. |
| June 12, 2019 | Rosa Wilford      | 0.70  | Review internal instructions from team re: Banking; Review payment requests; Prepare disbursement requisition forms; Post entries; Issue cheque; Update tracker; Email team; Review estate summary; Post deposit entries; General banking administration.                                                                                                                                                                                                                                            |
| June 13, 2019 | Arsheel Muhit     | 0.30  | Correspondence with investors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| June 13, 2019 | Bruce Bando       | 0.70  | Various correspondence and discussion with potential purchaser of Pond debt; Correspondence and discussion with counsel re: same.                                                                                                                                                                                                                                                                                                                                                                    |
| June 14, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| June 14, 2019 | Bruce Bando       | 1.70  | Correspondence from potential purchaser for Inca One and review thereof; Review medical funds files and lengthy response from Xynergy; Various correspondence from Spectrum on eviction property; Review T3 notices of assessments and files.                                                                                                                                                                                                                                                        |

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| Date          | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------|---------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June 17, 2019 | Bruce Bando   | 1.50  | Correspondence with Pond re: mortgage payout; Prepare for and attend conference call with counsel to the potential purchaser followed by discussion with counsel thereafter; Review and arrangement for updated NDA and forward to counsel to the potential purchaser; Correspondence from bankruptcy counsel re: Solid Holdings; Correspondence with Spectrum re: mortgage in default.                                   |
| June 17, 2019 | Rosa Wilford  | 1.50  | Review various estate bank accounts and reconcile May statements.                                                                                                                                                                                                                                                                                                                                                         |
| June 18, 2019 | Adam Shell    | 1.50  | Tax matters re: NOA issue.                                                                                                                                                                                                                                                                                                                                                                                                |
| June 18, 2019 | Rosa Wilford  | 0.30  | Review internal instructions from team re: Banking; Review payment requests; Prepare disbursement requisition forms; Post entries; Issue cheque; General banking administration.                                                                                                                                                                                                                                          |
| June 18, 2019 | Jason Knight  | 0.50  | Review Spectrum report re: Residential Mortgages; Review correspondence from counsel re: Solid Holdings; Correspondence with Spectrum re: payout of mortgages and enforcement matters; Internal discussions re: Pond Loan.                                                                                                                                                                                                |
| June 18, 2019 | Bruce Bando   | 3.00  | Review and execute Alberta registration renewal; Review notice of assessment for the Dividend Fund and previous returns and assessments; Correspondence from the potential purchaser and with counsel re: Pond and review files regarding principal and interest owing; Correspondence bankruptcy counsel re: Solid Holdings; Various correspondence with Spectrum re: mortgage in default; Review Spectrum legal report. |
| June 18, 2019 | Arsheel Muhit | 0.30  | Correspondence with investors.                                                                                                                                                                                                                                                                                                                                                                                            |
| June 19, 2019 | Adam Shell    | 0.50  | Call to CRA and discussion thereof.                                                                                                                                                                                                                                                                                                                                                                                       |
| June 19, 2019 | Arsheel Muhit | 0.10  | Internal discussion re: trust notice of assessment.                                                                                                                                                                                                                                                                                                                                                                       |
| June 19, 2019 | Jason Knight  | 2.50  | Correspondence with Richardson GMP re: investor matters; Prepare Pond Loan schedule workbook and draft correspondence to team re: same; Locate tax slips for investor and draft correspondence to same; Internal discussions re: US Real Estate LP; Correspondence with investor re: withdrawal of funds from NBIN.                                                                                                       |

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| Date          | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                   |
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| June 19, 2019 | Rosa Wilford      | 0.20  | On-line banking; Review account for cleared and uncashed items; Match to ledger; Notify team for direction; Email: General banking administration.                                                                                                                                                                                                                                                       |
| June 19, 2019 | Bruce Bando       | 2.60  | Various correspondence with counsel and then with counsel to the potential purchaser of Pond; Various correspondence counsel to 107 LP and counsel re: documents; Correspondence NBIN on deposit; Internal correspondence re: Pond interest and outstanding balance; Internal discussions re: Notice of Assessment for T3 of the Dividend Fund; Review 107 LP proposed purchaser and documents provided. |
| June 20, 2019 | Rosa Wilford      | 0.50  | Review banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                                                                              |
| June 20, 2019 | Bruce Bando       | 1.30  | Various correspondence with counsel to the potential purchaser of the Pond debt; Discussion and correspondence with counsel thereof; Correspondence with counsel re: 107 BC; Correspondence with MLT Aikins and review thereof; Various correspondence with Spectrum on renewals.                                                                                                                        |
| June 20, 2019 | Jason Knight      | 1.00  | Correspondence with investors re: update on proceedings and status of next interim distribution; Internal correspondence re: investor contact information; Correspondence with Spectrum re: Residential Mortgage renewals and discuss same internally; Internal call to discuss matters re: Xynergy and NFL Participation Agreements.                                                                    |
| June 20, 2019 | Arsheel Muhit     | 0.60  | Correspondence with CRA re: trust notice of assessment.                                                                                                                                                                                                                                                                                                                                                  |
| June 21, 2019 | Rosa Wilford      | 0.30  | Review internal instructions from team re: Banking; Review payment requests; Prepare disbursement requisition forms; Post entries; Issue cheque; General banking administration.                                                                                                                                                                                                                         |
| June 21, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                          |
| June 21, 2019 | Jason Knight      | 0.60  | Review email correspondence from Spectrum re: renewal of Residential Mortgages; Phone call with investor re: update on receivership proceedings.                                                                                                                                                                                                                                                         |
| June 24, 2019 | Arsheel Muhit     | 1.00  | Payment of invoices to counsel.                                                                                                                                                                                                                                                                                                                                                                          |
| June 24, 2019 | Bruce Bando       | 0.30  | Various correspondence with Spectrum; Correspondence to Xynergy.                                                                                                                                                                                                                                                                                                                                         |

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| Date          | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                        |
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| June 24, 2019 | Jason Knight  | 1.30  | Draft email correspondence to Xynergy re: NFL Participation Agreements; Review correspondence from Spectrum re: sale of Residential Mortgages; Internal correspondence re: allocation of fees regarding bankruptcy matters; Review invoice from NBIN re: monthly fees and allocate same amongst the Funds; Draft correspondence to team re: allocation of fees and process required for same. |
| June 25, 2019 | Bruce Bando   | 1.40  | Prepare for and attend conference call with Spectrum on renewals and defaults; Various correspondence with Spectrum thereafter; Correspondence re: Onstar; Various correspondence from The Bowra Group re: Solid Holdings and review same.                                                                                                                                                    |
| June 25, 2019 | Jason Knight  | 0.70  | Review correspondence received from investors re: update on file and interim distribution; Review various correspondence from Spectrum re: Residential Mortgages; Review correspondence re: Solid Holdings bankruptcy proceedings and other matters re: same.                                                                                                                                 |
| June 26, 2019 | Jason Knight  | 0.40  | Correspondence re: Solid Holdings matters; Review various correspondence from Spectrum re: Residential Mortgage matters.                                                                                                                                                                                                                                                                      |
| June 26, 2019 | Bruce Bando   | 2.70  | Prepare for and attend conference call with counsel on outstanding issues and subsequent correspondence thereof; Correspondence re: McCready bankruptcy; Conference call with The Bowra Group re: Solid Holdings and correspondence thereof. Various correspondence with Spectrum on mortgage in default and renewals; Correspondence with counsel to the potential purchaser of mortgages.   |
| June 27, 2019 | Jason Knight  | 0.40  | Draft correspondence to NBIN re: approval of custody fees and allocation of same; Internal correspondence re: file matters; Provide instructions to team re: coding of Pond payments in Ascend.                                                                                                                                                                                               |
| June 27, 2019 | Arsheel Muhit | 0.40  | Correspondence with investors.                                                                                                                                                                                                                                                                                                                                                                |
| June 27, 2019 | Bruce Bando   | 1.80  | Correspondence NBIN charges; Billing from counsel; Discussions and various correspondence with counsel re: OOM Energy; Review agreements and respond to Pond.                                                                                                                                                                                                                                 |

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| Date          | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                  |
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| June 28, 2019 | Rosa Wilford      | 0.60  | Review various internal email instructions from team re: Banking; Correspondences with Bank; Review print screens for expecting wire; On-line banking; Prepare receipt and disbursement requisition forms; Post entries; Email team notification of wire. General banking administration.                                               |
| June 28, 2019 | Jason Knight      | 0.40  | Correspondence with Pond re: interest payment and threshold for principal amount paid; Draft correspondence to investor re: update on proceedings; Correspondence re: Pond Loan.                                                                                                                                                        |
| June 28, 2019 | Arsheel Muhit     | 1.20  | Correspondence with investors; Correspondence with NBIN.                                                                                                                                                                                                                                                                                |
| June 28, 2019 | Bruce Bando       | 0.20  | Various correspondence with Pond.                                                                                                                                                                                                                                                                                                       |
| July 2, 2019  | Bruce Bando       | 3.20  | Review correspondence from Pond, various agreements regarding interest and correspondence re: same; Correspondence with potential purchaser of the Pond debt; Numerous correspondence with Spectrum re: mortgages in default and review of attachments; Correspondence with counsel on 107 LP; Review and draft responses to investors. |
| July 2, 2019  | Jason Knight      | 0.30  | Review various correspondence from Spectrum re: Residential Mortgages and legal matters regarding same; Review correspondence from team re: Pond Loan interest payments and discuss same internally.                                                                                                                                    |
| July 3, 2019  | Jason Knight      | 1.40  | Review draft responses to investors and provide comments on same; Review of various correspondence from Spectrum re: residential mortgages and actions on same; Phone call with investor re: status of proceedings and questions re: same.                                                                                              |
| July 3, 2019  | Bruce Bando       | 2.50  | Review response from J. Froese; Review correspondence from counsel to Inca One; Various correspondence with Spectrum on mortgages in default; Prepare for and attend meeting with counsel on 107 LP.                                                                                                                                    |
| July 4, 2019  | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                         |
| July 4, 2019  | Bruce Bando       | 2.00  | Correspondence with counsel on Inca One; Correspondence from Bron; Numerous correspondence with Spectrum and counsel regarding mortgage in default and review of various information; Investor inquiry; Amend and release correspondence to various investors; Review investor matter re: changing of names.                            |

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| Date          | Full Name    | Hours | Detail                                                                                                                                                                                                                                                                                                                                                       |
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| July 5, 2019  | Bruce Bando  | 1.30  | Various correspondence with Spectrum re: mortgage in default; Correspondence from counsel re: 107 LP; Various correspondence from investors; Prepare and file POC for Solid Holdings FMOC.                                                                                                                                                                   |
| July 8, 2019  | Jason Knight | 0.60  | Review various email correspondence from Spectrum and counsel to same re: certain residential mortgages in default and/or foreclosure proceedings; Review email correspondence from CinnoS re: status of investment.                                                                                                                                         |
| July 8, 2019  | Bruce Bando  | 1.50  | Various correspondence with Spectrum and counsel re: mortgage foreclosure: Various correspondence with counsel and trustee re: McCready hearing; Various correspondence with counsel re: OOM Energy.                                                                                                                                                         |
| July 9, 2019  | Bruce Bando  | 2.40  | Correspondence from CinnoS and internal correspondence re: same; Various correspondence with Spectrum and counsel regarding power of sale proceedings; Correspondence bankruptcy counsel re: Solid Holdings; Correspondence and discussion with counsel re: McCready hearing; Internal discussion regarding a specific request from an investor and Xynergy. |
| July 9, 2019  | Jason Knight | 0.60  | Phone call with investor re: file update; Internal call to discuss correspondence from investor and correspondence from Xynergy..                                                                                                                                                                                                                            |
| July 10, 2019 | Bruce Bando  | 1.70  | Specific investor matter; Various correspondence with Spectrum and counsel re: Power of Sale and investigation thereof; Various correspondence with potential purchaser of Pond; Prepare for tomorrow's call with an investor.                                                                                                                               |
| July 10, 2019 | Jason Knight | 0.40  | Draft email response to investor re: issuance of T3s based on unit holder listing provided by IFDS; Review correspondence re: residential mortgages.                                                                                                                                                                                                         |
| July 11, 2019 | Rosa Wilford | 2.60  | Review internal email instructions from team re: Banking; Review on-line accounts; Review print screens for expecting wires; Notify team five wires received; Prepare receipt and disbursement requisition forms; Post deposit and eft entries; Review payment requests; Post invoice entries; Issue cheques; General banking administration.                |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date          | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                  |
|---------------|---------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 11, 2019 | Bruce Bando   | 3.00  | Prepare for and attend conference call with an investor; Various correspondence with counsel to the Power of Sale; Various correspondence and discussion with the real estate agent; Review and amend listing agreement.                                                                                                |
| July 11, 2019 | Arsheel Muhit | 0.50  | Correspondence with investor re: Mortgage fund.                                                                                                                                                                                                                                                                         |
| July 11, 2019 | Jason Knight  | 0.50  | Review correspondence from Spectrum re: residential mortgage enforcements; Review emails from investors and draft responses to same.                                                                                                                                                                                    |
| July 12, 2019 | Arsheel Muhit | 0.30  | Review NBIN June 2019 custody fees; Draft correspondence to NBIN re: same.                                                                                                                                                                                                                                              |
| July 12, 2019 | Jason Knight  | 0.40  | Correspondence re: update of foreclosure property; Review email correspondence from investor and draft response to same.                                                                                                                                                                                                |
| July 15, 2019 | Bruce Bando   | 0.30  | Various correspondence with real estate agent re: Power of Sale.                                                                                                                                                                                                                                                        |
| July 16, 2019 | Rosa Wilford  | 1.50  | Review estate bank account and reconcile June statement; Review print screens for expecting wires; Notify team three wires received; Prepare receipt and disbursement requisition forms; Post deposit and eft entries; General banking administration.                                                                  |
| July 16, 2019 | Bruce Bando   | 2.60  | Review offers regarding mortgage under power of sale and various correspondence with the agent and legal counsel; Voicemail from investor; Discussion with The Bowra Group on Solid Holdings; Various correspondence with counsel and bankruptcy trustee of McCready; NBIN banking matters; Correspondence re: Xynergy. |
| July 16, 2019 | Jason Knight  | 0.40  | Review correspondence from Spectrum re: residential mortgages and sale of property subject to same; Draft email correspondence to Xynergy re: NFL Participation Agreements.                                                                                                                                             |
| July 17, 2019 | Bruce Bando   | 2.20  | Review offer; Various correspondence with the agent and counsel; Execute APS re: Power of Sale property; Various correspondence with Spectrum re: potential purchaser of the residual mortgages and review confidentiality agreement; Correspondence from bankruptcy counsel re: 611 BC and Onstar.                     |
| July 17, 2019 | Jason Knight  | 0.30  | Review correspondence and materials from counsel re: 611 BC and Onstar bankruptcy matters.                                                                                                                                                                                                                              |

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| Date          | Full Name         | Hours | Detail                                                                                                                                                                                                                                         |
|---------------|-------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 17, 2019 | Rosa Wilford      | 1.30  | Review various estate bank accounts and reconcile multiple June statements.                                                                                                                                                                    |
| July 18, 2019 | Rosa Wilford      | 0.40  | Review response from Bank re: details on incoming wires; Update team; Post entries; General banking administration.                                                                                                                            |
| July 18, 2019 | Valerie Naccarato | 0.20  | General banking administration.                                                                                                                                                                                                                |
| July 18, 2019 | Bruce Bando       | 0.30  | Correspondence from Xynergy and consider alternatives.                                                                                                                                                                                         |
| July 18, 2019 | Arsheel Muhit     | 2.80  | Correspondence with investors re: status of litigation, update re: fund recovery initiatives and accessing cash in accounts.                                                                                                                   |
| July 19, 2019 | Rosa Wilford      | 0.30  | General banking administration.                                                                                                                                                                                                                |
| July 19, 2019 | Bruce Bando       | 0.50  | Correspondence with Trustee of McCready; MLT Aikins billing matters.                                                                                                                                                                           |
| July 19, 2019 | Arsheel Muhit     | 1.10  | Correspondence with investors; Correspondence with NBIN re: investor matters.                                                                                                                                                                  |
| July 19, 2019 | Jason Knight      | 0.20  | Review reporting from Spectrum;                                                                                                                                                                                                                |
| July 22, 2019 | Bruce Bando       | 1.70  | Discussion re: MLT Aikins fees; Correspondence with NBIN; Correspondence with bankruptcy trustee of McCready; Review, complete and send proof of claim for 109 BC.                                                                             |
| July 22, 2019 | Arsheel Muhit     | 0.60  | Review and prepare allocation for legal fees relating to bankruptcies; Internal discussions.                                                                                                                                                   |
| July 22, 2019 | Rosa Wilford      | 1.00  | Review banking reports and approve monthly estate balances.                                                                                                                                                                                    |
| July 23, 2019 | Rosa Wilford      | 0.50  | Review and reconcile June GIC term deposit and approve estate balances; Review internal email instructions from team re Banking; Review account ledger; Provide supporting documentation; Prepare Bank letter; General banking administration. |
| July 23, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                |
| July 23, 2019 | Bruce Bando       | 0.20  | Various correspondence with counsel re: OOM Energy and US LP.                                                                                                                                                                                  |

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| Date          | Full Name     | Hours | Detail                                                                                                                                                                                                                                       |
|---------------|---------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 24, 2019 | Rosa Wilford  | 0.50  | Correspondences to and from Bank; Prepare disbursement requisition form; Post term deposit entries; Review account ledger; Provide supporting documentation; Update GIC schedule; Email; General banking administration.                     |
| July 24, 2019 | Arsheel Muhit | 0.20  | Correspondence with investors.                                                                                                                                                                                                               |
| July 24, 2019 | Bruce Bando   | 0.50  | Investor matters; File management matters;                                                                                                                                                                                                   |
| July 25, 2019 | Jason Knight  | 0.40  | Internal correspondence re: Xynergy matters; Draft correspondence to Xynergy re: NFL Participation Agreements.                                                                                                                               |
| July 25, 2019 | Bruce Bando   | 0.30  | Discussion re: Xynergy and correspondence thereafter.                                                                                                                                                                                        |
| July 26, 2019 | Ada Shahini   | 0.10  | General banking administration.                                                                                                                                                                                                              |
| July 26, 2019 | Jason Knight  | 0.10  | Correspondence with an investor re: transfer of funds from NBIN.                                                                                                                                                                             |
| July 29, 2019 | Bruce Bando   | 0.20  | Various correspondence real estate agent for power of sale property.                                                                                                                                                                         |
| July 30, 2019 | Arsheel Muhit | 0.80  | Complete and review proof of claim form re: McCready bankruptcy; Correspondence with NBIN; Correspondence with investors.                                                                                                                    |
| July 30, 2019 | Bruce Bando   | 2.50  | Various correspondence with counsel re: US LP, review files and provide comments; Correspondence with Xynergy and NBIN re: payment; Discussion with former investment advisor.                                                               |
| July 31, 2019 | Rosa Wilford  | 0.30  | Review internal instructions from team re: Banking; Review payment requests; Post disbursement entries; Issue cheque; General banking administration.                                                                                        |
| July 31, 2019 | Arsheel Muhit | 1.00  | Analysis of legal costs on bankruptcy proceedings.                                                                                                                                                                                           |
| July 31, 2019 | Bruce Bando   | 4.00  | Correspondence from Spectrum re: legal report; Correspondence from Spectrum re: mortgage in default; Investor matter; Begin planning and drafting the next report to Court and internal discussions thereof; Various correspondence Xynergy. |

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| Date           | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------|------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| July 31, 2019  | Jason Knight     | 0.70  | Correspondence with Xynergy re: NFL Participation Agreements; Review correspondence with counsel re: US Real Estate LP and review draft letter prepared by same re: next steps; Review semi-monthly reporting provided by Spectrum and review correspondence from same re: foreclosure and legal proceedings; Internal call to discuss Fifth Report and preparation of supporting schedules for same. |
| July 31, 2019  | Arsheel Muhit    | 0.50  | Analysis of legal costs on bankruptcy proceedings; Internal discussions re: fund summaries and receipts and disbursements.                                                                                                                                                                                                                                                                            |
| August 1, 2019 | Jason Knight     | 0.50  | Review correspondence with counsel re: US Real Estate LP and review draft letter prepared by same re: next steps; Correspondence with Spectrum re: mortgage renewals.                                                                                                                                                                                                                                 |
| August 1, 2019 | Arsheel Muhit    | 1.10  | Correspondence with investors re: status of proceedings.                                                                                                                                                                                                                                                                                                                                              |
| August 1, 2019 | Bruce Bando      | 2.60  | Continue planning for the next report; Correspondence with Spectrum re: renewals.                                                                                                                                                                                                                                                                                                                     |
| August 2, 2019 | Bruce Bando      | 2.30  | Review Inca One Statement of Defense; Correspondence from NBIN; Continue planning for the next report; Various correspondence with Spectrum re: renewals.                                                                                                                                                                                                                                             |
| August 6, 2019 | Jonathan Krieger | 1.00  | Review of case matters with team; Call from investor; Call with counsel re: matters related to realizations, reporting.                                                                                                                                                                                                                                                                               |
| August 6, 2019 | Bruce Bando      | 1.20  | Prepare for and attend conference call with counsel on outstanding matters; Various correspondence with AGB LLP.                                                                                                                                                                                                                                                                                      |
| August 6, 2019 | Arsheel Muhit    | 0.20  | Correspondence with investors re: status of proceedings.                                                                                                                                                                                                                                                                                                                                              |
| August 7, 2019 | Bruce Bando      | 2.50  | Review amended correspondence to Boughton re: US LP and correspondence to counsel thereof; Correspondence with The Bowra Group and discussion on Solid Holdings; Report summarization matters.                                                                                                                                                                                                        |
| August 7, 2019 | Arsheel Muhit    | 0.20  | Perform email verification for investigative purposes.                                                                                                                                                                                                                                                                                                                                                |
| August 7, 2019 | Jason Knight     | 0.30  | Review revised letter re: US Real Estate LP; Review order issued re: bankruptcy application and correspondence with counsel re: same.                                                                                                                                                                                                                                                                 |

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| Date            | Full Name        | Hours | Detail                                                                                                                                                                                                                                  |
|-----------------|------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 8, 2019  | Ada Shahini      | 0.10  | General Banking Administration.                                                                                                                                                                                                         |
| August 8, 2019  | Jonathan Krieger | 0.90  | Review of materials re: BDO matter;<br>Correspondence re: regulatory matters.                                                                                                                                                           |
| August 8, 2019  | Bruce Bando      | 1.40  | Various correspondence with legal counsel to power of sale mortgage; Correspondence with counsel re: Blakes and BDO and review thereof; HST matters and discussion thereof.                                                             |
| August 8, 2019  | Arsheel Muhit    | 0.40  | Correspondence with investors re: general matters.                                                                                                                                                                                      |
| August 8, 2019  | Jason Knight     | 1.30  | Review correspondence received from CRA re: trust exam and discuss same internally; Review general ledger details for main account and perform reconciliation of same.                                                                  |
| August 9, 2019  | Bruce Bando      | 1.20  | Prepare for and attend conference call with counsel re: Blakes request and other matters; Investor matters; Discussion with counsel on US LP and correspondence thereof; Correspondence with Spectrum re: mortgage under power of sale. |
| August 9, 2019  | Jonathan Krieger | 0.50  | Call with counsel re: litigation matters; Correspondence with team re: reporting.                                                                                                                                                       |
| August 12, 2019 | Arsheel Muhit    | 1.10  | Correspondence with investors re: status of proceedings and update on Factoring Fund.                                                                                                                                                   |
| August 12, 2019 | Bruce Bando      | 0.20  | Correspondence and discussion with counsel regarding the power of sale property.                                                                                                                                                        |
| August 13, 2019 | Rosa Wilford     | 0.30  | Review internal instructions from team re: Banking; Review payment requests; Post disbursement entries; Issue cheque; General banking administration.                                                                                   |
| August 13, 2019 | Arsheel Muhit    | 1.10  | Correspondence with investors and NBIN re: investor matters; Payment of invoices; Review legal invoices related to bankruptcies.                                                                                                        |
| August 14, 2019 | Ada Shahini      | 3.00  | Review of legal invoices.                                                                                                                                                                                                               |
| August 14, 2019 | Bruce Bando      | 1.30  | Meeting with counsel to power of sale property and sign required documents; Various correspondence with counsel re: US LP and review attachments thereof; Various correspondence with counsel to bankruptcy trustee.                    |
| August 14, 2019 | Jason Knight     | 0.20  | Draft response to email correspondence received from investor.                                                                                                                                                                          |

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| Date            | Full Name         | Hours | Detail                                                                                                                                                                                                                      |
|-----------------|-------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 14, 2019 | Jonathan Krieger  | 0.50  | Correspondence with team re: counsel in BC and scope of services.                                                                                                                                                           |
| August 15, 2019 | Rosa Wilford      | 1.30  | On-line banking; Review account for direct deposits/EFT's; Correspondences with Bank; Reconcile July statement. General banking administration.                                                                             |
| August 15, 2019 | Bruce Bando       | 1.50  | Various correspondence and discussion re: MLT Aikins; Review questions posed by Blakes; Various correspondence and discussion with counsel re: US LP.                                                                       |
| August 15, 2019 | Arsheel Muhit     | 1.20  | Correspondence with investors re: accessing accounts and other investor matters.                                                                                                                                            |
| August 15, 2019 | Jason Knight      | 0.20  | Review various correspondence and letters re: US Real Estate LP.                                                                                                                                                            |
| August 15, 2019 | Rosa Wilford      | 0.30  | Review estate bank accounts and reconcile July statements.                                                                                                                                                                  |
| August 16, 2019 | Rosa Wilford      | 3.0   | Review bank confirmations for receipt of thirteen wires; Prepare receipt requisition forms; Post EFT entries; Prepare disbursement requisitions and post bank charges; Notify team; Emails; General banking administration. |
| August 16, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                             |
| August 16, 2019 | Bruce Bando       | 1.50  | Various correspondence from Spectrum re: mortgage issue and review thereof; Continue with completing the question list from Blakes re: BDO Action and forward to counsel.                                                   |
| August 16, 2019 | Jason Knight      | 1.40  | Review correspondence from Spectrum re: insurance matters re: mortgages; Review GL details and draft clean-up entries; Review various MLT invoices to determine if allocation amongst Funds has been performed.             |
| August 19, 2019 | Rosa Wilford      | 0.80  | Review and reconcile July GIC term deposit and approve estate balances.                                                                                                                                                     |
| August 19, 2019 | Bruce Bando       | 0.70  | Various correspondence with Spectrum re: insurance matters; Correspondence counsel re: Blakes request and Inca One.                                                                                                         |
| August 19, 2019 | Arsheel Muhit     | 0.40  | Correspondence with investor re: Mortgage and Media Funds.                                                                                                                                                                  |

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| Date            | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                       |
|-----------------|------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 19, 2019 | Jason Knight     | 1.20  | Review various wires received from NBIN Fund accounts; Review invoices to determine allocation of same; Provide directions to team re: coding of same and discuss same internally; Review correspondence re: insurance on mortgaged property; Review correspondence from Inca One's counsel. |
| August 20, 2019 | Jonathan Krieger | 0.30  | Correspondence re: matters related to BDO inquiries.                                                                                                                                                                                                                                         |
| August 20, 2019 | Arsheel Muhit    | 1.10  | Review legal fee billing summary and allocation of wire transfers from NBIN; internal discussions; Correspondence with investors.                                                                                                                                                            |
| August 20, 2019 | Rosa Wilford     | 1.00  | Review internal instructions from team re: Banking; Review account ledger; Post journal entries; General banking administration.                                                                                                                                                             |
| August 20, 2019 | Bruce Bando      | 1.50  | Correspondence from Spectrum on mortgage discharge; Prepare for and attend conference call with counsel on US LP, Inca One and Blakes' matters.                                                                                                                                              |
| August 21, 2019 | Jonathan Krieger | 0.10  | Correspondence from counsel re: matters related to recoveries, communication with borrowers.                                                                                                                                                                                                 |
| August 21, 2019 | Jonathan Krieger | 0.40  | Correspondence from counsel re: matters related to recoveries, communication with borrowers.                                                                                                                                                                                                 |
| August 21, 2019 | Jason Knight     | 0.10  | Phone call with an investor.                                                                                                                                                                                                                                                                 |
| August 21, 2019 | Bruce Bando      | 0.70  | Review of interim distributions; Various correspondence re: answers to Blakes' questions.                                                                                                                                                                                                    |
| August 22, 2019 | Bruce Bando      | 0.70  | Various correspondence with Spectrum and execute discharge; Correspondence from counsel re: Blakes; Inquiry from investor.                                                                                                                                                                   |
| August 22, 2019 | Arsheel Muhit    | 1.20  | Correspondence with investors re: update to proceedings.                                                                                                                                                                                                                                     |
| August 26, 2019 | Bruce Bando      | 2.00  | Various correspondence with The Bowra Group; Complete PoC for 611 BC and file; Review correspondence to NBIN; Review materials related to Inca One and various correspondence with counsel re: same; Correspondence AGB LLP and subsequent discussions thereof.                              |
| August 26, 2019 | Arsheel Muhit    | 0.40  | Payment of NBIN Custody Fee for July 2019.                                                                                                                                                                                                                                                   |
| August 27, 2019 | Bruce Bando      | 0.80  | Correspondence re: Cinno; Various correspondence with Spectrum re: mortgage in default and review of materials.                                                                                                                                                                              |

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| Date              | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                       |
|-------------------|------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| August 27, 2019   | Jason Knight     | 0.40  | Review correspondence re: Cinnos and discuss same internally; Review correspondence from Spectrum re: mortgages.                                                                                                                                                                                             |
| August 28, 2019   | Bruce Bando      | 3.00  | Correspondence from Spectrum re: August legal report; Report matters; Various correspondence and discussions regarding investor raising concerns with CPA Ontario and begin review thereof; Correspondence and discussion with counsel re: Blakes request; Various correspondence with counsel re: Inca One. |
| August 28, 2019   | Jason Knight     | 0.80  | Review correspondence from CPA Canada and discuss same internally; Review email correspondence and notes from correspondence with investor and compile same; Draft email to team re: correspondence; Review legal update from Spectrum; Review correspondence re: Inca One.                                  |
| August 28, 2019   | Arsheel Muhit    | 1.20  | Review correspondence with investor for response to CPA letter.                                                                                                                                                                                                                                              |
| August 29, 2019   | Jonathan Krieger | 0.50  | Correspondence from an investor re: status; Review of documentation; Correspondence thereto.                                                                                                                                                                                                                 |
| August 29, 2019   | Bruce Bando      | 3.10  | Various discussions and review of material relating to the CPA Ontario matter; Various correspondence with Spectrum re: two mortgages in default and review of files; Discussion with investor.                                                                                                              |
| August 29, 2019   | Jason Knight     | 0.10  | Review correspondence from Spectrum re: enforcement proceedings.                                                                                                                                                                                                                                             |
| August 30, 2019   | Arsheel Muhit    | 0.80  | Correspondence with investors.                                                                                                                                                                                                                                                                               |
| August 30, 2019   | Jason Knight     | 0.10  | Review correspondence re: Inca One.                                                                                                                                                                                                                                                                          |
| September 2, 2019 | Bruce Bando      | 2.50  | Research and begin drafting response to CPA Ontario.                                                                                                                                                                                                                                                         |
| September 2, 2019 | Rosa Wilford     | 1.00  | On-line banking; Review estate bank accounts and reconcile August statements.                                                                                                                                                                                                                                |
| September 3, 2019 | Arsheel Muhit    | 0.80  | Draft correspondence to CRA re: trust account.                                                                                                                                                                                                                                                               |
| September 3, 2019 | Bruce Bando      | 7.30  | Draft response to CPA Ontario; Correspondence from Spectrum regarding a mortgage in default.                                                                                                                                                                                                                 |
| September 3, 2019 | Jason Knight     | 0.10  | Review correspondence from Spectrum re: mortgages.                                                                                                                                                                                                                                                           |

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| Date               | Full Name        | Hours | Detail                                                                                                                                                                                            |
|--------------------|------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 4, 2019  | Arsheel Muhit    | 2.00  | Review investor logs and emails and preparation of response to CPA re: investor matter.                                                                                                           |
| September 4, 2019  | Bruce Bando      | 9.00  | Continue with CPA Ontario response and various discussions thereof; Correspondence re: Cinnos; Correspondence from counsel re: OOM Energy; Discussion with Pond.                                  |
| September 5, 2019  | Jonathan Krieger | 2.50  | Review of CPA Ontario materials; Correspondence with team thereto.                                                                                                                                |
| September 5, 2019  | Bruce Bando      | 3.80  | CPA Ontario matters; Various discussions thereof; Various correspondence with Spectrum re: mortgage in default; Review materials from Blakes re: BDO Action; Discussion with counsel re: same.    |
| September 5, 2019  | Arsheel Muhit    | 1.80  | Review investor correspondence; Review and revise draft response to CPA.                                                                                                                          |
| September 6, 2019  | Rosa Wilford     | 0.50  | Review and reconcile August GIC term deposit and approve estate balances.                                                                                                                         |
| September 6, 2019  | Arsheel Muhit    | 0.90  | Review report to CPA Ontario; Internal discussions re: same; Correspondence with investors.                                                                                                       |
| September 6, 2019  | Bruce Bando      | 6.30  | Review and amend the response to CPA Ontario, assemble appendices and review appendix of specific communications; Discussion with counsel re: Inca One; Correspondence with Spectrum on renewals. |
| September 6, 2019  | Jonathan Krieger | 0.50  | Correspondence in respect of CPA Ontario materials.                                                                                                                                               |
| September 6, 2019  | Jason Knight     | 0.70  | Review draft letter to CPA Ontario and provide comments on same; Locate Fund summary compliance chart and draft correspondence to team re: same.                                                  |
| September 9, 2019  | Arsheel Muhit    | 2.60  | Review correspondence with investors and draft response to CPA Ontario.                                                                                                                           |
| September 9, 2019  | Bruce Bando      | 2.50  | Various correspondence with Spectrum re: mortgage renewal and mortgage in default; CPA Ontario matters; Review OOM Energy document followed by discussion with counsel.                           |
| September 9, 2019  | Jonathan Krieger | 2.30  | Team discussion and preparation of documentation re: CPA Ontario.                                                                                                                                 |
| September 10, 2019 | Ada Shahini      | 0.10  | Deposit in bank.                                                                                                                                                                                  |

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| Date               | Full Name         | Hours | Detail                                                                                                                                                                                              |
|--------------------|-------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 10, 2019 | Bruce Bando       | 1.70  | Review appraisal of assets of Solid Holdings, consider alternatives and correspondence thereof with Trustee; CPA Ontario matters; Various correspondence with Spectrum re: mortgage in default.     |
| September 10, 2019 | Arsheel Muhit     | 2.50  | Finalizing response to CPA Ontario; Correspondence with investor; Internal discussions.                                                                                                             |
| September 10, 2019 | Valerie Naccarato | 0.30  | Prepare deposit requisition form; enter to Ascend, post entry and general banking administration.                                                                                                   |
| September 11, 2019 | Jason Knight      | 0.90  | Phone call with investor re: update on various Funds invested in.                                                                                                                                   |
| September 11, 2019 | Bruce Bando       | 0.30  | Review and execute documentation for Spectrum re: property sold.                                                                                                                                    |
| September 12, 2019 | Bruce Bando       | 0.40  | Various correspondence with counsel re: Inca One and US LP.                                                                                                                                         |
| September 12, 2019 | Jason Knight      | 0.40  | Review correspondence from counsel re: Inca; Phone conversation with investor.                                                                                                                      |
| September 13, 2019 | Jason Knight      | 0.10  | Correspondence with investor.                                                                                                                                                                       |
| September 16, 2019 | Jonathan Krieger  | 0.60  | Review of correspondence re: US real estate LP; Correspondence with team thereto; Review of legal docs.                                                                                             |
| September 16, 2019 | Bruce Bando       | 1.10  | Correspondence from Xynergy, review data and internal discussion thereof; Various correspondence with Spectrum re: potential; purchaser; Correspondence from Bankruptcy counsel re: Onstar.         |
| September 17, 2019 | Ada Shahini       | 0.10  | General banking administration.                                                                                                                                                                     |
| September 17, 2019 | Bruce Bando       | 1.60  | Prepare for and attend conference call with counsel re: US LP and Dome Mountain; Discussion with Bankruptcy Trustee of Solid Holdings and Onstar; Correspondence from Spectrum re: mortgage payout. |
| September 18, 2019 | Bruce Bando       | 0.30  | Correspondence with Spectrum of mortgage in default and review documentation thereof.                                                                                                               |
| September 19, 2019 | Arsheel Muhit     | 0.20  | Correspondence with investors.                                                                                                                                                                      |
| September 20, 2019 | Bruce Bando       | 0.20  | Various correspondence with Spectrum re: mortgage in default.                                                                                                                                       |

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| Date               | Full Name         | Hours | Detail                                                                                                                                                                                |
|--------------------|-------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September 20, 2019 | Arsheel Muhit     | 0.20  | NBIN Custody fee allocation; Correspondence with NBIN.                                                                                                                                |
| September 23, 2019 | Bruce Bando       | 0.90  | Report matters; Correspondence from MLT Aikins.                                                                                                                                       |
| September 23, 2019 | Arsheel Muhit     | 1.10  | Correspondence with investors re: status of proceedings.                                                                                                                              |
| September 25, 2019 | Bruce Bando       | 0.40  | Various correspondence with Spectrum on mortgages in default and review document thereof.                                                                                             |
| September 25, 2019 | Arsheel Muhit     | 0.50  | Payment of legal invoices.                                                                                                                                                            |
| September 26, 2019 | Bruce Bando       | 1.90  | Discussion and correspondence with Pond; Review principal and interest spreadsheet; Discussion with counsel; Discussion with Spectrum on potential purchaser and mortgage in default. |
| September 27, 2019 | Arsheel Muhit     | 0.30  | Correspondence with investor re: general update and transferring funds.                                                                                                               |
| September 27, 2019 | Bruce Bando       | 0.40  | Various correspondence with Spectrum re: mortgage in default; Pond interest matters and correspondence thereof.                                                                       |
| September 29, 2019 | Jason Knight      | 0.20  | Review materials and correspondence re: Pond Loan.                                                                                                                                    |
| September 30, 2019 | Bruce Bando       | 0.70  | Correspondence from counsel re: Inca One; Various correspondence with the Trustee of Solid One and review and compare to the FLV previously provided by the Trustee.                  |
| September 30, 2019 | Valerie Naccarato | 0.30  | Correspondence with Bank; Print screen for direct deposit; Prepare receipt form; Post deposit; Email team notification of receipt. General banking administration.                    |
| October 1, 2019    | Bruce Bando       | 0.20  | Correspondence from Spectrum re: mortgage payout; Correspondence from counsel re: Inca One.                                                                                           |
| October 1, 2019    | Jason Knight      | 0.30  | Correspondence from investor; Review various correspondence re: Pond Loan and residential mortgage matters.                                                                           |
| October 2, 2019    | Bruce Bando       | 0.40  | Correspondence from counsel re: OOM Energy; Correspondence from Spectrum re: legal files and mortgage payout.                                                                         |
| October 2, 2019    | Arsheel Muhit     | 0.40  | Draft proof of claim form relating to Onstar bankruptcy.                                                                                                                              |

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| Date             | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                            |
|------------------|-------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 3, 2019  | Jason Knight      | 0.40  | Draft correspondence to Xynergy; Review investor correspondence and discuss same internally.                                                                                                                                                                                      |
| October 4, 2019  | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                   |
| October 4, 2019  | Bruce Bando       | 0.40  | Correspondence from Spectrum re: mortgage payout; Various correspondence with Spectrum re: mortgage in default and review attachments.                                                                                                                                            |
| October 6, 2019  | Bruce Bando       | 0.90  | Review material from Trustee of Solid Holdings and correspondence thereof; Review OOM Energy documents and correspondence with counsel thereof; Review Inca One documents and correspondence with counsel thereof.                                                                |
| October 7, 2019  | Bruce Bando       | 0.60  | Correspondence with Spectrum re: mortgage discharge and execute same; Correspondence with Trustee of Solid Holdings; Discussion with counsel re: OOM Energy.                                                                                                                      |
| October 8, 2019  | Bruce Bando       | 0.20  | Correspondence with Spectrum; OOM Energy matters.                                                                                                                                                                                                                                 |
| October 9, 2019  | Bruce Bando       | 2.30  | Review Inca One settlement documents and various correspondence with counsel re: same; Discussion with Spectrum re: potential purchaser, investigate and respond thereto; Review US LP Statement of Claim.                                                                        |
| October 10, 2019 | Bruce Bando       | 2.00  | Correspondence from counsel re: Inca One; Correspondence with Spectrum re: potential purchaser request; Conference call with counsel on US LP Statement of Claim and related matters; Discussion with counsel re: Dome Mountain; Correspondence with bankruptcy counsel re: same. |
| October 11, 2019 | Rosa Wilford      | 1.00  | Review various estate bank accounts and reconcile September statements.                                                                                                                                                                                                           |
| October 15, 2019 | Rosa Wilford      | 1.50  | On-line banking; Review account for various incoming wires; Prepare receipt and disbursement requisition forms; Post deposit and payment eft entries; Provide supporting documentation; Notify team; Emails; General banking administration.                                      |
| October 16, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                   |
| October 16, 2019 | Bruce Bando       | 0.30  | Discussion and correspondence with Ross Law; Various correspondence with bankruptcy counsel re: Dome Mountain.                                                                                                                                                                    |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date             | Full Name     | Hours | Detail                                                                                                                                                                                         |
|------------------|---------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 17, 2019 | Rosa Wilford  | 1.00  | Review and reconcile September GIC term deposits and approve various estate balances.                                                                                                          |
| October 17, 2019 | Bruce Bando   | 0.80  | Correspondence from Spectrum re: payout of mortgage; Execute direction on another mortgage and provide to Spectrum and the mortgagor's counsel; Correspondence from counsel re: Dome Mountain. |
| October 18, 2019 | Bruce Bando   | 0.20  | Various correspondence re: OOM Energy.                                                                                                                                                         |
| October 20, 2019 | Bruce Bando   | 1.00  | Various correspondence with counsel re: Inca One and US LP and review thereof; Correspondence from The Bowra Group and review thereof; Internal correspondence re: Solid Holdings.             |
| October 20, 2019 | Jason Knight  | 1.00  | Prepare loan continuity schedules re: Dome Mountain and draft correspondence to counsel re: same; Correspondence with NBIN.                                                                    |
| October 21, 2019 | Jason Knight  | 0.20  | Correspondence with NBIN re: banking transactions.                                                                                                                                             |
| October 21, 2019 | Bruce Bando   | 0.50  | Correspondence and prepare for and attend conference with The Bowra Group.                                                                                                                     |
| October 22, 2019 | Jason Knight  | 0.30  | Respond to correspondence received from investors re: file update.                                                                                                                             |
| October 22, 2019 | Bruce Bando   | 0.30  | Inquiry from a former investment advisor; Correspondence with Spectrum re: mortgage in default; Vmail from counsel re: OOM Energy; Correspondence with Spectrum re: renewals.                  |
| October 23, 2019 | Jason Knight  | 0.60  | Prepare for and attend scheduled call with investor re: update on proceedings.                                                                                                                 |
| October 23, 2019 | Bruce Bando   | 0.50  | Review litigation materials re: Zomongo.                                                                                                                                                       |
| October 23, 2019 | Arsheel Muhit | 0.40  | Correspondence with investors re: update to proceedings and status of distributions.                                                                                                           |
| October 24, 2019 | Bruce Bando   | 0.90  | Various correspondence with counsel re: Zomongo and tax forms and review thereof; Various correspondence with Spectrum on renewals and review thereof.                                         |
| October 24, 2019 | Arsheel Muhit | 3.10  | Correspondence with investors.                                                                                                                                                                 |
| October 24, 2019 | Jason Knight  | 0.20  | Review correspondence re: Zomongo judgement.                                                                                                                                                   |
| October 25, 2019 | Arsheel Muhit | 0.30  | Payment of invoices.                                                                                                                                                                           |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date             | Full Name         | Hours | Detail                                                                                                                                                                                    |
|------------------|-------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| October 25, 2019 | Jason Knight      | 0.20  | Correspondence with counsel re: Zomongo matters.                                                                                                                                          |
| October 27, 2019 | Jason Knight      | 1.10  | Prepare workbook to calculate figures to be included in default judgement re: Zomongo.TV Corp and Zomongo Inc. and draft correspondence to counsel re: same;                              |
| October 28, 2019 | Rosa Wilford      | 0.60  | Review internal instructions from team re: Banking; Review payment requests; Prepare disbursement requisition forms; Post invoice entries; Issue cheques; General banking administration. |
| October 28, 2019 | Arsheel Muhit     | 1.00  | Correspondence with advisor re: status of proceedings and distribution; Internal discussion re: tax matters.                                                                              |
| October 28, 2019 | Bruce Bando       | 0.30  | Correspondence re: Zomongo; Internal discussion and correspondence re: CRA notice of assessment.                                                                                          |
| October 28, 2019 | Jason Knight      | 0.20  | Correspondence with investor re: Mortgage Fund.                                                                                                                                           |
| October 29, 2019 | Bruce Bando       | 0.40  | Correspondence from Spectrum re: mortgages in legal action; Various correspondence with counsel re Inca One and review thereof.                                                           |
| October 29, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                           |
| October 30, 2019 | Arsheel Muhit     | 0.40  | Correspondence with investors.                                                                                                                                                            |
| October 30, 2019 | Bruce Bando       | 0.80  | Review, execute and forward to counsel closing documents re: Inca One; Correspondence with counsel re: Zomongo; Various correspondence with Pond.                                         |
| October 30, 2019 | Jason Knight      | 0.10  | Correspondence with counsel re: Dome Mountain.                                                                                                                                            |
| October 31, 2019 | Rosa Wilford      | 0.20  | Provide wire instructions; Letter; Email; General banking administration.                                                                                                                 |
| October 31, 2019 | Bruce Bando       | 0.50  | Review, sign and return the minutes of the meeting of inspectors for Solid Holdings; Correspondence with counsel re: Inca One; Correspondence with Spectrum re: mortgage in default.      |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

**Time Summary**

|                                |               |         |          |             |                   |
|--------------------------------|---------------|---------|----------|-------------|-------------------|
| J. Krieger, Sr. Vice President | 12.70         | hours @ | \$595.00 | per hour \$ | 7,556.50          |
| B. Bando, Vice President       | 201.60        | hours @ | \$495.00 | per hour \$ | 99,792.00         |
| A. Shell, Tax Manager          | 2.00          | hours @ | \$400.00 | per hour \$ | 800.00            |
| J. Knight, Vice President      | 4.60          | hours @ | \$450.00 | per hour \$ | 2,070.00          |
| J. Knight, Sr. Manager         | 2.30          | hours @ | \$425.00 | per hour \$ | 977.50            |
| J. Knight, Manager             | 73.50         | hours @ | \$375.00 | per hour \$ | 27,562.50         |
| R. Wilford, Manager            | 45.20         | hours @ | \$275.00 | per hour \$ | 12,430.00         |
| A. Muhit, Manager              | 56.90         | hours @ | \$275.00 | per hour \$ | 15,647.50         |
| A. Shahini, Senior Associate   | 3.40          | hours @ | \$165.00 | per hour \$ | 561.00            |
| V. Naccarato, Analyst          | 2.30          | hours @ | \$135.00 | per hour \$ | 310.50            |
|                                | <u>404.50</u> |         |          | \$          | <u>167,707.50</u> |

|                                  |    |                   |
|----------------------------------|----|-------------------|
| 5% Technology and Administration | \$ | 8,385.38          |
|                                  | \$ | <u>176,092.88</u> |

**Disbursements**

|                      |    |               |
|----------------------|----|---------------|
| Courier              | \$ | 92.40         |
| Dropbox subscription | \$ | 129.00        |
|                      | \$ | <u>221.40</u> |

|                                 |    |                  |
|---------------------------------|----|------------------|
| Subtotal time and disbursements | \$ | 176,314.28       |
| HST                             | \$ | <u>22,920.86</u> |

|                      |           |                          |
|----------------------|-----------|--------------------------|
| <b>Total Invoice</b> | <b>\$</b> | <b><u>199,235.13</u></b> |
|----------------------|-----------|--------------------------|

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD.,  
1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH  
MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS  
FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED  
FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH  
YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE  
SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL  
WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY,  
CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE  
FUND, and CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, c.  
S.5, AS AMENDED**

**BILL OF COSTS**

**BN 12738 4717 RT0001  
Client #225805  
Invoice#LSON-5999**

To professional services as Receiver rendered for the period from November 1, 2019 to January 31, 2020.

| Date             | Full Name    | Hours | Detail                                                                   |
|------------------|--------------|-------|--------------------------------------------------------------------------|
| November 1, 2019 | Bruce Bando  | 0.10  | Correspondence with counsel re: US LP litigation.                        |
| November 1, 2019 | Jason Knight | 0.10  | Internal correspondence re: allocation of gold loan settlement proceeds. |

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will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date              | Full Name     | Hours | Detail                                                                                                                                                                                         |
|-------------------|---------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 1, 2019  | Rosa Wilford  | 0.60  | On-line banking; Review account for incoming wire; Prepare receipt and disbursement requisition forms; Post invoice and deposit entries; Email team; General banking administration.           |
| November 3, 2019  | Jason Knight  | 0.90  | Prepare loan schedules re: guarantors of Dome Mountain loan and provide comments on draft judgement; Draft correspondence to counsel.                                                          |
| November 4, 2019  | Bruce Bando   | 0.10  | Review mortgage discharge forms requested by Spectrum.                                                                                                                                         |
| November 5, 2019  | Bruce Bando   | 1.00  | Various correspondence with Spectrum on mortgage discharge, review and execute same to include corrections thereof; Correspondence with counsel re: Inca One.                                  |
| November 7, 2019  | Bruce Bando   | 0.60  | Correspondence and discussion with counsel re: certain investments; Correspondence re: T3 provider; Various correspondence with counsel re: US LP.                                             |
| November 10, 2019 | Rosa Wilford  | 1.30  | Review various estate bank accounts and reconcile October statements.                                                                                                                          |
| November 11, 2019 | Bruce Bando   | 1.30  | Review, investigate and respond to Fieldhouse Capital; Review, investigate and various correspondence with counsel re: Palisades investment; Correspondence from counsel re: US LP litigation. |
| November 12, 2019 | Bruce Bando   | 0.20  | Correspondence with counsel re: Palisades; Correspondence with Palisades; Correspondence with Spectrum re: mortgage in default.                                                                |
| November 13, 2019 | Bruce Bando   | 0.30  | Various correspondence with Spectrum re: mortgage in default.                                                                                                                                  |
| November 14, 2019 | Bruce Bando   | 0.10  | Correspondence with Spectrum on mortgage payout.                                                                                                                                               |
| November 15, 2019 | Arsheel Muhit | 1.10  | Prepare invoices for payment; Draft correspondence to NBIN; Discussion with investors.                                                                                                         |
| November 15, 2019 | Bruce Bando   | 0.50  | Correspondence re: Dome Mountain information for the litigation proceedings; Discussion with AGB LLP; Correspondence from SS&C; Inca One matters with NBIN.                                    |

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| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                                                                                                                                                              |
|-------------------|---------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 18, 2019 | Jason Knight  | 4.90  | Review correspondence from counsel re: Dome Mountain matters; Locate and compile various documents required to support advances made by the Funds to Dome Mountain; Revise affidavit prepared by counsel; Draft correspondence to counsel summarizing changes to affidavit and supporting documents compiled; Correspondence with investor and internally re: same. |
| November 18, 2019 | Rosa Wilford  | 0.30  | Review and reconcile October GIC term deposit and approve estate balances.                                                                                                                                                                                                                                                                                          |
| November 19, 2019 | Jason Knight  | 0.20  | Review correspondence from counsel re: Dome Mountain and letter provided in same.                                                                                                                                                                                                                                                                                   |
| November 19, 2019 | Rosa Wilford  | 1.00  | Review various banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                                 |
| November 20, 2019 | Arsheel Muhit | 2.70  | Various correspondence with investors.                                                                                                                                                                                                                                                                                                                              |
| November 20, 2019 | Bruce Bando   | 0.10  | Various correspondence from NBIN.                                                                                                                                                                                                                                                                                                                                   |
| November 20, 2019 | Jason Knight  | 1.10  | Review further revised version of Dome Mountain affidavit and provide comments on same; Correspondence with counsel; Correspondence with Spectrum re: Residential Mortgages.                                                                                                                                                                                        |
| November 20, 2019 | Rosa Wilford  | 0.50  | Review banking reports and approve monthly estate balances.                                                                                                                                                                                                                                                                                                         |
| November 21, 2019 | Arsheel Muhit | 0.30  | Review Fourth Report and investor correspondence to build outline for investor update.                                                                                                                                                                                                                                                                              |
| November 21, 2019 | Bruce Bando   | 1.90  | Review Notice of Motion and Affidavit and materials regarding the bankruptcy application and various correspondence and discussion with counsel thereof; Correspondence from Spectrum re: mortgage discharge.                                                                                                                                                       |
| November 21, 2019 | Jason Knight  | 0.60  | Internal discussions re: bank transfers; Review various correspondence and revisions to Dome Mountain bankruptcy matters;                                                                                                                                                                                                                                           |
| November 22, 2019 | Jason Knight  | 0.40  | Review correspondence from Spectrum and form of release; Correspondence with Spectrum and team.                                                                                                                                                                                                                                                                     |
| November 25, 2019 | Arsheel Muhit | 1.30  | Prepare allocation of legal fees; Correspondence with NBIN.                                                                                                                                                                                                                                                                                                         |

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| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                    |
|-------------------|---------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| November 25, 2019 | Bruce Bando   | 2.90  | Review OOM Energy materials followed by correspondence with counsel; Review Dome Mountain affidavit followed by correspondence with counsel; Review invoice of costs and amend thereof; Various correspondence with NBIN. |
| November 25, 2019 | Rosa Wilford  | 0.60  | Review internal email instructions from team re: Banking; Prepare disbursement requisition form; Bank letter; General banking administration.                                                                             |
| November 26, 2019 | Arsheel Muhit | 1.70  | Draft notice to investors; Prepare summary table for notice; Internal discussions.                                                                                                                                        |
| November 26, 2019 | Bruce Bando   | 0.30  | Discussion regarding update to the investors.                                                                                                                                                                             |
| November 27, 2019 | Arsheel Muhit | 1.60  | Correspondence with NBIN re: Netrep access; Various correspondence with investors re: deceased investors; Correspondence with NBIN re: estate matters.                                                                    |
| November 27, 2019 | Bruce Bando   | 1.70  | Various correspondence with the Trustee of the estate of McCready; Meeting with counsel to execute various documents; Correspondence with an investor; Correspondence with Spectrum on renewals.                          |
| November 28, 2019 | Arsheel Muhit | 0.40  | Correspondence with investors re: tax matters and general update.                                                                                                                                                         |
| November 28, 2019 | Bruce Bando   | 0.80  | Review files regarding upcoming mortgage renewals and correspondence with Spectrum thereof; Investor inquiries.                                                                                                           |
| November 29, 2019 | Arsheel Muhit | 1.40  | Correspondence with NBIN re: various matters including investors, account access, wire transfers and custody fees.                                                                                                        |
| December 2, 2019  | Arsheel Muhit | 0.20  | Correspondence with investors re: account access and update to litigation.                                                                                                                                                |
| December 2, 2019  | Bruce Bando   | 0.20  | Inca One matters and discussion thereof.                                                                                                                                                                                  |
| December 3, 2019  | Arsheel Muhit | 0.70  | Correspondence with investors re: status of proceedings; Correspondence with NBIN re: account access.                                                                                                                     |
| December 3, 2019  | Bruce Bando   | 1.40  | Billing matter re: counsel; Correspondence from counsel re: Dome Mountain related default judgement.                                                                                                                      |

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| Date             | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------|-------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 3, 2019 | Rosa Wilford      | 0.50  | Review internal email instructions from team re: Banking; Provide list of accounts with current balances; GIC; General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| December 4, 2019 | Arsheel Muhit     | 1.10  | Correspondence with NBIN; Review legal invoices; Payment of invoices.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| December 4, 2019 | Bruce Bando       | 0.20  | Single Source matters and correspondence thereof.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| December 4, 2019 | Rosa Wilford      | 3.00  | Review internal email instructions from team re: Banking; Review payment requests; Review notification of returned funds: Advise team; Post entries; Prepare disbursement requisition forms; Review payment requests; Prepare wire transfers; Correspondences to and from Bank for authorization of transfers; Notify team confirmations; Post wire entries; On-line banking; Meet with team; Review account for expecting wires; Prepare receipt and disbursement requisition forms; Post various EFT entries; Email team notification of wires. General banking administration. |
| December 5, 2019 | Bruce Bando       | 0.40  | Various correspondence with counsel re: litigation matrix and review thereof; Correspondence from an investor.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| December 5, 2019 | Rosa Wilford      | 1.00  | Review internal email instructions from team re: Banking; Review payment requests; Prepare disbursement requisition form; Prepare wire transfers; Letters; Faxes; Emails; Post returned wires; Correspondences to and from Bank for authorization of transfers; Phone call with Bank; On-line banking; General banking administration.                                                                                                                                                                                                                                            |
| December 6, 2019 | Arsheel Muhit     | 0.70  | Call with investor and revising notes re: same.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| December 6, 2019 | Bruce Bando       | 1.30  | Prepare for and attend conference call with an investor followed by correspondence; Discussion thereafter; Correspondence from counsel re: US LP litigation; Correspondence with Pond.                                                                                                                                                                                                                                                                                                                                                                                            |
| December 6, 2019 | Rosa Wilford      | 1.00  | Provide team with wire confirmations: Post entries; Review payment requests; Prepare disbursement requisition forms; Post invoice entries; Issue cheques; General banking administration.                                                                                                                                                                                                                                                                                                                                                                                         |
| December 6, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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| Date              | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                   |
|-------------------|-------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 9, 2019  | Bruce Bando       | 1.90  | Review certification materials; Correspondence from BC counsel re: Zomongo; Correspondence with counsel re: Single Source; Internal discussion and review of authority notification.                                                                                     |
| December 10, 2019 | Arsheel Muhit     | 1.40  | Draft letter to Caterpillar re: sale of equipment and Single Source; Correspondence with NBIN re: investor matters; Correspondence with investor re: accessing NBIN account.                                                                                             |
| December 10, 2019 | Bruce Bando       | 0.30  | Single Source and Caterpillar matters.                                                                                                                                                                                                                                   |
| December 11, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                          |
| December 12, 2019 | Arsheel Muhit     | 0.70  | Review NBIN cash balances in fund accounts; Internal discussion re: payment of professional fees; Correspondence with investor.                                                                                                                                          |
| December 12, 2019 | Bruce Bando       | 0.70  | Various correspondence with counsel on summary of litigation summary; Review SS&C agreement and forward to counsel.                                                                                                                                                      |
| December 12, 2019 | Jason Knight      | 0.40  | Correspondence with Xynergy re: NFL matters; Review documentation re: tax returns for 2019.                                                                                                                                                                              |
| December 13, 2019 | Arsheel Muhit     | 0.80  | Correspondence with NBIN re: wire transfers.                                                                                                                                                                                                                             |
| December 16, 2019 | Arsheel Muhit     | 0.50  | Correspondence with NBIN re: account matters.                                                                                                                                                                                                                            |
| December 16, 2019 | Bruce Bando       | 1.90  | Various correspondence with MLT Aikins re: Dome Mountain; Review and execute amendment to SS&C agreement; Correspondence thereof; Draft investor response; Discussion with counsel; Single Source matters; Internal discussion on litigation matters and review thereof. |
| December 16, 2019 | Jonathan Krieger  | 4.00  | Review of litigation materials; Correspondence with counsel; Correspondence with team thereto.                                                                                                                                                                           |
| December 17, 2019 | Arsheel Muhit     | 2.30  | Prepare and pay professional fees; Internal discussions; Draft update to investors.                                                                                                                                                                                      |
| December 17, 2019 | Bruce Bando       | 2.10  | Various correspondence with counsel re: litigation summary; Discussion on litigation matters and review thereof; Correspondence from Spectrum re: mortgages in default; Various correspondence with Pond; Correspondence with Spectrum on discharge.                     |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date              | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                 |
|-------------------|-------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 17, 2019 | Jason Knight      | 0.30  | Review correspondence re: Spectrum Mortgages and update to investors.                                                                                                                                                                                                                  |
| December 17, 2019 | Jonathan Krieger  | 1.00  | Correspondence with team; Correspondence with counsel.                                                                                                                                                                                                                                 |
| December 17, 2019 | Rosa Wilford      | 2.50  | Review internal email instructions from team re: Banking; Review payment requests; On-line banking; Review account for incoming wire; Prepare receipt and disbursement requisition forms; Post invoice and deposit entries; Issue cheques; Email team; General banking administration. |
| December 18, 2019 | Arsheel Muhit     | 1.60  | Draft investor update.                                                                                                                                                                                                                                                                 |
| December 18, 2019 | Bruce Bando       | 2.10  | Review and amend litigation matrix; Review and amend update to investors; Internal discussions thereof.                                                                                                                                                                                |
| December 19, 2019 | Arsheel Muhit     | 0.60  | Payment of custody fee to NBIN; Correspondence with NBIN.                                                                                                                                                                                                                              |
| December 19, 2019 | Bruce Bando       | 1.50  | Review and amend Notice to Investors; Various correspondence with counsel re: same and litigation matters; Conference call with counsel re: same; Correspondence to an investor.                                                                                                       |
| December 19, 2019 | Jonathan Krieger  | 1.20  | Correspondence with team; Conference call with counsel re: litigation.                                                                                                                                                                                                                 |
| December 19, 2019 | Rosa Wilford      | 0.30  | Review internal email instructions re Banking; Review payment request; Prepare disbursement requisition form; Post invoice entries; Issue cheque. General banking administration.                                                                                                      |
| December 19, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                        |
| December 20, 2019 | Arsheel Muhit     | 2.80  | Draft website update; Prepare email for investor update; Correspondence with investors re: investor update; Correspondence with MLT Aikins; Draft website update.                                                                                                                      |
| December 20, 2019 | Bruce Bando       | 1.30  | Various correspondence with counsel; Investor inquiry; Various correspondence with Spectrum re: mortgage discharge; Notice of Investor matters and case website matters.                                                                                                               |
| December 20, 2019 | Jonathan Krieger  | 0.70  | Correspondence and discussions re: matters related to web postings; Correspondence re: matters related to investor reporting.                                                                                                                                                          |

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| Date              | Full Name         | Hours | Detail                                                                                                                                                                                         |
|-------------------|-------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| December 20, 2019 | Rosa Wilford      | 1.00  | Review various estate bank accounts and reconcile November statements.                                                                                                                         |
| December 23, 2019 | Rosa Wilford      | 1.00  | Review and reconcile November GIC term deposits and approve various estate balances.                                                                                                           |
| December 31, 2019 | Bruce Bando       | 0.50  | Prepare for and attend call with OSC.                                                                                                                                                          |
| December 31, 2019 | Jonathan Krieger  | 1.30  | Prepare for and attend on OSC; Call with counsel; Discussions and correspondence with counsel.                                                                                                 |
| December 31, 2019 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                |
| January 2, 2020   | Arsheel Muhit     | 0.30  | Correspondence with investors re: December notice and other matters.                                                                                                                           |
| January 3, 2020   | Jonathan Krieger  | 0.40  | Review of materials re: legal correspondence, litigation matters.                                                                                                                              |
| January 6, 2020   | Bruce Bando       | 2.00  | Review of various correspondence; Various correspondence with Spectrum re: renewals; Discussion regarding investor inquiries; Various correspondence with counsel re: Zomongo.                 |
| January 6, 2020   | Jonathan Krieger  | 0.30  | Correspondence re: matters related to litigation, position of parties.                                                                                                                         |
| January 7, 2020   | Bruce Bando       | 0.60  | Press matters; Various correspondence with Spectrum on mortgage in default.                                                                                                                    |
| January 8, 2020   | Arsheel Muhit     | 4.60  | Correspondence with Caterpillar re: claim filed; Correspondence with counsel re: same; Review and allocation of professional fee invoices to various funds; Preparation of fund cash balances. |
| January 8, 2020   | Bruce Bando       | 2.00  | Various correspondence with counsel re: class proceedings; Correspondence and discussion with AGB LLP and review of decision; Correspondence with Spectrum.                                    |
| January 8, 2020   | Jason Knight      | 0.60  | Correspondence re: Single Source matters; Review various materials re: BDO litigation matters; Internal discussions.                                                                           |
| January 8, 2020   | Jonathan Krieger  | 0.60  | Review of materials re: class proceeding; Correspondence with team and counsel.                                                                                                                |
| January 9, 2020   | Arsheel Muhit     | 8.00  | Professional fee allocation; Cash balance and third distribution analysis; Internal discussions; WIP Analysis.                                                                                 |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date             | Full Name         | Hours | Detail                                                                                                                                                                                                                                                               |
|------------------|-------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 9, 2020  | Bruce Bando       | 3.80  | Prepare for and attend conference call with counsel; Various internal discussions and correspondence with counsel thereafter; Various correspondence with AGB LLP; Review of files in preparation for mediation and internal discussions and correspondence thereof. |
| January 9, 2020  | Jason Knight      | 0.30  | Internal discussions re: BDO matters; Draft correspondence to team re: BDO matters; Review correspondence from counsel re: Dome Mountain proceedings;                                                                                                                |
| January 9, 2020  | Jonathan Krieger  | 2.50  | Call with counsel re: litigation matters; Call with OSC: Review of considerations with team; Further correspondence with counsel; Further call re: litigation matters; Correspondence re: mediation matters.                                                         |
| January 9, 2020  | Paul Kouadio      | 2.00  | Recorded input from legal invoices dated April 30, 2019 and June 17, 2019 on excel spreadsheet.                                                                                                                                                                      |
| January 10, 2020 | Arsheel Muhit     | 8.80  | Cash balance and third distribution analysis; Internal discussions; Draft summary for OSC.                                                                                                                                                                           |
| January 10, 2020 | Bruce Bando       | 6.00  | Review and create fund analyses in preparation for mediation, including various discussions regarding same and current figures; Prepare for and attend conference call with AGB LLP; Correspondence with AGB LLP thereafter.                                         |
| January 10, 2020 | Jason Knight      | 1.10  | Internal calls re: BDO matters; Prepare for and attend call with team to discuss analysis re: shortfall of proceeds recovered and net asset value of funds; Prepare for and attend call with team re: allocation of professional fees and payment of same.           |
| January 10, 2020 | Jonathan Krieger  | 2.20  | Call with counsel; Call with OSC; Correspondence with OSC; Review of documents from counsel; Discussion and preparation re: mediation matters.                                                                                                                       |
| January 10, 2020 | Paul Kouadio      | 1.00  | Recorded input from legal invoices dated December 30, 2019 on excel spreadsheet.                                                                                                                                                                                     |
| January 10, 2020 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                      |
| January 11, 2020 | Bruce Bando       | 2.50  | Continue with worksheets; Various discussions re: same and mediation; Various correspondence with counsel.                                                                                                                                                           |
| January 11, 2020 | Jason Knight      | 0.20  | Internal discussions re: realization analysis.                                                                                                                                                                                                                       |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date             | Full Name        | Hours | Detail                                                                                                                                                                                             |
|------------------|------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 11, 2020 | Jonathan Krieger | 1.50  | Correspondence with counsel;<br>Correspondence from Aird & Berlis re: litigation matters; Further correspondence with AGB; Review of mediator correspondence; Review of information re: mediation. |
| January 12, 2020 | Arsheel Muhit    | 1.00  | Review summary worksheet to provide to OSC; Internal discussions.                                                                                                                                  |
| January 12, 2020 | Bruce Bando      | 2.50  | Continue with analysis including various correspondence and discussions.                                                                                                                           |
| January 12, 2020 | Jonathan Krieger | 2.70  | Correspondence re: matters related to mediation; Review of worksheets; Calls with team re: reconciliation of information; Correspondence from counsel.                                             |
| January 13, 2020 | Bruce Bando      | 4.80  | Prepare for and attend mediation; Various discussions and correspondence thereafter and retrieval of information; Discussion with counsel to Pallisades.                                           |
| January 13, 2020 | Jason Knight     | 0.30  | Review correspondence re: mediation matters; Internal discussions.                                                                                                                                 |
| January 13, 2020 | Jonathan Krieger | 7.00  | Attendance and participation at mediation; Correspondence and discussions with team thereto re: required information.                                                                              |
| January 13, 2020 | Rosa Wilford     | 1.50  | Review various estate bank accounts; Post EFT entries; and reconcile December statements.                                                                                                          |
| January 14, 2020 | Arsheel Muhit    | 0.20  | Review website to download all materials; Correspondence with counsel and Cat Financial re: surplus proceeds.                                                                                      |
| January 14, 2020 | Bruce Bando      | 2.40  | Correspondence from counsel to Pallisades and review thereof; Correspondence from Spectrum re: mortgage in default; Various discussions and document search and review for mediation.              |
| January 14, 2020 | Jason Knight     | 0.30  | Review correspondence from Spectrum re: mortgage payout; Review correspondence re: Single Source.                                                                                                  |
| January 14, 2020 | Jonathan Krieger | 10.00 | Attendance and participation in mediation; Discussions with counsel and team re: analysis.                                                                                                         |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.



| Date             | Full Name        | Hours | Detail                                                                                                                                                                              |
|------------------|------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 15, 2020 | Bruce Bando      | 0.30  | Various correspondence re: Dome Mountain bankruptcy and review thereof;<br>Correspondence BLG re: mortgage in default.                                                              |
| January 15, 2020 | Jason Knight     | 0.20  | Review correspondence from counsel re: Dome Mountain.                                                                                                                               |
| January 15, 2020 | Jonathan Krieger | 2.20  | Correspondence with AGB LLP re: amendments to Settlement agreement;<br>Correspondence re: next steps; Further correspondence with AGB re: matters related to settlement provisions. |
| January 16, 2020 | Bruce Bando      | 4.00  | Review and planning for the analysis and report to court; Various internal discussions thereof; Discussion with counsel.                                                            |
| January 16, 2020 | Jason Knight     | 0.40  | Draft email correspondence in response to investor inquiry; Internal discussions re: tax matters with respect to the funds.                                                         |
| January 16, 2020 | Jonathan Krieger | 0.60  | Correspondence with counsel; Review of materials; Correspondence re: Court approval and timing.                                                                                     |
| January 17, 2020 | Jonathan Krieger | 1.00  | Call with counsel re: settlement;<br>Correspondence with team re: analysis;<br>Correspondence re: matters related to timeline for court approval.                                   |
| January 19, 2020 | Bruce Bando      | 7.00  | Continue with analysis to include review of historical financial statements and other files on the Drop Box.                                                                        |
| January 20, 2020 | Bruce Bando      | 1.00  | Analysis matters; Internal discussions.                                                                                                                                             |
| January 21, 2020 | Bruce Bando      | 0.50  | Review of settlement agreement;<br>Correspondence from AGB LLP.                                                                                                                     |
| January 21, 2020 | Jonathan Krieger | 0.50  | Correspondence with creditors/investors re: accounts, status; Correspondence with team thereto.                                                                                     |
| January 21, 2020 | Rosa Wilford     | 1.00  | Review and reconcile December GIC term deposit and approve various estate balances.                                                                                                 |
| January 22, 2020 | Arsheel Muhit    | 0.25  | Correspondence with investor re: status of proceedings.                                                                                                                             |
| January 23, 2020 | Arsheel Muhit    | 0.90  | Correspondence with NBIN re: wire transfers;<br>Correspondence with investor; Payment of legal fees; Payment of NBIN custody fee                                                    |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date             | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                                                      |
|------------------|------------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 23, 2020 | Bruce Bando      | 0.60  | Various correspondence with Spectrum re: mortgage in default as well as a payout and execution of documents.                                                                                                                                                                                                |
| January 23, 2020 | Jason Knight     | 0.20  | Review various correspondence from Spectrum re: discharge of mortgages and other matters re: same.                                                                                                                                                                                                          |
| January 24, 2020 | Arsheel Muhit    | 0.40  | Correspondence with investors re: tax matters and update on proceedings.                                                                                                                                                                                                                                    |
| January 24, 2020 | Bruce Bando      | 4.80  | Matters re: investor inquiries; Continue with analyses and review of company files and mediation materials; Various correspondence with AGB LLP and counsel; Various discussions with counsel; Review OSC announcement and agreement; Draft investor notice.                                                |
| January 24, 2020 | Jonathan Krieger | 1.10  | Review of materials from counsel re: settlement; Review of worksheet thereto.                                                                                                                                                                                                                               |
| January 27, 2020 | Arsheel Muhit    | 0.50  | Internal discussions re: settlement; Draft update to investors.                                                                                                                                                                                                                                             |
| January 27, 2020 | Bruce Bando      | 2.20  | Review and finalize the investor notice; Various discussions re: settlement; Various correspondence with Spectrum re: mortgage in default.                                                                                                                                                                  |
| January 27, 2020 | Jason Knight     | 1.80  | Review notice to investors re: BDO Class Action; Correspondence with investors; Conference call with team re: BDO matters and notice to investors; Draft responses to emails received from investors; Review settlement agreements re: NFL Claims and prepare summary of remaining agreements and balances. |
| January 27, 2020 | Jonathan Krieger | 0.70  | Review of reconciliation analysis; Correspondence with team thereto; Correspondence re: investor communications.                                                                                                                                                                                            |
| January 28, 2020 | Arsheel Muhit    | 1.10  | Correspondence with investors re: status of litigation and update to investors.                                                                                                                                                                                                                             |
| January 28, 2020 | Bruce Bando      | 0.80  | Investor inquiry; Various correspondence with Spectrum re: renewals; File matters.                                                                                                                                                                                                                          |
| January 28, 2020 | Jason Knight     | 0.20  | Review correspondence re: residential mortgages and renewal of same.                                                                                                                                                                                                                                        |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date             | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                                                                                       |
|------------------|-------------------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| January 28, 2020 | Rosa Wilford      | 1.50  | Review internal email instructions from team re: Banking: Review account: On-line banking; Review print screens for expecting wires; Provide team with wire confirmations: Prepare receipt and disbursement requisition forms; Post invoice and payment entries; Review transfer request; Prepare for approval; Bank letter; General banking administration. |
| January 29, 2020 | Arsheel Muhit     | 0.70  | Correspondence with investors re: settlement and other matters.                                                                                                                                                                                                                                                                                              |
| January 29, 2020 | Jason Knight      | 0.80  | Prepare for and attend schedule call with investment advisors re: status of proceedings.                                                                                                                                                                                                                                                                     |
| January 30, 2020 | Bruce Bando       | 6.30  | Investor inquiry; Tax planning matters; Continue with review of materials and analyses; Correspondence with Bowra re: Dome Mountain.                                                                                                                                                                                                                         |
| January 30, 2020 | Jason Knight      | 0.30  | Correspondence with team re: T3 returns and other matters.                                                                                                                                                                                                                                                                                                   |
| January 30, 2020 | Jonathan Krieger  | 0.50  | Correspondence and inquiries re: matters related to recoveries, Correspondence with team thereto.                                                                                                                                                                                                                                                            |
| January 31, 2020 | Bruce Bando       | 1.10  | Various correspondence Western Wealth; Discussion and correspondence with counsel re: next Court attendance; Internal discussion re: same; Various correspondence with counsel re: US LP.                                                                                                                                                                    |
| January 31, 2020 | Jonathan Krieger  | 1.20  | Review of analysis re: litigation matters and discussions thereto.                                                                                                                                                                                                                                                                                           |
| January 31, 2020 | Rosa Wilford      | 0.50  | Review instructions from team re: Banking: Review payment requests; Post invoice and payment entries; Issue cheques; General banking administration.                                                                                                                                                                                                         |
| January 31, 2020 | Valerie Naccarato | 0.20  | General filing administration on account re December bank statements.                                                                                                                                                                                                                                                                                        |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

**Time Summary**

|                                  |               |         |          |             |                   |
|----------------------------------|---------------|---------|----------|-------------|-------------------|
| J. Krieger, Sr. Vice President   | 43.20         | hours @ | \$595.00 | per hour \$ | 25,704.00         |
| B. Bando, Vice President         | 82.90         | hours @ | \$525.00 | per hour \$ | 43,522.50         |
| J. Knight, Vice President        | 15.60         | hours @ | \$450.00 | per hour \$ | 7,020.00          |
| R. Wilford, Manager              | 19.10         | hours @ | \$275.00 | per hour \$ | 5,252.50          |
| A. Muhit, Manager                | 50.65         | hours @ | \$295.00 | per hour \$ | 14,941.75         |
| P. Kouadio, Senior Associate     | 3.00          | hours @ | \$180.00 | per hour \$ | 540.00            |
| V. Naccarato, Analyst            | 0.70          | hours @ | \$145.00 | per hour \$ | 101.50            |
|                                  | <u>215.15</u> |         |          | \$          | <u>97,082.25</u>  |
| 5% Technology and Administration |               |         |          | \$          | <u>4,854.11</u>   |
|                                  |               |         |          | \$          | <u>101,936.36</u> |

**Disbursements**

|                                 |  |  |  |           |                          |
|---------------------------------|--|--|--|-----------|--------------------------|
| Courier                         |  |  |  | \$        | 24.74                    |
|                                 |  |  |  | \$        | <u>24.74</u>             |
| Subtotal time and disbursements |  |  |  | \$        | 101,961.10               |
| HST                             |  |  |  | \$        | <u>13,254.94</u>         |
| <b>Total Invoice</b>            |  |  |  | <b>\$</b> | <b><u>115,216.05</u></b> |

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**B E T W E E N:**

**ONTARIO SECURITIES COMMISSION**

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD.,  
1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH  
MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS  
FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED  
FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH  
YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE  
SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL  
WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY,  
CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE  
FUND, and CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990, c.  
S.5, AS AMENDED**

**BILL OF COSTS**

**BN 12738 4717 RT0001  
Client #225805  
Invoice#LSO-6077**

To professional services as Receiver rendered for the period from February 1, 2020 to February 29, 2020.

| Date             | Full Name   | Hours | Detail                                                                                                                                                                                                                                                                                            |
|------------------|-------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 3, 2020 | Bruce Bando | 3.70  | Correspondence with counsel re: US LP and OOM Energy; Review analysis from Spectrum re: offer followed by various correspondence re: same; Prepare for and attend conference call with counsel; Fourth Report matters; Correspondence with Spectrum; Investor inquiry and correspondence thereof. |

Accounts are due when rendered. All accounts outstanding over 30 days  
will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

| Date              | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                    |
|-------------------|-------------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 3, 2020  | Jason Knight      | 2.80  | Review correspondence from Spectrum re: sale of certain residential mortgages and discuss same internally; Review correspondence from investor and draft response to same; Begin preparing 2019 T3 tax return workbook; Internal discussions re: investor correspondence. |
| February 3, 2020  | Jonathan Krieger  | 1.50  | Review of summary; Call with counsel re: review of matters related to remaining assets; Correspondence and discussion re: matters related to mortgage fund; Correspondence re: matters related to US LP.                                                                  |
| February 4, 2020  | Arsheel Muhit     | 1.10  | Internal discussions re: preparation of T3 materials; Correspondence with investor re: investor update.                                                                                                                                                                   |
| February 4, 2020  | Bruce Bando       | 2.90  | Fourth Report matters.                                                                                                                                                                                                                                                    |
| February 4, 2020  | Jason Knight      | 1.00  | Prepare for and attend internal call to review T3 tax return workbook.                                                                                                                                                                                                    |
| February 4, 2020  | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                           |
| February 5, 2020  | Arsheel Muhit     | 0.20  | Correspondence with investor re: settlement.                                                                                                                                                                                                                              |
| February 5, 2020  | Bruce Bando       | 2.00  | Continue with the Fourth Report; Various correspondence with counsel.                                                                                                                                                                                                     |
| February 6, 2020  | Jason Knight      | 0.20  | Review correspondence from counsel and materials provided by same re: Dome Mountain matter.                                                                                                                                                                               |
| February 7, 2020  | Bruce Bando       | 1.30  | Various correspondence with counsel re: US LP and review of draft materials; Correspondence with Spectrum.                                                                                                                                                                |
| February 7, 2020  | Rosa Wilford      | 1.50  | Review various estate bank accounts; Post EFT entries and reconcile January statements.                                                                                                                                                                                   |
| February 8, 2020  | Bruce Bando       | 2.00  | Continue review of US LP affidavit and attachments; Various correspondence Spectrum; Discussion with former investment advisor.                                                                                                                                           |
| February 9, 2020  | Bruce Bando       | 0.20  | Investor matters.                                                                                                                                                                                                                                                         |
| February 10, 2020 | Bruce Bando       | 2.60  | Prepare for and attend conference call with counsel re: US LP; Review company documents re: same; Investigate, review and assemble package for inclusion in the US LP matter; Correspondence counsel re: Single Source.                                                   |

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| Date              | Full Name     | Hours | Detail                                                                                                                                                                                                                                      |
|-------------------|---------------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 10, 2020 | Jason Knight  | 0.60  | Review documents re: US Real Estate LP and provide summary of same internally; Internal correspondence; Compile banking documents and draft correspondence to NBIN re: same; Review correspondence from Spectrum re: Residential Mortgages. |
| February 11, 2020 | Bruce Bando   | 1.10  | Correspondence re: offer for Dome Mountain assets; Meeting with counsel and swear affidavit.                                                                                                                                                |
| February 11, 2020 | Jason Knight  | 0.30  | Review correspondence from NBIN re: bank statements; Compile bank statements and save same on server.                                                                                                                                       |
| February 11, 2020 | Rosa Wilford  | 0.60  | Review and reconcile January GIC term deposit and approve various estate balances.                                                                                                                                                          |
| February 12, 2020 | Arsheel Muhit | 2.10  | Preparation of fund summaries for T3 purposes.                                                                                                                                                                                              |
| February 12, 2020 | Bruce Bando   | 0.50  | Various correspondence and discussion and with Bowra; Various correspondence with counsel.                                                                                                                                                  |
| February 13, 2020 | Arsheel Muhit | 1.10  | Correspondence with Investor re: general update; Correspondence with advisor re: deceased investor.                                                                                                                                         |
| February 13, 2020 | Jason Knight  | 0.30  | Review bankruptcy filing received re: director of Zomongo and draft correspondence to team re: same; Review correspondence from Spectrum.                                                                                                   |
| February 14, 2020 | Arsheel Muhit | 3.10  | Prepare fund summaries for T3 filing.                                                                                                                                                                                                       |
| February 14, 2020 | Bruce Bando   | 1.00  | Review of material and discussion with counsel re: OOM Energy; Correspondence from Bowra re: Onstar; Various correspondence with Spectrum re: mortgage and review of documentation.                                                         |
| February 14, 2020 | Jason Knight  | 0.20  | Correspondence re: domain name renewal; Various correspondence with Spectrum re: foreclosure matters.                                                                                                                                       |
| February 16, 2020 | Bruce Bando   | 0.50  | File management matters.                                                                                                                                                                                                                    |
| February 18, 2020 | Arsheel Muhit | 0.90  | Correspondence with investor re: status of proceedings and timing of distribution; Allocate and pay January 2020 NBIN Custody fee; Payment of invoices.                                                                                     |
| February 18, 2020 | Bruce Bando   | 1.20  | Assemble information, complete and send Proof of Claims re: Ostrowski bankruptcy; Report matters; Domain matters.                                                                                                                           |

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| Date              | Full Name         | Hours | Detail                                                                                                                                                                                                                                                                                         |
|-------------------|-------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 19, 2020 | Arsheel Muhit     | 1.70  | Correspondence with investor re: general matters; Payment of invoices; Internal discussion re: T3 matters.                                                                                                                                                                                     |
| February 19, 2020 | Bruce Bando       | 1.20  | Review D. Pahl bankruptcy materials, various correspondence with counsel, and correspondence with bankruptcy trustee of Dome Mountain; Discussion with counsel re: Factoring matters; Correspondence from AGB LLP and process payment.                                                         |
| February 19, 2020 | Jason Knight      | 1.40  | Review materials filed re: D. Pahl bankruptcy; Correspondence with counsel and with team re: D. Pahl bankruptcy; Internal call to review T3 excel workbook for annual fund returns.                                                                                                            |
| February 19, 2020 | Jonathan Krieger  | 0.60  | Correspondence re: reporting, scope of mandate, court report.                                                                                                                                                                                                                                  |
| February 20, 2020 | Bruce Bando       | 0.50  | Administrative matters; D. Pahl bankruptcy matters; Internal discussion re: T3 and SRD.                                                                                                                                                                                                        |
| February 20, 2020 | Jason Knight      | 1.80  | Prepare proof of claim re: D. Pahl personal bankruptcy for Hedge Fund and Factoring Fund; Compile supporting documents for proofs of claim and draft correspondence to counsel re: same; Draft letter to trustee in bankruptcy re: proofs of claim and request for first meeting of creditors. |
| February 20, 2020 | Rosa Wilford      | 0.70  | Review internal email instructions from team re: Banking; Review payment requests; Prepare disbursement requisition form; Post invoice entries; Issue cheques; General banking administration.                                                                                                 |
| February 21, 2020 | Arsheel Muhit     | 0.80  | Prepare financial statements for T3 filing; Correspondence with investors.                                                                                                                                                                                                                     |
| February 21, 2020 | Bruce Bando       | 0.30  | Various correspondence with counsel re: D. Pahl proof of claim; Correspondence from Spectrum re: mortgages in default.                                                                                                                                                                         |
| February 21, 2020 | Jason Knight      | 1.30  | Review correspondence from counsel re: proofs of claim; Prepare schedule calculating revised indebtedness including costs and post-judgement interest; Revise proofs of claim to incorporate comments and revised values.                                                                      |
| February 21, 2020 | Valerie Naccarato | 0.10  | General banking administration.                                                                                                                                                                                                                                                                |
| February 24, 2020 | Bruce Bando       | 0.30  | Correspondence and discussion with counsel re: Report.                                                                                                                                                                                                                                         |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.



| Date              | Full Name        | Hours | Detail                                                                                                                                                                                                                                                                       |
|-------------------|------------------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| February 25, 2020 | Bruce Bando      | 0.30  | Various correspondence with counsel re: BDO matters; Correspondence Spectrum; Various correspondence Pond.                                                                                                                                                                   |
| February 25, 2020 | Jonathan Krieger | 1.10  | Correspondence re: matters related to court reporting; Correspondence with Aird Berlis; Review of materials.                                                                                                                                                                 |
| February 26, 2020 | Jason Knight     | 0.20  | Correspondence re: D. Pahl bankruptcy; Review correspondence from trustee re: proofs of claim.                                                                                                                                                                               |
| February 27, 2020 | Bruce Bando      | 1.20  | Correspondence with Pond; Review audit requests for Pond, execute and send to auditor; Correspondence with Spectrum; Correspondence with counsel re: AGB LLP; Correspondence from counsel re: US LP.                                                                         |
| February 28, 2020 | Arsheel Muhit    | 4.50  | Prepare T3 financial statements for the funds; Internal discussions re: fund summaries.                                                                                                                                                                                      |
| February 28, 2020 | Bruce Bando      | 2.20  | Review analysis from the Trustee of Dome Mountain, refer to files and correspondence thereof; Correspondence and discussion with counsel; Correspondence with Spectrum.                                                                                                      |
| February 28, 2020 | Jason Knight     | 4.00  | Prepare for and attend conference call with team to review fund summary workbook and discuss items to complete; Complete T3 workbook schedules for Hedge Fund and Factoring Fund; Begin drafting and updating fund summary workbook; Correspondence re: Spectrum statements. |
| February 28, 2020 | Rosa Wilford     | 0.30  | Review internal enquiry from team; Review account ledger; Provide supporting documentation; Email; General banking administration.                                                                                                                                           |

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**Time Summary**

|                                  |              |         |          |             |                  |
|----------------------------------|--------------|---------|----------|-------------|------------------|
| J. Krieger, Sr. Vice President   | 3.20         | hours @ | \$595.00 | per hour \$ | 1,904.00         |
| B. Bando, Vice President         | 25.00        | hours @ | \$525.00 | per hour \$ | 13,125.00        |
| J. Knight, Vice President        | 14.10        | hours @ | \$450.00 | per hour \$ | 6,345.00         |
| R. Wilford, Manager              | 3.10         | hours @ | \$275.00 | per hour \$ | 852.50           |
| A. Muhit, Manager                | 15.50        | hours @ | \$295.00 | per hour \$ | 4,572.50         |
| V. Naccarato, Analyst            | 0.20         | hours @ | \$145.00 | per hour \$ | 29.00            |
|                                  | <u>61.10</u> |         |          | \$          | <u>26,828.00</u> |
| 5% Technology and Administration |              |         |          | \$          | <u>1,341.40</u>  |
|                                  |              |         |          | \$          | <u>28,169.40</u> |

**Disbursements**

|                                 |  |  |  |           |                         |
|---------------------------------|--|--|--|-----------|-------------------------|
| Travel                          |  |  |  | \$        | 100.08                  |
|                                 |  |  |  | \$        | <u>100.08</u>           |
| Subtotal time and disbursements |  |  |  | \$        | 28,269.48               |
| HST                             |  |  |  | \$        | <u>3,675.03</u>         |
| <b>Total Invoice</b>            |  |  |  | <b>\$</b> | <b><u>31,944.51</u></b> |

Accounts are due when rendered. All accounts outstanding over 30 days will be charged interest at a rate of 1 ½% per month (18% per annum) until paid.

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

Court File No. CV-17-11779-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
Proceedings commenced at [Toronto](#)

**AFFIDAVIT OF BRUCE BANDO**

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Barristers and Solicitors  
Brookfield Place  
Suite 1800, 181 Bay Street  
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**Mark van Zandvoort (LSO# 59120U)**

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**Shakaira John (LSO# 72263D)**

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Fax: (416) 863-1515  
Email: [sjohn@airdberlis.com](mailto:sjohn@airdberlis.com)

*Lawyers for the Court-Appointed Receiver*

39405156.1

# TAB 25

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**BETWEEN:**

**ONTARIO SECURITIES COMMISSION**

**Applicant**

**- and -**

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.**

**Respondents**

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT  
R.S.O. 1990, c. S.5, AS AMENDED**

**AFFIDAVIT OF SHAKAIRA JOHN  
(sworn March 19, 2020)**

**I, SHAKAIRA JOHN, of the City of Toronto, in the Province of Ontario, MAKE OATH  
AND SAY AS FOLLOWS:**

1. I am a lawyer at Aird & Berlis LLP and, as such, I have knowledge of the matters to which I hereinafter depose. Aird & Berlis LLP is acting as counsel for Grant Thornton Limited, in its capacity as the Court-appointed receiver and manager (in such capacities, the **"Receiver"**), without security, of: (i) all of the assets, undertakings, and properties of each of the Respondents, except the Respondent, Chrysalis Yoga Inc. (**"Chrysalis Yoga"**) (each of the Respondents except for Chrysalis Yoga being individually and collectively, the **"Crystal Wealth Group"**); and (ii) the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the **"Chrysalis Account"**).

2. Aird & Berlis LLP has prepared statements of account in connection with its mandate as counsel to the Receiver, detailing its services rendered and disbursements incurred, namely:
- (a) an account dated July 31, 2018 in the amount of \$96,283.10 in respect of the period from April 24, 2018 to July 31, 2018;
  - (b) an account dated September 27, 2018 in the amount of \$114,708.98 in respect of the period from July 31, 2018 to September 26, 2018;
  - (c) an account dated October 30, 2018 in the amount of \$46,357.01 in respect of the period from September 24, 2018 to October 29, 2018;
  - (d) an account dated November 30, 2018 in the amount of \$85,813.48 in respect of the period from October 30, 2018 to November 30, 2018;
  - (e) an account dated December 31, 2018 in the amount of \$39,626.99 in respect of the period from December 2, 2018 to December 31, 2018;
  - (f) an account dated February 22, 2019 in the amount of \$58,668.83 in respect of the period from December 23, 2018 to February 21, 2019;
  - (g) an account dated March 18, 2019 in the amount of \$14,554.78 in respect of the period from February 4, 2019 to February 28, 2019;
  - (h) an account dated April 15, 2019 in the amount of \$23,124.20 in respect of the period from March 1, 2019 to March 31, 2019;
  - (i) an account dated April 30, 2019 in the amount of \$12,351.24 in respect of the period from April 1, 2019 to April 30, 2019;
  - (j) an account dated June 17, 2019 in the amount of \$52,566.79 in respect of the period from April 29, 2019 to May 31, 2019;
  - (k) an account dated July 12, 2019 in the amount of \$24,458.28 in respect of the period from June 3, 2019 to June 28, 2019;

- (l) an account dated August 27, 2019 in the amount of \$50,510.17 in respect of the period from July 2, 2019 to August 26, 2019;
- (m) an account dated September 27, 2019 in the amount of \$19,124.68 in respect of the period from August 19, 2019 to September 26, 2019;
- (n) an account dated November 13, 2019 in the amount of \$35,506.90 in respect of the period from September 23, 2019 to October 31, 2019;
- (o) an account dated December 30, 2019 in the amount of \$51,963.10 in respect of the period from November 1, 2019 to December 23, 2019;
- (p) an account dated February 24, 2020 in the amount of \$49,970.16 in respect of the period from December 24, 2019 to January 31, 2020.
- (q) an account dated March 5, 2020 in the amount of \$48,280.27 in respect of the period from February 1, 2020 to February 28, 2020.

(together, the "**Statements of Account**"). Attached hereto and marked as **Exhibit "A"** to this Affidavit are copies of the Statements of Account. The average hourly rate of Aird & Berlis LLP is \$427.35.

- 3. Attached hereto and marked as **Exhibit "B"** to this Affidavit is a chart detailing the lawyers, law clerks, librarian, and articling and summer students who have worked on this matter.
- 4. This Affidavit is made in support of a motion to, *inter alia*, approve the Statements of Accounts of Aird & Berlis LLP and the fees and disbursements detailed therein, and for no improper purpose whatsoever.

**SWORN** before me at the City of )  
Toronto, in the Province of Ontario )  
this day of March 18, 2020 )  
\_\_\_\_\_) )  
A commissioner, etc.

  
\_\_\_\_\_  
**SHAKAIRA JOHN**





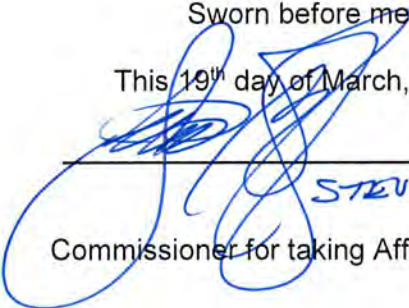
Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF SHAKAIRA JOHN

Sworn before me

This 19<sup>th</sup> day of March, 2020



---

STEVEN GRAFF

Commissioner for taking Affidavits, etc

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 606223**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

July 31, 2018

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended July 31, 2018

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                            |
|--------|----------|---------------|------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DS     | 27/04/18 | \$260.00      | 1.20 | \$312.00 | Receive instructions from M. van Zandvoort regarding sending demand letters and 244 notices; Attend to file re same                                                                    |
| DS     | 02/05/18 | \$260.00      | 3.10 | \$806.00 | Conference call with M. van Zandvoort, J. Knight and B. Bando regarding third report; Meeting with M. van Zandvoort regarding next steps; Call Levine Legal services regarding service |
| RTH    | 15/05/18 | \$695.00      | 1.00 | \$695.00 | Email from M. van Zandvoort re vesting order; Draft closing documents; Emails from client                                                                                              |
| RTH    | 17/05/18 | \$695.00      | 0.30 | \$208.50 | Email to client; Email from S. Graff; Email to purchaser's counsel                                                                                                                     |
| RTH    | 24/05/18 | \$695.00      | 0.10 | \$69.50  | Email from B. Bando; Instructions to client                                                                                                                                            |
| SLG    | 01/06/18 | \$795.00      | 0.50 | \$397.50 | Review engagement letter and amendments                                                                                                                                                |
| MJVZ   | 01/06/18 | \$465.00      | 0.10 | \$46.50  | Review email and letter from S. Spletzer; Emails with J. Knight and S. Graff concerning same                                                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                     |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 04/06/18 | \$465.00      | 0.40 | \$186.00   | Conference call with B. Bando regarding report and emails with B. Bando regarding same; Review Notice                                                                                                                           |
| MJVZ   | 05/06/18 | \$465.00      | 0.20 | \$93.00    | Emails with OSC and Receiver                                                                                                                                                                                                    |
| MJVZ   | 05/06/18 | \$465.00      | 3.60 | \$1,674.00 | Review and revise Notice and report review information requested by Receiver; Undertake and complete allocation in connection with Fourth Report preparation; Various emails with S. Graff and to Receiver concerning same      |
| JAW    | 05/06/18 | \$725.00      | 0.20 | \$145.00   | Review and respond to V. Clayton email re: Crystal Wealth filing; Review required information list                                                                                                                              |
| BC     | 06/06/18 | \$180.00      | 0.60 | \$108.00   | Amend extra-provincial forms in the Province of Alberta to reflect voting shareholdings in order to bring extra-provincial registration of same up to date; email to J. Wainwright attaching same for execution                 |
| DH     | 06/06/18 | \$225.00      | 0.20 | \$45.00    | Telephone call with M. van Zandvoort; Download supplementary productions from the examination of J. Froese; Email to M. van Zandvoort re same                                                                                   |
| SRM    | 06/06/18 | \$350.00      | 0.40 | \$140.00   | Factoring/Hedge: Conduct IP searches against Restoration Energy Inc. and report on same                                                                                                                                         |
| DS     | 06/06/18 | \$260.00      | 1.30 | \$338.00   | Attend to file (organize Bron closing documents)                                                                                                                                                                                |
| MJVZ   | 06/06/18 | \$465.00      | 0.30 | \$139.50   | Emails with S. Graff regarding 4th report matters; Emails with Receiver regarding Notice to Investors; Conference calls with S. Graff                                                                                           |
| MJVZ   | 06/06/18 | \$465.00      | 0.70 | \$325.50   | Email from Y. Martin-Morrison; Email to Receiver; [REDACTED]<br>Review contract documents and emails with S. Morris regarding security registrations; Review disclosure package provided by Y. Martin-Morrison in 02/18; Emails |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                    |
|--------|----------|---------------|------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | with B. Bando regarding same                                                                                                                                                                   |
| MJVZ   | 06/06/18 | \$465.00      | 0.30 | \$139.50 | Emails with K. Wheaton and conference call with B. Bando and C. Popowich                                                                                                                       |
| MJVZ   | 06/06/18 | \$465.00      | 0.10 | \$46.50  | Email to R. Hooke regarding parcel abstract for Rosewood                                                                                                                                       |
| MJVZ   | 06/06/18 | \$465.00      | 0.50 | \$232.50 | Email with S. Laverdiere and D. Hewer and J. Dutrizac and B. Bando; Preliminary review of documentation sent                                                                                   |
| DH     | 07/06/18 | \$225.00      | 0.30 | \$67.50  | Emails to and from M. van Zandvoort; Attend to compiling supplementary brief of documents; Emails to and from S. Laverdie re additional documents                                              |
| MJVZ   | 07/06/18 | \$465.00      | 0.10 | \$46.50  | Emails with D. Hewer regarding Froese productions                                                                                                                                              |
| MJVZ   | 07/06/18 | \$465.00      | 0.30 | \$139.50 | Emails with S. Miceli and R. Hooke and email and conference call with B. Bando regarding McCready; Instruct M. Gugu                                                                            |
| MJVZ   | 07/06/18 | \$465.00      | 0.10 | \$46.50  | Email from Receiver regarding trustee                                                                                                                                                          |
| MJVZ   | 08/06/18 | \$465.00      | 0.10 | \$46.50  | Email from I. Graham; Email to S. Graff                                                                                                                                                        |
| MJVZ   | 08/06/18 | \$465.00      | 0.10 | \$46.50  | Telephone call from M. Fingerhut regarding Vesting Orders                                                                                                                                      |
| MJVZ   | 10/06/18 | \$465.00      | 0.10 | \$46.50  | Emails with S. Graff regarding engagement                                                                                                                                                      |
| MJVZ   | 11/06/18 | \$465.00      | 0.40 | \$186.00 | Conference call with S. Graff regarding engagement letter; Revise same and email engagement letter and blackline to AGB; Conference call with S. Bieber and emails with Receiver and I. Graham |
| MJVZ   | 11/06/18 | \$465.00      | 0.10 | \$46.50  | Conference call with M. Fingerhut and email vesting orders to M. Fingerhut                                                                                                                     |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                           |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 11/06/18 | \$465.00      | 0.10 | \$46.50    | Telephone call from M. Fingerhut regarding Vesting Orders                                                                                                                                                                                                                             |
| MJVZ   | 12/06/18 | \$465.00      | 0.20 | \$93.00    | Emails with B. Bando                                                                                                                                                                                                                                                                  |
| MJVZ   | 12/06/18 | \$465.00      | 1.40 | \$651.00   | Drafting McCreedy statement of claim                                                                                                                                                                                                                                                  |
| BC     | 13/06/18 | \$180.00      | 0.40 | \$72.00    | Update Alberta and Saskatchewan extra-provincial returns re: Grant Thornton Limited signature lines                                                                                                                                                                                   |
| SRM    | 13/06/18 | \$350.00      | 0.20 | \$70.00    | Crystal Wealth Management System Limited: Review file for Articles of Incorporation; Email to B. Bando re same                                                                                                                                                                        |
| MJVZ   | 13/06/18 | \$465.00      | 0.20 | \$93.00    | Emails with J. Wainwright, S. Morris, V. Clayton and from B. Bando                                                                                                                                                                                                                    |
| MJVZ   | 13/06/18 | \$465.00      | 0.10 | \$46.50    | Emails with B. Bando and I. Graham and S. Bieber                                                                                                                                                                                                                                      |
| JAW    | 13/06/18 | \$725.00      | 0.50 | \$362.50   | Review and respond to emails re: outstanding information, articles of incorporation; Review emails re: same                                                                                                                                                                           |
| SLG    | 14/06/18 | \$795.00      | 0.10 | \$79.50    | Telephone call with M. van Zandvoort re retainer and court date                                                                                                                                                                                                                       |
| MJVZ   | 14/06/18 | \$465.00      | 0.80 | \$372.00   | Emails with A. Huculak; Email from Registrar of OSC; Emails with Receiver reporting regarding same; Review Agreement, Order and Reasons; Conference call with B. Bando regarding same; Emails with J. Wainwright regarding same and email to M. Spence; Conference call with S. Graff |
| MJVZ   | 14/06/18 | \$465.00      | 2.30 | \$1,069.50 | Preliminary review of Housego/Dome/647 and 156 Alberta transcripts and answers to undertakings provided in connection with same                                                                                                                                                       |
| IV     | 14/06/18 | \$180.00      | 0.20 | \$36.00    | Obtained copies of documents for Crystal Wealth Management Systems Limited                                                                                                                                                                                                            |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                        |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JAW    | 14/06/18 | \$725.00      | 0.60 | \$435.00 | Review of M. van Zandvoort email; Email re: same; Review extra-provincial documents; Emails re: same; Circulate to B. Bando                                                                                                                                        |
| SLG    | 15/06/18 | \$795.00      | 0.20 | \$159.00 | Review emails re certification motion                                                                                                                                                                                                                              |
| MJVZ   | 15/06/18 | \$465.00      | 0.30 | \$139.50 | Emails with B. Bando [REDACTED]                                                                                                                                                                                                                                    |
| MJVZ   | 15/06/18 | \$465.00      | 0.10 | \$46.50  | Review investor emails as sent by B. Bando and email to B. Bando and S. Graff concerning same                                                                                                                                                                      |
| MJVZ   | 15/06/18 | \$465.00      | 0.10 | \$46.50  | Emails from B. Bando, J. Wainwright, V. Clayton regarding registration issues; Telephone call from B. Prentice                                                                                                                                                     |
| MJVZ   | 15/06/18 | \$465.00      | 0.20 | \$93.00  | Emails with I. Graham and Receiver regarding certification materials                                                                                                                                                                                               |
| MJVZ   | 18/06/18 | \$465.00      | 0.50 | \$232.50 | Emails with B. Bando and K. Plunkett regarding IFDS and review file correspondence and draft agreement in connection with same; Conference call to B. Prentice                                                                                                     |
| MJVZ   | 18/06/18 | \$465.00      | 0.50 | \$232.50 | Emails with B. Bando and C. Popowich regarding status [REDACTED]                                                                                                                                                                                                   |
| MJVZ   | 18/06/18 | \$465.00      | 1.80 | \$837.00 | Multiple conference calls with B. Bando concerning various Receivership matters and review of documentation sent in advance of call; Emails with B. Bando regarding Consent Letter; Emails with I. Graham and email with M. Gugu regarding certification materials |
| MJVZ   | 18/06/18 | \$465.00      | 0.10 | \$46.50  | Email from Home Trust and Receiver                                                                                                                                                                                                                                 |
| SLG    | 19/06/18 | \$795.00      | 0.30 | \$238.50 | Discussion with M. van Zandvoort [REDACTED]                                                                                                                                                                                                                        |
| KBP    | 19/06/18 | \$435.00      | 2.20 | \$957.00 | Draft revised service agreement for IFDS; circulate draft to B. Bando.                                                                                                                                                                                             |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                            |
|--------|----------|---------------|------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MES    | 19/06/18 | \$435.00      | 0.20 | \$87.00  | Exchange emails with M. van Zandvoort re: US Realty                                                                                                                    |
| MJVZ   | 19/06/18 | \$465.00      | 0.50 | \$232.50 | Review proposed Consent Letter; Email to B. Bando advising of proposed amendments to same                                                                              |
| MJVZ   | 19/06/18 | \$465.00      | 0.10 | \$46.50  | Emails with A. Crabtree and B. Bando; Email from Y. Martin-Morrison and email to B. Bando                                                                              |
| MJVZ   | 19/06/18 | \$465.00      | 0.10 | \$46.50  | Emails with S. Graff and M. Spence regarding various Fourth Report meeting; Emails and conference call with K. Plunkett regarding IFDS; Review certification materials |
| MJVZ   | 19/06/18 | \$465.00      | 0.30 | \$139.50 | Conference calls with S. Graff regarding various Receivership matters further to conference call with B. Bando                                                         |
| SLG    | 20/06/18 | \$795.00      | 0.20 | \$159.00 | Discussion with M. van Zandvoort on various matters                                                                                                                    |
| MJVZ   | 20/06/18 | \$465.00      | 0.10 | \$46.50  | Emails with Y. Martin-Morrison and S. Graff further to voicemails and emails received from Y. Martin-Morrison today                                                    |
| MJVZ   | 21/06/18 | \$465.00      | 0.10 | \$46.50  | Email to S. Graff and M. Spence regarding meeting regarding Fourth Report                                                                                              |
| MJVZ   | 21/06/18 | \$465.00      | 0.10 | \$46.50  | Emails with J. Knight regarding Single Source                                                                                                                          |
| MJVZ   | 22/06/18 | \$465.00      | 0.10 | \$46.50  | Emails with J. Knight                                                                                                                                                  |
| SLG    | 25/06/18 | \$795.00      | 0.80 | \$636.00 | Update and review of outstanding issues and recovery options; conference call with M. van Zandvoort                                                                    |
| MES    | 25/06/18 | \$435.00      | 0.50 | \$217.50 | Conference call with M. van Zandvoort and S. Graff re: status update; Consider next steps on OOM issues (Commercial Loans)                                             |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                           |
|--------|----------|---------------|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 25/06/18 | \$465.00      | 0.50 | \$232.50 | Review revised consent letter in advance of conference call with J. Knight; Conference call with J. Knight; Review prior disclosure and emails with Y. Martin-Morrison; Further emails with J. Knight |
| MJVZ   | 25/06/18 | \$465.00      | 1.50 | \$697.50 | Review and update agenda for meeting in anticipation of Fourth Report review with S. Graff and M. Spencer; Conference with S. Graff and M. Spence concerning same                                     |
| MJVZ   | 26/06/18 | \$465.00      | 0.90 | \$418.50 | Review supplementary productions of J. Froese regarding Restoration Energy and past production in connection with same including regarding D. Smits                                                   |
| MES    | 27/06/18 | \$435.00      | 0.20 | \$87.00  | Exchange emails with S. Graff and M. van Zandvoort re: 4th report                                                                                                                                     |
| MJVZ   | 27/06/18 | \$465.00      | 0.20 | \$93.00  | Emails and conference call with B. Prentice; Email to B. Bando                                                                                                                                        |
| MJVZ   | 27/06/18 | \$465.00      | 1.80 | \$837.00 | Conference call with J. Knight; Email to M. Spence and S. Graff; Continued review of answers to undertakings regarding Froese in preparation of fourth report review                                  |
| MES    | 28/06/18 | \$435.00      | 0.10 | \$43.50  | Receive wire transfer from SMC                                                                                                                                                                        |
| MJVZ   | 28/06/18 | \$465.00      | 0.10 | \$46.50  | Email from counsel to Housego and email to Receiver; Emails regarding St. Mary's funds                                                                                                                |
| MES    | 29/06/18 | \$435.00      | 0.10 | \$43.50  | Receive email from M. van Zandvoort re: 4th report                                                                                                                                                    |
| MJVZ   | 29/06/18 | \$465.00      | 0.10 | \$46.50  | Emails with J. Knight and with S. Graff and M. Spence regarding Fourth Report                                                                                                                         |
| MJVZ   | 30/06/18 | \$465.00      | 0.10 | \$46.50  | Emails with J. Knight regarding Fourth Report                                                                                                                                                         |
| SLG    | 03/07/18 | \$795.00      | 0.30 | \$238.50 | Telephone call with M. van Zandvoort re report                                                                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME  | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                            |
|--------|----------|---------------|-------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DH     | 03/07/18 | \$225.00      | 1.30  | \$292.50   | Emails to and from M. van Zandvoort; Begin to review accounts and compile figures for affidavit                                                                                                                                                                                                                                        |
| MJVZ   | 03/07/18 | \$465.00      | 0.20  | \$93.00    | Conference call with B. Bando regarding Fourth Report; Email from J. Knight regarding draft Fourth Report; Email to M. Spence and S. Graff concerning same                                                                                                                                                                             |
| MJVZ   | 03/07/18 | \$465.00      | 0.10  | \$46.50    | Email to C. Popowich; Email to Receiver                                                                                                                                                                                                                                                                                                |
| MJVZ   | 03/07/18 | \$465.00      | 5.30  | \$2,464.50 | Draft Notice of Motion for Fourth Report Motion; Draft Order; Review OSC Orders in connection with same; Draft Fee Affidavit review file in connection with same; Email M. Gugu concerning inquiries with Court concerning available motion dates; Email with D. Hewer instructing regarding revisions and completion of fee affidavit |
| MJVZ   | 03/07/18 | \$465.00      | 0.80  | \$372.00   | Continue drafting statement of claim<br>[REDACTED]                                                                                                                                                                                                                                                                                     |
| DH     | 04/07/18 | \$225.00      | 0.80  | \$180.00   | Finalize calculations for affidavit; Telephone call with M. van Zandvoort; Email answers to undertakings regarding C. Smith, J. Froese and A. Houesgo                                                                                                                                                                                  |
| SRM    | 04/07/18 | \$350.00      | 0.10  | \$35.00    | Factoring Fund: Brief review of PPSA search against Advanced Metal                                                                                                                                                                                                                                                                     |
| KBP    | 04/07/18 | \$435.00      | 0.60  | \$261.00   | Review and respond to email from B. Brando regarding draft service agreement; revise accordingly.                                                                                                                                                                                                                                      |
| MJVZ   | 04/07/18 | \$465.00      | 11.50 | \$5,347.50 | Commence review and revisions to draft Fourth Report in conjunction with review of examination transcripts and answers to undertakings provided along with other pertinent file materials; Emails with A&B personnel and B. Bando in connection with same and conference call with B. Bando concerning same; Emails with M.            |

| LAWYER | DATE     | RATE/<br>HOUR | TIME  | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                         |
|--------|----------|---------------|-------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |       |            | Gugu and Commercial List<br>regarding potential motion dates                                                                                                                                                                                                        |
| MJVZ   | 04/07/18 | \$465.00      | 0.20  | \$93.00    | Emails with K. Plunkett and B. Bando regarding IFDS and review specific terms of proposed agreement per K. Plunkett inquiry and respond; Emails with K. Plunkett regarding monthly expenditure breakdown further to conference call with B. Bando                   |
| SRM    | 05/07/18 | \$350.00      | 1.50  | \$525.00   | Factoring Fund: Review the searches and prepare summary of same; Order additional title searches                                                                                                                                                                    |
| MES    | 05/07/18 | \$435.00      | 0.20  | \$87.00    | Exchange emails with M. van Zandvoort, B. Bando re: 4th report                                                                                                                                                                                                      |
| MJVZ   | 05/07/18 | \$465.00      | 10.60 | \$4,929.00 | Continue review and revisions and additions to draft Fourth Report in conjunction with review of examination transcripts and answers to undertakings provided along with other pertinent file materials to be addressed in Fourth Report; emails with A&B personnel |
| MJVZ   | 05/07/18 | \$465.00      | 0.90  | \$418.50   | Complete McCready Statement of Claim and email same to B. Bando for approval; arrange for issuance and filing and report to B. Bando attaching issued statement of claim                                                                                            |
| MJVZ   | 05/07/18 | \$465.00      | 0.60  | \$279.00   | Conference call with B. Bando; receive email from B. Bando and review and revise stat dec; draft email and send same to B. Bando; email from B. Bando                                                                                                               |
| MJVZ   | 05/07/18 | \$465.00      | 0.60  | \$279.00   | Email from A. Braun; review prices and subscription agreements; draft email to Receiver concerning same and recommended approach in response to J. Knight email; email from B. Bando                                                                                |
| MJVZ   | 05/07/18 | \$465.00      | 0.60  | \$279.00   | Emails with S. Morris re Advanced Metal security and review of searches obtained; emails with S. Morris re Restoration Energy                                                                                                                                       |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                     |
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|        |          |               |      |            | security                                                                                                                                                                                                                                                                                                                        |
| MJVZ   | 05/07/18 | \$465.00      | 0.30 | \$139.50   | Conference call with S. Graff re Fourth Report; emails with GT re review meeting                                                                                                                                                                                                                                                |
| PW     | 05/07/18 | \$180.00      | 0.60 | \$108.00   | Issued Statement of Claim                                                                                                                                                                                                                                                                                                       |
| SRM    | 06/07/18 | \$350.00      | 0.30 | \$105.00   | Factoring Fund: Review file and email to M. van Zandvoort re expiring PPSA registrations; Prepare and submit PPSA renewals                                                                                                                                                                                                      |
| MES    | 06/07/18 | \$435.00      | 0.10 | \$43.50    | Exchange emails with M. van Zandvoort re: 4th report                                                                                                                                                                                                                                                                            |
| MJVZ   | 06/07/18 | \$465.00      | 3.80 | \$1,767.00 | Continue review and revisions and additions to draft Fourth Report in conjunction with review of examination transcripts and answers to undertakings provided along with other pertinent file materials to be addressed in Fourth Report; Email revised draft to S. Graff for review and comments in advance of meeting with GT |
| MJVZ   | 06/07/18 | \$465.00      | 0.20 | \$93.00    | Emails with Receive and M. Gugu re Fourth Report meeting and email from J. Knight to A. Braun; Review and consider email from C. Pinnell                                                                                                                                                                                        |
| MJVZ   | 06/07/18 | \$465.00      | 0.20 | \$93.00    | Emails with S. Morris re Single Source renewals                                                                                                                                                                                                                                                                                 |
| MJVZ   | 06/07/18 | \$465.00      | 0.20 | \$93.00    | Email from C. Smith re Stat Dec and consider response                                                                                                                                                                                                                                                                           |
| MJVZ   | 06/07/18 | \$465.00      | 0.10 | \$46.50    | Email to I. Graham re Certification Motion                                                                                                                                                                                                                                                                                      |
| SRM    | 07/07/18 | \$350.00      | 0.10 | \$35.00    | Factoring Fund: Order post-renewal Searches in AB against Single Source Services Ltd. and Single Source Asphalt Paving and Concrete Construction Inc.                                                                                                                                                                           |
| SRM    | 08/07/18 | \$350.00      | 0.30 | \$105.00   | Review AB renewal verifications and post-renewal searches and updated records re same                                                                                                                                                                                                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| MJVZ   | 08/07/18 | \$465.00      | 2.10 | \$976.50   | Further revisions to draft Fourth Report and email to B. Bando<br>[REDACTED]                                                                                                                                                                                                                                                                                                                                                                       |
| MJVZ   | 08/07/18 | \$465.00      | 0.10 | \$46.50    | Emails with S. Morris re Single Source renewals                                                                                                                                                                                                                                                                                                                                                                                                    |
| DH     | 09/07/18 | \$225.00      | 0.60 | \$135.00   | Email from M. van Zandvoort; Review of undertakings charts of various examinations; Reporting email to M. van Zandvoort re outstanding answers to undertakings; Compile same for M. van Zandvoort's review                                                                                                                                                                                                                                         |
| SRM    | 09/07/18 | \$350.00      | 0.30 | \$105.00   | Factoring Fund; Order, review and report on corporate profile for Mountainstar Gold Inc.                                                                                                                                                                                                                                                                                                                                                           |
| KBP    | 09/07/18 | \$435.00      | 1.10 | \$478.50   | Attend call with B. Brando to discuss draft IFDS agreement; revise and circulate draft form of servicing agreement.                                                                                                                                                                                                                                                                                                                                |
| MES    | 09/07/18 | \$435.00      | 2.00 | \$870.00   | Review and revise Fourth Report re: Commercial Loans section; Exchange emails with team                                                                                                                                                                                                                                                                                                                                                            |
| MJVZ   | 09/07/18 | \$465.00      | 7.10 | \$3,301.50 | Emails with D. Hower regarding answers to undertakings and outstanding items; Review of same and undertake further revisions to Fourth Report; Emails with S. Graff and M. Spence and further revise Fourth Report and email same to Receiver for review in anticipation of meeting tomorrow; Emails with M. Spence concerning supplementary revisions; Email from J. Knight regarding additional appendices; Obtain profile report from S. Morris |
| MJVZ   | 09/07/18 | \$465.00      | 0.10 | \$46.50    | Emails with K. Plunkett regarding IFDS Agreement                                                                                                                                                                                                                                                                                                                                                                                                   |
| MJVZ   | 09/07/18 | \$465.00      | 0.10 | \$46.50    | Emails with process server concerning McCready service                                                                                                                                                                                                                                                                                                                                                                                             |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
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| SLG    | 10/07/18 | \$795.00      | 3.50 | \$2,782.50 | Review report; meet with GTL reps to review report; consider issues, drafting, timing and approach                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| MES    | 10/07/18 | \$435.00      | 0.20 | \$87.00    | Receive and review emails re: Fourth Report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| MJVZ   | 10/07/18 | \$465.00      | 3.30 | \$1,534.50 | Review M. Spence revisions to Commercial Loan section of draft report; Email to Receiver concerning same and email from B. Bando; Further revise draft Report; Email Receiver further revised draft Report with blackline; Email to S. Graff and M. Spence concerning same; Finalize fee affidavit for motion; Emails with Commercial List and M. Gugu and complete request form to secure motion date; Emails with S. Bieber, Receiver and S. Graff concerning same; Prepare Rider to Fourth Report for inclusion upon receiving next draft from Receiver |
| MJVZ   | 10/07/18 | \$465.00      | 0.10 | \$46.50    | Emails with M. Gugu and from process server regarding service status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| MJVZ   | 10/07/18 | \$465.00      | 0.20 | \$93.00    | Email from counsel to Froese regarding offer; Send email response concerning same; Email to Receiver                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| MJVZ   | 10/07/18 | \$465.00      | 1.90 | \$883.50   | Attend meeting with J. Krieger, B. Bando, J. Knight and S. Graff and follow-up meeting with S. Graff regarding Fourth Report and next steps                                                                                                                                                                                                                                                                                                                                                                                                                |
| MJVZ   | 10/07/18 | \$465.00      | 1.50 | \$697.50   | Email appendices to report to Receiver along with inquiry regarding BCSC; Email from J. Knight and B. Bando regarding same; Update concerning action items; Emails with S. Bieber and email to the Receiver concerning same                                                                                                                                                                                                                                                                                                                                |
| SLG    | 11/07/18 | \$795.00      | 2.00 | \$1,590.00 | Continue review of Report; review report and discussion with M. van Zandvoort; consider next steps;                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                         |
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|        |          |               |      |            | review chart                                                                                                                                                                                                                                                                                                                                                                                        |
| SRM    | 11/07/18 | \$350.00      | 1.80 | \$630.00   | Gold: Order, review and report on corporate profiles for Solid Holdings Ltd.; Order parcel page for Alberta properties; Review parcel pages; Order additional profiles; Prepare report on same                                                                                                                                                                                                      |
| MJVZ   | 11/07/18 | \$465.00      | 5.70 | \$2,650.50 | Emails with S. Graff regarding strategy and next steps; [REDACTED]<br>[REDACTED] generate summary; Emails to S. Graff concerning same; Various emails with S. Morris concerning parcel abstracts in connection with debt instruments; Review of same and summaries provided; Emails with D. Hewer instructing regarding preparation of demands; Emails with S. Graff concerning call with B. Skelly |
| MJVZ   | 11/07/18 | \$465.00      | 0.30 | \$139.50   | Conference call with S. Graff regarding next steps concerning enforcement further to yesterday's meeting with Receiver                                                                                                                                                                                                                                                                              |
| MJVZ   | 11/07/18 | \$465.00      | 0.10 | \$46.50    | Emails with M. Gugu regarding updating service list and email same to Receiver                                                                                                                                                                                                                                                                                                                      |
| MJVZ   | 11/07/18 | \$465.00      | 0.10 | \$46.50    | Email with M. Gugu regarding service status on McCready                                                                                                                                                                                                                                                                                                                                             |
| MJVZ   | 11/07/18 | \$465.00      | 0.30 | \$139.50   | Receive and review and revise Notice to Investors; Email response to B. Bando; Conference call with B. Bando concerning same; Conference call with S. Graff concerning same                                                                                                                                                                                                                         |
| SLG    | 12/07/18 | \$795.00      | 0.20 | \$159.00   | Continued review of 4th report                                                                                                                                                                                                                                                                                                                                                                      |
| DH     | 12/07/18 | \$225.00      | 2.40 | \$540.00   | Emails to and from M. van Zandvoort; Attend to allocating various guarantees; Preparation of 20 guarantee letters for M. van Zandvoort; Preparation of packages                                                                                                                                                                                                                                     |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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|        |          |               |      |            | for deliver re registered mail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| SRM    | 12/07/18 | \$350.00      | 0.20 | \$70.00    | Factoring: Review corporate profile and report on same                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| MES    | 12/07/18 | \$435.00      | 0.50 | \$217.50   | Discussion and exchange of emails with M. van Zandvoort re: finalizing fourth report                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| MJVZ   | 12/07/18 | \$465.00      | 4.90 | \$2,278.50 | Various emails with S. Morris concerning parcel abstracts in connection with debt instruments; Review of same and summaries provided; Preparation of demands to M. DenHollander, D. Pahl, R. Maljaars and J. Maljaars and issue same and emails to recipients and counsel; Emails with Receiver concerning same; Review file materials received in supplementary Froese productions concerning Zomongo; Commence preparation of demands and emails with Receiver and S. Graff<br><div style="background-color: black; width: 200px; height: 1.2em; margin: 5px 0;"></div> ; Emails with B. Bando regarding BMO discussions concerning Advanced Metal |
| MJVZ   | 12/07/18 | \$465.00      | 4.10 | \$1,906.50 | Email from J. Knight attaching revised draft report; Review Receiver revisions and commence further revisions to report; Emails and conference call with S. Graff concerning same; Revise and email to J. Knight appendices to Fourth Report; Conference call with M. Spence concerning finalizing Fourth Report and Motion Record; Revise notice of motion and draft Order                                                                                                                                                                                                                                                                          |
| SLG    | 13/07/18 | \$795.00      | 2.00 | \$1,590.00 | Meeting with M. van Zandvoort to review report and strategy and proceedings chart                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| SLG    | 13/07/18 | \$795.00      | 0.20 | \$159.00   | Factoring Fund - Review emails re Zomongo                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| SLG    | 13/07/18 | \$795.00      | 0.50 | \$397.50   | Telephone call with B. Skelly; email with J. Krieger; consider mandate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| DH     | 13/07/18 | \$225.00      | 0.50 | \$112.50   | Emails to and from M. van Zandvoort; Review of calculations in fee affidavit; Reporting email to M. van Zandvoort re same                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| SRM    | 13/07/18 | \$350.00      | 0.30 | \$105.00   | Gold Contract: Review BC parcel page; Update title search; Order instruments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| MES    | 13/07/18 | \$435.00      | 0.80 | \$348.00   | Office conference with M. van Zandvoort and S. Graff; Discussions with M. van Zandvoort re: finalizing and serving fourth report; Exchange emails with M. van Zandvoort and B. Bando re: same; Discussions with M. van Zandvoort [REDACTED]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| MJVZ   | 13/07/18 | \$465.00      | 7.60 | \$3,534.00 | Emails with D. Hower regarding revisions to draft report and incorporate same; Draft and incorporate additional sections in report for meeting with S. Graff and delivery to the Receiver today; Meet with S. Graff and M. Spence to review Fourth Report revisions; Further drafting and revisions to Report subsequent to same and conference call with B. Bando; Emails and conference call with M. Spence regarding investor response; Undertake final review and email revised draft report and backline to Receiver; Further revisions to Notice of Motion and draft Order; Conference call with M. Spence regarding finalizing and serving motion record and fourth report next week; Emails with J. Wainwright and V. Clayton |
| MJVZ   | 13/07/18 | \$465.00      | 0.10 | \$46.50    | Review process server service update and respond and direct M. Gugu concerning same (McCready)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| MJVZ   | 13/07/18 | \$465.00      | 0.30 | \$139.50   | Conference call with S. Graff and B. Shetty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| MJVZ   | 13/07/18 | \$465.00      | 0.40 | \$186.00   | Review of Receiver email and attachment re Advanced Metal and email to B. Bando concerning same;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                |
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|        |          |               |      |          | Email to Y. Martin-Morrison; Email to Receiver                                                                                                                                             |
| MJVZ   | 13/07/18 | \$465.00      | 0.80 | \$372.00 | Draft letter to G. Shannon and email same; Conference call with G. Shannon; Reporting email to Receiver; Email to G. Shannon; Follow-up inquiries and emails with Receiver concerning same |
| MJVZ   | 13/07/18 | \$465.00      | 0.10 | \$46.50  | Email further updated Service List to Receiver                                                                                                                                             |
| MJVZ   | 13/07/18 | \$465.00      | 0.20 | \$93.00  | Emails with C. Smith regarding Statutory Declaration; Review of same and further emails with C. Smith concerning outstanding documentation to support income                               |
| JAW    | 13/07/18 | \$725.00      | 0.30 | \$217.50 | Email to V. Clayton, M. van Zandvoort re: Crystal Wealth registered office                                                                                                                 |
| SLG    | 16/07/18 | \$795.00      | 0.30 | \$238.50 | Discussion with J. Krieger [REDACTED]                                                                                                                                                      |
| SRM    | 16/07/18 | \$350.00      | 0.30 | \$105.00 | Gold Contracts: Review instruments on BC property; Update chart and report on same                                                                                                         |
| MJVZ   | 16/07/18 | \$465.00      | 0.10 | \$46.50  | Various emails with S. Morris concerning parcel abstracts in connection with debt instruments                                                                                              |
| MJVZ   | 16/07/18 | \$465.00      | 0.20 | \$93.00  | Email with Yvonne Martin-Morrison and review of attachments thereof                                                                                                                        |
| MJVZ   | 16/07/18 | \$465.00      | 0.10 | \$46.50  | Emails with B. Bando regarding Restoration Energy                                                                                                                                          |
| MJVZ   | 16/07/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. Graff and D. Hower regarding compiling list of adverse parties                                                                                                              |
| MJVZ   | 16/07/18 | \$465.00      | 0.10 | \$46.50  | Email with C. Smith and B. Bando and review invoice provided                                                                                                                               |
| DH     | 17/07/18 | \$225.00      | 0.10 | \$22.50  | Emails to and from M. van Zandvoort                                                                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                 |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 17/07/18 | \$465.00      | 0.10 | \$46.50    | Emails with D. Hewer regarding compiling list of adverse parties                                                                                                                                            |
| DH     | 18/07/18 | \$225.00      | 1.20 | \$270.00   | Emails to and from M. van Zandvoort; Review of 2nd report; Compile all search terms and report same to M. van Zandvoort; Review of 4th report; Compile all search terms and report same to M. van Zandvoort |
| MES    | 18/07/18 | \$435.00      | 0.20 | \$87.00    | Exchange emails with J. Knight re: finalizing Fourth Report                                                                                                                                                 |
| MJVZ   | 18/07/18 | \$465.00      | 0.10 | \$46.50    | Email with M. Spence, J. Knight and S. Graff regarding review of Fourth Report                                                                                                                              |
| MJVZ   | 18/07/18 | \$465.00      | 0.20 | \$93.00    | Email with W. Skelly S. Graff and D. Hewer regarding list of adverse parties regarding conflict checks; Email with M. Markussen regarding list of Crystal Wealth entities and funds                         |
| SLG    | 19/07/18 | \$795.00      | 0.30 | \$238.50   | Telephone call with M. van Zandvoort with respect to issues in report                                                                                                                                       |
| MES    | 19/07/18 | \$435.00      | 4.70 | \$2,044.50 | Review and revise Fourth Report; Exchange emails with GT Team and S. Graff re: same                                                                                                                         |
| MJVZ   | 19/07/18 | \$465.00      | 0.30 | \$139.50   | Conference call with S. Graff regarding draft Fourth Report                                                                                                                                                 |
| MJVZ   | 19/07/18 | \$465.00      | 0.20 | \$93.00    | Emails with W. Skelly, S. Graff and M. Markussen regarding conflict checks; Emails with M. Spence, S. Graff and B. Bando regarding review and service of Fourth Report                                      |
| JC     | 20/07/18 | \$260.00      | 0.60 | \$156.00   | Instruction from M. Spence re: document pick-up from Grant Thornton LLP; Travel to/from 200 King Street West, Toronto re: same; Email to M. Spence re: same                                                 |
| SLG    | 20/07/18 | \$795.00      | 0.20 | \$159.00   | Address 4th Report and BDO claim; telephone call with M. Spence                                                                                                                                             |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                        |
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| DH     | 20/07/18 | \$225.00      | 4.90 | \$1,102.50 | Emails to and from M. Spence; Office discussion with M. Spence re fourth report; Compile all appendices for fourth report; Email to J. Knight re appendices; Office discussions with D. McMillen re fourth report; Attend to finalizing motion record for service  |
| MES    | 20/07/18 | \$435.00      | 3.00 | \$1,305.00 | Further revise and finalize A&B revisions to Fourth Report; Telephone calls and exchanges of GT Team re: finalizing motion record re: Fourth Report; Finalize Fourth Report, Notice of Motion, Draft Order; Compile motion record re: Fourth Report and serve same |
| MJVZ   | 20/07/18 | \$465.00      | 0.20 | \$93.00    | Numerous emails with M. Spence, S. Graff, B. Bando and J. Knight regarding finalizing and service of Fourth Report and Motion Record; Email from S. Graff and to Receiver and W. Skelly regarding conference call                                                  |
| SLG    | 23/07/18 | \$795.00      | 0.50 | \$397.50   | Emails and telephone call with M. van Zandvoort [REDACTED]                                                                                                                                                                                                         |
| MES    | 23/07/18 | \$435.00      | 1.20 | \$522.00   | Attend to filing of Motion Record re: Fourth Report including confidential appendices; Exchange emails with M. Rada; Various related matters                                                                                                                       |
| MJVZ   | 23/07/18 | \$465.00      | 0.10 | \$46.50    | Email to S. Graff and to Receiver and with Skelly regarding conference call; Email from W. Skelly; Further emails from S. Graff and Receiver representatives concerning same                                                                                       |
| MJVZ   | 23/07/18 | \$465.00      | 0.10 | \$46.50    | Emails to J. Knight and B. Bando regarding Restoration Energy and Advanced Metal; Email from G. Shannon concerning status of Gowling response regarding Zomongo; Email to Receiver concerning same                                                                 |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                         |
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| MJVZ   | 23/07/18 | \$465.00      | 0.10 | \$46.50  | Conference call with M. Fingerhut regarding Fourth Report motion                                                                                                                                                    |
| MJVZ   | 23/07/18 | \$465.00      | 0.10 | \$46.50  | Conference call with B. Bando regarding Restoration Energy and Advanced Metal                                                                                                                                       |
| MJVZ   | 23/07/18 | \$465.00      | 0.10 | \$46.50  | Emails with M. Spence and D. Saturno regarding Fourth Report Confidential Appendices                                                                                                                                |
| MJVZ   | 23/07/18 | \$465.00      | 0.40 | \$186.00 | Emails with M. Gugu regarding McCready affidavit of service; Receive email from a "Leigh Anne" purporting to attach statement of defence on behalf of McCready; Various emails with IT and S. Graff concerning same |
| MJVZ   | 23/07/18 | \$465.00      | 0.20 | \$93.00  | Emails with M. Spence regarding M. Rada service; Email from M. Rada; Email M. Rada in response<br>[REDACTED]                                                                                                        |
| MJVZ   | 23/07/18 | \$465.00      | 0.10 | \$46.50  | Update Service List and email same to J. Knight for posting to Case Website                                                                                                                                         |
| MJVZ   | 23/07/18 | \$465.00      | 0.30 | \$139.50 | Conference call with S. Graff concerning upcoming call with Receiver and W. Skelly                                                                                                                                  |
| PW     | 23/07/18 | \$180.00      | 0.60 | \$108.00 | Filed 3 Volumes of Motion Record at Commercial Court                                                                                                                                                                |
| SLG    | 24/07/18 | \$795.00      | 0.60 | \$477.00 | Telephone call with B. Skelly and J. Krieger and M. van Zandvoort; review<br>[REDACTED]                                                                                                                             |
| MJVZ   | 24/07/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. Bieber and I. Graham and with S. Graff                                                                                                                                                               |
| MJVZ   | 24/07/18 | \$465.00      | 0.30 | \$139.50 | Conference call with S. Graff<br>[REDACTED]<br>[REDACTED]; Report email to Receiver concerning McCready proposed statement of defence; Email from B. Bando concerning same                                          |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                     |
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| MJVZ   | 24/07/18 | \$465.00      | 0.80 | \$372.00 | Preparation for and attendance on conference call with S. Graff, W. Skelly and Receiver                                                                                                                                                                         |
| MJVZ   | 24/07/18 | \$465.00      | 0.20 | \$93.00  | Follow-up conference call with S. Graff concerning next steps further to Receiver/W. Skelly conference call                                                                                                                                                     |
| SLG    | 25/07/18 | \$795.00      | 0.30 | \$238.50 | Discussion with M. van Zandvoort re communication from Bieber and Blakes                                                                                                                                                                                        |
| MJVZ   | 25/07/18 | \$465.00      | 1.00 | \$465.00 | Emails with I. Graham and S. Graff in advance of conference call; Conference call with S. Graff regarding Fourth Report motion/call with I. Graham; Conference call with S. Graff and I. Graham and follow-up emails with S. Graff and Receiver concerning same |
| MJVZ   | 25/07/18 | \$465.00      | 0.20 | \$93.00  | Review letter from G. Shannon; Emails to Receiver and D. Hower concerning same                                                                                                                                                                                  |
| MJVZ   | 25/07/18 | \$465.00      | 0.20 | \$93.00  | Email to Receiver [REDACTED]                                                                                                                                                                                                                                    |
| SLG    | 26/07/18 | \$795.00      | 0.20 | \$159.00 | Email to BDO re claim from Bieber                                                                                                                                                                                                                               |
| DH     | 26/07/18 | \$225.00      | 0.30 | \$67.50  | Email from M. van Zandvoort; Attend to downloading materials provided by Gowlings re Zomongo; Email to M. van Zandvoort re same                                                                                                                                 |
| MJVZ   | 26/07/18 | \$465.00      | 0.20 | \$93.00  | Email to purported McCready account; Email to Receiver; Voicemail from McCready in response                                                                                                                                                                     |
| MJVZ   | 26/07/18 | \$465.00      | 0.20 | \$93.00  | Emails with I. Graham and with Receiver                                                                                                                                                                                                                         |
| MJVZ   | 26/07/18 | \$465.00      | 0.50 | \$232.50 | Review Chart of matters in anticipation of emails W. Skelly preliminary matters regarding bankruptcies                                                                                                                                                          |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------|----------|---------------|------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 30/07/18 | \$465.00      | 1.50 | \$697.50 | Emails with S. Graff concerning Dome Mountain/enforcement measures; Emails with B. Bando regarding Advanced Metal; Conference call with S. Graff concerning same; Emails with M. Spence; Email to Receiver regarding B. Skelly initial mandate and review entity documentation in connection with same and in preparation of initial communication concerning same to B. Skelly; Emails with J. Nemers regarding conference call 10 a.m. tomorrow regarding Dome Mountain |
| JTN    | 31/07/18 | \$375.00      | 2.10 | \$787.50 | Telephone call with M. van Zandvoort re Advanced Metal Concepts and Fabrication and Dome Mountain Resources of Canada; Engaged with drafting of PPSA notices of sale re Dome Mountain for Alberta and B.C. and related review of PPSA notice requirements in these two jurisdictions; Email to M. van Zandvoort re same and related issues                                                                                                                                |
| MJVZ   | 31/07/18 | \$465.00      | 0.80 | \$372.00 | Review Reports and profiles/demands and finalize email to B. Skelly; Send email to B. Skelly; Review Advanced Metal matter in advance of call with Receiver; Email from B. Skelly                                                                                                                                                                                                                                                                                         |
| MJVZ   | 31/07/18 | \$465.00      | 0.30 | \$139.50 | Conference call with J. Nemers regarding Notice of Sale regarding Dome                                                                                                                                                                                                                                                                                                                                                                                                    |
| MJVZ   | 31/07/18 | \$465.00      | 0.40 | \$186.00 | Follow-up email to J. Nemers attaching pertinent documentation and explanation to prepare notice of sale; Emails with J. Nemers regarding same; Email to S. Graff concerning certificates                                                                                                                                                                                                                                                                                 |
| MJVZ   | 31/07/18 | \$465.00      | 0.10 | \$46.50  | Emails and conference call with B. Bando regarding Advanced Metal; Email B. Bando regarding Advanced Metal                                                                                                                                                                                                                                                                                                                                                                |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME   | VALUE       | DESCRIPTION                                                                  |
|---------------|----------|---------------|--------|-------------|------------------------------------------------------------------------------|
| MJVZ          | 31/07/18 | \$465.00      | 0.10   | \$46.50     | Email from W. Skelly attaching engagement; Review same and email to S. Graff |
| <b>TOTAL:</b> |          |               | 174.00 | \$79,632.00 |                                                                              |

| Name                         | Hours  | Rate     | Value       |
|------------------------------|--------|----------|-------------|
| Diana Saturno (DS)           | 5.60   | \$260.00 | \$1,456.00  |
| Randy T. Hooke (RTH)         | 1.40   | \$695.00 | \$973.00    |
| Steven L. Graff (SLG)        | 13.20  | \$795.00 | \$10,494.00 |
| Mark J. van Zandvoort (MJVZ) | 110.80 | \$465.00 | \$51,522.00 |
| Jennifer A. Wainwright (JAW) | 1.60   | \$725.00 | \$1,160.00  |
| Brandon Church (BC)          | 1.00   | \$180.00 | \$180.00    |
| Daniella Hewer (DH)          | 12.60  | \$225.00 | \$2,835.00  |
| Shannon R. Morris (SRM)      | 5.80   | \$350.00 | \$2,030.00  |
| Ivone Vieira (IV)            | 0.20   | \$180.00 | \$36.00     |
| Kyle B. Plunkett (KBP)       | 3.90   | \$435.00 | \$1,696.50  |
| Miranda E. Spence (MES)      | 14.00  | \$435.00 | \$6,090.00  |
| Patrick Williams (PW)        | 1.20   | \$180.00 | \$216.00    |
| Jasmine Chung (JC)           | 0.60   | \$260.00 | \$156.00    |
| Jeremy T. Nemers (JTN)       | 2.10   | \$375.00 | \$787.50    |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$79,632.00 |
| HST at 13%     | \$10,352.16 |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                                              |          |
|----------------------------------------------|----------|
| Notice of Action/Statement of Claim          | \$220.00 |
| Due Diligence-Gov Fee                        | \$84.00  |
| Non Taxable Cash to UBD                      | \$35.00  |
| Search Under P.P.S.A.                        | \$240.57 |
| Registration Under P.P.S.A.                  | \$6.00   |
| Notice of Motion/Application                 | \$160.00 |
| Miscellaneous HST Exempt Re:                 | \$12.99  |
| REIMBURSE PETTY CASH                         |          |
| Dropbox Payment / May 15 2018 issued to CASH |          |

|                    |          |
|--------------------|----------|
| Total Agency Costs | \$758.56 |
|--------------------|----------|



**Subject to HST**

|                      |            |
|----------------------|------------|
| Taxi                 | \$15.93    |
| Photocopies - Local  | \$1,032.00 |
| Agency Fee           | \$2,006.20 |
| Imaging/Scanning     | \$398.00   |
| Binding and Tabs     | \$203.50   |
| Teraview Search      | \$34.70    |
| Due Diligence        | \$130.50   |
| Photocopies          | \$644.00   |
| Service Provider Fee | \$395.00   |
| Postage              | \$43.16    |

|                     |            |
|---------------------|------------|
| Total Disbursements | \$4,902.99 |
| HST at 13%          | \$637.39   |

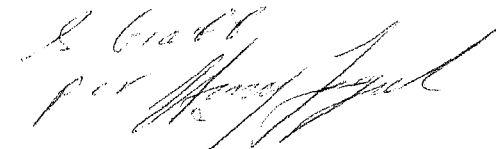
**AMOUNT NOW DUE**

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**\$96,283.10**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP



Steven L. Graff  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

33343973.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 610664**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

September 27, 2018

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended September 26, 2018

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                       |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 31/07/18 | \$795.00      | 0.20 | \$159.00 | Notices of sale re PPSA re Dome Mountain and Gavin Mines shares                                                                                                                                                                                                                                                                                                                   |
| SLG    | 01/08/18 | \$795.00      | 0.20 | \$159.00 | Emails re engagement of BC/Alberta counsel                                                                                                                                                                                                                                                                                                                                        |
| SJ     | 01/08/18 | \$305.00      | 0.30 | \$91.50  | Meeting with M. van Zandvoort re statement of claim                                                                                                                                                                                                                                                                                                                               |
| JTN    | 01/08/18 | \$375.00      | 0.30 | \$112.50 | Telephone calls and email exchanges with M. van Zandvoort re BC and Alberta PPSA notices                                                                                                                                                                                                                                                                                          |
| MJVZ   | 01/08/18 | \$465.00      | 0.10 | \$46.50  | Email comments to B. Skelly; Email to J. Krieger                                                                                                                                                                                                                                                                                                                                  |
| MJVZ   | 01/08/18 | \$465.00      | 0.70 | \$325.50 | Email from S. Graff regarding share certificates re: Dome; Review draft PPSA Notices and conference call with J. Nemers concerning same re: Dome; Email to S. Graff; Email to Receiver attaching same; Email from B. Bando; Various emails with MLT Aikins regarding same and revise Notices; Conference calls and emails with J. Nemers directing finalizing and issuing Notices |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                        |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 01/08/18 | \$465.00      | 1.00 | \$465.00   | Emails with S. John concerning assistance with matter; Preparation for meeting and instructing email to S. John setting out instructions for mandate for claim against particular guarantors; Meeting with S. John concerning same |
| MJVZ   | 01/08/18 | \$465.00      | 0.20 | \$93.00    | Exchange voicemails with B. Bando regarding CWMI; Emails with B. Bando regarding same; Email to S. Graff                                                                                                                           |
| SLG    | 02/08/18 | \$795.00      | 0.30 | \$238.50   | OOM - Telephone call with D. Ferguson re sale of equipment and services with OOM                                                                                                                                                   |
| JTN    | 02/08/18 | \$375.00      | 0.20 | \$75.00    | Engaged with finalization and issuance of PPSA notices                                                                                                                                                                             |
| MJVZ   | 02/08/18 | \$465.00      | 0.40 | \$186.00   | Receive C. Smith transcript and OSC agreed statement of facts regarding CWMI; Conference call and emails with B. Bando regarding same                                                                                              |
| MJVZ   | 02/08/18 | \$465.00      | 0.10 | \$46.50    | Review PPSA Notices as sent and email same to B. Bando                                                                                                                                                                             |
| SLG    | 03/08/18 | \$795.00      | 0.30 | \$238.50   | Telephone call with D. Ferguson re sale of generator                                                                                                                                                                               |
| MES    | 03/08/18 | \$435.00      | 0.10 | \$43.50    | Receive email from S. Graff [REDACTED]                                                                                                                                                                                             |
| MJVZ   | 03/08/18 | \$465.00      | 0.10 | \$46.50    | Emails with B. Bando concerning CWMSL trademark registration                                                                                                                                                                       |
| MJVZ   | 03/08/18 | \$465.00      | 0.10 | \$46.50    | Email from S. Graff [REDACTED]                                                                                                                                                                                                     |
| MJVZ   | 03/08/18 | \$465.00      | 0.20 | \$93.00    | Email from D. Pahl; Emails with B. Bando; Email to D. Pahl                                                                                                                                                                         |
| SJ     | 04/08/18 | \$305.00      | 6.50 | \$1,982.50 | Draft statements of claim re guarantees                                                                                                                                                                                            |
| SJ     | 05/08/18 | \$305.00      | 3.50 | \$1,067.50 | Draft statements of claim re guarantees                                                                                                                                                                                            |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                           |
|--------|----------|---------------|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 06/08/18 | \$465.00      | 0.20 | \$93.00  | Emails with B. Skelly and J. Krieger                                                                                                                                                                  |
| KRC    | 07/08/18 | \$635.00      | 0.30 | \$190.50 | Emails with M. van Zandvoort regarding TM questions                                                                                                                                                   |
| MES    | 07/08/18 | \$435.00      | 1.70 | \$739.50 | Telephone call with S. Graff and D. Ferguson [REDACTED]; Review file and past correspondence re: status of demands and email to S. Graff re: same (Commercial Loans)                                  |
| MJVZ   | 07/08/18 | \$465.00      | 0.20 | \$93.00  | Emails with and telephone call to K. Clark regarding trademark renewals and review past correspondence concerning same                                                                                |
| MJVZ   | 07/08/18 | \$465.00      | 0.10 | \$46.50  | Meeting with S. John regarding progress concerning statement of claim drafting and to provide direction in connection with same                                                                       |
| MJVZ   | 07/08/18 | \$465.00      | 0.20 | \$93.00  | Emails with B. Bando concerning CWMI and investor inquiry                                                                                                                                             |
| SLG    | 08/08/18 | \$795.00      | 0.40 | \$318.00 | Telephone call with D. Ferguson and M. Spence re options and facts re monetization                                                                                                                    |
| SJ     | 08/08/18 | \$305.00      | 1.50 | \$457.50 | Revise statement of claim re guarantees                                                                                                                                                               |
| SJ     | 08/08/18 | \$305.00      | 0.20 | \$61.00  | Telephone call with M. van Zandvoort re response to investor email                                                                                                                                    |
| JTN    | 08/08/18 | \$375.00      | 0.50 | \$187.50 | Email exchanges with M. van Zandvoort and C. Pugliese re Dome Mountain Resources of Canada; Arrange for issuance of revised PPSA notices                                                              |
| CP     | 08/08/18 | \$205.00      | 0.40 | \$82.00  | Order Alberta and British Columbia PPSA searches against Dome Mountain Resources of Canada Inc.; Review and report on same; Review PPSA search for serial number CAT0299DCGTC02243 and report on same |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                      |
|--------|----------|---------------|------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MES    | 08/08/18 | \$435.00      | 0.30 | \$130.50 | Discussion with S. Graff re: response to SMC; Exchange emails with S. Graff and B. Bando re: same (Commercial Loans)                                             |
| MJVZ   | 08/08/18 | \$465.00      | 1.20 | \$558.00 | Emails and meeting with S. John; Commence review and revisions to statement of claim                                                                             |
| MJVZ   | 08/08/18 | \$465.00      | 0.50 | \$232.50 | Emails with S. Graff regarding meeting and prepare agenda; Conference call with B. Bando                                                                         |
| MJVZ   | 08/08/18 | \$465.00      | 0.40 | \$186.00 | Emails with B. Skelly; Emails with J. Knight and review and consider PPSA appendices regarding Single Source and emails with corporate searcher concerning same  |
| MJVZ   | 08/08/18 | \$465.00      | 0.20 | \$93.00  | Email from Miller Thomson; Emails with J. Nemers regarding issuing amended PPSA Notices                                                                          |
| MJVZ   | 08/08/18 | \$465.00      | 0.10 | \$46.50  | Emails from S. Graff and B. Bando regarding OOM; Email from J .Wainwright regarding registration                                                                 |
| JAW    | 08/08/18 | \$725.00      | 0.20 | \$145.00 | Review Saskatchewan, Alberta corporate forms; Internal email re: same                                                                                            |
| SLG    | 09/08/18 | \$795.00      | 0.50 | \$397.50 | Discussion with M. van Zandvoort re status of matters and steps to be taken in Alberta and B.C.                                                                  |
| MJVZ   | 09/08/18 | \$465.00      | 0.20 | \$93.00  | Emails with B. Skelly, S. Graff, B. Bando, J. Krieger                                                                                                            |
| MJVZ   | 09/08/18 | \$465.00      | 0.10 | \$46.50  | Emails with E. Baltkos and J. Nemers regarding PPSA Notices                                                                                                      |
| MJVZ   | 09/08/18 | \$465.00      | 1.60 | \$744.00 | Preparation for and attendance at meeting with S. Graff concerning various matters and next steps in Crystal Wealth receivership; Conference calls with S. Graff |
| MJVZ   | 09/08/18 | \$465.00      | 0.10 | \$46.50  | Emails with K. Clark regarding TM issue and conversation with B. Bando concerning same                                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                  |
|--------|----------|---------------|------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 09/08/18 | \$465.00      | 0.10 | \$46.50  | Email from B. Bando regarding investor inquiry; Emails with S. John concerning same                                                                                          |
| MJVZ   | 09/08/18 | \$465.00      | 0.30 | \$139.50 | Email to S. John instructing regarding preparation of demands, 244 regarding AM Merchant; Attach relevant documentation in connection with same                              |
| KRC    | 10/08/18 | \$635.00      | 1.00 | \$635.00 | Meeting regarding renewal of trademarks; review emails from trademark agents regarding renewals of marks; instructions regarding taking over marks and renewal of trademarks |
| SLG    | 10/08/18 | \$795.00      | 0.30 | \$238.50 | OOM - Telephone call with B. Bando and review email from D. Ferguson                                                                                                         |
| SLG    | 10/08/18 | \$795.00      | 0.70 | \$556.50 | Conference call with proposed trustee in bankruptcy (Alberta and BC), MLTA and M. van Zandvoort and GTL re next steps, objective, budget, cost and background                |
| SJ     | 10/08/18 | \$305.00      | 3.00 | \$915.00 | Review insurance policies and investor emails; Draft response to investor email                                                                                              |
| MES    | 10/08/18 | \$435.00      | 0.20 | \$87.00  | Receive emails from S. Graff [REDACTED]                                                                                                                                      |
| MJVZ   | 10/08/18 | \$465.00      | 0.10 | \$46.50  | Emails with R. Nicholas regarding TM matter; Email from K. Clark                                                                                                             |
| MJVZ   | 10/08/18 | \$465.00      | 0.10 | \$46.50  | Emails with J. Wainwright, V. Clayton                                                                                                                                        |
| MJVZ   | 10/08/18 | \$465.00      | 0.30 | \$139.50 | Conference call with B. Bando regarding various receivership matters                                                                                                         |
| MJVZ   | 10/08/18 | \$465.00      | 0.50 | \$232.50 | Email to B. Skelly, S. Graff, Receiver and M. Mainella regarding conference call; Attendance on conference call                                                              |
| MJVZ   | 10/08/18 | \$465.00      | 1.40 | \$651.00 | Review financials of particular targets of bankruptcy applications contained in documentation                                                                                |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                          |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | available; Follow-up emails to and with B. Skelly concerning same; Emails with T. Clifford providing requested agreements                                                            |
| MJVZ   | 10/08/18 | \$465.00      | 0.10 | \$46.50    | Emails with S. John regarding response to investor inquiry                                                                                                                           |
| SLG    | 13/08/18 | \$795.00      | 0.30 | \$238.50   | OOM - Telephone call with J. Krieger and B. Bando re D. Ferguson email                                                                                                               |
| SJ     | 13/08/18 | \$305.00      | 4.00 | \$1,220.00 | Review insurance policies; Draft response to investor email                                                                                                                          |
| MES    | 13/08/18 | \$435.00      | 1.00 | \$435.00   | Receive and respond to email from B. McKenzie serving factum for August 20 motion; Telephone call with B. Bando re: same; Review factum of C. Clydesdale (Commercial Loans)          |
| MJVZ   | 13/08/18 | \$465.00      | 0.30 | \$139.50   | Emails from B. McKenzie, M. Spence, A. Huculak, S. John regarding various matters and Fourth Report Motion; Conference call with M. Spence; Emails with S. Graff and with A. Huculak |
| SJ     | 14/08/18 | \$305.00      | 0.80 | \$244.00   | Revise response to investor email                                                                                                                                                    |
| SRM    | 14/08/18 | \$350.00      | 0.30 | \$105.00   | Factoring Fund: Review email and prepare and submit partial discharge to remove serial numbered collateral; Review and report on same                                                |
| MES    | 14/08/18 | \$435.00      | 0.30 | \$130.50   | Exchange emails with M. van Zandvoort and S. Graff re: B. McKenzie factum; Telephone call with M. van Zandvoort re: same (Commercial Loans)                                          |
| MJVZ   | 14/08/18 | \$465.00      | 0.10 | \$46.50    | Conference call with B. Bando regarding upcoming motion                                                                                                                              |
| MJVZ   | 14/08/18 | \$465.00      | 0.60 | \$279.00   | Review and consideration of issues raised in C. Clydesdale factum; Conf call with M. Spence concerning same; Emails with S. Graff and M. Spence concerning same                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                     |
|--------|----------|---------------|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 14/08/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. John concerning investor response and consideration of same                                                                      |
| MJVZ   | 14/08/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. Morris and J. Knight regarding Single Source discharge on Wells Fargo equipment                                                  |
| MJVZ   | 14/08/18 | \$465.00      | 0.10 | \$46.50  | Emails from J. Wainwright and B. Bando regarding registration renewal                                                                           |
| JAW    | 14/08/18 | \$725.00      | 0.30 | \$217.50 | Email to B. Bando re: address for service                                                                                                       |
| BC     | 15/08/18 | \$180.00      | 0.30 | \$54.00  | Emails to and from Saskatchewan and Alberta agents for service re updating extra-provincial registrations and attaching executed forms re same  |
| SLG    | 15/08/18 | \$795.00      | 1.10 | \$874.50 | Review Factum of C. Clydesdale; telephone call with M. Spence and M. van Zandvoort                                                              |
| SLG    | 15/08/18 | \$795.00      | 0.50 | \$397.50 | Conference call with M. Huculak and M. van Zandvoort and Marcel on issues raised in "Factum" and confidentiality issues                         |
| MES    | 15/08/18 | \$435.00      | 0.70 | \$304.50 | Review factum of C. Clydesdale; Exchange emails with M. van Zandvoort and S. Graff re same and discuss with M. van Zandvoort (Commercial Loans) |
| MJVZ   | 15/08/18 | \$465.00      | 0.50 | \$232.50 | Conference call with M. Spence and S. Graff regarding approach concerning Clydesdale Factum                                                     |
| MJVZ   | 15/08/18 | \$465.00      | 0.30 | \$139.50 | Review MCS Status in advance of conference call with S. Graff; Email to S. Graff and M. Spence concerning same; Conference call with S. Graff   |
| MJVZ   | 15/08/18 | \$465.00      | 0.30 | \$139.50 | Conference call with S. Graff, M. Tillie and A. Huculak                                                                                         |
| MJVZ   | 15/08/18 | \$465.00      | 0.10 | \$46.50  | Receive and review letter from OSC; Email to S. Graff concerning same                                                                           |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                             |
|--------|----------|---------------|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 15/08/18 | \$465.00      | 0.40 | \$186.00 | Further emails and conference call with S. Graff and with S. Graff and M. Spence concerning Clydesdale Factum; Emails from B. McKenzie and M. Spence concerning same                                                    |
| MJVZ   | 15/08/18 | \$465.00      | 0.40 | \$186.00 | Receive emails regarding outstanding answers to undertakings from counsel to J. Froese; Review relevant provisions of Fourth Report and emails with J. Froese counsel and conference call with B. Bando concerning same |
| MJVZ   | 15/08/18 | \$465.00      | 0.10 | \$46.50  | Emails from V. Clayton; J. Wainwright and B. Bando                                                                                                                                                                      |
| MJVZ   | 15/08/18 | \$465.00      | 0.20 | \$93.00  | Emails to M. Gugu regarding material preparation for Monday's motion                                                                                                                                                    |
| JAW    | 15/08/18 | \$725.00      | 0.10 | \$72.50  | Review and respond to B. Bando email; Internal email re: same                                                                                                                                                           |
| DH     | 16/08/18 | \$225.00      | 0.50 | \$112.50 | Email from M. van Zandvoort; Attend to downloading answers to undertakings of J. Froese; Compile brief re same; Receipt and review of same; Review of chart and letter; Email to M. van Zandvoort re same               |
| SRM    | 16/08/18 | \$350.00      | 0.20 | \$70.00  | Order parcel page for Kelowna property                                                                                                                                                                                  |
| MES    | 16/08/18 | \$435.00      | 0.40 | \$174.00 | Attend to affidavits of service and other matters relating to August 20 motion                                                                                                                                          |
| MJVZ   | 16/08/18 | \$465.00      | 0.40 | \$186.00 | Email to Receiver concerning Froese; Emails with B. Bando; Emails with Froese counsel; Emails with D. Hower concerning review of answers to undertakings                                                                |
| MJVZ   | 16/08/18 | \$465.00      | 0.10 | \$46.50  | Emails with A. Huculak                                                                                                                                                                                                  |
| MJVZ   | 16/08/18 | \$465.00      | 0.30 | \$139.50 | Emails to M. Gugu instructing regarding preparation of materials and affidavits for Monday's motion; Emails with S. Graff, M. Spence, and D. Hower concerning motion                                                    |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                       |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | preparation                                                                                                                                                                                                       |
| MJVZ   | 16/08/18 | \$465.00      | 0.10 | \$46.50    | Emails with S. Morris regarding title search Factoring/Hedge Fund                                                                                                                                                 |
| SLG    | 17/08/18 | \$795.00      | 0.40 | \$318.00   | Emails re undertakings and resolutions and motion and order re Froese and Clydesdale                                                                                                                              |
| SRM    | 17/08/18 | \$350.00      | 0.40 | \$140.00   | Factoring: Review BC parcel page, update title summary and report on same; Order, review and report on corporate profile for R 252 Enterprises; Order Alberta parcel page for 204035 Township Road 92, Lethbridge |
| MES    | 17/08/18 | \$435.00      | 1.20 | \$522.00   | [REDACTED]; Exchange emails and telephone call with B. Bando re: same; Discuss with M. van Zandvoort; Revise form of draft order and email to B. McKenzie [REDACTED]                                              |
| MJVZ   | 17/08/18 | \$465.00      | 0.10 | \$46.50    | Conference call with M. Spence [REDACTED]                                                                                                                                                                         |
| MJVZ   | 17/08/18 | \$465.00      | 0.10 | \$46.50    | Email to B. Bando regarding PPSA Notices                                                                                                                                                                          |
| MJVZ   | 17/08/18 | \$465.00      | 0.20 | \$93.00    | [REDACTED]; Emails with M. Spence and B. Bando concerning same; Emails with J. Knight                                                                                                                             |
| MJVZ   | 17/08/18 | \$465.00      | 0.10 | \$46.50    | Review parcel abstracts from S. Morris regarding Factoring/Hedge Funds                                                                                                                                            |
| MJVZ   | 17/08/18 | \$465.00      | 0.30 | \$139.50   | Emails with J. Dutrizac concerning outstanding undertakings and under advisements and refusals of Froese; Emails to B. Bando regarding same                                                                       |
| MJVZ   | 17/08/18 | \$465.00      | 4.30 | \$1,999.50 | Review undertaking charts and relevant portions of transcripts in preparation for motion; Email to M. Gugu concerning inclusion of Court Copy of Second Report for motion;                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | Review of confidential appendices 1 and 3 provisions                                                                                                                                                                                                                                                                                                                                                                |
| SLG    | 19/08/18 | \$795.00      | 4.50 | \$3,577.50 | Prepare for motion re approval of 4th report and related relief; review record; telephone call with emails with . van Zandvoort                                                                                                                                                                                                                                                                                     |
| MES    | 19/08/18 | \$435.00      | 0.10 | \$43.50    | Receive email from B. McKenzie re: August 20 motion (Commercial Loans)                                                                                                                                                                                                                                                                                                                                              |
| MJVZ   | 19/08/18 | \$465.00      | 6.30 | \$2,929.50 | Review Fourth Report and Second Report in furtherance of preparing submissions; Prepare submissions concerning methodology and proposal to make an interim distribution to investors, AGB LLP engagement, outstanding undertakings and refusals, contempt relief, judgment again 109 NC Ltd., and approving receipts/disbursements; Prepare draft Order and blackline for motion; Prepare draft judgment for motion |
| MJVZ   | 19/08/18 | \$465.00      | 0.20 | \$93.00    | Emails with J. Dutrizac finalizing agreement for motion regarding Froese outstanding undertakings, refusals, and under advisements                                                                                                                                                                                                                                                                                  |
| MJVZ   | 19/08/18 | \$465.00      | 0.60 | \$279.00   | Emails call with S. Graff concerning preparation for Fourth Report Motion                                                                                                                                                                                                                                                                                                                                           |
| SLG    | 20/08/18 | \$795.00      | 4.00 | \$3,180.00 | Prepare for and attend court on motion to approve 14th report and ancillary relief; email with OSC                                                                                                                                                                                                                                                                                                                  |
| SRM    | 20/08/18 | \$350.00      | 0.30 | \$105.00   | Factoring: Review AB parcel page of Lethbridge AB property                                                                                                                                                                                                                                                                                                                                                          |
| MES    | 20/08/18 | \$435.00      | 0.50 | \$217.50   | Receive emails from M. van Zandvoort re: outcome of August 20 hearing re: C. Clydesdale, [REDACTED], 20192545 B.C. Ltd. judgment (Commercial Loans)                                                                                                                                                                                                                                                                 |
| MJVZ   | 20/08/18 | \$465.00      | 2.80 | \$1,302.00 | Preparation for motion and amend submissions to address additional issues discussed during conference call with S. Graff yesterday evening;                                                                                                                                                                                                                                                                         |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                              |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | Revise and finalize draft Order, judgment, and blackline for motion; Emails with S. Graff concerning same                                                                                                                                                                                |
| MJVZ   | 20/08/18 | \$465.00      | 3.40 | \$1,581.00 | Attendance at Fourth Report approval motion before the Honourable Madam Justice Conway; Obtain Order and Judgment; Discussions with B. Bando and S. Graff concerning various next steps in receivership; Memorandum to P. Williams and instruct regarding entering of Order and Judgment |
| MJVZ   | 20/08/18 | \$465.00      | 0.10 | \$46.50    | Email to S. John instructing regarding preparation of statement of claim; Further emails with S. John concerning same                                                                                                                                                                    |
| MJVZ   | 20/08/18 | \$465.00      | 0.40 | \$186.00   | Review amended statement of claim provided by N. Read-Ellis; Reporting email to B. Bando concerning same; Consider same in advance of conference call with N. Read-Ellis and I. Graham scheduled for tomorrow                                                                            |
| MJVZ   | 20/08/18 | \$465.00      | 0.10 | \$46.50    | Email from S. Morris attaching parcel abstract and review of same regarding Factoring/Hedge Fund                                                                                                                                                                                         |
| MJVZ   | 20/08/18 | \$465.00      | 0.30 | \$139.50   | Emails with B. Bando [REDACTED] [REDACTED] Email to B. McKenzie concerning same and email to B. Bando concerning same; Review T. Jones memorandum regarding February disclosure; Email to M. Spence                                                                                      |
| MJVZ   | 20/08/18 | \$465.00      | 0.10 | \$46.50    | Conference call with B. Bando regarding Advanced Metal                                                                                                                                                                                                                                   |
| MJVZ   | 20/08/18 | \$465.00      | 0.10 | \$46.50    | Service of Order, Judgment, and Endorsements on Service List                                                                                                                                                                                                                             |
| MJVZ   | 20/08/18 | \$465.00      | 0.10 | \$46.50    | Email to M. Rada demanding payment of judgment; Email to B. Bando concerning same; Email to M. Spence                                                                                                                                                                                    |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                             |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 20/08/18 | \$465.00      | 0.20 | \$93.00  | Email to S. O'Neil concerning outstanding production; Email to B. Bando and J. Knight concerning same                                   |
| MJVZ   | 20/08/18 | \$465.00      | 0.20 | \$93.00  | Email to C. Popowich concerning outstanding answers and Order of today compelling same; Email to B. Bando and J. Knight concerning same |
| MJVZ   | 20/08/18 | \$465.00      | 0.20 | \$93.00  | Email to A. Crabtree concerning outstanding answers and Order of today compelling same; Email to B. Bando concerning same               |
| MJVZ   | 20/08/18 | \$465.00      | 0.20 | \$93.00  | Email to B. Skelly providing Orders from today and inquiring regarding timetable and proposal; Email to B. Bando concerning same        |
| MJVZ   | 20/08/18 | \$465.00      | 0.20 | \$93.00  | Email to C. Smith concerning outstanding undertakings and refusals and review of same; Email to B. Bando concerning same                |
| JAW    | 20/08/18 | \$725.00      | 0.20 | \$145.00 | Review and respond to internal emails; Circulate filed Saskatchewan and Alberta forms                                                   |
| PW     | 20/08/18 | \$180.00      | 0.60 | \$108.00 | Entered Order and Judgment of August 20, 2018                                                                                           |
| SJ     | 21/08/18 | \$305.00      | 3.00 | \$915.00 | Draft default letters and demand letters                                                                                                |
| MES    | 21/08/18 | \$435.00      | 0.50 | \$217.50 | Receive and review emails from M. van Zandvoort, S. O'Neill, B. Bando, S. Graff re: US Realty Fund                                      |
| MJVZ   | 21/08/18 | \$465.00      | 0.20 | \$93.00  | Emails with L. Morgan of NBIN; Update Service List and emails with J. Knight concerning same; Emails with K. Clark                      |
| MJVZ   | 21/08/18 | \$465.00      | 0.10 | \$46.50  | Emails with W. Skelly, M. Spence, and S. John regarding bankruptcy applications; Email to Receiver                                      |
| MJVZ   | 21/08/18 | \$465.00      | 0.20 | \$93.00  | Email with S. O'Neil; Email to B. Bando                                                                                                 |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                    |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 21/08/18 | \$465.00      | 0.10 | \$46.50    | Emails with J. Dutrizac                                                                                                                                                                                        |
| MJVZ   | 21/08/18 | \$465.00      | 0.10 | \$46.50    | Email to N. Read-Ellis regarding tomorrow's conference call; Emails with B. Bando concerning same                                                                                                              |
| SJ     | 22/08/18 | \$305.00      | 5.50 | \$1,677.50 | Draft default and demand letters; Telephone call with M. van Zandvoort re verification affidavits                                                                                                              |
| MES    | 22/08/18 | \$435.00      | 0.50 | \$217.50   | Exchange emails with M. van Zandvoort, B. Bando, J. Knight re: meeting with B. McKenzie (Commercial Loans)                                                                                                     |
| MJVZ   | 22/08/18 | \$465.00      | 0.20 | \$93.00    | Emails from S. Graff and W. Skelly; Emails with S. John; Emails from B. Bando and from J. Krieger; Email to Receiver                                                                                           |
| MJVZ   | 22/08/18 | \$465.00      | 0.20 | \$93.00    | Email from B. McKenzie; Email to B. McKenzie; Emails with S. Graff, M. Spence, and B. Bando concerning same                                                                                                    |
| MJVZ   | 22/08/18 | \$465.00      | 0.60 | \$279.00   | Emails with Receiver concerning investor response; Review and revise same; Email to S. Graff                                                                                                                   |
| MJVZ   | 22/08/18 | \$465.00      | 0.30 | \$139.50   | Emails with S. John regarding Advanced Metals Default letter and email weekly summary; Review same and email to Receiver and S. John; Emails with S. Graff; Emails from J. Knight and B. Bando concerning same |
| MJVZ   | 22/08/18 | \$465.00      | 0.10 | \$46.50    | Conference call with S. Graff to discuss upcoming call with AGB LLP                                                                                                                                            |
| MJVZ   | 22/08/18 | \$465.00      | 0.20 | \$93.00    | Conference call with I. Graham, N. Reed-Ellis, and S. Graff; Follow-up discussion with S. Graff                                                                                                                |
| MJVZ   | 22/08/18 | \$465.00      | 0.70 | \$325.50   | Receive and review amended claim and report from I. Graham; Email to Receiver concerning same                                                                                                                  |
| MJVZ   | 22/08/18 | \$465.00      | 0.40 | \$186.00   | Emails with S. Graff and to Receiver further to conference call with I. Graham and N. Read-Ellis                                                                                                               |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                     |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 22/08/18 | \$465.00      | 0.10 | \$46.50    | Conference call with S. John regarding investor response                                                                                                                        |
| KRC    | 23/08/18 | \$635.00      | 0.20 | \$127.00   | Review renewals from CIPO; email to B. Bando                                                                                                                                    |
| SLG    | 23/08/18 | \$795.00      | 0.50 | \$397.50   | Review Advanced Metal letter; review reporting emails re class action execution of affidavits and verification                                                                  |
| SLG    | 23/08/18 | \$795.00      | 1.00 | \$795.00   | Conference call with lawyer's at Adan Goldblatt re class action, status, timing and various damage reports; go to mediation                                                     |
| SLG    | 23/08/18 | \$795.00      | 1.30 | \$1,033.50 | Review cost estimate for bankruptcies out west                                                                                                                                  |
| SLG    | 23/08/18 | \$795.00      | 0.50 | \$397.50   | Telephone call with M. van Zandvoort re Letter to investor re insurance policies                                                                                                |
| SJ     | 23/08/18 | \$305.00      | 4.00 | \$1,220.00 | Draft Notice and demand letters; Revise response to investor email; Telephone call with M. van Zandvoort re same                                                                |
| MJVZ   | 23/08/18 | \$465.00      | 0.10 | \$46.50    | Email from J. Knight attaching letter regarding Cinnos; Email from K. Clark regarding TM renewals                                                                               |
| MJVZ   | 23/08/18 | \$465.00      | 0.30 | \$139.50   | Conference call with S. Graff regarding investor response                                                                                                                       |
| MJVZ   | 23/08/18 | \$465.00      | 0.20 | \$93.00    | Emails with Receiver concerning bankruptcy applications; Emails with T. Clifford                                                                                                |
| MJVZ   | 23/08/18 | \$465.00      | 0.70 | \$325.50   | Conference call with S. John regarding investor response; Review email from S. John regarding revised response; Review revisions and consideration of same and email to S. John |
| MJVZ   | 23/08/18 | \$465.00      | 0.10 | \$46.50    | Email from C. Smith concerning Order to comply                                                                                                                                  |
| SLG    | 24/08/18 | \$795.00      | 0.20 | \$159.00   | Final revised response to investor inquiry                                                                                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                               |
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| SJ     | 24/08/18 | \$305.00      | 1.50 | \$457.50 | Revise response to investor email; Discussion with K. Clark re precedent Consent and Authorization                                                                                                                                        |
| MES    | 24/08/18 | \$435.00      | 0.20 | \$87.00  | Receive emails from M. van Zandvoort and S. O'Neill re: request for information from US Realty Funds                                                                                                                                      |
| MJVZ   | 24/08/18 | \$465.00      | 0.50 | \$232.50 | Review further email from S. John; Revise response and email to S. Graff regarding same                                                                                                                                                   |
| MJVZ   | 24/08/18 | \$465.00      | 0.30 | \$139.50 | Conference calls (2) with S. Graff regarding investor response                                                                                                                                                                            |
| MJVZ   | 24/08/18 | \$465.00      | 0.10 | \$46.50  | Emails from T. Clifford and B. Bando regarding bankruptcy applications                                                                                                                                                                    |
| MJVZ   | 24/08/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. O'Neil and Receiver                                                                                                                                                                                                        |
| MJVZ   | 24/08/18 | \$465.00      | 0.20 | \$93.00  | Instruct S. John regarding preparation of Consents and Authorization; Email to B. Bando concerning same                                                                                                                                   |
| MJVZ   | 24/08/18 | \$465.00      | 0.20 | \$93.00  | Email to Receiver regarding response; Conference call with B. Bando; Emails with Receiver concerning same                                                                                                                                 |
| MJVZ   | 24/08/18 | \$465.00      | 0.10 | \$46.50  | Conference call with S. O'Neil                                                                                                                                                                                                            |
| MJVZ   | 24/08/18 | \$465.00      | 0.10 | \$46.50  | Conference call with S. John regarding C. Smith                                                                                                                                                                                           |
| MJVZ   | 24/08/18 | \$465.00      | 0.30 | \$139.50 | Conference call with B. Bando regarding various receivership issues                                                                                                                                                                       |
| SJ     | 26/08/18 | \$305.00      | 2.00 | \$610.00 | Draft Consent and Authorization                                                                                                                                                                                                           |
| MJVZ   | 26/08/18 | \$465.00      | 0.40 | \$186.00 | Email to S. John regarding consent preparation; Review and revise consents; Emails with S. John regarding same; Email to C. Smith and J. Van Osch concerning same; Email from J. Van Osch and further emails with S. John concerning same |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                         |
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| SJ     | 27/08/18 | \$305.00      | 3.00 | \$915.00   | Revise consent and authorization;<br>Organize affidavits for swearing; Call<br>with B. Bando and T. Clifford re<br>same                                                                                                                                                                                                                             |
| MJVZ   | 27/08/18 | \$465.00      | 0.50 | \$232.50   | Various emails from S. John, B.<br>Bando, and T. Clifford concerning<br>bankruptcy application affidavits;<br>Emails with S. John concerning<br>same; Emails from K. Clark and D.<br>Valois; Email from C. Smith                                                                                                                                    |
| MJVZ   | 27/08/18 | \$465.00      | 0.10 | \$46.50    | Email from C. Smith concerning<br>outstanding compliance with Order                                                                                                                                                                                                                                                                                 |
| SJ     | 28/08/18 | \$305.00      | 7.50 | \$2,287.50 | Revise affidavits; Instruct J. McLean<br>re affidavits; Calls with M. van<br>Zandvoort and B. Bando re affidavit<br>revisions; Meeting with B. Bando for<br>swearing of affidavits; Revise J. Van<br>Osch consent; Draft notice and<br>demand letters                                                                                               |
| MJVZ   | 28/08/18 | \$465.00      | 2.30 | \$1,069.50 | Review and revise bankruptcy<br>applications (4); Conference calls<br>with S. John regarding same;<br>Conference calls with T. Clifford<br>concerning same; Conference calls<br>with B. Bando concerning same;<br>Conference calls with S. Graff<br>concerning same; Instruct S. John<br>regarding finalizing and couriering<br>same to T. Clifford |
| MJVZ   | 28/08/18 | \$465.00      | 0.10 | \$46.50    | Conference call with S. Graff<br>[REDACTED]                                                                                                                                                                                                                                                                                                         |
| MJVZ   | 28/08/18 | \$465.00      | 0.30 | \$139.50   | Draft response to J. Van Osch<br>attaching amended consent; Emails<br>with S. John concerning same;<br>Emails with J. Van Osch; Email to B.<br>Bando                                                                                                                                                                                                |
| MJVZ   | 28/08/18 | \$465.00      | 0.30 | \$139.50   | Emails with Receiver and W. Skelly<br>regarding enforcement against 109<br>BC; Emails with S. John instructing<br>regarding obtaining certified<br>judgement; Conference call with B.<br>Bando                                                                                                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DH     | 29/08/18 | \$225.00      | 0.10 | \$22.50  | Emails to and from M. van Zandvoort re document collection from C. Smith; Email to C. Smith providing share file link for upload of documents                                              |
| SJ     | 29/08/18 | \$305.00      | 2.00 | \$610.00 | Draft demand letters                                                                                                                                                                       |
| MJVZ   | 29/08/18 | \$465.00      | 0.40 | \$186.00 | Emails with D. Hower; Amend consent; Email to C. Smith; Emails with D. Hower concerning upload; Email from D. Hower to C. Smith; Email from C. Smith and email to D. Hower concerning same |
| MJVZ   | 29/08/18 | \$465.00      | 0.20 | \$93.00  | Emails from S. John concerning default and demand letters and s. 244 notice regarding Advanced Metal; Email to S. John concerning same                                                     |
| SLG    | 30/08/18 | \$795.00      | 0.40 | \$318.00 | Telephone call with M. van Zandvoort re bankruptcy applications and affidavits of verification                                                                                             |
| DH     | 30/08/18 | \$225.00      | 0.30 | \$67.50  | Emails to and from M. van Zandvoort; Attend to downloading materials from C. Smith; Various discussions with M. Loney re email productions                                                 |
| SJ     | 30/08/18 | \$305.00      | 1.50 | \$457.50 | Instruct M. McCann and J. McLean re obtaining judgment from court; Draft statement of claim                                                                                                |
| MM     | 30/08/18 | \$260.00      | 1.20 | \$312.00 | Attended at the commercial court to pick up a certified judgment as per S. John                                                                                                            |
| SRM    | 30/08/18 | \$350.00      | 0.10 | \$35.00  | Factoring/Hedge: Review file re expiring registration against 647497 BC Ltd.                                                                                                               |
| MJVZ   | 30/08/18 | \$465.00      | 0.20 | \$93.00  | Emails with D. Hower concerning C. Smith upload                                                                                                                                            |
| MJVZ   | 30/08/18 | \$465.00      | 0.10 | \$46.50  | Emails from S. John regarding certified judgment and delivery of same                                                                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                               |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 30/08/18 | \$465.00      | 0.10 | \$46.50    | Email from S. Morris concerning extending registration regarding security over 647 BC                                                                                                                                                                                                                                     |
| MJVZ   | 30/08/18 | \$465.00      | 0.10 | \$46.50    | Emails from C. Webster attaching bankruptcy applications as filed                                                                                                                                                                                                                                                         |
| MJVZ   | 30/08/18 | \$465.00      | 0.10 | \$46.50    | Email from A. Crabtree regarding Housego outstanding undertaking                                                                                                                                                                                                                                                          |
| BC     | 31/08/18 | \$260.00      | 0.30 | \$78.00    | Meeting with S John to discuss research request                                                                                                                                                                                                                                                                           |
| DH     | 31/08/18 | \$225.00      | 0.10 | \$22.50    | Office discussion with M. van Zandvoort re documents provided by C. Smith                                                                                                                                                                                                                                                 |
| SJ     | 31/08/18 | \$305.00      | 3.50 | \$1,067.50 | Instruct B. Carter re research; Draft statement of claim                                                                                                                                                                                                                                                                  |
| SRM    | 31/08/18 | \$350.00      | 0.40 | \$140.00   | Factoring/Hedge: Prepare, submit and review BC PPSA renewal against 647497 B.C. Ltd.; Prepare draft debtor notification letter; Order and review post-renewal PPSA search; Update registration chart and search summary                                                                                                   |
| MES    | 31/08/18 | \$435.00      | 0.20 | \$87.00    | Receive emails from S. O'Neill, M. van Zandvoort regarding information relating to US Realty projects                                                                                                                                                                                                                     |
| MJVZ   | 31/08/18 | \$465.00      | 0.90 | \$418.50   | Review titles of 1,018 emails uploaded by C. Smith; Review only those emails that may be of relevance; Office conference with D. Hewer concerning same; Email to C. Smith concerning same; Email to Receiver concerning same; Email to D. Hewer instructing regarding delivery of emails; Email from D. Hewer to B. Bando |
| MJVZ   | 31/08/18 | \$465.00      | 0.20 | \$93.00    | Conference call with B. Bando regarding various receivership matters; Email to S. Graff concerning same                                                                                                                                                                                                                   |
| MJVZ   | 31/08/18 | \$465.00      | 3.70 | \$1,720.50 | Review and revise statement of claim; Finalize same in connection with review of default letters and                                                                                                                                                                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                              |
|--------|----------|---------------|------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | demands; Email to B. Bando concerning same; Email to S. John providing instructions concerning finalizing same and issuance and effecting service        |
| MJVZ   | 31/08/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. Morris and B. Bando concerning security registration renewals                                                                             |
| MJVZ   | 31/08/18 | \$465.00      | 0.10 | \$46.50  | Updating service list and emailing same to J. Knight                                                                                                     |
| MJVZ   | 31/08/18 | \$465.00      | 0.10 | \$46.50  | Email to A. Crabtree regarding outstanding statutory declaration                                                                                         |
| MJVZ   | 31/08/18 | \$465.00      | 0.10 | \$46.50  | Conference call with S. John regarding status of guarantee claims; Emails to S. John concerning same (re Factoring/Hedge Funds)                          |
| MJVZ   | 31/08/18 | \$465.00      | 0.20 | \$93.00  | Review email from S. O'Neill attaching financial information concerning US Real Estate LP and email to B. Bando concerning same                          |
| MJVZ   | 31/08/18 | \$465.00      | 1.20 | \$558.00 | Review status of various receivership matters in anticipation of Tuesday meeting with S. Graff concerning same and next steps; update agenda for meeting |
| MJVZ   | 01/09/18 | \$465.00      | 0.20 | \$93.00  | Review various emails and trailer sale agreement as sent by C. Smith                                                                                     |
| MJVZ   | 03/09/18 | \$465.00      | 0.20 | \$93.00  | Review letter from D. Pahl; emails with S. Graff concerning same                                                                                         |
| BC     | 04/09/18 | \$260.00      | 1.90 | \$494.00 | Researched cases [REDACTED]<br>[REDACTED]                                                                                                                |
| SLG    | 04/09/18 | \$795.00      | 0.40 | \$318.00 | Telephone call with M. van Zandvoort re D Pahl's letter and response; review draft                                                                       |
| DH     | 04/09/18 | \$225.00      | 0.10 | \$22.50  | Emails to and from M. van Zandvoort and C. Smith re additional emails requested                                                                          |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SJ     | 04/09/18 | \$305.00      | 4.50 | \$1,372.50 | Instruct J. McLean re issuing statement of claim; Review research from B. Carter and instruct re same; Email to T. Clifford and C. Webster re statement of claim; Email to B. Bando and J. Knight RE SAME; Revise letter to D. Pahl                                                                                                                                                                                                                                                                                             |
| MJVZ   | 04/09/18 | \$465.00      | 0.70 | \$325.50   | Review financial information provided by S. O'Neil regarding US Real Estate LP; Compare same to previous information provided; Conference call with B. Bando concerning same                                                                                                                                                                                                                                                                                                                                                    |
| MJVZ   | 04/09/18 | \$465.00      | 0.40 | \$186.00   | Searches regarding trailer value in response to bill of sale provided; Reporting email to B. Bando; Conference call with B. Bando concerning same                                                                                                                                                                                                                                                                                                                                                                               |
| MJVZ   | 04/09/18 | \$465.00      | 0.30 | \$139.50   | Conference call with S. Graff regarding US Real Estate LP and Dome Mountain                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| MJVZ   | 04/09/18 | \$465.00      | 3.50 | \$1,627.50 | Dictate letter to D. Pahl as per conference call with S. Graff and with B. Bando today; Review of previous file correspondence and outstanding refusals as ordered to be answered by Justice Conway in connection with same; Email same to S. Graff; Review S. Graff revisions and further revise letter; Emails with B. Bando and S. John concerning same; Review of Froese answers to undertakings and D. Pahl outstanding refusals; Review Agreement and email S. Graff concerning same; Review of updates on Website per MM |
| MJVZ   | 04/09/18 | \$465.00      | 0.10 | \$46.50    | Email to C. Smith requiring production of outstanding emails; Email from C. Smith in response                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| MJVZ   | 04/09/18 | \$465.00      | 0.10 | \$46.50    | Emails from S. John regarding issuance of statement of claim and office conference with P. Williams providing direction concerning same                                                                                                                                                                                                                                                                                                                                                                                         |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                                                                               |
|--------|----------|---------------|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 04/09/18 | \$465.00      | 0.20 | \$93.00  | Review T. Clifford email and materials filed regarding bankruptcy applications                                                                                                                                                                                                                                                            |
| MJVZ   | 04/09/18 | \$465.00      | 2.10 | \$976.50 | Commence review of transcripts and documentation provided in response to answers to undertakings regarding MT and DS                                                                                                                                                                                                                      |
| PW     | 04/09/18 | \$180.00      | 0.60 | \$108.00 | Issued Statement of Claim                                                                                                                                                                                                                                                                                                                 |
| SLG    | 05/09/18 | \$795.00      | 0.70 | \$556.50 | Emails with M. van Zandvoort; email and telephone re response to A. Huculak; email re disclosure                                                                                                                                                                                                                                          |
| SJ     | 05/09/18 | \$305.00      | 0.80 | \$244.00 | Calls with L. Pelletier re service of claim; Call with M. van Zandvoort re same                                                                                                                                                                                                                                                           |
| MES    | 05/09/18 | \$435.00      | 1.00 | \$435.00 | Receive voicemail from B. Bando and review file re: documents received from BDO/Blakes; Email to B. Bando re: same (Commercial Loans)                                                                                                                                                                                                     |
| MJVZ   | 05/09/18 | \$465.00      | 0.10 | \$46.50  | Emails with B. Bando [REDACTED]                                                                                                                                                                                                                                                                                                           |
| MJVZ   | 05/09/18 | \$465.00      | 0.40 | \$186.00 | Revise and finalize letter to D. Pahl; Email letter to D. Pahl                                                                                                                                                                                                                                                                            |
| MJVZ   | 05/09/18 | \$465.00      | 1.40 | \$651.00 | Review email from A. Huculak; Review relevant provisions of Appointment Order and Communications protocol; Review relevant provisions of First, Second, Third and Fourth Report, and applicable supplements thereto, and Orders and endorsements issued; Email to S. Graff advising of recommended response based upon inquiry and review |
| MJVZ   | 05/09/18 | \$465.00      | 0.20 | \$93.00  | Conference call with S. Graff                                                                                                                                                                                                                                                                                                             |
| MJVZ   | 05/09/18 | \$465.00      | 0.50 | \$232.50 | Draft response and email same to S. Graff; Emails with S. Graff and conference call with B. Bando                                                                                                                                                                                                                                         |
| MJVZ   | 05/09/18 | \$465.00      | 0.10 | \$46.50  | Email to A. Huculak; Email to B. Bando                                                                                                                                                                                                                                                                                                    |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                  |
|--------|----------|---------------|------|----------|------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 05/09/18 | \$465.00      | 0.10 | \$46.50  | Email from S. John; Conference call with S. John regarding service efforts                                                   |
| SLG    | 06/09/18 | \$795.00      | 0.10 | \$79.50  | Discussion with M. van Zandvoort re call                                                                                     |
| SJ     | 06/09/18 | \$305.00      | 0.80 | \$244.00 | Calls with L. Pelletier re service of claim; Email to M. van Zandvoort re same; Emails to J. McLean and L. Pelletier re same |
| MES    | 06/09/18 | \$435.00      | 0.30 | \$130.50 | Receive emails from M. van Zandvoort, B. Bando re US Realty                                                                  |
| MJVZ   | 06/09/18 | \$465.00      | 0.10 | \$46.50  | Emails with M. Spence, S. Graff, B. Bando and J. Knight regarding 1076874 Properties LP ("107 LP")                           |
| MJVZ   | 06/09/18 | \$465.00      | 0.10 | \$46.50  | Emails with M. Spence, S. Graff and B. Bruce regarding AGB LLP Update                                                        |
| MJVZ   | 06/09/18 | \$465.00      | 0.20 | \$93.00  | Email correspondence with S. John regarding service address of D. Pahl; Email to S. John instructing regarding same          |
| MJVZ   | 06/09/18 | \$465.00      | 0.10 | \$46.50  | Conference call with S. Graff                                                                                                |
| MJVZ   | 06/09/18 | \$465.00      | 0.10 | \$46.50  | Emails with A. Huculak                                                                                                       |
| MJVZ   | 06/09/18 | \$465.00      | 0.10 | \$46.50  | Email with N. Read-Ellis                                                                                                     |
| SLG    | 07/09/18 | \$795.00      | 0.50 | \$397.50 | Conference call with OSC and M. van Zandvoort re disclosure and review of disclosure                                         |
| SLG    | 07/09/18 | \$795.00      | 0.20 | \$159.00 | OOM - Review emails re conversation with D. Ferguson                                                                         |
| MES    | 07/09/18 | \$435.00      | 1.00 | \$435.00 | Telephone call with Weir Foulds<br>[REDACTED]                                                                                |
| MJVZ   | 07/09/18 | \$465.00      | 0.10 | \$46.50  | Review letter from AGB LLP enclosing Notice of Change and email to S. Graff concerning same                                  |
| MJVZ   | 07/09/18 | \$465.00      | 0.10 | \$46.50  | Emails with C. Miroslavich regarding disclosure                                                                              |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                              |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 07/09/18 | \$465.00      | 0.40 | \$186.00   | Conference call with A. Huculak, S. Graff and Marcel Tillie                                                                                                                              |
| MJVZ   | 07/09/18 | \$465.00      | 1.50 | \$697.50   | Conference call with S. Graff; Email from A. Huculak file review concerning prior disclosure                                                                                             |
| MJVZ   | 07/09/18 | \$465.00      | 0.10 | \$46.50    | Review emails from M. Spence and B. Bando regarding OOM installation                                                                                                                     |
| DH     | 10/09/18 | \$225.00      | 0.10 | \$22.50    | Emails to and from M. van Zandvoort re e-discovery platform for documents                                                                                                                |
| MES    | 10/09/18 | \$435.00      | 0.20 | \$87.00    | Receive emails re: documentation to be provided by US Realty Fund                                                                                                                        |
| MJVZ   | 10/09/18 | \$465.00      | 0.10 | \$46.50    | Emails with D. Hower regarding disclosure                                                                                                                                                |
| MJVZ   | 10/09/18 | \$465.00      | 0.10 | \$46.50    | Email to B. Bando regarding notice of change; Email from B. Bando                                                                                                                        |
| MJVZ   | 10/09/18 | \$465.00      | 0.50 | \$232.50   | Complete review and email to S. Graff regarding disclosure and review and proposed next steps                                                                                            |
| MJVZ   | 10/09/18 | \$465.00      | 1.00 | \$465.00   | Review email from B. Bando concerning Advanced Metal Default Letter; Revise and finalize letters to Advanced Metals and give guarantors and consult parcel search summary regarding same |
| MJVZ   | 10/09/18 | \$465.00      | 0.20 | \$93.00    | Email to S. O'Neil; Email to B. Bando; Email from S. O'Neil; Email from S. Graff                                                                                                         |
| MJVZ   | 10/09/18 | \$465.00      | 0.10 | \$46.50    | Review email and letter from D. Pahl                                                                                                                                                     |
| SLG    | 11/09/18 | \$795.00      | 0.70 | \$556.50   | Telephone call with M. van Zandvoort; [REDACTED]; telephone call with B. Bando and J. Krieger to A. Huculak                                                                              |
| SJ     | 11/09/18 | \$305.00      | 4.50 | \$1,372.50 | Calls with M. van Zandvoort re summary judgement motion; Instruct J. McLean re motion date; Call with M. McCreedy re same; Research re motion affidavit; Draft affidavit                 |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                                         |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 11/09/18 | \$465.00      | 0.10 | \$46.50  | Email B. Bando concerning demands to be sent out regarding Advanced Metals                                                                                                                                                                                                                          |
| MJVZ   | 11/09/18 | \$465.00      | 0.10 | \$46.50  | Email with S. Graff regarding disclosure request                                                                                                                                                                                                                                                    |
| MJVZ   | 11/09/18 | \$465.00      | 0.10 | \$46.50  | Conference call with B. Bando regarding actions                                                                                                                                                                                                                                                     |
| MJVZ   | 11/09/18 | \$465.00      | 0.10 | \$46.50  | Conference call with S. John; Conduct caselaw research<br>[REDACTED]; Email to S. John providing case and instructing regarding same; Email from S. John in response                                                                                                                                |
| MJVZ   | 11/09/18 | \$465.00      | 1.60 | \$744.00 | Reporting email to GTL and response to Staff in conjunction with review of disclosure list and related file materials; Emails and conference call with S. Graff concerning same; Conference call and emails with B. Bando                                                                           |
| MJVZ   | 11/09/18 | \$465.00      | 1.30 | \$604.50 | Review file correspondence from D. Pahl; Prepare responses to D. Pahl; Emails with Receiver concerning same; Email to D. Pahl and Service List and to D. Pahl                                                                                                                                       |
| MJVZ   | 11/09/18 | \$465.00      | 0.30 | \$139.50 | Review file correspondence and send follow-up emails to lawyers for Froese, Pahl, DenHollander, Robert and Jeffrey Maljaars, and Housego this morning (attached), concerning each of their outstanding undertakings; Email to B. Bando reporting regarding same; Email from J. Dutrizac in response |
| MJVZ   | 11/09/18 | \$465.00      | 0.10 | \$46.50  | Email with A. Crabtree; Email to B. Bando                                                                                                                                                                                                                                                           |
| MJVZ   | 11/09/18 | \$465.00      | 0.10 | \$46.50  | Emails with M. Tamminga; Update service list; Email same to J. Knight for posting to the Receiver's Case Website                                                                                                                                                                                    |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                           |
|--------|----------|---------------|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 11/09/18 | \$465.00      | 1.30 | \$604.50 | Emails with B. Bando, S. Graff; conference call with B. Bando, S. Graff, J. Krieger; Draft response and emails with S. Graff, B. Bando, and J. Krieger concerning same; Conference call with S. Graff |
| MJVZ   | 11/09/18 | \$465.00      | 0.10 | \$46.50  | Conference call with S. John regarding McCready summary judgment motion and scheduling and strategy                                                                                                   |
| SLG    | 12/09/18 | \$795.00      | 0.20 | \$159.00 | Review emails re Advanced Metals and BDO action                                                                                                                                                       |
| SJ     | 12/09/18 | \$305.00      | 1.20 | \$366.00 | Draft letter to M. McCready re motion; Emails to M. van Zandvoort re same; Call with M. McCready re motion                                                                                            |
| MJVZ   | 12/09/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. John regarding emailing M. McCready regarding attendance to the hearing of October 1, 2018                                                                                             |
| MJVZ   | 12/09/18 | \$465.00      | 0.10 | \$46.50  | Review emails from B. Bando, C. Webster                                                                                                                                                               |
| MJVZ   | 12/09/18 | \$465.00      | 0.20 | \$93.00  | Review emails and letter from D. Pahl; Emails with B. Bando concerning same                                                                                                                           |
| SJ     | 13/09/18 | \$305.00      | 0.50 | \$152.50 | Instruct J. McLean re new motion date; Email to M. van Zandvoort re same                                                                                                                              |
| MJVZ   | 13/09/18 | \$465.00      | 0.50 | \$232.50 | Review file correspondence regarding D. Pahl non-compliance with Justice Conway Order of August 20th, and email to D. Pahl concerning same                                                            |
| MJVZ   | 13/09/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. John regarding scheduling of hearing of October 1st                                                                                                                                    |
| SJ     | 14/09/18 | \$305.00      | 1.20 | \$366.00 | Call with M. McCready re motion date; Report to B. Bando re motion date; Draft letter to M. McCready re motion date                                                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                        |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 14/09/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. John and B. Bando regarding scheduling the hearing of October 12th for a summary judgment motion; Revise letter and email to S. John regarding same |
| MJVZ   | 14/09/18 | \$465.00      | 0.10 | \$46.50  | Emails with Nathaniel Read-Ellis                                                                                                                                   |
| MJVZ   | 14/09/18 | \$465.00      | 0.10 | \$46.50  | Emails from C. Webster and B. Bando                                                                                                                                |
| MJVZ   | 16/09/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. Graff concerning response and review email from S. Graff concerning same                                                                            |
| MJVZ   | 17/09/18 | \$465.00      | 0.10 | \$46.50  | Send demands regarding Advanced Metals et al and instruct M. Gugu concerning same                                                                                  |
| MJVZ   | 17/09/18 | \$465.00      | 0.10 | \$46.50  | Conference call with B. Bando regarding Advanced Metal                                                                                                             |
| MJVZ   | 17/09/18 | \$465.00      | 0.10 | \$46.50  | Email from A. Crabtree                                                                                                                                             |
| MJVZ   | 17/09/18 | \$465.00      | 1.70 | \$790.50 | Review of productions regarding Zomongo [REDACTED]                                                                                                                 |
| MJVZ   | 17/09/18 | \$465.00      | 0.20 | \$93.00  | Email from and to T. Clifford; Emails with B. Bando concerning Solid Holdings bankruptcy application                                                               |
| SJ     | 18/09/18 | \$305.00      | 0.50 | \$152.50 | Calls with C. Webster re service of statement of claim; Call with M. van Zandvoort re same                                                                         |
| MJVZ   | 18/09/18 | \$465.00      | 0.20 | \$93.00  | Report to B. Bando regarding Housego statutory declaration                                                                                                         |
| MJVZ   | 18/09/18 | \$465.00      | 0.40 | \$186.00 | Review Solid affidavit and consider same in preparation for conference call with T. Clifford and B. Skelly                                                         |
| MJVZ   | 18/09/18 | \$465.00      | 0.40 | \$186.00 | Continue Zomongo review                                                                                                                                            |
| MJVZ   | 18/09/18 | \$465.00      | 0.50 | \$232.50 | Conference call with T. Clifford and B. Skelly and reporting email to B. Bando; Emails with S. Graff                                                               |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 18/09/18 | \$465.00      | 0.10 | \$46.50    | Conference call with S. John regarding next steps on Guarantor action                                                                                      |
| SJ     | 19/09/18 | \$305.00      | 1.50 | \$457.50   | Review appointment order re e-service protocol and research rules; Email to M. van Zandvoort re same; Research re order; Email to B. Bando re next steps   |
| MJVZ   | 19/09/18 | \$465.00      | 0.10 | \$46.50    | Email and office conference with M. Gugu regarding Advanced Metal demands; Email to S. Graff; Email from B. Bando concerning same regarding default letter |
| MJVZ   | 19/09/18 | \$465.00      | 0.50 | \$232.50   | Emails with S. John regarding next steps in guarantor action and instruct S. John concerning same                                                          |
| MJVZ   | 19/09/18 | \$465.00      | 2.80 | \$1,302.00 | Zomongo review; Draft and send letter to J. Dyck; Emails with B. Bando<br>[REDACTED]                                                                       |
| MJVZ   | 19/09/18 | \$465.00      | 0.20 | \$93.00    | Review reporting email from T. Clifford; Email with T. Clifford, B. Skelly, and Receiver concerning same                                                   |
| SJ     | 20/09/18 | \$305.00      | 1.00 | \$305.00   | Draft letter to C. Popowich                                                                                                                                |
| SRM    | 20/09/18 | \$350.00      | 0.10 | \$35.00    | Emails re debtor notification letters and status of application for bankruptcy                                                                             |
| MES    | 20/09/18 | \$435.00      | 0.30 | \$130.50   | Receive answers to undertakings from B. McKenzie (Commercial Loans)                                                                                        |
| MJVZ   | 20/09/18 | \$465.00      | 0.30 | \$139.50   | Review and revise letter and email to S. John                                                                                                              |
| MJVZ   | 20/09/18 | \$465.00      | 0.10 | \$46.50    | Emails with J. McLean and S. Morris concerning notification letter                                                                                         |
| MJVZ   | 20/09/18 | \$465.00      | 0.10 | \$46.50    | Emails with J. Knight and AB regarding mediation                                                                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                           |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 20/09/18 | \$465.00      | 0.10 | \$46.50    | Emails from B. McKenzie concerning answers to undertakings                                                                                                                                                            |
| SLG    | 21/09/18 | \$795.00      | 0.70 | \$556.50   | Conference call with GTL and MTL Aikins re bankruptcy application, strategy and approach [REDACTED]                                                                                                                   |
| SLG    | 21/09/18 | \$795.00      | 0.80 | \$636.00   | Conference call with GTL and A&B re update on mediation in BDO action and producing materials                                                                                                                         |
| MES    | 21/09/18 | \$435.00      | 0.20 | \$87.00    | Exchange emails with D. Law re: answers to undertakings provided by C. Clydesdale (Commercial Loans)                                                                                                                  |
| MJVZ   | 21/09/18 | \$465.00      | 0.30 | \$139.50   | Emails with B. Bando and S. Graff in advance of conference call and preparation for same                                                                                                                              |
| MJVZ   | 21/09/18 | \$465.00      | 0.70 | \$325.50   | Attend on conference call with S. Graff, MLT and Receiver concerning return of Solid Bankruptcy application; Follow-up discussion with S. Graff                                                                       |
| MJVZ   | 21/09/18 | \$465.00      | 0.30 | \$139.50   | Conference call with Receiver and S. Graff concerning yesterday's attendance and next steps                                                                                                                           |
| MJVZ   | 21/09/18 | \$465.00      | 0.10 | \$46.50    | Follow-up emails with B. Bando further to conference call                                                                                                                                                             |
| MJVZ   | 21/09/18 | \$465.00      | 0.10 | \$46.50    | Conference call from guarantor and review file in connection with same                                                                                                                                                |
| SJ     | 24/09/18 | \$305.00      | 4.00 | \$1,220.00 | Draft materials for summary judgement motion                                                                                                                                                                          |
| MJVZ   | 24/09/18 | \$465.00      | 1.60 | \$744.00   | Emails with M. Gugu regarding Clydesdale meeting; Review of answers to undertakings provided in preparation of same and internal memoranda regarding OOM Loans; Emails with M. Spence and S. Graff concerning meeting |
| MJVZ   | 24/09/18 | \$465.00      | 0.10 | \$46.50    | Emails with J. Knight concerning Zomongo payment                                                                                                                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                               |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 24/09/18 | \$465.00      | 0.10 | \$46.50    | Emails from L. Donders and B. Bando regarding Hosuego examination                                                                                                         |
| SJ     | 25/09/18 | \$305.00      | 2.00 | \$610.00   | Discussions with M. van Zandvoort re motion; Research motion procedure; Draft materials for substituted service motion                                                    |
| MJVZ   | 25/09/18 | \$465.00      | 0.90 | \$418.50   | Attend meeting with C. Clydesdale, B. McKenzie, M. Spence, B. Bando, and K. Knight                                                                                        |
| MJVZ   | 25/09/18 | \$465.00      | 0.50 | \$232.50   | Emails with S. John concerning and instructing regarding next steps with McCready and sub-service motions                                                                 |
| MJVZ   | 25/09/18 | \$465.00      | 0.10 | \$46.50    | Emails with J. Knight concerning Zomongo payment                                                                                                                          |
| MJVZ   | 25/09/18 | \$465.00      | 0.60 | \$279.00   | Further emails with J. Knight concerning Zomongo payment; Emails with J. Dyck; meeting and discussion with J. Knight concerning same; Review file in connection with same |
| MJVZ   | 25/09/18 | \$465.00      | 0.40 | \$186.00   | Preparation for and attendance on conference call with V. Arora                                                                                                           |
| SJ     | 26/09/18 | \$305.00      | 4.00 | \$1,220.00 | Call with M. van Zandvoort re motions; Draft materials for motion for summary judgement                                                                                   |
| MJVZ   | 26/09/18 | \$465.00      | 0.10 | \$46.50    | Conference call with S. John regarding motion for sub-service and obtaining further searches                                                                              |
| MJVZ   | 26/09/18 | \$465.00      | 3.20 | \$1,488.00 | Review of Froese productions in anticipation of follow-up call with V. Arora; Conference call to V. Arora (voicemail) and in connection with Zomongo                      |
| MJVZ   | 26/09/18 | \$465.00      | 0.30 | \$139.50   | Follow-up call with V. Arora                                                                                                                                              |
| MJVZ   | 26/09/18 | \$465.00      | 0.20 | \$93.00    | Review emails from Trustee and B. Bando regarding 156 Alberta and Restoration bankruptcies; Conference call with B. Bando; Email to S. Graff and S. John                  |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME   | VALUE       | DESCRIPTION                                                                                                                 |
|---------------|----------|---------------|--------|-------------|-----------------------------------------------------------------------------------------------------------------------------|
|               |          |               |        |             | concerning same                                                                                                             |
| MJVZ          | 26/09/18 | \$465.00      | 0.40   | \$186.00    | Email to V. Arora further to conference call; Email to B. Bando reporting concerning same and conference call with B. Bando |
| MJVZ          | 26/09/18 | \$465.00      | 0.10   | \$46.50     | Email from C. Popowich                                                                                                      |
| MJVZ          | 26/09/18 | \$465.00      | 0.10   | \$46.50     | Emails with L. Ardiente regarding SMC payment; Email to M. Spence concerning same                                           |
| MJVZ          | 26/09/18 | \$465.00      | 0.10   | \$46.50     | Email from B. Bando regarding Council Request; Review provisions cited and email to B. Bando concerning same                |
| <b>TOTAL:</b> |          |               | 220.00 | \$95,081.50 |                                                                                                                             |

| Name                         | Hours | Rate     | Value       |
|------------------------------|-------|----------|-------------|
| Steven L. Graff (SLG)        | 21.90 | \$795.00 | \$17,410.50 |
| Shakaira John (SJ)           | 79.80 | \$305.00 | \$24,339.00 |
| Jeremy T. Nemers (JTN)       | 1.00  | \$375.00 | \$375.00    |
| Mark J. van Zandvoort (MJVZ) | 95.80 | \$465.00 | \$44,547.00 |
| Miranda E. Spence (MES)      | 10.90 | \$435.00 | \$4,741.50  |
| Kenneth R. Clark (KRC)       | 1.50  | \$635.00 | \$952.50    |
| Christina Pugliese (CP)      | 0.40  | \$205.00 | \$82.00     |
| Jennifer A. Wainwright (JAW) | 0.80  | \$725.00 | \$580.00    |
| Shannon R. Morris (SRM)      | 1.80  | \$350.00 | \$630.00    |
| Brandon Church (BC)          | 0.30  | \$180.00 | \$54.00     |
| Daniella Hower (DH)          | 1.20  | \$225.00 | \$270.00    |
| Patrick Williams (PW)        | 1.20  | \$180.00 | \$216.00    |
| Meredith McCann (MM)         | 1.20  | \$260.00 | \$312.00    |
| Brandon Carter (BC)          | 2.20  | \$260.00 | \$572.00    |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$95,081.50 |
| HST at 13%     | \$12,360.60 |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                             |            |
|-----------------------------|------------|
| Search Under P.P.S.A.       | \$18.00    |
| Trade Marks                 | \$4,000.00 |
| Registration Under P.P.S.A. | \$38.03    |
| Due Diligence-Gov Fee       | \$8.50     |

|                                                                                                                          |          |
|--------------------------------------------------------------------------------------------------------------------------|----------|
| Filing Fee                                                                                                               | \$250.00 |
| Notice of Motion/Application                                                                                             | \$220.00 |
| PST Re: F# 137794 / Registration in<br>Saskatchewan Cheque No. 59801<br>For Ref 755164 issued to<br>(2704)MLT Aikins LLP | \$18.00  |

|                    |            |
|--------------------|------------|
| Total Agency Costs | \$4,552.53 |
|--------------------|------------|

**Subject to HST**

|                       |          |
|-----------------------|----------|
| Photocopies - Local   | \$504.75 |
| Postage               | \$137.45 |
| Imaging/Scanning      | \$75.75  |
| Service Provider Fee  | \$107.50 |
| Photocopies           | \$806.04 |
| Binding and Tabs      | \$101.25 |
| Due Diligence         | \$10.50  |
| Agency Fee            | \$312.00 |
| Deliveries/Parss      | \$238.88 |
| Taxi                  | \$7.96   |
| LPIC Transaction Levy | \$100.00 |

|                     |            |
|---------------------|------------|
| Total Disbursements | \$2,402.08 |
| HST at 13%          | \$312.27   |

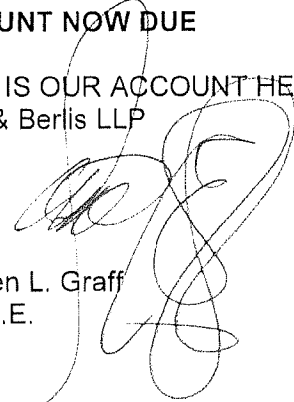
**AMOUNT NOW DUE**

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**\$114,708.98**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP



Steven L. Graff  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.



IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 614068**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

October 30, 2018

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended October 29, 2018

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                             |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 24/09/18 | \$795.00      | 0.20 | \$159.00 | Discussion with M. Spence regarding meeting with B. McKenzie and Clydesdale                                                             |
| MES    | 24/09/18 | \$435.00      | 0.50 | \$217.50 | Discussions and exchange of emails with M. van Zandvoort and S. Graff re: meeting with B. McKenzie and C. Clydesdale (Commercial Loans) |
| MES    | 25/09/18 | \$435.00      | 1.00 | \$435.00 | Prepare for and attend at meeting with B. McKenzie and C. Clydesdale (Commercial Loans)                                                 |
| MES    | 26/09/18 | \$435.00      | 0.10 | \$43.50  | Receive incoming wire from SMC (Commercial Loans)                                                                                       |
| SJ     | 27/09/18 | \$305.00      | 3.00 | \$915.00 | Draft motion materials                                                                                                                  |
| MJVZ   | 27/09/18 | \$465.00      | 0.40 | \$186.00 | Review receiver correspondence and review Cinnos Promissory Note which matures tomorrow in anticipation of next steps concerning same   |
| MJVZ   | 27/09/18 | \$465.00      | 1.20 | \$558.00 | Review engagement letter concerning fee and report regarding damages further to conference call with Receiver                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                             |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SJ     | 28/09/18 | \$305.00      | 3.00 | \$915.00   | Instruct S. Morris re search; Draft affidavit and prepare exhibits; Discussion with M. van Zandvoort re same                                                                                                                                            |
| SRM    | 28/09/18 | \$350.00      | 0.20 | \$70.00    | Order, review and report on corporate profile for CLJ Everest Ltd.                                                                                                                                                                                      |
| MJVZ   | 28/09/18 | \$465.00      | 1.00 | \$465.00   | Draft demand letter to Cinnos and email same to J. Knight; email to M. Spence; Email from J. Knight concerning same and to J. Knight [REDACTED]; Email to M. Gugu concerning same; Email from B. Bando concerning same                                  |
| MJVZ   | 28/09/18 | \$465.00      | 0.50 | \$232.50   | Emails with S. John concerning McCready Motion Record for review and emails with realtor; Email to S. John concerning relevant correspondence and attaching same; Meeting with S. John concerning draft motion materials and to receive same for review |
| MJVZ   | 28/09/18 | \$465.00      | 0.20 | \$93.00    | Emails with S. John concerning draft affidavit for McCready motion and timetable                                                                                                                                                                        |
| MJVZ   | 29/09/18 | \$465.00      | 0.50 | \$232.50   | Commence review and revisions to draft motion materials re McCready                                                                                                                                                                                     |
| CC     | 01/10/18 | \$300.00      | 0.20 | \$60.00    | Conduct search of title for 5043 Mount Nemo Crescent, Burlington; request of parcel registers and PIN Maps and review of PIN Map to determine subject property                                                                                          |
| SJ     | 01/10/18 | \$305.00      | 1.00 | \$305.00   | Instruct C. Casasola re search; Draft motion materials                                                                                                                                                                                                  |
| MJVZ   | 01/10/18 | \$465.00      | 6.00 | \$2,790.00 | Review and revisions to affidavit of B. Bando in support of summary judgment motion; Emails with S. John concerning same and obtaining updated parcel abstract; Supplement affidavit with additional exhibits                                           |
| MJVZ   | 01/10/18 | \$465.00      | 0.20 | \$93.00    | Email from J. Knight regarding J. Van Osch bank statements; Review of same and email to J. Knight                                                                                                                                                       |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                 |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 01/10/18 | \$465.00      | 0.30 | \$139.50   | Finalize and send Cinno's letter; Emails with B. Bando and J. Knight and S. Graff concerning same; Conference call with S. Graff                                                                                                                            |
| SLG    | 02/10/18 | \$795.00      | 0.30 | \$238.50   | Emails from M. van Zandvoort; discussion with M. Spence; consider D. Ferguson                                                                                                                                                                               |
| SJ     | 02/10/18 | \$305.00      | 4.50 | \$1,372.50 | Follow up re outstanding undertakings; Review USB re Clydesdale; Revise affidavit                                                                                                                                                                           |
| MES    | 02/10/18 | \$435.00      | 0.30 | \$130.50   | Receive email from D. Ferguson re: SMC and OOM; Instruct S. John re: review of materials delivered by C. Clydesdale                                                                                                                                         |
| MJVZ   | 02/10/18 | \$465.00      | 2.80 | \$1,302.00 | Complete review and revisions to affidavit of B. Bando; Email same to S. John with blackline and instructing concerning advancing affidavit to completion and additional evidence to be included on the issue of damages; Email to S. Graff concerning same |
| MJVZ   | 02/10/18 | \$465.00      | 0.20 | \$93.00    | Emails with J. Dyck and S. Graff and Receiver                                                                                                                                                                                                               |
| MJVZ   | 02/10/18 | \$465.00      | 0.20 | \$93.00    | Review file correspondence regarding Froese answer to undertakings and emails with S. John concerning same; Review emails from S. John and J. Dutrizac and email to S. John                                                                                 |
| MJVZ   | 02/10/18 | \$465.00      | 0.20 | \$93.00    | Emails from Bowra and GTL; Emails with S. Graff and S. John concerning same                                                                                                                                                                                 |
| MJVZ   | 02/10/18 | \$465.00      | 0.40 | \$186.00   | Emails with T. Clifford concerning bankruptcy application and enforcement of judgment regarding 108 BC; Review legislation and advise T. Clifford of directed next steps; Email from B. Bando concerning same                                               |
| SLG    | 03/10/18 | \$795.00      | 0.20 | \$159.00   | Discussion with M. van Zandvoort re update on DOMI                                                                                                                                                                                                          |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                        |
|--------|----------|---------------|------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 03/10/18 | \$795.00      | 0.20 | \$159.00 | OOM - Telephone call with M. Spence re sets to take                                                                                                                                                                                                                                |
| SJ     | 03/10/18 | \$305.00      | 3.00 | \$915.00 | Follow up re outstanding undertakings; Instruct S. Morris re property search; Revise affidavit; Email to B. Bando re affidavit evidence                                                                                                                                            |
| SRM    | 03/10/18 | \$350.00      | 0.50 | \$175.00 | Review file re parcel abstract for Pritchard, BC; Order PPSA search against Jeffrey Maljaars; Order parcel page for 5600 Martin Prairie Road, Pritchard; Review parcel page and report on same                                                                                     |
| MES    | 03/10/18 | \$435.00      | 0.20 | \$87.00  | Discussions with S. Graff re: response to B. McKenzie                                                                                                                                                                                                                              |
| MJVZ   | 03/10/18 | \$465.00      | 0.60 | \$279.00 | Review term sheet and correspondence sent by D. Pahl; Review prior correspondence sent [REDACTED]; Reporting email to B. Bando concerning same; Conference call with B. Bando concerning same and follow-up emails with B. Bando                                                   |
| MJVZ   | 03/10/18 | \$465.00      | 1.40 | \$651.00 | Review email from J. Knight attaching payout and continuity schedules and review of same; Conference call with S. Graff; Conference call with B. Bando; Prepare and deliver response to D. Pahl; Review D. Pahl email and revised Term Sheet and email to B. Bando concerning same |
| MJVZ   | 03/10/18 | \$465.00      | 0.20 | \$93.00  | Email from S. John regarding McCready summary judgment motion materials and evidence to be obtained from B. Bando; Email from B. Bando concerning same; Email to B. Bando and S. John                                                                                              |
| MES    | 04/10/18 | \$435.00      | 0.50 | \$217.50 | Review and consider answers to undertakings provided by C. Clydesdale                                                                                                                                                                                                              |
| MJVZ   | 04/10/18 | \$465.00      | 0.20 | \$93.00  | Email with S. John regarding the parcel abstract for the Pritchard address (5600 Martin Prairie Rd., Pritchard, BC) and review of same; Email to S. John                                                                                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                         |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 04/10/18 | \$465.00      | 0.20 | \$93.00    | Email with J. Knight and S. John regarding SRD for Mount Nemo and review of same                                                                                                                                                                                                                                                    |
| MJVZ   | 05/10/18 | \$465.00      | 0.50 | \$232.50   | Emails from J. Dutrizac and D. Pahls and consideration of attachments to same and additional answers to undertakings provided                                                                                                                                                                                                       |
| MJVZ   | 07/10/18 | \$465.00      | 0.20 | \$93.00    | Review and consider email and answers to undertakings provided by J. Maljaars                                                                                                                                                                                                                                                       |
| MES    | 09/10/18 | \$435.00      | 0.20 | \$87.00    | Exchange emails with B. Bando re: correspondence with B. McKenzie (Commercial Loans)                                                                                                                                                                                                                                                |
| MJVZ   | 09/10/18 | \$465.00      | 0.20 | \$93.00    | Emails from B. McKenzie, B. Bando, and M. Spence regarding OOM                                                                                                                                                                                                                                                                      |
| SJ     | 10/10/18 | \$305.00      | 3.50 | \$1,067.50 | Call with M. van Zandvoort re motion; Draft form of endorsement; Follow up re undertakings; Revise materials re summary judgement motion                                                                                                                                                                                            |
| MES    | 10/10/18 | \$435.00      | 0.10 | \$43.50    | Voicemail to D. Ferguson [REDACTED]<br>[REDACTED]                                                                                                                                                                                                                                                                                   |
| MJVZ   | 10/10/18 | \$465.00      | 0.10 | \$46.50    | Conference call with S. John regarding motion scheduling attendance on Friday, [REDACTED]<br>[REDACTED]                                                                                                                                                                                                                             |
| MJVZ   | 10/10/18 | \$465.00      | 1.00 | \$465.00   | Review and revise proposed timetable for summary judgment motion; Further conference with S. John concerning same and email to S. John; Emails with B. Bando and S. John concerning same; Conference call with B. Bando; Review and revise proposed endorsement; Conference call with M. Markussen regarding exhibits for affidavit |
| MJVZ   | 10/10/18 | \$465.00      | 0.90 | \$418.50   | Email to B. Bando [REDACTED]<br>[REDACTED]; Conference call with S. Graff concerning same; Emails with B. Bando concerning same; Conference call with B. Bando; Email response to D. Pahl                                                                                                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                  |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 10/10/18 | \$465.00      | 0.10 | \$46.50    | Emails with S. John regarding outstanding Froese undertakings; Review email from counsel to Froese concerning same                                                                                           |
| MJVZ   | 10/10/18 | \$465.00      | 0.10 | \$46.50    | Email from T. Clifford regarding 647 BC Bankruptcy Application                                                                                                                                               |
| MJVZ   | 10/10/18 | \$465.00      | 0.20 | \$93.00    | Email from D. DenHollander; Email to B. Bando concerning same                                                                                                                                                |
| SJ     | 11/10/18 | \$305.00      | 4.00 | \$1,220.00 | Revise and prepare motion materials for summary judgement motion; Call with M. McCready re timetable; Review documents re C. Clydesdale; Follow up re outstanding undertakings; Prepare for court appearance |
| MM     | 11/10/18 | \$260.00      | 0.20 | \$52.00    | Received instructions from S. John re conducting research [REDACTED]                                                                                                                                         |
| MES    | 11/10/18 | \$435.00      | 0.50 | \$217.50   | Telephone call with D. Ferguson [REDACTED]; Email to B. Bando re: same; Receive email from B. McKenzie                                                                                                       |
| MJVZ   | 11/10/18 | \$465.00      | 0.20 | \$93.00    | Email to D. DenHollander; Emails with B. Bando concerning same                                                                                                                                               |
| MJVZ   | 11/10/18 | \$465.00      | 0.30 | \$139.50   | Email from S. John concerning revised affidavit for McCready motion; Emails with S. John and B. Bando regarding scheduling, finalizing motion materials, and tomorrow's court attendance                     |
| MJVZ   | 11/10/18 | \$465.00      | 0.20 | \$93.00    | Emails from M. Spence, B. McKenzie, B. Bando, and S. John [REDACTED]                                                                                                                                         |
| MJVZ   | 11/10/18 | \$465.00      | 0.10 | \$46.50    | Email from D. Wyatt of Cinnos                                                                                                                                                                                |
| MJVZ   | 11/10/18 | \$465.00      | 0.10 | \$46.50    | Emails from S. John and S. Laverdiere regarding outstanding answers to undertakings                                                                                                                          |
| MJVZ   | 11/10/18 | \$465.00      | 0.20 | \$93.00    | Email from B. Bando regarding Advanced Metal [REDACTED]                                                                                                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                    |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SJ     | 12/10/18 | \$305.00      | 2.50 | \$762.50   | Attend at court for scheduling appointment; Discussion with M. van Zandvoort re same; Update client re same                                                                                                                                                                                                    |
| MM     | 12/10/18 | \$260.00      | 2.50 | \$650.00   | Researched [REDACTED]<br>[REDACTED] as per S. John; Drafted email re findings                                                                                                                                                                                                                                  |
| MJVZ   | 12/10/18 | \$465.00      | 0.30 | \$139.50   | Email to B. Bando [REDACTED]; Emails and conference call with S. Graff concerning same; Conference call with B. Bando concerning same                                                                                                                                                                          |
| MJVZ   | 12/10/18 | \$465.00      | 0.10 | \$46.50    | Email to J. Knight concerning D. Wyatt email and conference call with Cinnos                                                                                                                                                                                                                                   |
| MJVZ   | 12/10/18 | \$465.00      | 5.10 | \$2,371.50 | Review and revisions to notice of motion and affidavit in support of summary judgment motion; Conference call with S. John regarding same and court attendance; Emails to and from S. John concerning final revisions to be made to affidavit and consult caselaw concerning same; Further emails with S. John |
| MJVZ   | 12/10/18 | \$465.00      | 0.70 | \$325.50   | Update action items and email to S. John following-up regarding status [REDACTED]                                                                                                                                                                                                                              |
| MJVZ   | 12/10/18 | \$465.00      | 0.30 | \$139.50   | Receive and review email from OSC and review of Notice of Hearing and Statement of Allegations; Discussion with B. Bando concerning same                                                                                                                                                                       |
| MJVZ   | 12/10/18 | \$465.00      | 0.20 | \$93.00    | Email from Trustee concerning first meeting of creditors and email from B. Bando concerning same; Email to S. Graff concerning same                                                                                                                                                                            |
| SJ     | 14/10/18 | \$305.00      | 1.50 | \$457.50   | Revise affidavit and notice of motion                                                                                                                                                                                                                                                                          |
| MJVZ   | 14/10/18 | \$465.00      | 1.00 | \$465.00   | Emails from J. Dyck; preliminary review of attachments provided and emails to J. Dyck                                                                                                                                                                                                                          |
| MJVZ   | 14/10/18 | \$465.00      | 0.10 | \$46.50    | Emails with S. John concerning Summary Judgment motions materials                                                                                                                                                                                                                                              |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                      |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 14/10/18 | \$465.00      | 0.10 | \$46.50    | Emails with J. Knight concerning Cinnos conference call                                                                                                                                                                          |
| RTH    | 15/10/18 | \$695.00      | 0.20 | \$139.00   | Email from S. John; Review file; Email to S. John re taxes                                                                                                                                                                       |
| SJ     | 15/10/18 | \$305.00      | 3.80 | \$1,159.00 | Revise motion materials and prepare exhibits; Discussions with M. van Zandvoort and J. Knight re same; Email to R. Hooke re property tax; Review enclosures to undertaking                                                       |
| MJVZ   | 15/10/18 | \$465.00      | 3.20 | \$1,488.00 | Review and further revisions to notice of motion and affidavit of B. Bando; Various emails and conference calls with S. John and B. Bando concerning same; Emails to S. John sending revised notice and affidavit and blacklines |
| MJVZ   | 15/10/18 | \$465.00      | 0.20 | \$93.00    | Emails with trustee, J. Knight, and A. Muhit concerning 647 BC Bankruptcy; Review proof of claims; Email from T. Clifford concerning Solid Holdings bankruptcy and email from J. Knight attaching proof of transfer of funds     |
| MJVZ   | 15/10/18 | \$465.00      | 0.10 | \$46.50    | Email from D. Pahl [REDACTED]                                                                                                                                                                                                    |
| MJVZ   | 15/10/18 | \$465.00      | 0.10 | \$46.50    | Email from B. Prentice regarding IFDS claim                                                                                                                                                                                      |
| MJVZ   | 15/10/18 | \$465.00      | 0.50 | \$232.50   | Emails from S. John and B. Bando regarding Froese answers to undertakings and review and emails with S. John concerning same                                                                                                     |
| MJVZ   | 15/10/18 | \$465.00      | 0.10 | \$46.50    | Emails with J. Knight concerning SS&C renewal                                                                                                                                                                                    |
| DH     | 16/10/18 | \$225.00      | 1.20 | \$270.00   | Emails to and from S. John; Attend to downloading answers to undertakings of J. Froese; Cross reference with outstanding undertakings charts and previous productions to ensure everything has been answered                     |
| SJ     | 16/10/18 | \$305.00      | 2.50 | \$762.50   | Review affidavit; Meeting with B. Bando re affidavit; Commission affidavit                                                                                                                                                       |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                                                                                   |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | exhibits; Discussion with M. van Zandvoort re motion record; Call with B. Bando re property tax                                                                                                                                                                                                                                               |
| MJVZ   | 16/10/18 | \$465.00      | 0.40 | \$186.00 | Emails with B. Bando regarding ASC request; Review Appointment Order; Compile privilege list; Emails with C. Johnston and B. Bando concerning same                                                                                                                                                                                            |
| MJVZ   | 16/10/18 | \$465.00      | 0.20 | \$93.00  | Email from D. DenHollander and with B. Bando and S. Graff; Email to D. DenHollander and further email to S. Graff                                                                                                                                                                                                                             |
| MJVZ   | 16/10/18 | \$465.00      | 0.20 | \$93.00  | Conference call with S. John concerning finalizing summary judgment motion materials                                                                                                                                                                                                                                                          |
| MJVZ   | 16/10/18 | \$465.00      | 0.20 | \$93.00  | Conference call with S. John regarding Froese answers to undertakings and review emails from S. John and D. Hower concerning same                                                                                                                                                                                                             |
| SJ     | 17/10/18 | \$305.00      | 1.00 | \$305.00 | Review documents re Mount Nemo sale; Instruct J. McLean re service of motion record; Draft service letter                                                                                                                                                                                                                                     |
| MJVZ   | 17/10/18 | \$465.00      | 0.20 | \$93.00  | Emails from K. Gray and B. Bando regarding Restoration Energy and 156 Alberta Bankruptcies; Telephone call from B. Bando concerning same; Review of attachments provided                                                                                                                                                                      |
| SJ     | 18/10/18 | \$305.00      | 1.00 | \$305.00 | Meeting with B. Bando to commission affidavit; Commission exhibits                                                                                                                                                                                                                                                                            |
| MJVZ   | 18/10/18 | \$465.00      | 1.40 | \$651.00 | Emails and conference call with S. John regarding revisions to be made to affidavit and notice of motion and review of payout statement; Revise notice of motion and affidavit and emails to B. Bando and S. John concerning same; Instruct J. McLean to prepare motion record and affidavit for commissioning at meeting with B. Bando today |
| MJVZ   | 18/10/18 | \$465.00      | 0.10 | \$46.50  | Conference call with J. Nemers and S. Graff                                                                                                                                                                                                                                                                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                        |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 18/10/18 | \$465.00      | 0.30 | \$139.50   | Email to B. Bando concerning Restoration Energy and 156 Alberta bankruptcies; Emails from trustee and B. Bando concerning same; Email to S. John and S. Graff concerning same; Emails from G. Brown and B. Bando and conference call with S. Graff |
| MJVZ   | 18/10/18 | \$465.00      | 0.10 | \$46.50    | Email from D. Pahl regarding proposed financing                                                                                                                                                                                                    |
| SJ     | 19/10/18 | \$305.00      | 0.30 | \$91.50    | Draft service letters; Instruct J. McLean re service and filing                                                                                                                                                                                    |
| MJVZ   | 19/10/18 | \$465.00      | 0.20 | \$93.00    | Conference call and emails with S. John regarding service of Summary Judgment materials                                                                                                                                                            |
| MJVZ   | 19/10/18 | \$465.00      | 1.70 | \$790.50   | Preparation of annotated endorsement for court attendance; attend at Commercial List as per direction of registrar and se to matter of material review concerning sealing orders                                                                   |
| MJVZ   | 19/10/18 | \$465.00      | 0.30 | \$139.50   | Emails with B. Bando concerning IFDS and review prior correspondence concerning same                                                                                                                                                               |
| MJVZ   | 19/10/18 | \$465.00      | 0.10 | \$46.50    | Email from trustee re FMOC                                                                                                                                                                                                                         |
| SLG    | 22/10/18 | \$795.00      | 0.20 | \$159.00   | Telephone call with RCDM law re defence for M. DenHollander                                                                                                                                                                                        |
| MJVZ   | 22/10/18 | \$465.00      | 0.20 | \$93.00    | Emails with B. Bando concerning Advanced Metal and response to counsel                                                                                                                                                                             |
| MJVZ   | 22/10/18 | \$465.00      | 0.40 | \$186.00   | Review file regarding M. DenHollander service; Review emails received from S. Graff and correspondence received from counsel to M. DenHollander; Reporting email to B. Bando concerning same; Email to S. John and to J. McLean concerning same    |
| MJVZ   | 22/10/18 | \$465.00      | 2.50 | \$1,162.50 | Continue review of documentation provided by J. Dyck in conjunction with cross-referencing to J. Froese and to G. Shannon productions                                                                                                              |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                           |
|--------|----------|---------------|------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 23/10/18 | \$465.00      | 0.20 | \$93.00  | Emails with S. John and J. McLean regarding service                                                                                                                                                                                   |
| MJVZ   | 23/10/18 | \$465.00      | 0.70 | \$325.50 | Email from T. Clifford regarding Solid Holdings Bankruptcy application; Commence review of same                                                                                                                                       |
| MJVZ   | 23/10/18 | \$465.00      | 0.10 | \$46.50  | Emails with J. Knight regarding SS&C renewal                                                                                                                                                                                          |
| PW     | 23/10/18 | \$180.00      | 0.60 | \$108.00 | Filed Motion Record for October 29, 2018                                                                                                                                                                                              |
| MES    | 24/10/18 | \$435.00      | 0.30 | \$130.50 | Email to B. Bando re: telephone call with SMC counsel (Commercial Loans)                                                                                                                                                              |
| MJVZ   | 24/10/18 | \$465.00      | 1.70 | \$790.50 | [REDACTED]<br>Conference call with B. Bando; Revise and prepare blackline of affidavit; Review email from B. Bando to MLT requesting conference call to discuss same; Emails with T. Clifford, W. Skelly and B. Bando concerning same |
| MJVZ   | 24/10/18 | \$465.00      | 0.20 | \$93.00  | Conference call with B. Bando regarding disclosure; Email from B. Bando concerning same and email to B. Bando concerning same                                                                                                         |
| MJVZ   | 24/10/18 | \$465.00      | 0.20 | \$93.00  | Emails from L. Weekes; Conference call with B. Bando and email from B. Bando regarding conference call                                                                                                                                |
| MJVZ   | 24/10/18 | \$465.00      | 0.40 | \$186.00 | Email from J. McLean attaching affidavit of service; Emails with B. Bando; Review correspondence from counsel to M. DenHollander and email to counsel to M. DenHollander demanding defence; Email from counsel to M. DenHollander     |
| MJVZ   | 24/10/18 | \$465.00      | 0.10 | \$46.50  | Email from M. Spence regarding St. Mary's issues and next steps regarding OOM                                                                                                                                                         |
| MES    | 25/10/18 | \$435.00      | 0.30 | \$130.50 | Exchange emails with B. Bando; Telephone call with B. Bando [REDACTED]                                                                                                                                                                |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                      |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 25/10/18 | \$465.00      | 0.30 | \$139.50 | Email from D. Pahl; Consider response and email to B. Bando concerning same; Email from S. Graff concerning same; Email to D. Pahl                                                               |
| MJVZ   | 25/10/18 | \$465.00      | 0.10 | \$46.50  | Conference call with B. Bando concerning OOM and D. Pahl                                                                                                                                         |
| MJVZ   | 25/10/18 | \$465.00      | 0.20 | \$93.00  | Emails with M. Spence, S. Graff and B. Bando concerning OOM and office conference with M. Spence concerning same                                                                                 |
| MJVZ   | 25/10/18 | \$465.00      | 0.50 | \$232.50 | Review Advanced Metal correspondence and KPMG report and settlement history in preparation for conference call with counsel to Lyncorp and Receiver                                              |
| MJVZ   | 25/10/18 | \$465.00      | 0.40 | \$186.00 | Conference call with L. Weekes, G. Cameron and B. Bando; Follow-up discussion with B. Bando                                                                                                      |
| SLG    | 26/10/18 | \$795.00      | 0.30 | \$238.50 | Telephone call with M. Spence re: meeting with counsel for St. Mary's and Bill McKenzie for Clydesdale                                                                                           |
| MES    | 26/10/18 | \$435.00      | 0.30 | \$130.50 | Discussion with S. Graff re: meeting with OOM; Receive wire for payment from SMC (Commercial Loans)                                                                                              |
| MJVZ   | 26/10/18 | \$465.00      | 0.20 | \$93.00  | Amend timetable for summary judgment motion; Email to S. John advising of same and providing further instruction for motion scheduling attendance on October 29, 2018                            |
| MJVZ   | 26/10/18 | \$465.00      | 0.60 | \$279.00 | Review of affidavit and Agreement issues in anticipation of conference call with MLT and Receiver concerning Solid Holdings; Attend on conference call with W. Skelly, B. Bando, and T. Clifford |
| MJVZ   | 26/10/18 | \$465.00      | 0.10 | \$46.50  | Conference call with B. Bando regarding Monday court attendance concerning McCready                                                                                                              |
| MJVZ   | 26/10/18 | \$465.00      | 0.10 | \$46.50  | Emails from L. Ardiente and M. Spence regarding St. Mary's                                                                                                                                       |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                                                                                                                                                                                                                                               |
|---------------|----------|---------------|-------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ          | 28/10/18 | \$465.00      | 0.10  | \$46.50     | Email from S. John concerning motion scheduling attendance tomorrow                                                                                                                                                                                                       |
| SJ            | 29/10/18 | \$305.00      | 5.50  | \$1,677.50  | Prepare for court appearance; Attend at court; Draft motion materials; Draft letter; Instruct J. McLean re motion booking                                                                                                                                                 |
| MJVZ          | 29/10/18 | \$465.00      | 0.30  | \$139.50    | Conference call with S. John regarding McCready court attendance and instructing concerning preparation of materials; Review email and endorsement from S. John concerning same; Review further email from S. John with report; Emails with C. Johnston concerning motion |
| MJVZ          | 29/10/18 | \$465.00      | 0.20  | \$93.00     | Email from D. Pahl; Email to D. Pahl; Emails with B. Bando                                                                                                                                                                                                                |
| <b>TOTAL:</b> |          |               | 99.80 | \$39,244.00 |                                                                                                                                                                                                                                                                           |

| Name                         | Hours | Rate     | Value       |
|------------------------------|-------|----------|-------------|
| Steven L. Graff (SLG)        | 1.40  | \$795.00 | \$1,113.00  |
| Miranda E. Spence (MES)      | 4.30  | \$435.00 | \$1,870.50  |
| Shakaira John (SJ)           | 40.10 | \$305.00 | \$12,230.50 |
| Mark J. van Zandvoort (MJVZ) | 48.40 | \$465.00 | \$22,506.00 |
| Shannon R. Morris (SRM)      | 0.70  | \$350.00 | \$245.00    |
| Carlos Casasola (CC)         | 0.20  | \$300.00 | \$60.00     |
| Meredith McCann (MM)         | 2.70  | \$260.00 | \$702.00    |
| Randy T. Hooke (RTH)         | 0.20  | \$695.00 | \$139.00    |
| Daniella Hewer (DH)          | 1.20  | \$225.00 | \$270.00    |
| Patrick Williams (PW)        | 0.60  | \$180.00 | \$108.00    |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$39,244.00 |
| HST at 13%     | \$5,101.72  |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                              |          |
|------------------------------|----------|
| Non Taxable Cash to UBD      | \$35.00  |
| Due Diligence-Gov Fee        | \$8.00   |
| Annual Return                | \$100.00 |
| Registration Under P.P.S.A.  | \$21.53  |
| Search Under P.P.S.A.        | \$8.50   |
| Court Fees                   | \$320.00 |
| Notice of Motion/Application | \$160.00 |

Total Agency Costs \$653.03

**Subject to HST**

|                      |          |
|----------------------|----------|
| Photocopies - Local  | \$292.25 |
| Imaging/Scanning     | \$18.75  |
| Due Diligence        | \$7.00   |
| Agency Fee           | \$465.90 |
| Photocopies          | \$218.75 |
| Service Provider Fee | \$36.50  |
| Teraview Search      | \$68.60  |
| Deliveries/Parss     | \$56.50  |
| Binding and Tabs     | \$37.75  |

|                     |            |
|---------------------|------------|
| Total Disbursements | \$1,202.00 |
| HST at 13%          | \$156.26   |

**AMOUNT NOW DUE**

**\$46,357.01**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP

Steven L. Graff  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

34101458.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 618438**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

November 30, 2018

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended November 30, 2018

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                    |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SJ     | 30/10/18 | \$305.00      | 7.80 | \$2,379.00 | Draft notice of motion, draft order, affidavit for service motion and prepare exhibits and motion record; Draft statement of claim [REDACTED]                                                                                                                                                                  |
| SJ     | 30/10/18 | \$305.00      | 5.40 | \$1,647.00 | Draft statement of claim [REDACTED]; Draft letter to D. Pahl; Instruct J. McLean re letters; Draft statement of claim [REDACTED]                                                                                                                                                                               |
| SRM    | 30/10/18 | \$350.00      | 0.40 | \$140.00   | Order updated parcel pages for 2 Alberta properties; Review and report on same                                                                                                                                                                                                                                 |
| MES    | 30/10/18 | \$435.00      | 0.10 | \$43.50    | Receive email from B. Bando re: OOM meeting                                                                                                                                                                                                                                                                    |
| MJVZ   | 30/10/18 | \$465.00      | 3.20 | \$1,488.00 | Review and revise motion materials for motion regarding Pahl and R. Maljaars; Email to S. John instructing regarding revisions to be made to same; Review letter to R. Maljaars and revise same; Instruct S. John concerning same and letter to be sent to D. Pahl; Review emails from S. John concerning same |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                               |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 30/10/18 | \$465.00      | 0.10 | \$46.50    | Email from B. Bando regarding OOM                                                                                                                                                                                                                                                                                                                                                         |
| MJVZ   | 30/10/18 | \$465.00      | 0.10 | \$46.50    | Emails with J. Knight regarding IFDS                                                                                                                                                                                                                                                                                                                                                      |
| MJVZ   | 30/10/18 | \$465.00      | 0.20 | \$93.00    | Review emails from S. John concerning Advanced Metal [REDACTED]                                                                                                                                                                                                                                                                                                                           |
| MJVZ   | 30/10/18 | \$465.00      | 0.10 | \$46.50    | Review emails from S. John concerning claim on particular guarantees                                                                                                                                                                                                                                                                                                                      |
| MJVZ   | 30/10/18 | \$465.00      | 0.20 | \$93.00    | Email from T. Clifford concerning argument for Solid Holdings application and emails with B. Bando concerning same                                                                                                                                                                                                                                                                        |
| DH     | 31/10/18 | \$225.00      | 0.10 | \$22.50    | Emails to and from M. van Zandvoort re Lyncorp appraisal report                                                                                                                                                                                                                                                                                                                           |
| SJ     | 31/10/18 | \$305.00      | 8.80 | \$2,684.00 | Draft statement of claim [REDACTED]; Revise affidavit and motion record; Instruct M. McCann re research                                                                                                                                                                                                                                                                                   |
| MES    | 31/10/18 | \$435.00      | 0.20 | \$87.00    | Voicemail to B. Bando; Telephone call with B. Bando re: Clydesdale meeting                                                                                                                                                                                                                                                                                                                |
| MJVZ   | 31/10/18 | \$465.00      | 1.90 | \$883.50   | Review and revise written argument for bankruptcy application regarding Solid Holdings based upon review of Agreement and affidavits filed; Email same to B. Bando in advance of conference call and attach blackline; Email to S. Graff concerning same; Conference call with B. Bando concerning same; Email revised submission to T. Clifford; Emails with T. Clifford concerning same |
| MJVZ   | 31/10/18 | \$465.00      | 1.70 | \$790.50   | Review loan documentation and review and revise draft statement of claim [REDACTED]; Email to S. John providing instruction concerning further revisions to be made to same; Instruct S. John regarding research to be undertaken in connection with same                                                                                                                                 |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                   |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 31/10/18 | \$465.00      | 1.60 | \$744.00   | Review loan documentation and review and revise draft statement of claim [REDACTED]; Email to S. John providing instruction concerning further revisions to be made to same; Review Frose productions in connection with same                                                 |
| MJVZ   | 31/10/18 | \$465.00      | 0.10 | \$46.50    | Email from S. John attaching revised motion materials                                                                                                                                                                                                                         |
| MJVZ   | 31/10/18 | \$465.00      | 0.10 | \$46.50    | Email from S. John [REDACTED]                                                                                                                                                                                                                                                 |
| MJVZ   | 31/10/18 | \$465.00      | 0.20 | \$93.00    | Email from B. Bando concerning Onstar/611 regarding bankruptcy applications; Review productions concerning viability of these entities and email to B. Bando in response                                                                                                      |
| MJVZ   | 31/10/18 | \$465.00      | 0.30 | \$139.50   | Review emails from G. Brown, C. Webster, K. Gray, B. Bando, T. Clifford, B. Skelly concerning trustee report on bankruptcies and conference call to discuss same; Email to B. Bando concerning same; Emails to S. Graff concerning same; Review preliminary report of trustee |
| MJVZ   | 31/10/18 | \$465.00      | 0.30 | \$139.50   | Emails with D. Hower concerning Advanced Metal and Lyncorp asset report; Review of same                                                                                                                                                                                       |
| SLG    | 01/11/18 | \$795.00      | 0.20 | \$159.00   | Telephone call with M. van Zandvoort re factum                                                                                                                                                                                                                                |
| SJ     | 01/11/18 | \$305.00      | 5.20 | \$1,586.00 | Revise motion materials; Revise [REDACTED] statement of claim; Revise [REDACTED] statement of claim; Instruct S. Morris re searches                                                                                                                                           |
| SRM    | 01/11/18 | \$350.00      | 0.30 | \$105.00   | Order profiles, review and report on same                                                                                                                                                                                                                                     |
| VS     | 01/11/18 | \$395.00      | 0.10 | \$39.50    | Email from B. Skelly concerning Solid Holdings bankruptcy application and submission                                                                                                                                                                                          |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                       |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 01/11/18 | \$465.00      | 0.50 | \$232.50   | Review and revise affidavit; Email to S. John instructing regarding including transcript reference from R. Maljaars exam and Order regarding refusals, and D. Pahl email from S. John attaching updated affidavit |
| MJVZ   | 01/11/18 | \$465.00      | 0.10 | \$46.50    | Email from S. John attaching revise statement of claim [REDACTED]                                                                                                                                                 |
| MJVZ   | 01/11/18 | \$465.00      | 0.10 | \$46.50    | Conference call with S. Graff concerning Solid Holdings bankruptcy application                                                                                                                                    |
| SJ     | 02/11/18 | \$305.00      | 2.50 | \$762.50   | Instruct J. McLean re motion booking; Correspond with court and M. van Zandvoort re same; Revise motion record materials                                                                                          |
| MM     | 02/11/18 | \$260.00      | 3.70 | \$962.00   | Conducted research for S. John re [REDACTED];<br>Drafted memo re same                                                                                                                                             |
| MES    | 02/11/18 | \$435.00      | 0.20 | \$87.00    | Receive and review emails re: US Realty information to be provided                                                                                                                                                |
| MJVZ   | 02/11/18 | \$465.00      | 1.70 | \$790.50   | Review Onstar and 611 BC files and relevant portions of Receiver's reports concerning same; Email to MLT providing instructions and particulars to initiate bankruptcy applications; Emails with T. Clifford      |
| MJVZ   | 02/11/18 | \$465.00      | 3.40 | \$1,581.00 | Review and revise notice of motion, affidavit and exhibits for motion for sub-service; Email to S. John instructing regarding finalizing and serving and filing same; Further emails with S. John concerning same |
| MJVZ   | 02/11/18 | \$465.00      | 0.40 | \$186.00   | Review correspondence with S. O'Neil and emails with S. O'Neil and Receiver concerning outstanding information requests and proposal; Emails with S. John concerning same; Emails with J. Knight                  |
| MJVZ   | 02/11/18 | \$465.00      | 0.10 | \$46.50    | Emails with M. McCann concerning research regarding guarantee action                                                                                                                                              |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                    |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 05/11/18 | \$795.00      | 0.20 | \$159.00   | Discussion with M. van Zandvoort re claim against Froese                                                                                                                                                                                                                                                                                                       |
| SJ     | 05/11/18 | \$305.00      | 4.00 | \$1,220.00 | Revise and prepare motion record; Instruct J. McLean and P. Williams re service and filing of same; Draft orders                                                                                                                                                                                                                                               |
| MJVZ   | 05/11/18 | \$465.00      | 0.10 | \$46.50    | Conference call with S. Graff regarding Froese                                                                                                                                                                                                                                                                                                                 |
| MJVZ   | 05/11/18 | \$465.00      | 1.30 | \$604.50   | Review file regarding Froese materials in connection with meeting with B. Bando tomorrow; Emails with B. Bando concerning same                                                                                                                                                                                                                                 |
| MJVZ   | 05/11/18 | \$465.00      | 0.10 | \$46.50    | Emails from S. O'Neil and S. John                                                                                                                                                                                                                                                                                                                              |
| MJVZ   | 05/11/18 | \$465.00      | 0.40 | \$186.00   | Email from S. John attaching draft Orders; Review and revise same and email to S. John concerning same and providing instruction for November 15th motion; Review service email; Emails from B. Bando and S. John concerning motion                                                                                                                            |
| MJVZ   | 05/11/18 | \$465.00      | 0.20 | \$93.00    | Conference call with S. Graff regarding research for potential litigation and conference call with D. Collett concerning same                                                                                                                                                                                                                                  |
| MJVZ   | 05/11/18 | \$465.00      | 0.20 | \$93.00    | Review and consider email [REDACTED]                                                                                                                                                                                                                                                                                                                           |
| PW     | 05/11/18 | \$180.00      | 0.60 | \$108.00   | Filed Motion Record for November 15, 2018                                                                                                                                                                                                                                                                                                                      |
| DC     | 06/11/18 | \$305.00      | 0.80 | \$244.00   | Research re potential litigation                                                                                                                                                                                                                                                                                                                               |
| MJVZ   | 06/11/18 | \$465.00      | 1.10 | \$511.50   | Review bankruptcy updates from trustee regarding 156 Alberta, Restoration, and 647 BC; Conference call with trustee, receiver, and MLT concerning same and next steps, and next steps with respect to Solid Holdings and 109 BC and Onstar/611; Conference call with S. Graff concerning same; Email from trustee; Email to S. John concerning same and motion |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                             |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 06/11/18 | \$465.00      | 0.50 | \$232.50   | Meeting with B. Bando to discuss various issues in receivership and next steps                                                          |
| MJVZ   | 06/11/18 | \$465.00      | 0.50 | \$232.50   | Email to S. John concerning preparing Notice of Action and review of file in connection with same                                       |
| MJVZ   | 06/11/18 | \$465.00      | 0.20 | \$93.00    | Email to M. McCann concerning status of research and additional issue to be addressed regarding Advanced; Further emails with M. McCann |
| SJ     | 07/11/18 | \$305.00      | 4.80 | \$1,464.00 | Draft notice of motion re Frontline and Forese                                                                                          |
| MJVZ   | 07/11/18 | \$465.00      | 0.10 | \$46.50    | Emails from B. Bando and K. Gray                                                                                                        |
| DC     | 08/11/18 | \$305.00      | 3.00 | \$915.00   | Research re potential litigation                                                                                                        |
| SJ     | 08/11/18 | \$305.00      | 3.00 | \$915.00   | Review motion record exhibits; Draft notice of action                                                                                   |
| MJVZ   | 08/11/18 | \$465.00      | 0.10 | \$46.50    | Exchange e-mails with S. John regarding follow-up to S. O'Neill                                                                         |
| MJVZ   | 08/11/18 | \$465.00      | 0.10 | \$46.50    | Exchange e-mails with S. John regarding redaction of confidential information in exhibits                                               |
| MJVZ   | 08/11/18 | \$465.00      | 0.10 | \$46.50    | Email from B. Bando attaching Corporate Search and PPSA Summary Report                                                                  |
| DC     | 09/11/18 | \$305.00      | 0.50 | \$152.50   | Research re potential litigation; Emailing M. van Zandvoort re same                                                                     |
| SJ     | 09/11/18 | \$305.00      | 2.00 | \$610.00   | Draft notice of action                                                                                                                  |
| SJ     | 09/11/18 | \$305.00      | 5.50 | \$1,677.50 | Draft notice of action re Frontline/Froese                                                                                              |
| MJVZ   | 09/11/18 | \$465.00      | 0.40 | \$186.00   | Receive email from D. Collett attaching memo; Review and consideration of same                                                          |
| MJVZ   | 09/11/18 | \$465.00      | 0.30 | \$139.50   | Receive email from C. Popowich; Email to and from B. Bruce (3); Email to and from C. Popowich;                                          |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 09/11/18 | \$465.00      | 0.10 | \$46.50    | Email from T. Clifford with request of information                                                                                                                                                                                                                                                                                         |
| MJVZ   | 10/11/18 | \$465.00      | 0.20 | \$93.00    | Emails with C. Popowich and B. Bando                                                                                                                                                                                                                                                                                                       |
| MJVZ   | 11/11/18 | \$465.00      | 0.40 | \$186.00   | Email from S. John attaching draft Notice of Action and review of same; Email to S. John in response; Email to C. Johnston                                                                                                                                                                                                                 |
| SJ     | 12/11/18 | \$305.00      | 1.00 | \$305.00   | Review notice of action; Research re time for delivery of statement of defence                                                                                                                                                                                                                                                             |
| MJVZ   | 12/11/18 | \$465.00      | 4.60 | \$2,139.00 | Revisions to Notice of Action in conjunction with review of productions and transcript; Emails and conference call with B. Bando concerning same; Emails with S. John concerning same; Finalized notice; Memo to P. Williams and S. John instructing concerning issuance tomorrow; Instruct S. John concerning drafting statement of claim |
| MJVZ   | 12/11/18 | \$465.00      | 0.10 | \$46.50    | Email from S. John to S. O'Neil regarding status of US Real Estate LP                                                                                                                                                                                                                                                                      |
| MJVZ   | 12/11/18 | \$465.00      | 0.10 | \$46.50    | Emails with S. John regarding noting in default of J. Maljaars                                                                                                                                                                                                                                                                             |
| MJVZ   | 12/11/18 | \$465.00      | 0.20 | \$93.00    | Review file regarding 109 BC correspondence and judgment and email same to T. Clifford with Affidavit of Service                                                                                                                                                                                                                           |
| SJ     | 13/11/18 | \$305.00      | 6.00 | \$1,830.00 | Review transcripts and docs re statement of claim; Research procedure and prepare requisition re noting J. Maljaars in default; Draft statement of claim                                                                                                                                                                                   |
| MJVZ   | 13/11/18 | \$465.00      | 2.80 | \$1,302.00 | Review productions regarding Zomongo and consideration of next steps; Instructing email to S. John concerning same and emails with S. John concerning same                                                                                                                                                                                 |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                         |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 13/11/18 | \$465.00      | 0.30 | \$139.50   | Emails with P. Williams, C. Johnston, S. John, and B. Bando concerning issued pleading and next steps                                                                                                                                               |
| MJVZ   | 13/11/18 | \$465.00      | 0.40 | \$186.00   | Emails with S. John concerning J. Maljaars and revise requisition; Review fax received from C. Popowich delivering notice of intent to defend; Emails with S. John and B. Bando concerning same                                                     |
| MJVZ   | 13/11/18 | \$465.00      | 0.10 | \$46.50    | Emails with M. McCann regarding research assignment                                                                                                                                                                                                 |
| PW     | 13/11/18 | \$180.00      | 0.60 | \$108.00   | Issued Notice of Action                                                                                                                                                                                                                             |
| SLG    | 14/11/18 | \$795.00      | 0.50 | \$397.50   | Discussion with M. van Zandvoort re various matters re Froese and Frontline and Zumongott                                                                                                                                                           |
| MES    | 14/11/18 | \$435.00      | 0.30 | \$130.50   | Exchange emails with B. Bando re: [REDACTED]; Voicemail to D. Ferguson re: sme (Commercial Loans)                                                                                                                                                   |
| MJVZ   | 14/11/18 | \$465.00      | 0.40 | \$186.00   | Emails and conference call with S. Graff concerning strategy on Zomongo                                                                                                                                                                             |
| MJVZ   | 14/11/18 | \$465.00      | 0.30 | \$139.50   | Emails with P. Williams, C. Johnston, S. John, and B. Bando concerning issued pleading and next steps                                                                                                                                               |
| MJVZ   | 14/11/18 | \$465.00      | 0.10 | \$46.50    | Various emails from B. Bando and M. Spence concerning OOM                                                                                                                                                                                           |
| MJVZ   | 14/11/18 | \$465.00      | 0.20 | \$93.00    | Emails with S. John regarding motion tomorrow and preparation for same                                                                                                                                                                              |
| MJVZ   | 14/11/18 | \$465.00      | 0.50 | \$232.50   | Review and consider email and memorandum prepared by M. McCann concerning potential litigation                                                                                                                                                      |
| SJ     | 15/11/18 | \$305.00      | 8.80 | \$2,684.00 | Prepare for motion hearing; Attend court re same; Instruct J. McLean re service; Draft cover letters; Draft demand letter re Zomongo; Draft letter to M. McCready and instruct Ricoh re same; Instruct D. Hower re answers to undertakings; Various |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                  |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | reporting emails to B. Bando                                                                                                                                                                                                                 |
| MJVZ   | 15/11/18 | \$465.00      | 0.40 | \$186.00   | Conference call with S. John concerning motion and costs and review of file in connection with quantum; Emails with S. John concerning same; Review service letters and email to S. John concerning same; Review S. John emails serving same |
| MJVZ   | 15/11/18 | \$465.00      | 0.10 | \$46.50    | Conference call with B. Bando concerning Advanced Metal                                                                                                                                                                                      |
| MJVZ   | 15/11/18 | \$465.00      | 0.40 | \$186.00   | Review and revise Zomongo default letter; Emails with S. John concerning same; Conference call with B. Bando concerning same                                                                                                                 |
| MJVZ   | 15/11/18 | \$465.00      | 0.20 | \$93.00    | Receive and review D. DenHollander answers to undertakings and emails with S. John and D. Hewer concerning same                                                                                                                              |
| MJVZ   | 15/11/18 | \$465.00      | 0.20 | \$93.00    | Emails with S. John concerning McCready summary judgment motion; Review and revise letter to McCready and emails with S. John concerning same; Review email from S. John to B. Bando concerning same                                         |
| MJVZ   | 15/11/18 | \$465.00      | 0.10 | \$46.50    | Email from S. O'Neil regarding status of US Real Estate LP                                                                                                                                                                                   |
| DH     | 16/11/18 | \$225.00      | 1.40 | \$315.00   | Review answers provided by D. DenHollander; Compile responses into objections and refusals chart; Cross reference transcripts with missing answers; Reporting email to S. John and M. van Zandvoort re same                                  |
| SJ     | 16/11/18 | \$305.00      | 5.50 | \$1,677.50 | Discussion with M. van Zandvoort re reply; Review M. DenHollander statement of defence; Review D. DenHollander answers to undertakings; Emails to B. Bando, M. van Zandvoort and D. DenHollander re same; Draft statement of claim           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                 |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 16/11/18 | \$465.00      | 0.20 | \$93.00    | Emails with S. John regarding DenHollander answers to undertakings; Email from B. Bando                                                                                                                                                     |
| MJVZ   | 16/11/18 | \$465.00      | 0.50 | \$232.50   | Receive and review defence of M. DenHollander; Reporting email to Receiver concerning same and instruct S. John concerning preparation of reply; Emails with S. John concerning same                                                        |
| MJVZ   | 16/11/18 | \$465.00      | 0.20 | \$93.00    | Emails with J. Knight and S. John concerning Zomongo repurchase letter; Email from B. Bando and review letter as sent                                                                                                                       |
| MJVZ   | 16/11/18 | \$465.00      | 1.80 | \$837.00   | Review proposed statement of claim in light of research and revisions to same                                                                                                                                                               |
| SJ     | 19/11/18 | \$305.00      | 7.20 | \$2,196.00 | Draft demand letters and notices re Zomongo entities and guarantors                                                                                                                                                                         |
| MES    | 19/11/18 | \$435.00      | 0.10 | \$43.50    | Receive email from D. Ferguson re: proposal                                                                                                                                                                                                 |
| MJVZ   | 19/11/18 | \$465.00      | 0.20 | \$93.00    | Emails with S. John concerning Zomongo                                                                                                                                                                                                      |
| MJVZ   | 19/11/18 | \$465.00      | 0.30 | \$139.50   | Emails and conference call with A. Karbani; Emails with B. Bando concerning same; Review Fourth Report in connection with same                                                                                                              |
| MJVZ   | 19/11/18 | \$465.00      | 0.80 | \$372.00   | Conference call with S. John concerning preparation of Zomongo demands; Email from S. John attaching draft demands; Preliminary review of same and off guarantee documentation; Emails with S. John concerning revisions to be made to same |
| SJ     | 20/11/18 | \$305.00      | 2.00 | \$610.00   | Revise demand letters; Instruct S. Morris re search                                                                                                                                                                                         |
| SRM    | 20/11/18 | \$350.00      | 0.10 | \$35.00    | Review general security agreement and file and report on AB PPSA registration re same                                                                                                                                                       |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 20/11/18 | \$465.00      | 6.30 | \$2,929.50 | Email from S. John attaching various draft demands; Review and revisions of same and review of underlying debt documentation and productions of Froese/Regent Law, Gowling WLG, and Miller Thomson; Emails and conference call with S. John concerning same; Emails with C. Johnston; Emails instructing S. John concerning revisions, finalizing, and service; Review bankruptcy application materials sent by T. Clifford |
| SJ     | 21/11/18 | \$305.00      | 7.50 | \$2,287.50 | Review and revise letters; Email to B. Bando re same; Draft reply to M. DenHollander defence; Draft letter to M. McCready; Draft statement of claim                                                                                                                                                                                                                                                                         |
| MES    | 21/11/18 | \$435.00      | 0.10 | \$43.50    | Receive email from B. Bando [REDACTED]                                                                                                                                                                                                                                                                                                                                                                                      |
| MJVZ   | 21/11/18 | \$465.00      | 1.30 | \$604.50   | Email from S. John attaching further revised demand; Review same and email to S. John concerning same; Emails with S. John and B. Bando concerning same and review of draft statement of claim                                                                                                                                                                                                                              |
| MJVZ   | 21/11/18 | \$465.00      | 1.60 | \$744.00   | Conference call and emails with S. John regarding McCready motion and strategy; Review caselaw for factum and review draft letter to McCready and emails with S. John concerning same and instructing concerning factum preparation                                                                                                                                                                                         |
| MJVZ   | 21/11/18 | \$465.00      | 0.20 | \$93.00    | Review emails from M. Spence and D. Ferguson and proposal and office conference with M. Spence concerning same; Review email from B. Bando                                                                                                                                                                                                                                                                                  |
| SJ     | 22/11/18 | \$305.00      | 1.00 | \$305.00   | Draft reply; Instruct J. McLean re letter; Review Reply revisions                                                                                                                                                                                                                                                                                                                                                           |
| MJVZ   | 22/11/18 | \$465.00      | 1.50 | \$697.50   | Review Froese productions and underlying loan documents and email and draft Reply from S. John; Revise draft reply and email same to S. John                                                                                                                                                                                                                                                                                |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | and instruct concerning reporting, service, and filing of same; Review emails from S. John and B. Bando concerning same                                    |
| MJVZ   | 22/11/18 | \$465.00      | 0.10 | \$46.50    | Review emails from S. John concerning McCready appointment and from B. Bando                                                                               |
| MJVZ   | 22/11/18 | \$465.00      | 0.20 | \$93.00    | Emails with S. John concerning TCA notice and Zomongo demands; Email from B. Bando and emails with S. John                                                 |
| MJVZ   | 22/11/18 | \$465.00      | 0.20 | \$93.00    | Receive and review J. Maljaars statement of defence; Email to S. John instructing regarding preparation of reply                                           |
| SJ     | 23/11/18 | \$305.00      | 5.00 | \$1,525.00 | Review J. Maljaars defence; Report to B. Bando re same; Serve reply and instruct J. McLean re filing same; Review agreements; Revise letters; Draft factum |
| MJVZ   | 23/11/18 | \$465.00      | 0.10 | \$46.50    | Review emails from S. John concerning Maljaars defence, sending TCA Notice, and serving reply to M. DenHollander defence                                   |
| PW     | 23/11/18 | \$180.00      | 0.60 | \$108.00   | Filed Reply to Defence                                                                                                                                     |
| MJVZ   | 24/11/18 | \$465.00      | 0.10 | \$46.50    | Emails with B. Bando concerning Advanced Metal                                                                                                             |
| SJ     | 25/11/18 | \$305.00      | 5.00 | \$1,525.00 | Draft statement of claim; Draft factum re summary judgement                                                                                                |
| MJVZ   | 25/11/18 | \$465.00      | 0.10 | \$46.50    | Emails with J. Knight concerning Advanced Metal                                                                                                            |
| SLG    | 26/11/18 | \$795.00      | 0.60 | \$477.00   | Conference call with GTL and M. van Zandvoort [REDACTED]                                                                                                   |
| SJ     | 26/11/18 | \$305.00      | 6.50 | \$1,982.50 | Draft summary judgement factum; Instruct J. McLean re demand letters; Emails re same; Draft statement of claim                                             |

| LAWYER | DATE     | RATE/<br>HOUR | TIME  | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                  |
|--------|----------|---------------|-------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 26/11/18 | \$465.00      | 0.50  | \$232.50   | Conference call with S. Graff and email to S. Graff concerning information in consideration of Advanced Metal call today; Emails with Receiver concerning same and review of report and supplementary correspondence with KPMG in preparation of call                        |
| MJVZ   | 26/11/18 | \$465.00      | 0.30  | \$139.50   | Conference call with S. Graff and Receiver concerning Advanced Metal                                                                                                                                                                                                         |
| MJVZ   | 26/11/18 | \$465.00      | 0.10  | \$46.50    | Review emails from S. John to various parties delivering demands                                                                                                                                                                                                             |
| DC     | 27/11/18 | \$305.00      | 0.10  | \$30.50    | Emailing M. van Zandvoort re research [REDACTED]                                                                                                                                                                                                                             |
| SLG    | 27/11/18 | \$795.00      | 0.30  | \$238.50   | Discussion with M. van Zandvoort and B. Bando [REDACTED]                                                                                                                                                                                                                     |
| SJ     | 27/11/18 | \$305.00      | 10.40 | \$3,172.00 | Prepare for court attendance; Draft summary judgment factum; Attend court; Draft statutory declaration; Draft letter to M. McCready; Draft statement of claim                                                                                                                |
| SRM    | 27/11/18 | \$350.00      | 1.30  | \$455.00   | Factoring Fund; Review file; Order updated PPSA search; Prepare section 18 PPSA request for information                                                                                                                                                                      |
| MES    | 27/11/18 | \$435.00      | 0.20  | \$87.00    | Email to D. Ferguson [REDACTED]                                                                                                                                                                                                                                              |
| MJVZ   | 27/11/18 | \$465.00      | 0.60  | \$279.00   | Emails with S. John concerning McCready motion scheduling attendance; Emails with B. Bando concerning same and with S. John concerning statutory declaration; Review and revise letter and stat dec; Conference call with B. Bando and emails with S. John concerning factum |
| MJVZ   | 27/11/18 | \$465.00      | 0.30  | \$139.50   | Review email from S. John concerning US Real Estate LP; Review email from S. O'Neil regarding US Real Estate LP update; review same and previous updates                                                                                                                     |

| LAWYER | DATE     | RATE/<br>HOUR | TIME  | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                       |
|--------|----------|---------------|-------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |       |            | received and prior updates from S. O'Neil and report to B. Bando                                                                                                                                                                                                                  |
| MJVZ   | 27/11/18 | \$465.00      | 0.60  | \$279.00   | Conference call with B. Bando regarding Advanced Metal and emails with S. Graff concerning same; Email to S. Morris requesting PPSA request regarding Advanced Metal; Receive, review, and revise PPSA notice and emails with B. Bando and S. Graff and S. Morris concerning same |
| MJVZ   | 27/11/18 | \$465.00      | 0.30  | \$139.50   | Conference call with L. Weekes regarding Advanced; Emails with L. Weekes and with B. Bando                                                                                                                                                                                        |
| MJVZ   | 27/11/18 | \$465.00      | 0.10  | \$46.50    | Emails with D. Collett concerning potential claim and research                                                                                                                                                                                                                    |
| DC     | 28/11/18 | \$305.00      | 3.60  | \$1,098.00 | Research [REDACTED]; Emailing M. van Zandvoort re same; Noting up [REDACTED]                                                                                                                                                                                                      |
| SLG    | 28/11/18 | \$795.00      | 0.20  | \$159.00   | Emails re McCready summary judgment                                                                                                                                                                                                                                               |
| SJ     | 28/11/18 | \$305.00      | 10.20 | \$3,111.00 | Draft statement of claim; Prepare letter to M. McCready; Review report and transcripts; Revise statement of claim; Review statement of Defence of J. Maljaars                                                                                                                     |
| SRM    | 28/11/18 | \$350.00      | 0.50  | \$175.00   | Review Alberta PPSA search and revise section 18 PPSA request letter; Update search summary and report on same                                                                                                                                                                    |
| MJVZ   | 28/11/18 | \$465.00      | 0.20  | \$93.00    | Review emails from S. John and B. Bando concerning McCready motion and next steps and statement of claim                                                                                                                                                                          |
| MJVZ   | 28/11/18 | \$465.00      | 0.30  | \$139.50   | Emails with S. Morris regarding S. 18 PPSA Notices; Emails with J. McLean and B. Bando concerning same; Review and consider email from S. Morris regarding updates searches                                                                                                       |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                       |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 28/11/18 | \$465.00      | 1.50 | \$697.50   | Review D. Collett memorandum and associated jurisprudence; Email to D. Collett concerning follow-up; Email to D. Collett regarding note-up and review D. Collett summary concerning same                                                                                                                                                                                          |
| SJ     | 29/11/18 | \$305.00      | 5.20 | \$1,586.00 | Draft reply to J. Maljaars; Call with M. McCready re court appointment; Instruct J. McLean re same; Draft statement of claim                                                                                                                                                                                                                                                      |
| MJVZ   | 29/11/18 | \$465.00      | 1.40 | \$651.00   | Review and revise Maljaars reply and associated factoring/guarantee documentation; Emails with S. John concerning same; Emails from S. John and B. Bando; Conference call with Receiver concerning McCready summary judgement motions; Emails with S. John concerning same; Email from L. Weekes; Emails with S. Graff and A. Swan concerning same; Conference call with B. Bando |
| SJ     | 30/11/18 | \$305.00      | 2.00 | \$610.00   | Instruct J. McLean re service and filing of Reply; Draft letter to M. McCready re court date; Instruct S. Morris and C. Pugliese re searches; Report to B. Bando re same                                                                                                                                                                                                          |
| CP     | 30/11/18 | \$205.00      | 0.20 | \$41.00    | Order profiles for Zomongo Inc., Zomongo TV Corp. and Zomongo.TV Holdings Corp.                                                                                                                                                                                                                                                                                                   |
| MJVZ   | 30/11/18 | \$465.00      | 0.10 | \$46.50    | Emails with S. John and B. Bando concerning McCready 9:30 a.m. appointment; Review letter to M. McCready                                                                                                                                                                                                                                                                          |
| MJVZ   | 30/11/18 | \$465.00      | 0.10 | \$46.50    | Email from S. John regarding J. Maljaars reply                                                                                                                                                                                                                                                                                                                                    |
| MJVZ   | 30/11/18 | \$465.00      | 0.20 | \$93.00    | Review email and correspondence from G. Shannon; Email to S. John instructing regarding same; Review email from S. John to Receiver                                                                                                                                                                                                                                               |
| MJVZ   | 30/11/18 | \$465.00      | 0.50 | \$232.50   | Preparation for and attendance at meeting with A. Swan concerning Advanced                                                                                                                                                                                                                                                                                                        |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME   | VALUE       | DESCRIPTION            |
|---------------|----------|---------------|--------|-------------|------------------------|
| PW            | 30/11/18 | \$180.00      | 0.60   | \$108.00    | Filed Reply to Defence |
| <b>TOTAL:</b> |          |               | 211.10 | \$74,177.00 |                        |

| Name                         | Hours  | Rate     | Value       |
|------------------------------|--------|----------|-------------|
| Shakaira John (SJ)           | 132.30 | \$305.00 | \$40,351.50 |
| Shannon R. Morris (SRM)      | 2.60   | \$350.00 | \$910.00    |
| Miranda E. Spence (MES)      | 1.20   | \$435.00 | \$522.00    |
| Mark J. van Zandvoort (MJVZ) | 57.10  | \$465.00 | \$26,551.50 |
| Daniella Hower (DH)          | 1.50   | \$225.00 | \$337.50    |
| Steven L. Graff (SLG)        | 2.00   | \$795.00 | \$1,590.00  |
| Vedran Simkic (VS)           | 0.10   | \$395.00 | \$39.50     |
| Meredith McCann (MM)         | 3.70   | \$260.00 | \$962.00    |
| Patrick Williams (PW)        | 2.40   | \$180.00 | \$432.00    |
| Dillon Collett (DC)          | 8.00   | \$305.00 | \$2,440.00  |
| Christina Pugliese (CP)      | 0.20   | \$205.00 | \$41.00     |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$74,177.00 |
| HST at 13%     | \$9,643.01  |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                                     |          |
|-------------------------------------|----------|
| Registration Under P.P.S.A.         | \$20.00  |
| Due Diligence-Gov Fee               | \$14.00  |
| Notice of Action/Statement of Claim | \$220.00 |
| Wire Charges                        | \$17.50  |
| Search Under P.P.S.A.               | \$1.00   |

|                    |          |
|--------------------|----------|
| Total Agency Costs | \$272.50 |
|--------------------|----------|

#### Subject to HST

|                      |          |
|----------------------|----------|
| Photocopies - Local  | \$706.50 |
| Imaging/Scanning     | \$104.25 |
| Service Provider Fee | \$66.50  |
| Taxi                 | \$13.72  |
| Due Diligence        | \$21.00  |
| Photocopies          | \$121.75 |
| Binding and Tabs     | \$67.25  |
| Deliveries/Parss     | \$283.64 |
| Postage              | \$138.37 |

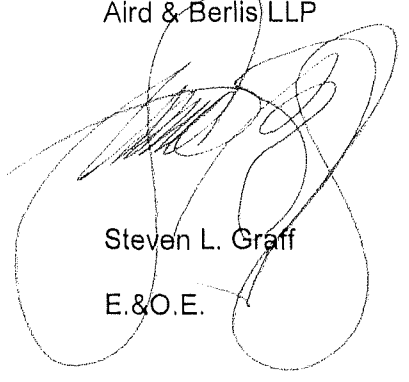
Total Disbursements  
HST at 13%

\$1,522.98  
\$197.99

**AMOUNT NOW DUE**

**\$85,813.48**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP



Steven L. Graff

E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTOR. Please include the account number as reference.

34524752.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 621208**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

December 31, 2018

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended  
December 31, 2018

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SJ     | 02/12/18 | \$305.00      | 6.20 | \$1,891.00 | Draft factum; Draft statement of claim                                                                                                                                                     |
| SJ     | 03/12/18 | \$305.00      | 7.30 | \$2,226.50 | Draft factum; Draft statement of claim;<br>Review Froese productions re Paragon;<br>Review notice of investors                                                                             |
| MJVZ   | 03/12/18 | \$465.00      | 0.50 | \$232.50   | Emails with S. John and C. Johnston<br>regarding McCready factum and<br>commence review of same                                                                                            |
| MJVZ   | 03/12/18 | \$465.00      | 0.50 | \$232.50   | Email from S. John concerning draft<br>Statement of Claim and commence<br>review of same                                                                                                   |
| MJVZ   | 03/12/18 | \$465.00      | 0.40 | \$186.00   | Email from J. Knight attaching draft<br>notice to investors; Review and revise<br>same and email to S. Graff and S. John<br>concerning same                                                |
| MJVZ   | 03/12/18 | \$465.00      | 0.10 | \$46.50    | Conference call with B. Bando<br>concerning strategy [REDACTED]<br>[REDACTED]                                                                                                              |
| MJVZ   | 03/12/18 | \$465.00      | 0.20 | \$93.00    | Email to T. Clifford regarding 109 BC<br>hearing; Review email response from T.<br>Clifford concerning same and emails with<br>S. John regarding the provision of<br>information requested |
| MJVZ   | 03/12/18 | \$465.00      | 0.20 | \$93.00    | Emails with S. John regarding Paragon;                                                                                                                                                     |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                              |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | Review spreadsheet in connection with same                                                                                                                                                                                                                               |
| SLG    | 04/12/18 | \$795.00      | 0.30 | \$238.50 | Discussion with M. van Zandvoort re Zomongo TV                                                                                                                                                                                                                           |
| SJ     | 04/12/18 | \$305.00      | 2.50 | \$762.50 | Review corporate profiles re Zomongo; Review documents re Paragon mortgage                                                                                                                                                                                               |
| MJVZ   | 04/12/18 | \$465.00      | 0.10 | \$46.50  | Emails with S. John regarding Zomongo demands                                                                                                                                                                                                                            |
| MJVZ   | 04/12/18 | \$465.00      | 0.20 | \$93.00  | Conference call with S. Graff concerning notice to investors; Email to S. Graff concerning same                                                                                                                                                                          |
| MJVZ   | 04/12/18 | \$465.00      | 0.80 | \$372.00 | Review Paragon records in anticipation of conference call; Conference call with B. Van Hierden; Emails with B. Bando and conference call with B. Bando; Emails with S. John regarding mortgage; Emails with S. John and review documentation provided regarding mortgage |
| MJVZ   | 04/12/18 | \$465.00      | 0.40 | \$186.00 | Conference call with B. Bando and email to S. Graff [REDACTED]                                                                                                                                                                                                           |
| MJVZ   | 04/12/18 | \$465.00      | 0.20 | \$93.00  | Conference call with S. Graff concerning notice to investors and email same as revised with blackline to receiver; Emails with J. Knight                                                                                                                                 |
| MJVZ   | 04/12/18 | \$465.00      | 0.10 | \$46.50  | Conference call with S. Graff concerning Advanced Metal                                                                                                                                                                                                                  |
| SJ     | 05/12/18 | \$305.00      | 0.40 | \$122.00 | Review file for Master Declaration of Trust                                                                                                                                                                                                                              |
| MJVZ   | 05/12/18 | \$465.00      | 0.40 | \$186.00 | Preparation for and attendance on conference call with B. Bando concerning Advanced Metal                                                                                                                                                                                |
| MJVZ   | 05/12/18 | \$465.00      | 0.20 | \$93.00  | Conference call with T. Clifford concerning Solid Holdings application                                                                                                                                                                                                   |
| MJVZ   | 05/12/18 | \$465.00      | 0.10 | \$46.50  | Email to Receiver concerning Solid Holdings application; Email from B. Bando in response                                                                                                                                                                                 |
| MJVZ   | 05/12/18 | \$465.00      | 0.40 | \$186.00 | Emails with L. Weekes and with                                                                                                                                                                                                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                           |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | Receiver; Telephone call from and to P. Cutts; Email to Receiver concerning same; Email from B. Bando; Conference call with S. Graff concerning Advanced                                                                                              |
| MJVZ   | 05/12/18 | \$465.00      | 0.10 | \$46.50    | Receive and review letter from Paragon counsel; Emails with Receiver concerning same                                                                                                                                                                  |
| MJVZ   | 05/12/18 | \$465.00      | 0.20 | \$93.00    | Conference call with P. Cutts; emails with P. Cutts and Receiver                                                                                                                                                                                      |
| MJVZ   | 05/12/18 | \$465.00      | 0.30 | \$139.50   | Emails with T. Clifford and Receiver and file review concerning request for documentation and emails with S. John concerning same                                                                                                                     |
| SLG    | 06/12/18 | \$795.00      | 0.20 | \$159.00   | Telephone call with M. van Zandvoort re strategy on Zomongo                                                                                                                                                                                           |
| SJ     | 06/12/18 | \$305.00      | 3.00 | \$915.00   | Draft demand letter and BIA notice; Draft statement of claim                                                                                                                                                                                          |
| MJVZ   | 06/12/18 | \$465.00      | 0.50 | \$232.50   | Email from D. DenHollander; Review Zomongo matter in connection with same and email to B. Bando                                                                                                                                                       |
| MJVZ   | 06/12/18 | \$465.00      | 1.00 | \$465.00   | Conference call with S. Graff concerning making demand on ZomongoTV; Emails with S. John instructing concerning same and conference call with Receiver concerning same; Review and revise draft demand and emails with S. John; Review service emails |
| MJVZ   | 06/12/18 | \$465.00      | 0.20 | \$93.00    | Emails with T. Clifford and B. Skelly; Conference call with S. Graff concerning same and emails with S. John concerning document request                                                                                                              |
| SLG    | 07/12/18 | \$795.00      | 0.50 | \$397.50   | Emails with M. van Zandvoort re further evidence on bankruptcy and review reply affidavit                                                                                                                                                             |
| SJ     | 07/12/18 | \$305.00      | 3.50 | \$1,067.50 | Draft statement of claim re Zomongo                                                                                                                                                                                                                   |
| MES    | 07/12/18 | \$435.00      | 0.10 | \$43.50    | Receive voicemail from D. Ferguson re: OOM                                                                                                                                                                                                            |
| MJVZ   | 07/12/18 | \$465.00      | 0.20 | \$93.00    | Email from L. Weekes concerning Advanced Metal [REDACTED]                                                                                                                                                                                             |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | same; Email to B. Bando concerning same; Telephone call from B. Bando; Further emails with B. Bando                                                                                                                                                                                                                                                                                                                                                                    |
| MJVZ   | 07/12/18 | \$465.00      | 0.50 | \$232.50   | Email and letter from BMO regarding Advanced Metal; Review same and contrast with security registrations on file; Emails with B. Bando concerning strategy and next steps [REDACTED]                                                                                                                                                                                                                                                                                   |
| MJVZ   | 07/12/18 | \$465.00      | 0.10 | \$46.50    | Email from B. Bando providing update regarding Pond extension request                                                                                                                                                                                                                                                                                                                                                                                                  |
| MJVZ   | 08/12/18 | \$465.00      | 2.10 | \$976.50   | Emails with S. John concerning response to Spletzer affidavit; Draft and prepare reply affidavit in conjunction with review of evidence and first Bando affidavit; Email draft to Receiver and MLT for comments; Conference call with B. Bando concerning same; Revise affidavit and email revised affidavit and blackline to Receiver and MLT; Review T. Clifford comments; Further revise affidavit to address same and circulate with blackline to Receiver and MLT |
| MJVZ   | 08/12/18 | \$465.00      | 0.50 | \$232.50   | Conference call with B. Bando concerning mortgages; Email to S. Graff concerning same and conference call with S. Graff                                                                                                                                                                                                                                                                                                                                                |
| MJVZ   | 08/12/18 | \$465.00      | 3.80 | \$1,767.00 | Review and revisions to draft statement of claim in conjunction with review of correspondence, transcripts, and loan documentation cited therein                                                                                                                                                                                                                                                                                                                       |
| MES    | 09/12/18 | \$435.00      | 0.20 | \$87.00    | Exchange emails with B. Bando [REDACTED]                                                                                                                                                                                                                                                                                                                                                                                                                               |
| MJVZ   | 09/12/18 | \$465.00      | 0.10 | \$46.50    | Emails from B. Bando and M. Spence regarding OOM                                                                                                                                                                                                                                                                                                                                                                                                                       |
| SJ     | 10/12/18 | \$305.00      | 1.50 | \$457.50   | Prepare affidavit for swearing; Instruct E. Hickey re same; Meeting with B. Bando re same                                                                                                                                                                                                                                                                                                                                                                              |
| MJVZ   | 10/12/18 | \$465.00      | 0.20 | \$93.00    | Emails with S. John and B. Bando concerning finalizing supplementary                                                                                                                                                                                                                                                                                                                                                                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | affidavit in response to bankruptcy application and delivering same to MLT                                                                                                                                                                                                                                                                                                                                                                                                             |
| MJVZ   | 10/12/18 | \$465.00      | 4.10 | \$1,906.50 | Continue review and revisions to statement of claim in conjunction with review of associated indebtedness documentation and security agreements                                                                                                                                                                                                                                                                                                                                        |
| MJVZ   | 10/12/18 | \$465.00      | 0.40 | \$186.00   | Receive and review letter from counsel to Paragon; Consider response and emails with S. Graff and B. Bando concerning same                                                                                                                                                                                                                                                                                                                                                             |
| SJ     | 11/12/18 | \$305.00      | 3.50 | \$1,067.50 | Draft statement of claim re Zomongo; Draft letter to M. McCready                                                                                                                                                                                                                                                                                                                                                                                                                       |
| MJVZ   | 11/12/18 | \$465.00      | 5.30 | \$2,464.50 | Continue review and revisions to statement of claim in conjunction with review of associated documentation concerning indebtedness and related jurisprudence; Email draft statement of claim to B. Bando for comments/approval; Receive emails from J. Knight and B. Bando with comments; Revise and finalize statement of claim and email same to J. Knight and B. Bando with blackline; Conference call with S. Graff concerning same; Email to S. John instructing regarding filing |
| MJVZ   | 11/12/18 | \$465.00      | 0.10 | \$46.50    | Email from S. John concerning draft statement of claim                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| MJVZ   | 11/12/18 | \$465.00      | 0.10 | \$46.50    | Conference call with S. Graff regarding Paragon                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| MJVZ   | 11/12/18 | \$465.00      | 0.20 | \$93.00    | Review file correspondence and conference call with Anixter's counsel<br>[REDACTED]                                                                                                                                                                                                                                                                                                                                                                                                    |
| MJVZ   | 11/12/18 | \$465.00      | 0.10 | \$46.50    | Emails with S. John concerning the McCready unsworn stat dec received                                                                                                                                                                                                                                                                                                                                                                                                                  |
| MJVZ   | 12/12/18 | \$465.00      | 0.20 | \$93.00    | Email to S. John concerning the McCready unsworn stat dec received and report to B. Bando; Further emails with S. John and B. Bando concerning same                                                                                                                                                                                                                                                                                                                                    |
| MJVZ   | 12/12/18 | \$465.00      | 0.10 | \$46.50    | Email from L. Weekes                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                 |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 13/12/18 | \$795.00      | 0.30 | \$238.50 | Telephone call with M. van Zandvoort and review emails [REDACTED]<br>[REDACTED]                                                                                                                                                                                             |
| SJ     | 13/12/18 | \$305.00      | 1.50 | \$457.50 | Instruct J. McLean re statutory declaration; Report to client re same; Various emails re filing statement of claim                                                                                                                                                          |
| SRM    | 13/12/18 | \$350.00      | 0.20 | \$70.00  | Review Advanced Metal file and report on same                                                                                                                                                                                                                               |
| MJVZ   | 13/12/18 | \$465.00      | 0.30 | \$139.50 | Email with S. John concerning the McCready sworn stat dec received and report to B. Bando and review of stat dec; Conference calls with B. Bando and S. Graff concerning same                                                                                               |
| MJVZ   | 13/12/18 | \$465.00      | 0.80 | \$372.00 | Conference call with P. Cutts; Review security registrations and emails with S. Morris concerning same; Reporting email to B. Bando; Email to S. Graff; Conference call with B. Bando; Conference call with S. Graff; Email to L. Weekes; Emails from B. Bando and S. Graff |
| PW     | 13/12/18 | \$180.00      | 0.60 | \$108.00 | Filed Statement of Claim                                                                                                                                                                                                                                                    |
| MJVZ   | 14/12/18 | \$465.00      | 1.50 | \$697.50 | [REDACTED] email to S. Graff concerning same                                                                                                                                                                                                                                |
| MJVZ   | 14/12/18 | \$465.00      | 0.60 | \$279.00 | Conference call with T. Clifford; Review Receiver reports and file correspondence and email to T. Clifford concerning Solid application; Emails with J. Knight concerning same                                                                                              |
| MJVZ   | 14/12/18 | \$465.00      | 1.00 | \$465.00 | Review file and email to A. Swan setting out facts concerning inquiry for litigation; Office conference with A. Swan concerning same                                                                                                                                        |
| MJVZ   | 17/12/18 | \$465.00      | 0.10 | \$46.50  | Email to C. Johnston concerning McCready summary judgment motion                                                                                                                                                                                                            |
| MJVZ   | 17/12/18 | \$465.00      | 0.10 | \$46.50  | Review B. Skelly report concerning court attendance in Solid Holdings bankruptcy application; e]Email to B. Skelly concerning same                                                                                                                                          |
| MJVZ   | 17/12/18 | \$465.00      | 0.10 | \$46.50  | Emails with B. Bando concerning tomorrow's court attendance and                                                                                                                                                                                                             |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                           |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | conference call                                                                                                                                                                                                                                                                                                                                       |
| MJVZ   | 18/12/18 | \$465.00      | 1.00 | \$465.00   | Review motion record, Receiver's 4th report, and past endorsements of Justice Hainey in preparation of court attendance today; Emails with S. John concerning same; Conference call with B. Bando concerning same; Prepare submissions                                                                                                                |
| MJVZ   | 18/12/18 | \$465.00      | 2.00 | \$930.00   | Attend to meeting with B. Bando and court attendance before Justice Hainey; Email endorsement to Receiver                                                                                                                                                                                                                                             |
| MJVZ   | 18/12/18 | \$465.00      | 1.30 | \$604.50   | Review and revisions to factum in support of summary judgment motion                                                                                                                                                                                                                                                                                  |
| MJVZ   | 18/12/18 | \$465.00      | 1.20 | \$558.00   | Review Receiver's reports and commence drafting statement of claim regarding settlement loans                                                                                                                                                                                                                                                         |
| SLG    | 19/12/18 | \$795.00      | 0.20 | \$159.00   | Discussion with Discussion with M. van Zandvoort re Statement of Claim [REDACTED]                                                                                                                                                                                                                                                                     |
| SLG    | 19/12/18 | \$795.00      | 0.10 | \$79.50    | Discussion with M. van Zandvoort on motion re McCready                                                                                                                                                                                                                                                                                                |
| MES    | 19/12/18 | \$435.00      | 0.10 | \$43.50    | Receive voicemail from D. Ferguson (Commercial Loans)                                                                                                                                                                                                                                                                                                 |
| MJVZ   | 19/12/18 | \$465.00      | 4.90 | \$2,278.50 | Continue drafting factum and preparing authorities for summary judgment motion and review pertinent jurisprudence concerning same; Email to B. Bando delivering same; Emails with B. Bando concerning revisions to be made to factum and incorporate same; Emails with C. Johnston concerning service and filing; Emails with S. John concerning same |
| MJVZ   | 19/12/18 | \$465.00      | 0.10 | \$46.50    | Emails with C. Johnston concerning RBC/Cross motion and confirmation of same                                                                                                                                                                                                                                                                          |
| MJVZ   | 19/12/18 | \$465.00      | 3.20 | \$1,488.00 | Draft Statement of Claim and review of pertinent sections of Receiver reports and correspondence concerning same; Emails with I. Viera and obtain and review relevant profile report; Email draft to B. Bando for approval and emails with B. Bando concerning same; Email to S.                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                          |
|--------|----------|---------------|------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | Graff concerning same                                                                                                                                                                                                                                                |
| MJVZ   | 19/12/18 | \$465.00      | 0.20 | \$93.00  | Conference call with L. Weekes; Emails with B. Bando                                                                                                                                                                                                                 |
| MJVZ   | 19/12/18 | \$465.00      | 0.10 | \$46.50  | Review returned correspondence received                                                                                                                                                                                                                              |
| IV     | 19/12/18 | \$180.00      | 0.20 | \$36.00  | Obtained the British Columbia profile report for Inco One Gold Corp.                                                                                                                                                                                                 |
| MJVZ   | 20/12/18 | \$465.00      | 0.50 | \$232.50 | Finalize statement of claim and instruct C. Johnston concerning issuance; Obtain issued statement of claims and email same to B. Bando                                                                                                                               |
| MJVZ   | 20/12/18 | \$465.00      | 0.30 | \$139.50 | Receive and review L. Weekes email; Emails with Receiver and S. Graff concerning proposal                                                                                                                                                                            |
| MJVZ   | 20/12/18 | \$465.00      | 0.10 | \$46.50  | Emails with C. Johnston concerning McCready Summary Judgment motion filing                                                                                                                                                                                           |
| SLG    | 21/12/18 | \$795.00      | 0.40 | \$318.00 | Telephone call with M. van Zandvoort [REDACTED]                                                                                                                                                                                                                      |
| SLG    | 21/12/18 | \$795.00      | 0.40 | \$318.00 | [REDACTED] emails with P. Gordon; telephone call with R. Cattnach                                                                                                                                                                                                    |
| SLG    | 21/12/18 | \$795.00      | 0.50 | \$397.50 | Telephone call with B. Bando and M. van Zandvoort; review ownership and financial info                                                                                                                                                                               |
| MJVZ   | 21/12/18 | \$465.00      | 1.00 | \$465.00 | Emails and conference calls with S. Graff [REDACTED]; Emails with B. Bando concerning same; Conference call with S. Graff and B. Bando; Review additional financials sent by B. Bando; Order and review corporate profile report and emails to S. Graff and B. Bando |
| MJVZ   | 21/12/18 | \$465.00      | 0.10 | \$46.50  | Emails with T. Clifford concerning Solid Holdings bankruptcy application                                                                                                                                                                                             |
| IV     | 21/12/18 | \$180.00      | 0.30 | \$54.00  | Obtained the Alberta profile reports for Lyncorp Manufacturing Ltd.; and Lyncorp                                                                                                                                                                                     |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                                                                                                                                                                        |
|---------------|----------|---------------|-------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|               |          |               |       |             | International Ltd.                                                                                                                                                                                 |
| MJVZ          | 25/12/18 | \$465.00      | 1.00  | \$465.00    | Receive and review emails and responses/documentation provided by B. Maljaars concerning answers to undertakings from examination                                                                  |
| DH            | 27/12/18 | \$225.00      | 1.30  | \$292.50    | Email to and from M. van Zandvoort; Review answers provided by R. Maljaars; Cross reference to undertakings and objections charts to confirm what is outstanding; Compile brief of answers re same |
| MJVZ          | 27/12/18 | \$465.00      | 0.30  | \$139.50    | Emails to D. Hewer and to Receiver concerning B. Maljaars answers to undertakings; Emails with D. Hewer concerning same                                                                            |
| MJVZ          | 27/12/18 | \$465.00      | 0.10  | \$46.50     | Email to L. Weekes; Email from B. Bando                                                                                                                                                            |
| DH            | 28/12/18 | \$225.00      | 0.20  | \$45.00     | Finalize answers to undertakings of R. Maljaars; Email to M. van Zandvoort re same                                                                                                                 |
| MJVZ          | 28/12/18 | \$465.00      | 0.20  | \$93.00     | Emails with D. Hewer regarding assessment of B. Maljaars answers to questions refused                                                                                                              |
| <b>TOTAL:</b> |          |               | 82.80 | \$34,046.50 |                                                                                                                                                                                                    |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$34,046.50 |
| HST at 13%     | \$4,426.05  |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                                     |                 |
|-------------------------------------|-----------------|
| Due Diligence-Gov Fee               | \$29.00         |
| Notice of Action/Statement of Claim | \$440.00        |
| Wire Charges                        | \$17.50         |
| <b>Total Agency Costs</b>           | <b>\$486.50</b> |



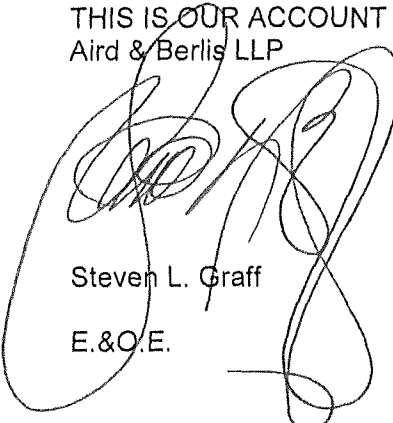
**Subject to HST**

|                                 |          |
|---------------------------------|----------|
| Corporate Search                | \$88.00  |
| Taxi                            | \$29.21  |
| Postage                         | \$10.19  |
| Deliveries                      | \$135.45 |
| Photocopies/Scanning            | \$191.25 |
| BC On Line-Service Provider Fee | \$1.50   |
| Binding and Tabs                | \$14.50  |
| LPIC Transaction Levy           | \$100.00 |
| Due Diligence                   | \$21.00  |
| Total Disbursements             | \$591.10 |
| HST at 13%                      | \$76.84  |

**AMOUNT NOW DUE**

**\$39,626.99**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP



Steven L. Graff

E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTOR. Please include the account number as reference.

34838375.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 625382**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

February 22, 2019

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended February 21, 2019

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                             |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MES    | 23/12/18 | \$435.00      | 0.10 | \$43.50    | Receive email from D. Ferguson (Commercial Loans)                                                                                                                                                                       |
| MJVZ   | 02/01/19 | \$505.00      | 2.10 | \$1,060.50 | Review and revise draft statement of claim                                                                                                                                                                              |
| SJ     | 03/01/19 | \$340.00      | 0.80 | \$272.00   | Review McCready factum and blackline; Meeting with M. Van Zandvoort re same                                                                                                                                             |
| MJVZ   | 03/01/19 | \$505.00      | 0.60 | \$303.00   | Review of recent file correspondence and email to S. John instructing regarding preparation of bill of costs and costs outline for upcoming summary judgment motion; Meeting with S. John concerning motion preparation |
| DH     | 04/01/19 | \$250.00      | 0.10 | \$25.00    | Emails to and from S. John re costs outline                                                                                                                                                                             |
| DH     | 04/01/19 | \$250.00      | 1.50 | \$375.00   | Prepare costs outline for motion returnable January 11, 2018                                                                                                                                                            |
| SJ     | 04/01/19 | \$340.00      | 0.10 | \$34.00    | Instruct D. Hower re bill of costs re McCready motion                                                                                                                                                                   |
| MJVZ   | 06/01/19 | \$505.00      | 0.40 | \$202.00   | Review email from D. DenHollander and S. John concerning answers to undertakings and cross-reference with Order of Justice Conway                                                                                       |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                              |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DH     | 07/01/19 | \$250.00      | 3.30 | \$825.00   | Telephone call with S. John; Review of dockets; Begin to prepare bill of costs for summary judgment motion                                                                                               |
| SJ     | 07/01/19 | \$340.00      | 0.50 | \$170.00   | Revise statement of claim re Zomongo; Instruct C. Pugliese re searches for same                                                                                                                          |
| SRM    | 07/01/19 | \$370.00      | 0.10 | \$37.00    | Email from S. John re searches; Email to and discussion with C. Pugliese re same                                                                                                                         |
| CP     | 07/01/19 | \$215.00      | 0.30 | \$64.50    | Order profile reports for Zomongo Inc., Zomongo.TV Corp. and Zomongo.TV Holdings Corp.; Review same; Conduct address searches for D. DenHollander, M. DenHollander, J. Ostrowski and J. Hughes-Ostrowski |
| MJVZ   | 07/01/19 | \$505.00      | 3.10 | \$1,565.50 | Continue revisions to statement of claim in conjunction with review of demands; Email to S. Graff concerning same and strategy; Email from S. John concerning service                                    |
| MJVZ   | 07/01/19 | \$505.00      | 0.20 | \$101.00   | Emails with C. Johnston concerning motion preparation and preparation of draft Judgment                                                                                                                  |
| MJVZ   | 07/01/19 | \$505.00      | 0.40 | \$202.00   | Review email from D. Denhollander and S. John concerning answers to undertakings and cross-reference with Order of Justice Conway                                                                        |
| MJVZ   | 07/01/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John concerning noting in default of R. Maljaars and D. Pahl                                                                                                                              |
| SLG    | 08/01/19 | \$825.00      | 0.30 | \$247.50   | Telephone call with M. van Zandvoort re claim against Zomongo                                                                                                                                            |
| DH     | 08/01/19 | \$250.00      | 0.50 | \$125.00   | Emails to and from M. van Zandvoort; Review of additional answers provided by D. DenHollander; Update objections and refusals chart re same                                                              |
| SJ     | 08/01/19 | \$340.00      | 0.50 | \$170.00   | Review documentation re Zomongo statement of claim                                                                                                                                                       |
| MJVZ   | 08/01/19 | \$505.00      | 2.80 | \$1,414.00 | Revisions to statement of claim; Email same to B. Bando; Emails with S. John concerning same and emails with B. Bando; Arrange for issuance and filing                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                       |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 08/01/19 | \$505.00      | 0.10 | \$50.50    | Emails with B. Bando concerning motion for summary judgment                                                                                                                                                       |
| MJVZ   | 08/01/19 | \$505.00      | 0.20 | \$101.00   | Emails with D. Hewer regarding D. Denhollander answers to undertakings                                                                                                                                            |
| MJVZ   | 08/01/19 | \$505.00      | 0.20 | \$101.00   | Conference call with S. Graff concerning Zomongo, Paragon, Advanced Metal                                                                                                                                         |
| MH     | 09/01/19 | \$275.00      | 1.40 | \$385.00   | Attend at commercial list to retrieve motion record of the receiver                                                                                                                                               |
| DH     | 09/01/19 | \$250.00      | 0.80 | \$200.00   | Emails to and from S. John and M. van Zandvoort; Telephone call with M. van Zandvoort re revisions; revise costs outline and bill of costs for motion on January 11, 2019                                         |
| SJ     | 09/01/19 | \$340.00      | 0.80 | \$272.00   | Review and revise bill of costs re McCready motion; Instruct M. Helfard re court office attendance re same                                                                                                        |
| MJVZ   | 09/01/19 | \$505.00      | 0.20 | \$101.00   | Conference call with B. Bando concerning various receivership matters                                                                                                                                             |
| MJVZ   | 09/01/19 | \$505.00      | 0.20 | \$101.00   | Review and revise costs outline for motion and emails and conference call with D. Hewer concerning same                                                                                                           |
| MJVZ   | 09/01/19 | \$505.00      | 0.10 | \$50.50    | Emails with Court and S. John concerning summary judgment motion                                                                                                                                                  |
| MJVZ   | 09/01/19 | \$505.00      | 0.20 | \$101.00   | Arrange for issuance of statement of claim and emails with B. Bando concerning same                                                                                                                               |
| PW     | 09/01/19 | \$190.00      | 0.60 | \$114.00   | Issued Statement of Claim                                                                                                                                                                                         |
| SJ     | 10/01/19 | \$340.00      | 0.30 | \$102.00   | Instruct J. McLean re noting R. Maljaars and D. Pahl in default; Prepare requisition re same                                                                                                                      |
| CM     | 10/01/19 | \$300.00      | 1.40 | \$420.00   | Prepare calculation of pre-judgment interest, including revisions thereto                                                                                                                                         |
| MJVZ   | 10/01/19 | \$505.00      | 4.30 | \$2,171.50 | Preparation of Oral Submissions for Summary Judgment Motion, draft Judgment, and PJI amounts and emails with C. Miroslavich regarding same; Revise draft judgment for motion; Email to B. Bando concerning motion |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                            |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SJ     | 11/01/19 | \$340.00      | 3.10 | \$1,054.00 | Prepare documents for court attendance;<br>Attend court for McCready motion hearing                                                                                                                                                                                                                    |
| CM     | 11/01/19 | \$300.00      | 0.30 | \$90.00    | Revise pre-judgment interest calculations                                                                                                                                                                                                                                                              |
| MES    | 11/01/19 | \$475.00      | 0.10 | \$47.50    | Receive correspondence from D. Ferguson<br>re: meeting with receiver                                                                                                                                                                                                                                   |
| MJVZ   | 11/01/19 | \$505.00      | 2.20 | \$1,111.00 | Preparation for motion and amend draft<br>judgment and PJI amounts and emails with<br>C. Miroslavich regarding same                                                                                                                                                                                    |
| MJVZ   | 11/01/19 | \$505.00      | 2.90 | \$1,464.50 | Attend court to argue summary judgment<br>motion; Obtain judgment against M.<br>McCready and arrange for entering of same;<br>Emails with C. Miroslavich concerning filing<br>of writ                                                                                                                  |
| MJVZ   | 11/01/19 | \$505.00      | 0.10 | \$50.50    | Email from S. John concerning requisition                                                                                                                                                                                                                                                              |
| PW     | 11/01/19 | \$190.00      | 0.60 | \$114.00   | Entered Judgment of January 11, 2019                                                                                                                                                                                                                                                                   |
| MES    | 13/01/19 | \$475.00      | 0.10 | \$47.50    | Email to D. Ferguson re: call (Commercial<br>Loans)                                                                                                                                                                                                                                                    |
| MJVZ   | 13/01/19 | \$505.00      | 0.20 | \$101.00   | Email to B. Bando concerning judgment and<br>enforcement and next steps; Email to E. Lal<br>concerning property search in connection<br>with same; Email from B. Bando                                                                                                                                 |
| SJ     | 14/01/19 | \$340.00      | 0.50 | \$170.00   | Review file re McCready email address;<br>Email to B. Bando re same; Discussion with<br>S. Morris re driver's licence search re<br>McCready                                                                                                                                                            |
| EL     | 14/01/19 | \$300.00      | 2.50 | \$750.00   | Review email regarding search request;<br>Attending to real property search in all 54<br>land registry offices in Ontario; Obtaining<br>parcel pages and transfers; Review search<br>results; Meeting with A. Silver regarding<br>same; Email to and from M. van Zandvoort<br>regarding search results |
| CM     | 14/01/19 | \$300.00      | 0.40 | \$120.00   | Receipt and review of instructions re: filing<br>Writs and communications re: same                                                                                                                                                                                                                     |
| SRM    | 14/01/19 | \$370.00      | 0.10 | \$37.00    | Discussion and emails re MTO searches for<br>M. McCready                                                                                                                                                                                                                                               |
| CP     | 14/01/19 | \$215.00      | 0.10 | \$21.50    | Arrange for MTO search against M.<br>McCready                                                                                                                                                                                                                                                          |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                            |
|--------|----------|---------------|------|----------|----------------------------------------------------------------------------------------------------------------------------------------|
| MES    | 14/01/19 | \$475.00      | 0.20 | \$95.00  | Telephone call with D. Ferguson re: meeting with OOM (Commercial Loans)                                                                |
| MJVZ   | 14/01/19 | \$505.00      | 0.40 | \$202.00 | Emails with E. Lal, C. Johnston, B. Bando, S. John concerning judgment, letter to McCready, real property searches, and filing of writ |
| MJVZ   | 14/01/19 | \$505.00      | 0.10 | \$50.50  | Review MLT update concerning status of 109 Bankruptcy                                                                                  |
| MJVZ   | 14/01/19 | \$505.00      | 0.10 | \$50.50  | Emails with J. Knight concerning tax filings                                                                                           |
| MJVZ   | 14/01/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. Graff concerning Inca                                                                                                   |
| PW     | 14/01/19 | \$190.00      | 0.60 | \$114.00 | Noted two defendants in default                                                                                                        |
| CM     | 15/01/19 | \$300.00      | 0.60 | \$180.00 | Telephone call with MTO re: driver's license search and report re: additional information required to complete search                  |
| MJVZ   | 15/01/19 | \$505.00      | 0.30 | \$151.50 | Emails with S. John regarding McCready judgment enforcement and file review in connection with same                                    |
| SJ     | 16/01/19 | \$340.00      | 0.10 | \$34.00  | Email to B. Bando re McCready search                                                                                                   |
| MES    | 16/01/19 | \$475.00      | 0.50 | \$237.50 | Draft proposed email to B. McKenzie; Exchange emails with B. Bando re: same; Email to D. Ferguson re: proposed correspondence          |
| MJVZ   | 16/01/19 | \$505.00      | 0.10 | \$50.50  | Review email from M. Spence regarding OOM; Email from B. Bando                                                                         |
| MJVZ   | 16/01/19 | \$505.00      | 0.20 | \$101.00 | Emails from S. John and B. Bando concerning McCready                                                                                   |
| SLG    | 17/01/19 | \$825.00      | 0.20 | \$165.00 | Emails with K. Weekes [REDACTED]                                                                                                       |
| MJVZ   | 17/01/19 | \$505.00      | 0.20 | \$101.00 | Emails with L. Weekes and B. Bando and S. Graff                                                                                        |
| MJVZ   | 18/01/19 | \$505.00      | 0.20 | \$101.00 | Emails with L. Weekes and B. Bando and S. Graff                                                                                        |
| SLG    | 19/01/19 | \$825.00      | 0.20 | \$165.00 | Review sale list (mortgages and LOI)                                                                                                   |
| MJVZ   | 19/01/19 | \$505.00      | 0.20 | \$101.00 | Review and consider email from B. Bando and attached LOI; Emails to B. Bando and from S. Graff concerning same                         |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                       |
|--------|----------|---------------|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SJ     | 21/01/19 | \$340.00      | 0.80 | \$272.00 | Revise requisition to note R. Maljaars and D. Pahl in default; Instruct J. McLean re same; Call with P. Williams re same                                          |
| MES    | 21/01/19 | \$475.00      | 0.20 | \$95.00  | Receive email from Weir Foulds re: revisions to correspondence with B. McKenzie and email to B. Bando re: same (Commercial Loans)                                 |
| MJVZ   | 21/01/19 | \$505.00      | 0.10 | \$50.50  | Email to S. Graff regarding mortgages                                                                                                                             |
| MJVZ   | 21/01/19 | \$505.00      | 0.10 | \$50.50  | Email to S. John regarding noting in default; Email from S. John concerning same                                                                                  |
| MJVZ   | 21/01/19 | \$505.00      | 0.10 | \$50.50  | Email to C. Miroslavic regarding filing writs                                                                                                                     |
| MJVZ   | 21/01/19 | \$505.00      | 0.10 | \$50.50  | Conference call with S. Graff concerning LOI                                                                                                                      |
| MJVZ   | 21/01/19 | \$505.00      | 0.20 | \$101.00 | Email to J. Merk concerning potential LOI transaction; Emails with J. Merk and S. Graff concerning same                                                           |
| MJVZ   | 21/01/19 | \$505.00      | 0.10 | \$50.50  | Review email from Weirfoulds and M. Spence regarding OOM                                                                                                          |
| BC     | 22/01/19 | \$395.00      | 0.30 | \$118.50 | review writ/file four writs against Martin McCready                                                                                                               |
| SLG    | 22/01/19 | \$825.00      | 0.60 | \$495.00 | Telephone call with M. van Zandvoort and B. Bando re approach to call and then conference call with counsel for debtor (Lyncorp) and company reps                 |
| CM     | 22/01/19 | \$300.00      | 0.20 | \$60.00  | Receipt and review of instructions re: filing additional writs and discussions re: same; Receipt and review of writ filing confirmations                          |
| MES    | 22/01/19 | \$475.00      | 0.50 | \$237.50 | Exchange emails with B. Bando, D. Ferguson re: issuing invitation to B. McKenzie; Email to B. McKenzie re: meeting to discuss SMC installation (Commercial Loans) |
| MJVZ   | 22/01/19 | \$505.00      | 0.50 | \$252.50 | Preliminary review of Spectrum Administration Agreements and conference call with B. Bando [REDACTED]                                                             |
| MJVZ   | 22/01/19 | \$505.00      | 0.30 | \$151.50 | Preparation for conference calls with B. Bando, S. Graff, L. Weekes, G. Cameron,                                                                                  |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                   |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | and D. Mullen concerning Advanced Metal<br>and conference call with S. Graff concerning<br>same                                                                               |
| MJVZ   | 22/01/19 | \$505.00      | 0.30 | \$151.50   | Attend on conference call with S. Graff and<br>B. Bando in preparation of Advanced Metal<br>call                                                                              |
| MJVZ   | 22/01/19 | \$505.00      | 0.40 | \$202.00   | Conference call with B. Bando, S. Graff, L.<br>Weekes, G. Cameron, and D. Mullen<br>concerning Advanced Metal                                                                 |
| MJVZ   | 22/01/19 | \$505.00      | 0.10 | \$50.50    | Emails with C. Miroslavich concerning writ<br>filing                                                                                                                          |
| RTH    | 23/01/19 | \$725.00      | 0.10 | \$72.50    | Telephone call from J. Merk                                                                                                                                                   |
| SJ     | 23/01/19 | \$340.00      | 0.10 | \$34.00    | Report to M. Van zandvoort re noting in<br>default of R. Maljaars and D. Pahl and next<br>steps                                                                               |
| JKM    | 23/01/19 | \$595.00      | 0.70 | \$416.50   | Review LOI re mortgage sale matters;<br>Meeting with M. Van Zandvoort re same;<br>Telephone call with R. Hooke re mortgage<br>conveyance matters; Draft Purchase<br>Agreement |
| MJVZ   | 23/01/19 | \$505.00      | 0.20 | \$101.00   | Email to J. Merk concerning preparation of<br>purchase and sale agreement                                                                                                     |
| MJVZ   | 23/01/19 | \$505.00      | 0.20 | \$101.00   | Emails with L. Weekes, S. Graff and B.<br>Bando [REDACTED]<br>[REDACTED]                                                                                                      |
| MJVZ   | 23/01/19 | \$505.00      | 0.20 | \$101.00   | Telephone call and office conference with J.<br>Merk concerning preparation of purchase<br>and sale agreement                                                                 |
| MJVZ   | 23/01/19 | \$505.00      | 0.10 | \$50.50    | Emails with J. Knight and J. Merk<br>concerning mortgage transaction                                                                                                          |
| SLG    | 24/01/19 | \$825.00      | 0.40 | \$330.00   | Telephone call with M. van Zandvoort re<br>approach to resolution and facts                                                                                                   |
| JKM    | 24/01/19 | \$595.00      | 0.30 | \$178.50   | Meeting with R. Sanders re drafting<br>Purchase Agreement                                                                                                                     |
| RJS    | 24/01/19 | \$340.00      | 4.40 | \$1,496.00 | Meeting with J. Merk re instructions; drafted<br>purchase agreement                                                                                                           |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                   |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 24/01/19 | \$505.00      | 0.30 | \$151.50   | Conference call with S. Graff [REDACTED]<br>[REDACTED]                                                                                                        |
| JKM    | 27/01/19 | \$595.00      | 0.60 | \$357.00   | Revise APA                                                                                                                                                    |
| MJVZ   | 27/01/19 | \$505.00      | 3.00 | \$1,515.00 | Review file concerning tax filings to be completed and compile information requested by Receiver in connection with same                                      |
| JKM    | 28/01/19 | \$595.00      | 1.60 | \$952.00   | Revise APA; Email to M. van Zandvoort re same                                                                                                                 |
| MES    | 28/01/19 | \$475.00      | 0.40 | \$190.00   | Receive email from B. McKenzie re: proposed meeting; Exchange emails with B. Bando re: same; Exchange emails with D. Ferguson re: revealing name of purchaser |
| MJVZ   | 28/01/19 | \$505.00      | 0.10 | \$50.50    | Emails from B. Bando and M. Spence concerning OOM                                                                                                             |
| MJVZ   | 28/01/19 | \$505.00      | 0.30 | \$151.50   | Emails with C. Johnston and B. Bando concerning tax filings                                                                                                   |
| SLG    | 29/01/19 | \$825.00      | 0.20 | \$165.00   | Review emails re St. Mary's and OOM                                                                                                                           |
| MES    | 29/01/19 | \$475.00      | 0.60 | \$285.00   | Exchange emails with B. Zeller, D. Ferguson, B. McKenzie re: confidentiality of purchaser (Commercial Loans)                                                  |
| MJVZ   | 29/01/19 | \$505.00      | 0.20 | \$101.00   | Review and consider letter from Paragon's counsel and proposed response                                                                                       |
| MJVZ   | 29/01/19 | \$505.00      | 0.10 | \$50.50    | Emails with J. Merk concerning draft agreement regarding mortgages                                                                                            |
| MJVZ   | 29/01/19 | \$505.00      | 0.10 | \$50.50    | Various emails from M. Spence, D. Ferguson concerning OOM                                                                                                     |
| SLG    | 30/01/19 | \$825.00      | 0.20 | \$165.00   | Review emails re purchase agreement and sale and debt and mortgages                                                                                           |
| JKM    | 30/01/19 | \$595.00      | 0.60 | \$357.00   | Revise APA re comments received                                                                                                                               |
| MJVZ   | 30/01/19 | \$505.00      | 2.40 | \$1,212.00 | Review and revise draft sale agreement and emails with B. Bando, J. Merk, and S. Graff concerning same; Emails with B. Bando and J. Merk concerning same      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                             |
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| MJVZ   | 30/01/19 | \$505.00      | 0.10 | \$50.50    | Email from B. Bando regarding Lyncorp                                                                                                                                                                                                   |
| MJVZ   | 30/01/19 | \$505.00      | 0.10 | \$50.50    | Email from T. Clifford re 611/Onstar bankruptcy applications; Email from S. John concerning same                                                                                                                                        |
| RTH    | 31/01/19 | \$725.00      | 0.40 | \$290.00   | Review agreement; Email to J. Merk                                                                                                                                                                                                      |
| JKM    | 31/01/19 | \$595.00      | 0.60 | \$357.00   | Revise APA re comments received; Email to B. Bando re same                                                                                                                                                                              |
| MJVZ   | 31/01/19 | \$505.00      | 0.80 | \$404.00   | Review with B. Bando and J. Merk and S. Graff concerning asset sale; Conference calls with B. Bando and J. Merk concerning same; Revise APA; Email to brokerage attaching proposed form of APA and email from brokerage concerning same |
| MJVZ   | 31/01/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. Graff and B. Bando regarding Lyncorp and Paragon                                                                                                                                                                         |
| MJVZ   | 31/01/19 | \$505.00      | 0.10 | \$50.50    | Email to S. John regarding 611 and OnStar bankruptcy applications and document review; Email from J. Knight concerning same                                                                                                             |
| RTH    | 01/02/19 | \$725.00      | 0.10 | \$72.50    | Review agreement; Email to J. Merk                                                                                                                                                                                                      |
| MJVZ   | 01/02/19 | \$505.00      | 0.10 | \$50.50    | Emails from J. Pell and with J. Merk                                                                                                                                                                                                    |
| MJVZ   | 01/02/19 | \$505.00      | 0.40 | \$202.00   | Various emails with Receiver, MLT, Bowra and review of judge's decision concerning Solid Holdings bankruptcy                                                                                                                            |
| SJ     | 02/02/19 | \$340.00      | 0.50 | \$170.00   | Review file for correspondence re Onstar and 611802 B.C.; Email to M. van Zandvoort re same                                                                                                                                             |
| MJVZ   | 03/02/19 | \$505.00      | 2.00 | \$1,010.00 | Emails from B. Bando, J. Merk, R. Sanders, and J. Pell concerning Feb 12 closing                                                                                                                                                        |
| SLG    | 04/02/19 | \$825.00      | 0.70 | \$577.50   | Conference call with M. van Zandvoort and B. Bando [REDACTED]                                                                                                                                                                           |
| SLG    | 04/02/19 | \$825.00      | 0.30 | \$247.50   | Review decision in Bankruptcy case of Solid Holdings                                                                                                                                                                                    |
| SJ     | 04/02/19 | \$340.00      | 0.50 | \$170.00   | Emails to C. Webster and T. Clifford re service of Zomongo claim; Various emails to M. van Zandvoort and B. Bando re same                                                                                                               |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                           |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RJS    | 04/02/19 | \$340.00      | 0.60 | \$204.00 | Prepared assignment and assumption agreement                                                                                                                          |
| MJVZ   | 04/02/19 | \$505.00      | 0.50 | \$252.50 | Conference call with S. Graff, B. Bando, and J. Knight concerning various receivership issues                                                                         |
| MJVZ   | 04/02/19 | \$505.00      | 0.10 | \$50.50  | Emails from J. Merk regarding mortgage transaction                                                                                                                    |
| MJVZ   | 04/02/19 | \$505.00      | 1.50 | \$757.50 | Prepare offer and email draft to S. Graff                                                                                                                             |
| MJVZ   | 04/02/19 | \$505.00      | 0.20 | \$101.00 | Emails with S. John, MLT, and Receiver concerning service of statement of claim                                                                                       |
| SLG    | 05/02/19 | \$825.00      | 0.20 | \$165.00 | Address sale of portfolio of mortgages                                                                                                                                |
| SLG    | 05/02/19 | \$825.00      | 0.30 | \$247.50 | Review Zomongo web sites                                                                                                                                              |
| SJ     | 05/02/19 | \$340.00      | 1.00 | \$340.00 | Email to B. Bando re service; Confirm defence deadlines; Instruct C. Pugliese re corporate searches (re Zomongo claim); Research re Mongocoin                         |
| RJS    | 05/02/19 | \$340.00      | 2.40 | \$816.00 | Prepared closing agenda and closing documents                                                                                                                         |
| MJVZ   | 05/02/19 | \$505.00      | 0.10 | \$50.50  | Emails with J. Merk, R. Hooke, C. Cassolaa and S. Graff concerning mortgage transaction                                                                               |
| MJVZ   | 05/02/19 | \$505.00      | 0.10 | \$50.50  | Email from buyer counsel and emails with J. Merk                                                                                                                      |
| MJVZ   | 05/02/19 | \$505.00      | 0.10 | \$50.50  | Conference call with B. Bando concerning BDO attendance and review and deemed undertaking rule                                                                        |
| MJVZ   | 05/02/19 | \$505.00      | 0.10 | \$50.50  | Review email from J. Knight regarding indebtedness of 611 BC; email from T. Clifford concerning same                                                                  |
| MJVZ   | 05/02/19 | \$505.00      | 0.10 | \$50.50  | Emails with L. Pelletier and S. John regarding service                                                                                                                |
| MJVZ   | 05/02/19 | \$505.00      | 0.20 | \$101.00 | Review letter and email from Gowling; Report to Receiver; email to S. John providing due diligence instructions concerning same; Emails with Receiver concerning same |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                            |
|--------|----------|---------------|------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CC     | 06/02/19 | \$300.00      | 1.40 | \$420.00 | Search of title of 14 Ontario properties and review of titles thereto to confirm charges to be transferred; commence drafting Transfer of Charge; meeting with R. Hooke to discuss titles to properties and receive instructions as to drafting of transfers of charges and next steps |
| SLG    | 06/02/19 | \$825.00      | 0.50 | \$412.50 | Review emails to and from L. Wilkes re settlement                                                                                                                                                                                                                                      |
| SLG    | 06/02/19 | \$825.00      | 0.20 | \$165.00 | Review emails re sale of mortgage portfolio                                                                                                                                                                                                                                            |
| SJ     | 06/02/19 | \$340.00      | 0.80 | \$272.00 | Update client re Mongocoin and Zomongo; Call with M. McCready re examination date; Draft notice of examination re McCready                                                                                                                                                             |
| JKM    | 06/02/19 | \$595.00      | 0.80 | \$476.00 | Telephone call with P. Dalia re APA, diligence and related matters; Email to P. Dalia re Spectrum representations and warranties                                                                                                                                                       |
| MJVZ   | 06/02/19 | \$505.00      | 0.70 | \$353.50 | Emails with S. Graff [REDACTED]; emails and conference call with B. Bando; [REDACTED]                                                                                                                                                                                                  |
| MJVZ   | 06/02/19 | \$505.00      | 0.30 | \$151.50 | Conference call with Receiver and emails with S. John regarding JD exam                                                                                                                                                                                                                |
| MJVZ   | 06/02/19 | \$505.00      | 0.20 | \$101.00 | Email and conference call with B. Bando concerning file review and monetization strategy                                                                                                                                                                                               |
| MJVZ   | 06/02/19 | \$505.00      | 0.30 | \$151.50 | Emails and conference call with J. Merk and buyer counsel and brokerage concerning mortgage sale                                                                                                                                                                                       |
| MJVZ   | 06/02/19 | \$505.00      | 0.10 | \$50.50  | Review email from S. John concerning Ostrowski                                                                                                                                                                                                                                         |
| CC     | 07/02/19 | \$300.00      | 0.60 | \$180.00 | Review of search results and email to W. Skelly of MLT Aikins to explain and request help with Albert and BC mortgages; email to J. Merk, S. Graff and M. van Zandvoort to advise re issues with searches and request additional information or documents;                             |
| JKM    | 07/02/19 | \$595.00      | 0.40 | \$238.00 | Telephone call with B. Bando [REDACTED];<br>[REDACTED];<br>Email to B. Bando re same                                                                                                                                                                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                |
|--------|----------|---------------|------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 07/02/19 | \$505.00      | 0.70 | \$353.50 | Emails with S. Graff [REDACTED]; Emails and conference call with B. Bando; [REDACTED]                                                                      |
| MJVZ   | 07/02/19 | \$505.00      | 0.30 | \$151.50 | Conference call with Receiver and emails with S. John regarding JD exam                                                                                    |
| MJVZ   | 07/02/19 | \$505.00      | 0.20 | \$101.00 | Email and conference call with B. Bando concerning file review and monetization strategy                                                                   |
| MJVZ   | 07/02/19 | \$505.00      | 0.30 | \$151.50 | Emails and conference call with J. Merk and buyer counsel and brokerage concerning mortgage sale                                                           |
| MJVZ   | 07/02/19 | \$505.00      | 0.10 | \$50.50  | Review email from S. John concerning Ostrowski                                                                                                             |
| MJVZ   | 07/02/19 | \$505.00      | 0.20 | \$101.00 | Emails from T. Clifford concerning demands                                                                                                                 |
| CC     | 08/02/19 | \$300.00      | 0.20 | \$60.00  | Telephone conversation with M. Gill re searches of title and transfers of charge in Alberta and BC                                                         |
| SLG    | 08/02/19 | \$825.00      | 0.30 | \$247.50 | Telephone call with M. Spence and emails with B. Bando and M. van Zandvoort [REDACTED]                                                                     |
| SJ     | 08/02/19 | \$340.00      | 0.50 | \$170.00 | Draft letter to M. McCready re examination in aid of execution                                                                                             |
| MES    | 08/02/19 | \$475.00      | 0.90 | \$427.50 | Telephone call and exchange of emails with L. Weekes [REDACTED]; Telephone calls and exchange of emails with S. Graff, B. Bando, M. van Zandvoort re: same |
| MJVZ   | 08/02/19 | \$505.00      | 0.10 | \$50.50  | Emails from S. John concerning letter to McCready                                                                                                          |
| MJVZ   | 08/02/19 | \$505.00      | 0.20 | \$101.00 | Emails from L. Weekes, M. Spence and S. Graff; Emails with M. Spence                                                                                       |
| MJVZ   | 08/02/19 | \$505.00      | 0.10 | \$50.50  | Email from B. Bando regarding Solid                                                                                                                        |
| MES    | 10/02/19 | \$475.00      | 0.50 | \$237.50 | Telephone call with M. van Zandvoort and B. Bando [REDACTED]; Exchange emails with M. van Zandvoort and B. Bando re: same                                  |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                               |
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| MJVZ   | 10/02/19 | \$505.00      | 0.50 | \$252.50   | Email from M. Spence; Conference call with M. Spence and B. Bando and [REDACTED] and email same to M. Spence and B. Bando                                                                                                                                                                                 |
| CC     | 11/02/19 | \$300.00      | 1.40 | \$420.00   | Draft of Transfers of Charge; draft of Acknowledgement and Direction for Transfers of Charge; receipt and review of email from M. Gill with BC title searches and reply to M. Gill                                                                                                                        |
| MES    | 11/02/19 | \$475.00      | 0.80 | \$380.00   | Email to L. Weekes [REDACTED]; Receive email and voicemail from L. Weekes; Telephone calls with B. Bando re: same; Telephone call with L. Weekes [REDACTED]                                                                                                                                               |
| MJVZ   | 11/02/19 | \$505.00      | 2.00 | \$1,010.00 | Emails from M. Spence and L. Weekes                                                                                                                                                                                                                                                                       |
| MJVZ   | 11/02/19 | \$505.00      | 0.10 | \$50.50    | Emails from T. Clifford and B. Bando                                                                                                                                                                                                                                                                      |
| CC     | 12/02/19 | \$300.00      | 0.20 | \$60.00    | Receipt and review of email from S. Graff and reply providing update of BC and Alberta searches; meeting with R. Hooke re draft Transfers of Charge for Ontario and next steps thereto;                                                                                                                   |
| JKM    | 12/02/19 | \$595.00      | 0.20 | \$119.00   | Revise draft closing documents                                                                                                                                                                                                                                                                            |
| MES    | 12/02/19 | \$475.00      | 0.60 | \$285.00   | Exchange emails with L. Weekes [REDACTED]; Telephone calls with B. Bando and S. Graff re: same; Email to L. Weekes [REDACTED]                                                                                                                                                                             |
| CC     | 13/02/19 | \$300.00      | 0.70 | \$210.00   | Email to J. Pell at Spectrum re transfer of charges; emails to M. Gill responding to previous emails and advising re next steps; submission fo pre-approval to land registry office for draft Transfer of Charge; telephone conversation with M. Gill and email to M. Gill with Order appointing receiver |
| MJVZ   | 14/02/19 | \$505.00      | 0.10 | \$50.50    | Letter from Paragon counsel                                                                                                                                                                                                                                                                               |
| CC     | 19/02/19 | \$300.00      | 0.70 | \$210.00   | Receipt and review of email from R. Sanders and reply thereto; draft of Acknowledgement and Direction for execution by Spectrum; draft of Transfer of Charge for Spectrum held charge; email to                                                                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | J. Pell requesting execution of Acknowledgement and further information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| SJ     | 19/02/19 | \$340.00      | 3.00 | \$1,020.00 | Instruct J. McLean re booking examination and service re McCready; Draft Notice of Examination re same; Research re alternative service and email to C. Webster re same                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| SRM    | 19/02/19 | \$370.00      | 0.10 | \$37.00    | Emails re discharges and payout relating to Advanced Metal                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| RJS    | 19/02/19 | \$340.00      | 0.90 | \$306.00   | Email to C. Casasola re transfer of charge; email to P. Walia re closing documents; email to B. Bando and J. Knight re same                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| MJVZ   | 19/02/19 | \$505.00      | 0.20 | \$101.00   | Emails with S. John and B. Bando regarding McCready exam and email to S. John concerning same                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| MJVZ   | 19/02/19 | \$505.00      | 0.10 | \$50.50    | Emails with M. Spence, B. Bando L. Weekes [REDACTED]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| MJVZ   | 19/02/19 | \$505.00      | 0.10 | \$50.50    | Email from R. Saunders providing update on transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| MJVZ   | 19/02/19 | \$505.00      | 0.10 | \$50.50    | Review emails from C. Webster and S. John concerning alternative service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| CC     | 20/02/19 | \$300.00      | 1.80 | \$540.00   | Telephone conversation with R. Sanders re emails from M. Gill and discussion of next steps; voicemail with M. Gill re discussion for execution of documents; telephone conference call with R. Sanders and M. Gill re documents for transfer of charges in Alberta and BC; meeting with R. Hooke to provide update; email to B. Bando at Grant Thornton with instructions and documents for signing; email to F. M. Marti at Spectrum with instructions and documents for signing; email communication to M. Gill, B. Bando and R. Walter re signing of documents; receipt and review of communication from J. Pell and discussion with R. Hooke thereto; email to L. DeMelo requesting further documentation re Ontario properties |
| SLG    | 20/02/19 | \$825.00      | 0.30 | \$247.50   | Review emails re: closing of deal for sale of mortgage portfolio and receivership order.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME   | VALUE       | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------|----------|---------------|--------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SJ            | 20/02/19 | \$340.00      | 2.00   | \$680.00    | Email to B. Bando re Zomongo claim service; Calls with R. Sanders re original appointment order; Instruct and oversee J. McLean and M. Helfand re court office attendance re same                                                                                                                                                                                                                                                                                                                                                                                                      |
| SRM           | 20/02/19 | \$370.00      | 0.50   | \$185.00    | Factoring Fund; Review emails re status; Prepare draft PPSA discharge; Emails re status of deposit; Review deposit; Update registration records; Circulate registration to be assigned                                                                                                                                                                                                                                                                                                                                                                                                 |
| RJS           | 20/02/19 | \$340.00      | 2.30   | \$782.00    | Call with C. Casola re acknowledgment and direction; email to J. Merk re same; call with Alberta land titles office re receivership order; Call with M. Gill re same                                                                                                                                                                                                                                                                                                                                                                                                                   |
| MJVZ          | 20/02/19 | \$505.00      | 0.10   | \$50.50     | Emails with L. Weekes, M. Spence, B. Bando regarding Lyncorp                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| MJVZ          | 20/02/19 | \$505.00      | 0.20   | \$101.00    | Emails with Aird & Berlis team regarding mortgage sale and certified order                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| MJVZ          | 20/02/19 | \$505.00      | 0.10   | \$50.50     | Review emails from B. Bando and S. John concerning alternative service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| CC            | 21/02/19 | \$300.00      | 2.00   | \$600.00    | Receipt and review of Alberta transfer documents from R. Walter; telephone discussion with R. Walter re necessary revisions to Alberta transfer documents; Revisions to Alberta Affidavit of Execution documents; meeting with B. Bando and R. Hooke to execute documents for transfers in Ontario, BC and Alberta; instructions to L. Rolfe re signed transfer documents; conversation with M. Gill re next steps; telephone conversation with R. Sanders re next steps; draft of correspondence to M. Gill and R. Walter re courier of signed documents for preparation for transfer |
| RJS           | 21/02/19 | \$340.00      | 1.20   | \$408.00    | Prepared letters to MLT Aikins enclosing court-certified copies of receivership order; call with P. Walia re APS and related closing documents                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>TOTAL:</b> |          |               | 115.90 | \$50,333.00 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |



| Name                         | Hours | Rate     | Value       |
|------------------------------|-------|----------|-------------|
| Miranda E. Spence (MES)      | 5.50  | \$474.27 | \$2,608.50  |
| Mark J. van Zandvoort (MJVZ) | 46.10 | \$505.00 | \$23,280.50 |
| Shakaira John (SJ)           | 15.90 | \$340.00 | \$5,406.00  |
| Daniella Hodgson (DH)        | 6.20  | \$250.00 | \$1,550.00  |
| Shannon R. Morris (SRM)      | 0.80  | \$370.00 | \$296.00    |
| Christina Pugliese (CP)      | 0.40  | \$215.00 | \$86.00     |
| Steven L. Graff (SLG)        | 4.90  | \$825.00 | \$4,042.50  |
| Matthew Helfand (MH)         | 1.40  | \$275.00 | \$385.00    |
| Patrick Williams (PW)        | 1.80  | \$190.00 | \$342.00    |
| Christine Miroslavich (CM)   | 2.90  | \$300.00 | \$870.00    |
| Eveleen Lal (EL)             | 2.50  | \$300.00 | \$750.00    |
| Brian Chung (BC)             | 0.30  | \$395.00 | \$118.50    |
| Randy T. Hooke (RTH)         | 0.60  | \$725.00 | \$435.00    |
| Jeffrey K. Merk (JKM)        | 5.80  | \$595.00 | \$3,451.00  |
| Russell J. Sanders (RJS)     | 11.80 | \$340.00 | \$4,012.00  |
| Carlos Casasola (CC)         | 9.00  | \$300.00 | \$2,700.00  |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$50,333.00 |
| HST at 13%     | \$6,543.29  |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                                     |          |
|-------------------------------------|----------|
| Due Diligence-Gov Fee               | \$23.50  |
| Notice of Action/Statement of Claim | \$220.00 |
| Wire Charges                        | \$32.50  |

|                    |          |
|--------------------|----------|
| Total Agency Costs | \$276.00 |
|--------------------|----------|

**Subject to HST**

|                       |          |
|-----------------------|----------|
| Taxi                  | \$36.72  |
| Photocopies - Local   | \$266.75 |
| Agency Fee            | \$110.00 |
| Corporate Search      | \$101.00 |
| LPIC Transaction Levy | \$100.00 |
| Photocopies           | \$4.50   |
| Imaging/Scanning      | \$76.25  |
| Binding and Tabs      | \$10.25  |
| Motor Vehicle Search  | \$12.00  |
| Teraview Search       | \$585.40 |
| Deliveries/Parss      | \$39.20  |

|                     |            |
|---------------------|------------|
| Total Disbursements | \$1,342.07 |
| HST at 13%          | \$174.47   |

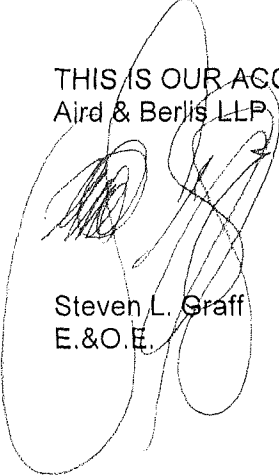
**AMOUNT NOW DUE**

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**\$58,668.83**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP



Steven L. Graff  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

35268131.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 627656**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

March 18, 2019

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended February 28, 2019

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                    |
|--------|----------|---------------|------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RTH    | 04/02/19 | \$725.00      | 0.30 | \$217.50 | Review agreement; Email from J. Merk                                                                                                                                                                           |
| RTH    | 05/02/19 | \$725.00      | 0.20 | \$145.00 | Discussion with clerk re assignments                                                                                                                                                                           |
| RTH    | 12/02/19 | \$725.00      | 0.40 | \$290.00 | Email from S. Graff; Discussion with C. Casasola; Email from J. Merk                                                                                                                                           |
| RTH    | 13/02/19 | \$725.00      | 0.20 | \$145.00 | Emails from C. Casasola; Discussion with C. Casasola; Email from M. Gill                                                                                                                                       |
| JKM    | 19/02/19 | \$595.00      | 1.30 | \$773.50 | Revise draft closing documents; Meeting with R. Sanders re same                                                                                                                                                |
| MES    | 19/02/19 | \$475.00      | 0.50 | \$237.50 | Exchange emails with L. Weekes, B. Bando, S. Morris re: discharge of registrations upon receipt of funds from Lyncorp                                                                                          |
| MH     | 20/02/19 | \$275.00      | 0.90 | \$247.50 | Attend at commercial list to obtain certified copies of judge's order                                                                                                                                          |
| RTH    | 20/02/19 | \$725.00      | 0.40 | \$290.00 | Email from clerk; Discussion with clerk                                                                                                                                                                        |
| MES    | 20/02/19 | \$475.00      | 1.30 | \$617.50 | Exchange emails and telephone call with L. Weekes [REDACTED] and draft assignment documents; Telephone calls with S. Morris re: receiving funds and addressing registrations; Exchange numerous emails with L. |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                     |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | Weekes' office and S. Morris [REDACTED]<br>[REDACTED]; Exchange emails with B. Bando re: same                                                                                                                                                                                                                   |
| MES    | 20/02/19 | \$475.00      | 0.30 | \$142.50   | Exchange emails re: Mortgage Strategy deal                                                                                                                                                                                                                                                                      |
| RTH    | 21/02/19 | \$725.00      | 0.60 | \$435.00   | Meeting with clerk, B. Bando; Discussion with clerk; Emails from clerk                                                                                                                                                                                                                                          |
| SJ     | 21/02/19 | \$340.00      | 4.20 | \$1,428.00 | Prepare for examination re McCready                                                                                                                                                                                                                                                                             |
| SRM    | 21/02/19 | \$370.00      | 0.10 | \$37.00    | Factoring; Emails re wire transfer for Advanced Metal Assignment of Debt and Security                                                                                                                                                                                                                           |
| MES    | 21/02/19 | \$475.00      | 0.50 | \$237.50   | Address funds received from Lyncorp and arrange for transfer to Grant Thornton                                                                                                                                                                                                                                  |
| MJVZ   | 21/02/19 | \$505.00      | 0.50 | \$252.50   | Review notice of motion and review of submission; Email comments to MLT                                                                                                                                                                                                                                         |
| CC     | 22/02/19 | \$300.00      | 0.70 | \$210.00   | Search of title of 284 Lake Street and review thereof; search of title of Pine Ridge Road and review thereof; draft of Transfer of charge for 284 Lake Street; draft of Transfer of Charge for Pine Ridge Road; follow up with R. Sanders re transfers of caveat to be signed by Ryan Mortgage Income Fund Inc. |
| SLG    | 22/02/19 | \$825.00      | 0.20 | \$165.00   | Review emails to lift stay of proceedings                                                                                                                                                                                                                                                                       |
| MES    | 22/02/19 | \$475.00      | 0.20 | \$95.00    | Exchange emails re: receipt of funds from SMC (Commercial Loans)                                                                                                                                                                                                                                                |
| MJVZ   | 22/02/19 | \$505.00      | 0.20 | \$101.00   | Emails with S. John and from B. Bando                                                                                                                                                                                                                                                                           |
| MJVZ   | 22/02/19 | \$505.00      | 0.10 | \$50.50    | Email from T. Clifford                                                                                                                                                                                                                                                                                          |
| JKM    | 24/02/19 | \$595.00      | 0.20 | \$119.00   | Email to R. Sanders re signature changes and AB documents                                                                                                                                                                                                                                                       |
| MJVZ   | 24/02/19 | \$505.00      | 0.20 | \$101.00   | Emails with R. Saunders and M. Markussen                                                                                                                                                                                                                                                                        |
| CC     | 25/02/19 | \$300.00      | 0.40 | \$120.00   | Telephone call with R. Sanders re outstanding documents for execution; instructions to L. Rolfe re correspondence for documents sent to Ryan Mortgage Income Fund; further call with R. Sanders                                                                                                                 |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                  |
|--------|----------|---------------|------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | and receipt of instructions; email to P. Walia providing executed transfer of charge documents                                                                               |
| AG     | 25/02/19 | \$650.00      | 0.40 | \$260.00 | Reviewing email of R. Sanders; Researching relevant legislative provisions and email to R. Sanders to confirm GST/HST advice                                                 |
| SLG    | 25/02/19 | \$825.00      | 0.20 | \$165.00 | Review email on APS and HST issue                                                                                                                                            |
| RTH    | 25/02/19 | \$725.00      | 0.20 | \$145.00 | Discussion with clerk; Telephone call from R. Sanders                                                                                                                        |
| SJ     | 25/02/19 | \$340.00      | 2.50 | \$850.00 | Prepare materials for examination regarding McCready; Attend at Victory Verbatim regarding same; Report to client regarding same; Draft letter to M. McCready regarding same |
| JKM    | 25/02/19 | \$595.00      | 0.60 | \$357.00 | Telephone call with R. Sanders re revisions to APA; Email to R. Sanders re HST proposal; Review revised APA; Email to R. Sanders re same; Email to R. Sanders re HST matters |
| RJS    | 25/02/19 | \$340.00      | 1.60 | \$544.00 | Revised asset purchase agreement; call with P. Walia re same                                                                                                                 |
| MJVZ   | 25/02/19 | \$505.00      | 0.20 | \$101.00 | Emails with S. John regarding non-attendance of McCready and review letter and email to S. John concerning same; Email from B. Bando                                         |
| MJVZ   | 25/02/19 | \$505.00      | 0.20 | \$101.00 | Emails with R. Sanders regarding transaction                                                                                                                                 |
| SLG    | 26/02/19 | \$825.00      | 0.30 | \$247.50 | Review Asset Purchase Agreement language re mortgage portfolio                                                                                                               |
| SJ     | 26/02/19 | \$340.00      | 0.50 | \$170.00 | Revise letter to McCready; Instruct V. Tewarie regarding same                                                                                                                |
| JKM    | 26/02/19 | \$595.00      | 0.60 | \$357.00 | Email to S. Graff re HST and APA; Email to R. Sanders re same; Revise APA re same                                                                                            |
| RJS    | 26/02/19 | \$340.00      | 0.80 | \$272.00 | Call with M. Gill re receivership order; email to P. Walia re asset purchase agreement; email to B. Bando re same; call with B. Bando re APA                                 |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 26/02/19 | \$505.00      | 0.20 | \$101.00 | Emails with J. Merk, R. Saunders, and S. Graff regarding transaction and email from B. Bando concerning same                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| MJVZ   | 26/02/19 | \$505.00      | 0.20 | \$101.00 | Emails with R. Sanders regarding transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| CC     | 27/02/19 | \$300.00      | 1.20 | \$360.00 | Receipt and review of approval documents from M. Garstka of Service Ontario, Land Registry Office; request of instruments as noted by M. Garstka and review thereof; meeting with R. Hooke thereto to determine and receive instructions re next steps; receipt and review of email from M. Gill and reply thereto re signing of document from Ryan Mortgage Income Fund; telephone call with M. Gill re next steps and email sent to him; telephone call with R. Walter of Alberta office of MLT Aikins re document for signing by Ryan Mortgage Income Fund; telephone voicemail and email to M. Garstka requesting further information re approval of registration of Transfers of Charge; draft of Application to Register Court Order for Thunder Bay; meeting with J. Scarpelli re registration of Application to Register Court Order and review thereof; draft of Applications to Register Court Order for remainder of land registry offices; |
| RTH    | 27/02/19 | \$725.00      | 0.20 | \$145.00 | Email from clerk; Discussion with clerk re receivers order                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| SJ     | 27/02/19 | \$340.00      | 0.50 | \$170.00 | Telephone call with R. Sanders and B. Bando regarding mortgages sale; Discussions with R. Sanders and B. Bando regarding same; Discussions with S. Graff regarding same                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| MJVZ   | 27/02/19 | \$505.00      | 0.10 | \$50.50  | Emails from R. Saunders                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| MJVZ   | 27/02/19 | \$505.00      | 0.10 | \$50.50  | Email from T. Clifford regarding leave motion                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| CC     | 28/02/19 | \$300.00      | 0.10 | \$30.00  | Email reply to R. Walter re Grant Thornton address and other matters; follow up email to R. Sanders re next steps                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| SLG    | 28/02/19 | \$825.00      | 0.20 | \$165.00 | Discussion with R. Sanders re Agreement of Purchase and Sale and tax section                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                                                                                   |
|---------------|----------|---------------|-------|-------------|---------------------------------------------------------------------------------------------------------------|
| JKM           | 28/02/19 | \$595.00      | 0.30  | \$178.50    | Review revised APA; Email to R. Sanders re same                                                               |
| RJS           | 28/02/19 | \$340.00      | 1.50  | \$510.00    | Meeting with S. Graff re APA; call with A. Gentile re HST; call with B. Bando and S. John re HST; revised APA |
| MES           | 28/02/19 | \$475.00      | 0.20  | \$95.00     | Receive and review email from L. Weekes re: form of assignment agreement [REDACTED]                           |
| MJVZ          | 28/02/19 | \$505.00      | 0.20  | \$101.00    | Emails from R. Saunders and B. Bando and review blackline of purchase agreement                               |
| <b>TOTAL:</b> |          |               | 27.00 | \$12,084.50 |                                                                                                               |

| Name                         | Hours | Rate     | Value      |
|------------------------------|-------|----------|------------|
| Randy T. Hooke (RTH)         | 2.50  | \$725.00 | \$1,812.50 |
| Jeffrey K. Merk (JKM)        | 3.00  | \$595.00 | \$1,785.00 |
| Miranda E. Spence (MES)      | 3.00  | \$475.00 | \$1,425.00 |
| Matthew Helfand (MH)         | 0.90  | \$275.00 | \$247.50   |
| Shakaira John (SJ)           | 7.70  | \$340.00 | \$2,618.00 |
| Shannon R. Morris (SRM)      | 0.10  | \$370.00 | \$37.00    |
| Mark J. van Zandvoort (MJVZ) | 2.20  | \$505.00 | \$1,111.00 |
| Carlos Casasola (CC)         | 2.40  | \$300.00 | \$720.00   |
| Steven L. Graff (SLG)        | 0.90  | \$825.00 | \$742.50   |
| Angelo Gentile (AG)          | 0.40  | \$650.00 | \$260.00   |
| Russell J. Sanders (RJS)     | 3.90  | \$340.00 | \$1,326.00 |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$12,084.50 |
| HST at 13%     | \$1,570.99  |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                                     |            |
|-------------------------------------|------------|
| Wire Charges                        | \$17.50    |
| Notice of Action/Statement of Claim | (\$220.00) |
| Filing Fee                          | \$420.00   |

|                    |          |
|--------------------|----------|
| Total Agency Costs | \$217.50 |
|--------------------|----------|

**Subject to HST**

|                     |          |          |
|---------------------|----------|----------|
| Deliveries/Parss    | \$166.75 |          |
| Teraview Search     | \$66.40  |          |
| Agency Fee          | \$347.20 |          |
| Photocopies - Local | \$20.25  |          |
| Imaging/Scanning    | \$2.75   |          |
| Total Disbursements |          | \$603.35 |
| HST at 13%          |          | \$78.44  |

**AMOUNT NOW DUE**

**\$14,554.78**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP

Steven L. Graff

E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

35487834.1



IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 630535**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

April 15, 2019

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended March 31, 2019

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------|
| MES    | 01/03/19 | \$475.00      | 0.10 | \$47.50  | Email to B. McKenzie re: follow up (Commercial Loans)                                                                                      |
| MJVZ   | 01/03/19 | \$505.00      | 0.20 | \$101.00 | Emails from R. Saunders and B. Bando and review blackline of purchase agreement                                                            |
| JKM    | 04/03/19 | \$595.00      | 0.40 | \$238.00 | Telephone call with R. Sanders re purchase price determination and next steps; Meeting with R. Sanders re APA and closing document matters |
| SRM    | 04/03/19 | \$370.00      | 0.10 | \$37.00  | Review email re Assignment Agreement                                                                                                       |
| RJS    | 04/03/19 | \$340.00      | 1.50 | \$510.00 | Call with J. Merk re closing; email to B. Bando re same; email to P. Walia re same; call with J. Pell and B. Bando                         |
| MES    | 04/03/19 | \$475.00      | 1.00 | \$475.00 | Review and revise assignment of guarantees to Lyncorp; Email to B. Bando re: same; Email to L. Weekes re: same                             |
| MJVZ   | 04/03/19 | \$505.00      | 0.10 | \$50.50  | Email from B. McKenna                                                                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                                |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 04/03/19 | \$505.00      | 0.10 | \$50.50  | Emails from M. Spence and L. Weekes regarding assignment agreement                                                                                                                                                                                                                         |
| MJVZ   | 04/03/19 | \$505.00      | 0.10 | \$50.50  | Email from R. Saunders regarding mortgage transaction                                                                                                                                                                                                                                      |
| CC     | 05/03/19 | \$300.00      | 0.50 | \$150.00 | Telephone call with R. Sanders to provide update re real estate transfer documentation; email to R. Sanders providing all real estate signed documents; email to M. Gill and review of reply therefrom; further email to R. Sanders and compile of unsigned transfer of mortgage documents |
| JKM    | 05/03/19 | \$595.00      | 0.30 | \$178.50 | Review revised APA; Email to R. Sanders re same                                                                                                                                                                                                                                            |
| RJS    | 05/03/19 | \$340.00      | 1.50 | \$510.00 | Call with C. Cassasola re transfer documents; reviewed asset purchase agreement; call with B. Bando re closing adjustments                                                                                                                                                                 |
| MES    | 05/03/19 | \$475.00      | 0.80 | \$380.00 | Exchange emails with B. Bando and L. Weekes re: revised assignment agreement re: Lyncorp assignment; Receive and review additional proposed revision from L. Weekes; Exchange emails with B. Bando re: same                                                                                |
| CC     | 06/03/19 | \$300.00      | 0.80 | \$240.00 | Draft of Applications to Register Court Order in various land registry offices; draft of transfer of charge language pursuant to registration of court order; meeting with R. Hooke for review thereof                                                                                     |
| SJ     | 06/03/19 | \$340.00      | 0.20 | \$68.00  | Emails to B. Bando and C. Webster re service of Zomongo claim                                                                                                                                                                                                                              |
| JKM    | 06/03/19 | \$595.00      | 0.70 | \$416.50 | Meeting with R. Sanders re APA and closing matters; Telephone call with P. Walia re purchase price and APA changes                                                                                                                                                                         |
| RJS    | 06/03/19 | \$340.00      | 2.20 | \$748.00 | Call with B. Bando re purchase price; reviewed buyer's closing documents                                                                                                                                                                                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                       |
|--------|----------|---------------|------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MES    | 06/03/19 | \$475.00      | 0.30 | \$142.50 | Receive email from B. Bando providing executed Lyncorp assignment; Exchange emails with L. Weekes re: same                                                                                                                                        |
| MJVZ   | 06/03/19 | \$505.00      | 0.10 | \$50.50  | Email from R. Sanders                                                                                                                                                                                                                             |
| MJVZ   | 06/03/19 | \$505.00      | 0.10 | \$50.50  | Email from B. Bando regarding Lyncorp                                                                                                                                                                                                             |
| MJVZ   | 06/03/19 | \$505.00      | 0.10 | \$50.50  | Emails from S. John and L. Pelletier                                                                                                                                                                                                              |
| CC     | 07/03/19 | \$300.00      | 0.50 | \$150.00 | Revisions to draft Transfers of Charge in Ontario; telephone conversation with R. Sanders to provide update on transaction; email to R. Walter following up re outstanding Alberta document                                                       |
| SJ     | 07/03/19 | \$340.00      | 1.00 | \$340.00 | Various emails with R. Sanders re receiver's reports and order; Review file re same; Call with C. Webster re service of Zomongo claim                                                                                                             |
| MES    | 07/03/19 | \$475.00      | 0.30 | \$142.50 | Receive email from D. Ferguson [REDACTED] and exchange emails with B. Bando re: same                                                                                                                                                              |
| MES    | 07/03/19 | \$475.00      | 0.20 | \$95.00  | Exchange emails with L. Weekes and B. Bando re: fully executed Lyncorp assignment                                                                                                                                                                 |
| MJVZ   | 07/03/19 | \$505.00      | 0.10 | \$50.50  | Email from M. Spence and B. Bando regarding assignment agreement; Email to C. Johnston regarding same                                                                                                                                             |
| MJVZ   | 07/03/19 | \$505.00      | 0.10 | \$50.50  | Emails from C. Webster and S. John regarding service                                                                                                                                                                                              |
| MJVZ   | 07/03/19 | \$505.00      | 0.10 | \$50.50  | Review emails from B. McKenna, D. Ferguson and M. Spence regarding OOM                                                                                                                                                                            |
| CC     | 08/03/19 | \$300.00      | 0.90 | \$270.00 | Attending to Registration of Court Orders across Ontario Land Registry Offices; revisions to Transfer of Charge documents to reflect registered Court Order instrument numbers; attending to registration of application to register court order; |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                 |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | attending to registration of transfers of charges                                                                                                                                                                           |
| RTH    | 08/03/19 | \$725.00      | 0.20 | \$145.00 | Discussion with clerk re registration                                                                                                                                                                                       |
| JKM    | 08/03/19 | \$595.00      | 0.30 | \$178.50 | Telephone call with P. Walla and R. Sanders re closing mechanics and registration matters                                                                                                                                   |
| RJS    | 08/03/19 | \$340.00      | 1.40 | \$476.00 | Attended to closing                                                                                                                                                                                                         |
| MES    | 08/03/19 | \$475.00      | 0.20 | \$95.00  | Telephone call with B. Bando re: proposed strategy [REDACTED]                                                                                                                                                               |
| MJVZ   | 08/03/19 | \$505.00      | 0.10 | \$50.50  | Emails with R. Sanders regarding closing                                                                                                                                                                                    |
| CC     | 11/03/19 | \$300.00      | 0.50 | \$150.00 | Attending to registration of remaining Court Orders; attending to registration of balance of Transfers of Charge; email to P. Walla providing registered documents and advising completion thereof                          |
| RTH    | 11/03/19 | \$725.00      | 0.20 | \$145.00 | Discussion with clerk; Arrange for registration                                                                                                                                                                             |
| SLG    | 12/03/19 | \$825.00      | 0.20 | \$165.00 | Emails with R. Sanders re closing of portfolio same and release of proceeds to GTL                                                                                                                                          |
| SJ     | 12/03/19 | \$340.00      | 1.80 | \$612.00 | Review file re service of Zomongo claim; Emails to C. Webster re same; Review rules re alternative service; Various emails with B. Bando and M. van Zandvoort re same; Instruct J. McLean re motion for substituted service |
| MES    | 12/03/19 | \$475.00      | 0.30 | \$142.50 | Receive email from B. McKenzie [REDACTED] and exchange emails with B. Bando re: same; Email to D. Ferguson re: telephone calls                                                                                              |
| MJVZ   | 12/03/19 | \$505.00      | 0.10 | \$50.50  | Emails from S. John regarding Zomongo service                                                                                                                                                                               |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                         |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 12/03/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding motion for substituted service and from S. John and B. Bando                                                                                                                                                                                                                                          |
| MJVZ   | 12/03/19 | \$505.00      | 0.10 | \$50.50    | Emails from B. Bando and M. Spence regarding OOM                                                                                                                                                                                                                                                                                    |
| SLG    | 14/03/19 | \$825.00      | 0.20 | \$165.00   | Emails re service of claim and defence re actions on guarantee et al (Denhollander and Ostrowski)                                                                                                                                                                                                                                   |
| SJ     | 14/03/19 | \$340.00      | 2.50 | \$850.00   | Draft materials re motion for substituted service (Zomongo claim); Various emails with M. van Zandvoort re same; Draft letters to J. Ostrowski and J. Hughes-Ostrowski re same                                                                                                                                                      |
| MJVZ   | 14/03/19 | \$505.00      | 0.40 | \$202.00   | Receive and review email from S. John regarding sending Claim to Zomongo Defendants via email and scheduled Motion; Send email to S. John providing instructions; Receive email from S. John attaching letters to Zomongo Defendants; Email to S. John concerning revisions to same and review email from S. John transmitting same |
| MJVZ   | 14/03/19 | \$505.00      | 0.20 | \$101.00   | Receive and review email from K. Wheaton attaching letter from C. Popwich attaching Notice of Intent to Defend; Review emails from S. John, S. Graff and B. Bando concerning same; Email to S. Graff                                                                                                                                |
| SJ     | 15/03/19 | \$340.00      | 4.50 | \$1,530.00 | Draft motion materials re substituted service (Zomongo Claim); Prepare exhibits to affidavit re same; Emails to M. van Zandvoort and C. Webster re same                                                                                                                                                                             |
| MJVZ   | 15/03/19 | \$505.00      | 0.30 | \$151.50   | Emails with S. John regarding draft Notice of Motion, Affidavit and Orders for the validated/substituted service Motion; Instruct S. John to follow-up with C. Webster; Receive email from C. Webster attaching Affidavits                                                                                                          |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                              |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 16/03/19 | \$505.00      | 1.50 | \$757.50 | Review and revise motion materials for motion to substituted/validating service; Email to S. John instructing re same                                                    |
| MJVZ   | 17/03/19 | \$505.00      | 0.10 | \$50.50  | Email from S. John regarding motion materials                                                                                                                            |
| SJ     | 18/03/19 | \$340.00      | 1.50 | \$510.00 | Revise motion materials re Zomongo; Instruct J. McLean re same; Various emails to C. Webster and M. van Zandvoort re same; Call with C. Webster re affidavits of service |
| MJVZ   | 18/03/19 | \$505.00      | 0.30 | \$151.50 | Emails with MLT and S. John regarding motion                                                                                                                             |
| SJ     | 19/03/19 | \$340.00      | 0.40 | \$136.00 | Review and revise affidavit of service of corporate Zomongo entities; Emails to C. Webster re same                                                                       |
| JKM    | 19/03/19 | \$595.00      | 0.30 | \$178.50 | Email to R. Sanders re questions on discharged mortgage; Review APA re same                                                                                              |
| RJS    | 19/03/19 | \$340.00      | 0.60 | \$204.00 | Compiled record book; reviewed mortgage spreadsheet for discharged mortgage; emails to J. Merk re discharged mortgage                                                    |
| MJVZ   | 19/03/19 | \$505.00      | 0.20 | \$101.00 | Emails with S. John and from C. Webster concerning motion                                                                                                                |
| RTH    | 20/03/19 | \$725.00      | 0.20 | \$145.00 | Discussion with C. Casasola re discharged mortgage; Instructions to clerk                                                                                                |
| SJ     | 20/03/19 | \$340.00      | 2.00 | \$680.00 | Revise motion materials; Instruct J. McLean re service and filing; Prepare motion record; Email to B. Bando re motion record and service update                          |
| MES    | 20/03/19 | \$475.00      | 0.10 | \$47.50  | Receive email from D. Ferguson re: negotiations with OOM                                                                                                                 |
| MJVZ   | 20/03/19 | \$505.00      | 0.20 | \$101.00 | Receive and review email from S. John attaching Affidavits of Service and Motion Record for                                                                              |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | validated/substituted service motion;<br>Emails from J. McLean serving<br>Motion Record on J. Hughes-<br>Ostrowski and J. Ostrowski; Receive<br>and review email from B. Bando<br>regarding follow-up with M.<br>McCready; Email from S. John                                                                                                                                                                   |
| PW     | 20/03/19 | \$190.00      | 0.60 | \$114.00 | Filed Motion Record for March 22,<br>2019                                                                                                                                                                                                                                                                                                                                                                       |
| DH     | 21/03/19 | \$250.00      | 1.10 | \$275.00 | Emails to and from S. John; Review<br>dockets; Preparation of costs outline<br>for motion returnable March 22,<br>2019                                                                                                                                                                                                                                                                                          |
| RTH    | 21/03/19 | \$725.00      | 0.20 | \$145.00 | Discussion with C. Casasola; Email<br>from C. Casasola re discharged<br>mortgages                                                                                                                                                                                                                                                                                                                               |
| SJ     | 21/03/19 | \$340.00      | 0.50 | \$170.00 | Instruct D. Hodgson re costs outline;<br>Draft requisition re noting in default<br>re Zomongo.TV Holdings; Call to M.<br>McCready re bankruptcy filing                                                                                                                                                                                                                                                          |
| MJVZ   | 21/03/19 | \$505.00      | 0.20 | \$101.00 | Emails with S. John regarding<br>Zomongo Defences                                                                                                                                                                                                                                                                                                                                                               |
| CC     | 22/03/19 | \$300.00      | 0.60 | \$180.00 | Review of Land Registry Office<br>return notes; telephone call to J.<br>Gardner at land registry office to<br>confirm revision request to<br>applications to register Court Order;<br>email to L. Rolfe with instructions for<br>real estate documents; email to M.<br>Gill for BC documents; attending to<br>re-submission of five applications to<br>register court order per J. Gardner<br>request and notes |
| DH     | 22/03/19 | \$250.00      | 0.50 | \$125.00 | Email from S. John; Review invoices<br>and disbursements from MLT Aikins;<br>Telephone call with S. John re<br>same; Update and finalize costs<br>outline for motion returnable March<br>22, 2019                                                                                                                                                                                                               |
| SJ     | 22/03/19 | \$340.00      | 2.80 | \$952.00 | Prepare for court attendance; Attend<br>court re Zomongo motion for<br>substituted service; Instruct J.<br>McLean re service same; Draft                                                                                                                                                                                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                     |
|--------|----------|---------------|------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | service letters re same                                                                                                                                                         |
| MJVZ   | 22/03/19 | \$505.00      | 0.20 | \$101.00 | Review emails from S. John and J. McLean regarding motion and Order; Email to S. John                                                                                           |
| MES    | 24/03/19 | \$475.00      | 0.10 | \$47.50  | Email to D. Ferguson requesting call re: OOM                                                                                                                                    |
| SJ     | 25/03/19 | \$340.00      | 0.10 | \$34.00  | [A106] Emails to C. Popovich and M. Van Zadvoort re DenHollander guarantees                                                                                                     |
| RJS    | 25/03/19 | \$340.00      | 0.60 | \$204.00 | Prepared record book                                                                                                                                                            |
| MES    | 25/03/19 | \$475.00      | 0.10 | \$47.50  | Receive email from D. Ferguson re: OOM                                                                                                                                          |
| MJVZ   | 25/03/19 | \$505.00      | 0.20 | \$101.00 | Letter from C. Popowich; Emails with B. Bando and S. John concerning same and review of statement of claim concerning same                                                      |
| MJVZ   | 25/03/19 | \$505.00      | 0.20 | \$101.00 | Review statement of defence and correspondence from counsel and emails with B. Bando concerning same                                                                            |
| MJVZ   | 26/03/19 | \$505.00      | 0.10 | \$50.50  | Review letter from C. Popowich                                                                                                                                                  |
| MJVZ   | 26/03/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. John regarding next steps litigation matters                                                                                                                     |
| MJVZ   | 26/03/19 | \$505.00      | 0.10 | \$50.50  | Office conference with M. Spence regarding next steps OOM/Clydesdale                                                                                                            |
| MJVZ   | 26/03/19 | \$505.00      | 0.80 | \$404.00 | Emails from B. Skelly regarding S. Spletzer affidavit and motion to adduce fresh evidence; Review affidavit and exhibits and emails with B. Skelly and B. Bando concerning same |
| SLG    | 27/03/19 | \$825.00      | 0.10 | \$82.50  | Emails with B. Skelly re approach and appeal                                                                                                                                    |
| SJ     | 27/03/19 | \$340.00      | 1.00 | \$340.00 | Review file re Zomongo claim guarantees; Review file re actions and open issues; Revise draft re same                                                                           |



| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                                                                                 |
|---------------|----------|---------------|-------|-------------|-------------------------------------------------------------------------------------------------------------|
| MJVZ          | 27/03/19 | \$505.00      | 0.40  | \$202.00    | Review Single Source materials received and Alberta PPSA and conference call with J. Knight concerning same |
| MJVZ          | 27/03/19 | \$505.00      | 0.10  | \$50.50     | Emails with S. John regarding Confirmation Agreement                                                        |
| MJVZ          | 27/03/19 | \$505.00      | 0.10  | \$50.50     | Email from B. Bando regarding Solid affidavit                                                               |
| MJVZ          | 28/03/19 | \$505.00      | 0.10  | \$50.50     | Review Receiver Notice to investors and email with Receiver concerning same                                 |
| SLG           | 29/03/19 | \$825.00      | 0.10  | \$82.50     | Email with B. Skelly                                                                                        |
| MJVZ          | 29/03/19 | \$505.00      | 0.10  | \$50.50     | Receive update from B. Skelly and emails from S. Graff and to B. Skelly concerning same                     |
| <b>TOTAL:</b> |          |               | 46.50 | \$18,229.50 |                                                                                                             |

| Name                         | Hours | Rate     | Value      |
|------------------------------|-------|----------|------------|
| Mark J. van Zandvoort (MJVZ) | 7.40  | \$505.00 | \$3,737.00 |
| Miranda E. Spence (MES)      | 3.50  | \$475.00 | \$1,662.50 |
| Jeffrey K. Merk (JKM)        | 2.00  | \$595.00 | \$1,190.00 |
| Shannon R. Morris (SRM)      | 0.10  | \$370.00 | \$37.00    |
| Russell J. Sanders (RJS)     | 7.80  | \$340.00 | \$2,652.00 |
| Carlos Casasola (CC)         | 3.80  | \$300.00 | \$1,140.00 |
| Shakaira John (SJ)           | 18.30 | \$340.00 | \$6,222.00 |
| Randy T. Hooke (RTH)         | 0.80  | \$725.00 | \$580.00   |
| Steven L. Graff (SLG)        | 0.60  | \$825.00 | \$495.00   |
| Patrick Williams (PW)        | 0.60  | \$190.00 | \$114.00   |
| Daniella Hodgson (DH)        | 1.60  | \$250.00 | \$400.00   |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$18,229.50 |
| HST at 13%     | \$2,369.84  |

## DISBURSEMENTS

### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                    |            |            |
|--------------------|------------|------------|
| Teranet            | \$1,545.60 |            |
| Wire Charges       | \$50.00    |            |
| Court Fees         | \$160.00   |            |
| Total Agency Costs |            | \$1,755.60 |

### Subject to HST

|                     |          |          |
|---------------------|----------|----------|
| Teraview Search     | \$6.00   |          |
| Agency Fee          | \$85.00  |          |
| Photocopies - Local | \$85.50  |          |
| Service Fee Teranet | \$258.00 |          |
| Imaging/Scanning    | \$67.00  |          |
| Photocopies         | \$122.25 |          |
| Binding and Tabs    | \$31.75  |          |
| Deliveries/Parss    | \$8.00   |          |
| Taxi                | \$17.26  |          |
| Total Disbursements |          | \$680.76 |
| HST at 13%          |          | \$88.50  |

### AMOUNT NOW DUE

**\$23,124.20**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP

Steven L. Graff

E.&O.E.

### PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTOR. Please include the account number as reference.

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 632317**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

April 30, 2019

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended April 30, 2019

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                          |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SJ     | 01/04/19 | \$340.00      | 1.00 | \$340.00 | Review file; Update agenda of open issues                                                                                                                                            |
| MES    | 01/04/19 | \$475.00      | 0.20 | \$95.00  | Telephone call with D. Ferguson re: approach to OOM loans                                                                                                                            |
| MJVZ   | 01/04/19 | \$505.00      | 0.50 | \$252.50 | Emails and conference call with B. Bando and preliminary review of materials sent regarding consultants                                                                              |
| MJVZ   | 01/04/19 | \$505.00      | 0.20 | \$101.00 | Email from S. John regarding actions and status and consider same                                                                                                                    |
| MES    | 02/04/19 | \$475.00      | 0.20 | \$95.00  | Exchange emails re: wire received from Miller Thomson (Commercial Loans)                                                                                                             |
| MJVZ   | 02/04/19 | \$505.00      | 0.70 | \$353.50 | Review of agreements and prepare summary notes in anticipation of call with B. Bando; Email to B. Bando requesting conference call and conference call with B. Bando concerning same |
| MJVZ   | 02/04/19 | \$505.00      | 0.20 | \$101.00 | Conference call with S. Graff and emails with S. Graff and J. Dyck                                                                                                                   |
| SLG    | 03/04/19 | \$825.00      | 0.20 | \$165.00 | Email from B. Skelly re stay                                                                                                                                                         |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                   |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 03/04/19 | \$505.00      | 0.20 | \$101.00 | Review B. Skelly report regarding motion outcome and emails with B. Skelly and Receiver concerning same; Email from J. Knight and C. Johnston |
| SLG    | 05/04/19 | \$825.00      | 0.10 | \$82.50  | Emails re renewal of Saskatchewan registration                                                                                                |
| MJVZ   | 05/04/19 | \$505.00      | 0.10 | \$50.50  | Various emails with S. Graff, J. Wainwright regarding registration and annual return filing                                                   |
| MJVZ   | 05/04/19 | \$505.00      | 0.30 | \$151.50 | Review Single Source materials sent by J. Knight and email to J. Knight concerning same                                                       |
| JAW    | 05/04/19 | \$750.00      | 0.40 | \$300.00 | Review and respond to M. van Zandvoort email; Review file                                                                                     |
| MJVZ   | 06/04/19 | \$505.00      | 0.10 | \$50.50  | Email from J. Knight regarding Single Source                                                                                                  |
| SLG    | 10/04/19 | \$825.00      | 0.20 | \$165.00 | Discussion with R. Sanders re issue                                                                                                           |
| RTH    | 10/04/19 | \$725.00      | 0.20 | \$145.00 | Discussion with R. Sanders                                                                                                                    |
| SLG    | 11/04/19 | \$825.00      | 0.60 | \$495.00 | Telephone call with M. van Zandvoort; review emails; discussion with R. Saunders                                                              |
| SJ     | 11/04/19 | \$340.00      | 0.50 | \$170.00 | Review file re zomoyo confirmation agreement; Email to C. Popowich re same; Review emails in file [REDACTED]                                  |
| JKM    | 11/04/19 | \$595.00      | 0.30 | \$178.50 | Email to J. Pell re mortgage assignment schedule; Telephone call with B. Bando re same                                                        |
| MJVZ   | 11/04/19 | \$505.00      | 0.20 | \$101.00 | Review letter agreement and email to S. John concerning same; Review emails from S. John concerning same                                      |
| MJVZ   | 11/04/19 | \$505.00      | 0.50 | \$252.50 | Conference call with C. Empke and review of file in connection with same; Emails with S. John                                                 |
| MJVZ   | 11/04/19 | \$505.00      | 0.10 | \$50.50  | Email to J. Dyck                                                                                                                              |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                         |
|--------|----------|---------------|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JKM    | 12/04/19 | \$595.00      | 0.20 | \$119.00 | Revise email to P. Walia re payment or return of mortgages                                                                                                                          |
| MJVZ   | 12/04/19 | \$505.00      | 0.10 | \$50.50  | Emails from J. Wainwright and V. Clayton                                                                                                                                            |
| MJVZ   | 12/04/19 | \$505.00      | 0.10 | \$50.50  | Email from S. John                                                                                                                                                                  |
| JAW    | 12/04/19 | \$750.00      | 0.30 | \$225.00 | Review file; Email to V. Clayton and D. Windle re Saskatchewan annual return for Crystal Wealth                                                                                     |
| SLG    | 16/04/19 | \$825.00      | 0.20 | \$165.00 | Telephone call with M. van Zandvoort                                                                                                                                                |
| SJ     | 16/04/19 | \$340.00      | 1.00 | \$340.00 | Call to M. McCready re bankruptcy; Draft letter to McCready re same; Email to M. Van Zandvoort and B. Brando re same; Instruct B. Cook re same                                      |
| MJVZ   | 16/04/19 | \$505.00      | 1.00 | \$505.00 | Conference call with S. Graff; Conference call with B. Bando; Attend to various receivership items across funds and emails with S. John and review letter to be sent to McCready    |
| GA     | 17/04/19 | \$275.00      | 1.80 | \$495.00 | Attend to the filing of court documents at 330 University Ave; correspondence with S. John re same                                                                                  |
| SJ     | 17/04/19 | \$340.00      | 1.00 | \$340.00 | Email to B.C. counsel re service of Inca claim; Call w/ M. McCready re bankruptcy; Emails to M. Van Zandvoort and B. Brando re same; Instruct J. Mclean re searches for Inca claim. |
| MJVZ   | 17/04/19 | \$505.00      | 0.20 | \$101.00 | Conference call with B. Bando re various receivership matters                                                                                                                       |
| MJVZ   | 17/04/19 | \$505.00      | 0.20 | \$101.00 | Telephone call to and emails with C. Empee                                                                                                                                          |
| MJVZ   | 17/04/19 | \$505.00      | 0.20 | \$101.00 | Email to C. Popowich regarding guarantees; Emails from C. Popowich and with S. Graff and S. John                                                                                    |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                                                                            |
|--------|----------|---------------|------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 17/04/19 | \$505.00      | 0.20 | \$101.00 | Letter to J. Dutrizac concerning service of statement of claim and notice of action and emails with C. Johnston and S. John concerning same; Emails with B. Bando                                                                                                                                                                      |
| MJVZ   | 17/04/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. John instructing regarding service of Inca Statement of Claim; Email from L. Pelletier                                                                                                                                                                                                                                  |
| MJVZ   | 17/04/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. John regarding McCready enforcement of judgment; Emails from S. John and S. Graff                                                                                                                                                                                                                                       |
| SLG    | 18/04/19 | \$825.00      | 0.20 | \$165.00 | Telephone call with M. van Zandvoort re claim against DenHollander and Z. Mongo                                                                                                                                                                                                                                                        |
| SJ     | 18/04/19 | \$340.00      | 0.20 | \$68.00  | Call w/ L. Pelletier re service of Inca claim; Email to client re same; Diarize deadline re same.                                                                                                                                                                                                                                      |
| JM     | 18/04/19 | \$215.00      | 0.30 | \$64.50  | Order, review and report on profile for Inca One Gold Corp.                                                                                                                                                                                                                                                                            |
| MJVZ   | 18/04/19 | \$505.00      | 0.40 | \$202.00 | Review file in preparation of and attend on conference call with S. Graff concerning DenHollander action                                                                                                                                                                                                                               |
| MJVZ   | 18/04/19 | \$505.00      | 0.10 | \$50.50  | Email from S. John regarding INCA service update; Email from B. Bando concerning same                                                                                                                                                                                                                                                  |
| MJVZ   | 18/04/19 | \$505.00      | 0.20 | \$101.00 | Draft and send email to C. Popowich regarding guarantees                                                                                                                                                                                                                                                                               |
| MJVZ   | 19/04/19 | \$505.00      | 0.20 | \$101.00 | Review email from counsel to DenHollanders and emails with S. Graff and B. Bando regarding same                                                                                                                                                                                                                                        |
| CC     | 22/04/19 | \$300.00      | 0.60 | \$180.00 | Review and reply of correspondence from R. Sanders; draft email to M. Gill and R. Walter requesting transfers of charges; follow up email to R. Sanders; review of registered Ontario transfers for relevant charge to be transferred; draft acknowledgement and direction for transfer of charge; draft transfer of charge instrument |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                              |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RTH    | 22/04/19 | \$725.00      | 0.20 | \$145.00   | Discussion with clerk re reassignment of charge                                                                                                                                                                                          |
| MES    | 22/04/19 | \$475.00      | 0.20 | \$95.00    | Receive emails from D. Ferguson and B. Bando re commercial loans                                                                                                                                                                         |
| MJVZ   | 22/04/19 | \$505.00      | 0.10 | \$50.50    | Email from B. Bando concerning Pond Extension request                                                                                                                                                                                    |
| MES    | 23/04/19 | \$475.00      | 0.30 | \$142.50   | Review emails re Pond deal and voicemail to B. Bando re: same (Commercial Loans)                                                                                                                                                         |
| MJVZ   | 23/04/19 | \$505.00      | 0.30 | \$151.50   | Review bankruptcy documentation received from J. Ostrowski; Reporting email to B. Bando concerning same and emails with S. Graff concerning same; Email from B. Bando                                                                    |
| SLG    | 24/04/19 | \$825.00      | 0.20 | \$165.00   | Telephone call with M. van Zandvoort and J. Ostrowski bankruptcy                                                                                                                                                                         |
| MES    | 24/04/19 | \$475.00      | 0.50 | \$237.50   | Exchange emails with B. Bando re: Pond extension; Telephone call with B. Bando re: same; Voicemail to S. Kukolowicz re: same                                                                                                             |
| MJVZ   | 24/04/19 | \$505.00      | 0.20 | \$101.00   | Emails and conference call with S. Graff regarding J. Ostrowski bankruptcy and next steps                                                                                                                                                |
| SJ     | 25/04/19 | \$340.00      | 3.00 | \$1,020.00 | Review transcript and productions re Froese address for service; Email to C. Webster re service of Frontline statement of claim; Instruct J. Mclean re corporate search; Call w/ C. Webster re service; Email to J. Knight re guarantees |
| JM     | 25/04/19 | \$215.00      | 0.10 | \$21.50    | Order, review and report on profile for Frontline Factoring Inc.                                                                                                                                                                         |
| MES    | 25/04/19 | \$475.00      | 0.20 | \$95.00    | Receive voicemail from S. Kukolowicz and email to same re: Pond extension (Commercial Loans)                                                                                                                                             |
| MJVZ   | 25/04/19 | \$505.00      | 0.50 | \$252.50   | Emails with counsel to Froese; File review and emails with S. John; Emails with B. Bando                                                                                                                                                 |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                                                                                                                             |
|---------------|----------|---------------|-------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ          | 25/04/19 | \$505.00      | 0.10  | \$50.50     | Emails with J. Knight and S. John                                                                                                                       |
| CC            | 26/04/19 | \$300.00      | 0.30  | \$90.00     | Review of documents from M. Gill and R. Walter to confirm accuracy for transfer of charges; compile of documents and email thereof to R. Walter;        |
| SLG           | 26/04/19 | \$825.00      | 0.20  | \$165.00    | Discussion with M. van Zandvoort re Ostowski bankruptcy                                                                                                 |
| SJ            | 26/04/19 | \$340.00      | 0.10  | \$34.00     | Telephone call w/ M. McCready re bankruptcy                                                                                                             |
| MES           | 26/04/19 | \$475.00      | 0.50  | \$237.50    | Telephone call and exchange of emails with S. Kukulowicz re: terms of extension of Pond loan; Exchange emails with B. Bando re: same (Commercial Loans) |
| MJVZ          | 26/04/19 | \$505.00      | 0.20  | \$101.00    | Review various emails from S. John, M. Spence, B. Bando, and R. Sanders                                                                                 |
| MES           | 28/04/19 | \$475.00      | 0.10  | \$47.50     | Email to D. Ferguson (Commercial Loans)                                                                                                                 |
| <b>TOTAL:</b> |          |               | 23.20 | \$10,726.00 |                                                                                                                                                         |

| Name                         | Hours | Rate     | Value      |
|------------------------------|-------|----------|------------|
| Shakaira John (SJ)           | 6.80  | \$340.00 | \$2,312.00 |
| Miranda E. Spence (MES)      | 2.20  | \$475.00 | \$1,045.00 |
| Mark J. van Zandvoort (MJVZ) | 7.60  | \$505.00 | \$3,838.00 |
| Steven L. Graff (SLG)        | 1.90  | \$825.00 | \$1,567.50 |
| Jennifer A. Wainwright (JAW) | 0.70  | \$750.00 | \$525.00   |
| Randy T. Hooke (RTH)         | 0.40  | \$725.00 | \$290.00   |
| Jeffrey K. Merk (JKM)        | 0.50  | \$595.00 | \$297.50   |
| Gobind Ahuja (GA)            | 1.80  | \$275.00 | \$495.00   |
| Jenaya McLean (JM)           | 0.40  | \$215.00 | \$86.00    |
| Carlos Casasola (CC)         | 0.90  | \$300.00 | \$270.00   |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$10,726.00 |
| HST at 13%     | \$1,394.38  |



## DISBURSEMENTS

### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                       |         |
|-----------------------|---------|
| Due Diligence-Gov Fee | \$13.50 |
| Wire Charges          | \$17.50 |

|                    |         |
|--------------------|---------|
| Total Agency Costs | \$31.00 |
|--------------------|---------|

### Subject to HST

|                     |          |
|---------------------|----------|
| Photocopies - Local | \$6.50   |
| Deliveries/Parss    | \$112.50 |
| Corporate Search    | \$47.00  |
| Photocopies         | \$10.62  |
| Imaging/Scanning    | \$0.25   |

|                     |          |
|---------------------|----------|
| Total Disbursements | \$176.87 |
| HST at 13%          | \$22.99  |

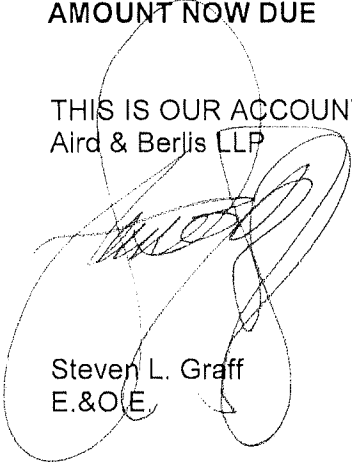
### AMOUNT NOW DUE

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**\$12,351.24**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP



Steven L. Graff  
E.&O.E.

### PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

35942406.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 636247**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

June 17, 2019

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended May 31, 2019

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                |
|--------|----------|---------------|------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SJ     | 29/04/19 | \$340.00      | 0.30 | \$102.00 | Call w/ M. McCready re bankruptcy;<br>Email to B. Bando re same                                                                                                            |
| MES    | 29/04/19 | \$475.00      | 0.10 | \$47.50  | Receive wire from SMC<br>(Commercial Loans)                                                                                                                                |
| MJVZ   | 29/04/19 | \$505.00      | 0.10 | \$50.50  | Emails with J. Knight regarding proof<br>of claim filing regarding J. Ostrowski                                                                                            |
| MJVZ   | 29/04/19 | \$505.00      | 0.10 | \$50.50  | Emails from S. John and B. Bando<br>regarding McCready bankruptcy<br>status                                                                                                |
| SJ     | 30/04/19 | \$340.00      | 2.00 | \$680.00 | Draft letter to McCready re<br>bankruptcy; Draft requisition re<br>noting in default of Zomongo entites;<br>Instruct B. Cook re same;<br>Discussion w/ P. Williams re same |
| MES    | 30/04/19 | \$475.00      | 0.40 | \$190.00 | Exchange emails and telephone call<br>with B. Bando re: Pond extension<br>and OOM issues                                                                                   |
| MES    | 30/04/19 | \$475.00      | 0.40 | \$190.00 | Exchange emails with S. Kukulowicz<br>re: Pond extension                                                                                                                   |
| MJVZ   | 30/04/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. John regarding noting<br>Zomongo defendants in default and<br>proceeding with motion for default<br>judgment                                                |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                          |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------|
| PW     | 30/04/19 | \$190.00      | 0.60 | \$114.00 | Noted two defendants in default                                                                                                      |
| SJ     | 01/05/19 | \$340.00      | 1.50 | \$510.00 | Review and revise affidavits of service re frontline/froese; Various emails to C. Webster re same                                    |
| MES    | 01/05/19 | \$475.00      | 0.30 | \$142.50 | Telephone call with D. Ferguson to discuss status of OOM; Exchange emails with B. Bando re: availability for call (Commercial Loans) |
| MES    | 01/05/19 | \$475.00      | 0.40 | \$190.00 | Telephone call with J. Bornstein re: terms of Pond extension                                                                         |
| MJVZ   | 01/05/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. Morris concerning 156 Alberta registration renewal                                                                    |
| MJVZ   | 01/05/19 | \$505.00      | 0.10 | \$50.50  | Email from S. John regarding service of Frontline/Froese                                                                             |
| SJ     | 02/05/19 | \$340.00      | 0.50 | \$170.00 | Review affidavit of service re frontline/froese; Email to B. Bando re service; Diarize defence deadline                              |
| MES    | 02/05/19 | \$475.00      | 0.30 | \$142.50 | Exchange emails with B. Bando, D. Ferguson re: call to discuss OOM enforcement (Commercial Loans)                                    |
| MJVZ   | 02/05/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. John and from BI Bando regarding Frontline service                                                                    |
| MES    | 03/05/19 | \$475.00      | 0.20 | \$95.00  | Exchange emails with D. Ferguson re: conference call re OOM                                                                          |
| MES    | 03/05/19 | \$475.00      | 0.10 | \$47.50  | Receive updated deal terms from J. Bornstein re: Pond extension                                                                      |
| MJVZ   | 03/05/19 | \$505.00      | 0.10 | \$50.50  | Review email and direction from L. Kampmann                                                                                          |
| MJVZ   | 03/05/19 | \$505.00      | 0.40 | \$202.00 | Emails from and to T. Clifford concerning facta served and preliminary review of same re Solid Holdings                              |
| MES    | 06/05/19 | \$475.00      | 0.20 | \$95.00  | Exchange emails with D. Ferguson, P. Cho, B. Bando re: call to discuss enforcement                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                 |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MES    | 06/05/19 | \$475.00      | 0.50 | \$237.50   | Telephone call with J. Bornstein;<br>Review terms of Pond loan<br>amendment and email to B. Bando<br>re: same (Commercial Loans)                                                                                                                                                                                            |
| MJVZ   | 06/05/19 | \$505.00      | 0.10 | \$50.50    | Conference call with S. Graff<br>regarding registration renewal                                                                                                                                                                                                                                                             |
| MJVZ   | 06/05/19 | \$505.00      | 0.10 | \$50.50    | Email to S. Morris concerning<br>registration renewal                                                                                                                                                                                                                                                                       |
| MJVZ   | 06/05/19 | \$505.00      | 2.60 | \$1,313.00 | Review and revise factum in<br>conjunction with review of parties'<br>affidavits and written submissions<br>from bankruptcy hearing; Email to T.<br>Clifford regarding same; Review J.<br>Knight email concerning same                                                                                                      |
| MJVZ   | 06/05/19 | \$505.00      | 1.00 | \$505.00   | Review email from J. Knight<br>attaching draft MOU; Email to J.<br>Knight concerning same and review<br>of MOU in anticipation of call with J.<br>Knight to deliver comments;<br>Conference call with J. Knight<br>regarding Xynergy NFL Participation<br>Agreement and emails to S. Graff<br>and C. Johnston regarding MOU |
| SJ     | 07/05/19 | \$340.00      | 0.50 | \$170.00   | Review and consider voicemail from<br>M. McCready re bankruptcy; Email<br>to B. Bando re same; Instruct B.<br>Cook re requisition                                                                                                                                                                                           |
| MES    | 07/05/19 | \$475.00      | 0.60 | \$285.00   | Telephone call with B. Bando re:<br>comments on draft Pond loan<br>extension amendment; Receive<br>email and telephone call with J.<br>Bornstein re: same; Receive email<br>from J. Bornstein re: same<br>(Commercial Loans)                                                                                                |
| MES    | 07/05/19 | \$475.00      | 0.60 | \$285.00   | Telephone call with B. Bando re:<br>OOM enforcement; Conference call<br>with D. Ferguson, P. Cho, B. Bando<br>re: approach; Follow-up call with B.<br>Bando re approach (Commercial<br>Loans)                                                                                                                               |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                         |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 07/05/19 | \$505.00      | 4.30 | \$2,171.50 | Review of Court Orders and filings<br>[REDACTED]; Reporting email to<br>J. Knight concerning same and<br>recommending course of action for<br>proceeding                                            |
| MJVZ   | 07/05/19 | \$505.00      | 0.10 | \$50.50    | Review emails from S. John and B.<br>Bando regarding McCready<br>bankruptcy application                                                                                                             |
| PW     | 07/05/19 | \$190.00      | 0.60 | \$114.00   | Noted Zomongo TV Holdings in<br>default                                                                                                                                                             |
| SJ     | 08/05/19 | \$340.00      | 5.00 | \$1,700.00 | Draft materials re McCready<br>bankruptcy application; Discussion<br>w/ M. Spence re receivership<br>application; Review file re same;<br>Draft materials re same                                   |
| JM     | 08/05/19 | \$215.00      | 0.20 | \$43.00    | Factoring: Draft, submit, review and<br>report on renewal for 1566496<br>Alberta Ltd.; Order, review and<br>report on post-registration search                                                      |
| MES    | 08/05/19 | \$475.00      | 0.70 | \$332.50   | Email to B. Bando re: Pond deal<br>terms; Telephone calls with B.<br>Bando re: same; Email to J.<br>Bornstein re: revised proposed<br>terms                                                         |
| MES    | 08/05/19 | \$475.00      | 0.80 | \$380.00   | Draft correspondence to D.<br>Ferguson and P. Cho and discuss<br>with B. Bando re: OOM<br>enforcement; Instruct S. John re:<br>drafting receivership materials;<br>Further discussion with B. Bando |
| MJVZ   | 08/05/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. Morris regarding<br>registration renewal                                                                                                                                             |
| MJVZ   | 08/05/19 | \$505.00      | 0.10 | \$50.50    | Office conference with M. Spence<br>[REDACTED]                                                                                                                                                      |
| JAW    | 08/05/19 | \$750.00      | 0.10 | \$75.00    | Telephone call with V. Clayton re<br>Saskatchewan renewal form                                                                                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                 |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PW     | 08/05/19 | \$190.00      | 0.60 | \$114.00   | Noted Jocelyne Hughes-Ostrowski in default                                                                                                                                                                                                                                                                  |
| CC     | 09/05/19 | \$300.00      | 0.20 | \$60.00    | Receipt and review of executed Acknowledgement and Direction for Ontario Transfer of Charge; revisions to draft Transfer of Charge; emails to M. Gill, P. Walia and R. Sanders thereto; attending to registration of Transfer of Charge; emails to R. Sanders and P. Walia reporting of registered transfer |
| SJ     | 09/05/19 | \$340.00      | 6.00 | \$2,040.00 | Draft materials re McCready bankruptcy application; Instruct B. Cook re Zomongo requisition; Revise same; Discussion w/ J. Nemers re bankruptcy application; Revise bankruptcy application; Draft receivership application.                                                                                 |
| JTN    | 09/05/19 | \$395.00      | 0.30 | \$118.50   | Engaged with review of draft bankruptcy materials re McCready; Telephone call with S. John re same                                                                                                                                                                                                          |
| MES    | 09/05/19 | \$475.00      | 1.00 | \$475.00   | Telephone call with B. Bando re: proposed terms of Pond amendment; Telephone call and exchange emails with J. Bornstein re: same; Revise amendment document and email to B. Bando re: same (Commercial Loans)                                                                                               |
| MES    | 09/05/19 | \$475.00      | 0.50 | \$237.50   | Exchange of emails and telephone call with P. Cho [REDACTED]                                                                                                                                                                                                                                                |
| MJVZ   | 09/05/19 | \$505.00      | 0.10 | \$50.50    | Email from V. Clayton regarding annual return filing                                                                                                                                                                                                                                                        |
| MJVZ   | 09/05/19 | \$505.00      | 0.10 | \$50.50    | Emails with J. Knight regarding Medical Fund [REDACTED]                                                                                                                                                                                                                                                     |
| MJVZ   | 09/05/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding Zomongo/Ostrowski defaults and default judgment                                                                                                                                                                                                                               |
| MJVZ   | 09/05/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding McCready Bankruptcy application review and revise same                                                                                                                                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                             |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 09/05/19 | \$505.00      | 0.10 | \$50.50    | Emails from M. Gill, C. Casasola, P. Walia, and R. Sanders regarding mortgage transaction                                                               |
| SJ     | 10/05/19 | \$340.00      | 0.30 | \$102.00   | Various emails re McCready bankruptcy application                                                                                                       |
| MES    | 10/05/19 | \$475.00      | 0.50 | \$237.50   | Discussions with B. Bando, S. Graff, S. John [REDACTED]; Exchange emails with P. Cho re: available dates (Commercial Loans)                             |
| MES    | 10/05/19 | \$475.00      | 1.00 | \$475.00   | Telephone calls and exchanges of emails with B. Bando and J. Bornstein re: terms of Pond extension; Review and revise Pond amendment (Commercial Loans) |
| MJVZ   | 10/05/19 | \$505.00      | 0.20 | \$101.00   | Conference call with J. Knight concerning proposed MOU and revisions to same                                                                            |
| MJVZ   | 10/05/19 | \$505.00      | 0.10 | \$50.50    | Emails from J. Wainwright, B. Bando and V. Clayton regarding Saskatchewan filing                                                                        |
| MJVZ   | 10/05/19 | \$505.00      | 0.50 | \$252.50   | Revisions to MOU per conference call with J. Knight                                                                                                     |
| MJVZ   | 10/05/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding Bankruptcy Application                                                                                                    |
| JAW    | 10/05/19 | \$750.00      | 0.30 | \$225.00   | Review form; Review file; Email B. Bando re execution of Saskatchewan corporate extra-provincial registration renewal                                   |
| SJ     | 13/05/19 | \$340.00      | 5.50 | \$1,870.00 | Review file re OOM entities; Draft materials [REDACTED]; Instruct J. Mclean re searches re same; Call w/ B. Bando re McCready bankruptcy                |
| MES    | 13/05/19 | \$475.00      | 0.40 | \$190.00   | Exchange emails with J. Bornstein re: further revisions to Pond amendment and telephone call with B. Bando re: same (Commercial Loans)                  |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                      |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MES    | 13/05/19 | \$475.00      | 0.30 | \$142.50   | Telephone call with P. Cho [REDACTED]; Telephone call with B. Bando re: Same (Commercial Loans)                                                                                  |
| MJVZ   | 13/05/19 | \$505.00      | 1.00 | \$505.00   | Continue revisions to MOU per conference call with J. Knight                                                                                                                     |
| MJVZ   | 13/05/19 | \$505.00      | 0.10 | \$50.50    | Emails from S. John and B. Bando regarding bankruptcy application                                                                                                                |
| JM     | 14/05/19 | \$215.00      | 1.20 | \$258.00   | Mortgage Fund: Conduct prelims; Order, review and report on profiles, business name report and PPSA searches; Prepare PPSA search summary                                        |
| JM     | 14/05/19 | \$215.00      | 0.10 | \$21.50    | Review and report on certified PPSA searches                                                                                                                                     |
| MES    | 14/05/19 | \$475.00      | 0.80 | \$380.00   | Exchange emails with J. Bornstein re: further revised Pond amendment; Telephone calls with B. Bando re: same; Arrange for delivery of executed Pond amendment (Commercial Loans) |
| MJVZ   | 14/05/19 | \$505.00      | 2.50 | \$1,262.50 | Complete revisions to MOU and email same to S. Graff for discussion                                                                                                              |
| GA     | 15/05/19 | \$275.00      | 1.50 | \$412.50   | Attend to the filing of court documents at the Commercial List Court; correspondence with S. John re same                                                                        |
| DH     | 15/05/19 | \$250.00      | 0.40 | \$100.00   | Email from S. John; Telephone call with S. John re default proceedings; Review of statement of claim; Email to S. John re next steps                                             |
| SJ     | 15/05/19 | \$340.00      | 7.00 | \$2,380.00 | Draft materials [REDACTED]; Instruct D. Hodgson re Zomongo default judgment; Various emails to D. Hodgson and M. Van Zandvoort re same                                           |
| MJVZ   | 15/05/19 | \$505.00      | 0.40 | \$202.00   | Emails with S. Graff and J. Knight regarding Amendment to the Master Medical Receivables Purchase and                                                                            |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                 |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | Administration Agreement and review revised version and blackline to same                                                                                   |
| MJVZ   | 15/05/19 | \$505.00      | 0.30 | \$151.50   | Emails with S. John regarding obtaining judgment against Zomongo et al and review same in anticipation of call with J. Knight                               |
| DH     | 16/05/19 | \$250.00      | 0.10 | \$25.00    | Email from S. John re default proceedings                                                                                                                   |
| SJ     | 16/05/19 | \$340.00      | 5.00 | \$1,700.00 | Draft materials [REDACTED]; Revise same                                                                                                                     |
| MJVZ   | 16/05/19 | \$505.00      | 1.00 | \$505.00   | Preparation for and attendance on conference call with J. Knight and revise Amendment; Emails with J. Knight concerning same                                |
| MJVZ   | 16/05/19 | \$505.00      | 0.40 | \$202.00   | File review further to call with J. Knight and emails with S. John concerning same (default judgment motion)                                                |
| MJVZ   | 16/05/19 | \$505.00      | 0.20 | \$101.00   | Email from A. Muhit and review and consider attachments regarding notice of disposition and discharge                                                       |
| SRM    | 17/05/19 | \$370.00      | 0.20 | \$74.00    | Review notice of sale and MV registration and report on Crystal's position                                                                                  |
| MJVZ   | 17/05/19 | \$505.00      | 0.50 | \$252.50   | Review file and emails with S. Morris concerning registration and discharge; Emails with A. Muhit concerning same and review of Alberta PPSA                |
| MJVZ   | 20/05/19 | \$505.00      | 0.10 | \$50.50    | Emails from counsel to Inca and S. Graff                                                                                                                    |
| JM     | 21/05/19 | \$215.00      | 0.50 | \$107.50   | Factoring: Review file; Prepare amendment removing VIN details; Order post-registration search; Review and report on amendment and post-registration search |
| MJVZ   | 21/05/19 | \$505.00      | 1.00 | \$505.00   | Emails and conference call with S. Graff re Inca and file review concerning status of same                                                                  |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                        |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 21/05/19 | \$505.00      | 0.50 | \$252.50   | Review and consider email from Xynergy and J. Knight and emails with J. Knight concerning Medical Fund amendment; review proposed amendment concerning same                                                                                                                                                                                                                                        |
| MJVZ   | 21/05/19 | \$505.00      | 0.20 | \$101.00   | Emails with A. Mugit, S. Morris, J. McLean concerning discharge regarding Single Source                                                                                                                                                                                                                                                                                                            |
| SLG    | 22/05/19 | \$825.00      | 0.30 | \$247.50   | Telephone call with M. van Zandvoort regarding response of counsel to Inca One claim                                                                                                                                                                                                                                                                                                               |
| SLG    | 22/05/19 | \$825.00      | 0.20 | \$165.00   | Telephone call with M. van Zandvoort re background [REDACTED]                                                                                                                                                                                                                                                                                                                                      |
| SLG    | 22/05/19 | \$825.00      | 0.50 | \$412.50   | Read emails regarding Inco One [REDACTED]                                                                                                                                                                                                                                                                                                                                                          |
| MJVZ   | 22/05/19 | \$505.00      | 1.80 | \$909.00   | Review Fourth Report and related information concerning Inca correspondence and draft and send summary email to S. Graff concerning same; Conference call with S. Graff to discuss same and next steps; Email to Inca counsel; Email to B. Bando concerning same and conference call with B. Bando and J. Knight                                                                                   |
| MJVZ   | 22/05/19 | \$505.00      | 2.20 | \$1,111.00 | Draft responses to B. Bando inquiries regarding Xynergy based on review of agreements and proposed amendment; Emails with B. Bando and J. Knight concerning same and review correspondence as forwarded by B. Bando; Discussion with S. Graff concerning same; Conference call with J. Knight and B. Bando; Revise proposed response and email same to J. Knight and B. Bando; Email from B. Bando |
| MJVZ   | 22/05/19 | \$505.00      | 0.10 | \$50.50    | Conference call with J. Knight and B. Bando regarding status of bankruptcy applications                                                                                                                                                                                                                                                                                                            |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                       |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 22/05/19 | \$505.00      | 0.10 | \$50.50  | Conference call with J. Knight and B. Bando regarding US Real Estate LP                                                           |
| MES    | 23/05/19 | \$475.00      | 0.40 | \$190.00 | Meet with S. Graff to discuss strategy [REDACTED], and email to B. Bando (Commercial Loans)                                       |
| MJVZ   | 23/05/19 | \$505.00      | 0.30 | \$151.50 | Review file concerning 611, Solid, 109 BC, and Onstar matters and email to T. Clifford concerning same; Emails with T. Clifford   |
| MJVZ   | 23/05/19 | \$505.00      | 0.80 | \$404.00 | Review file concerning US Real Estate LP updates and conference call with S. O'Neil concerning same; Reporting email to B. Bando  |
| SJ     | 24/05/19 | \$340.00      | 1.00 | \$340.00 | Revise materials re McCready bankruptcy application                                                                               |
| MES    | 24/05/19 | \$475.00      | 0.40 | \$190.00 | Telephone call with B. Bando [REDACTED]; Exchange emails with P. Cho and telephone call with P. Cho [REDACTED] (Commercial Loans) |
| MJVZ   | 24/05/19 | \$505.00      | 0.10 | \$50.50  | Review update from T. Clifford                                                                                                    |
| MJVZ   | 24/05/19 | \$505.00      | 0.20 | \$101.00 | Emails with B. Bando and review attachment regarding Western                                                                      |
| SLG    | 27/05/19 | \$825.00      | 0.30 | \$247.50 | Telephone call and emails with M. van Zandvoort re R.E. Funds                                                                     |
| SLG    | 27/05/19 | \$825.00      | 0.20 | \$165.00 | Email with R. Sanders re re-conveyance of mortgages                                                                               |
| DH     | 27/05/19 | \$250.00      | 0.10 | \$25.00  | Emails to and from S. John                                                                                                        |
| MES    | 27/05/19 | \$475.00      | 0.20 | \$95.00  | Telephone call with B. Bando [REDACTED] (Commercial Loans)                                                                        |
| MJVZ   | 27/05/19 | \$505.00      | 0.10 | \$50.50  | Conference call with S. Graff regarding T. Clifford update                                                                        |
| MJVZ   | 27/05/19 | \$505.00      | 0.20 | \$101.00 | Conference call and email to S. O'Neil; Emails with B. Bando                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 27/05/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding McCready bankruptcy                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| MJVZ   | 27/05/19 | \$505.00      | 0.10 | \$50.50    | Email from R. Sanders regarding mortgage transaction                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| MJVZ   | 27/05/19 | \$505.00      | 2.60 | \$1,313.00 | Various emails with T. Clifford concerning bankruptcy applications for 109 BC, 611, and Onstar; Review of Onstar draft affidavit and exhibits and commence revisions to same                                                                                                                                                                                                                                                                                                                              |
| SLG    | 28/05/19 | \$825.00      | 0.70 | \$577.50   | Telephone call with M. van Zandvoort and various issues re bankruptcy                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| SJ     | 28/05/19 | \$340.00      | 3.00 | \$1,020.00 | Email to B. Bando re McCready bankruptcy application; Call w/ B. Bando re same Research re default judgment service re Zomongo defendants; Various emails re bankruptcy applications                                                                                                                                                                                                                                                                                                                      |
| SRM    | 28/05/19 | \$370.00      | 0.20 | \$74.00    | Order copies of Notice of Directions for Onset Exploration Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| MJVZ   | 28/05/19 | \$505.00      | 2.80 | \$1,414.00 | Review of Housego, Smith, and Bentley transcripts and answers to undertakings in conjunction with revisions to bankruptcy applications; Email to S. Graff concerning same; Email to S. Morris requesting POT report in connection with same and email from S. Morris regarding Director search; Emails with J. Yantzi concerning research to be undertaken in connection with same; Revise 109 BC materials and email same to T. Clifford; Emails with T. Clifford, B. Bando, and S. John concerning same |
| MJVZ   | 28/05/19 | \$505.00      | 0.60 | \$303.00   | Conference call with S. Graff concerning bankruptcy application review and next steps                                                                                                                                                                                                                                                                                                                                                                                                                     |
| MJVZ   | 28/05/19 | \$505.00      | 0.20 | \$101.00   | Voicemail from J. Fabello; Emails with S. Graff and with J. Fabello; Conference call with S. Graff                                                                                                                                                                                                                                                                                                                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 28/05/19 | \$505.00      | 0.40 | \$202.00   | Emails with J. Knight, B. Bando, and L. Kampman concerning disclosure request                                                                                                                                                                                                                              |
| MJVZ   | 28/05/19 | \$505.00      | 0.10 | \$50.50    | Emails with T. Clifford concerning 611 Bankruptcy materials                                                                                                                                                                                                                                                |
| SJ     | 29/05/19 | \$340.00      | 1.50 | \$510.00   | Revise and prepare affidavits re bankruptcy applications                                                                                                                                                                                                                                                   |
| MJVZ   | 29/05/19 | \$505.00      | 0.10 | \$50.50    | Emails with J. Knight and B. Bando regarding disclosure request                                                                                                                                                                                                                                            |
| MJVZ   | 29/05/19 | \$505.00      | 2.80 | \$1,414.00 | Review 611 bankruptcy application materials and exhibits thereto; Revise same and emails with T. Clifford and B. Bando concerning same; Emails with S. John concerning applications; Conference call with J. Yantzi; Emails with T. Clifford regarding Onstar; Email from J. Yantzi with research findings |
| JY     | 29/05/19 | \$275.00      | 1.20 | \$330.00   | Research re precious metal certificates and discussions and emails with M. van Zandvoort re same                                                                                                                                                                                                           |
| SLG    | 30/05/19 | \$825.00      | 0.40 | \$330.00   | Telephone call with J. Farbello re claim again Inca One                                                                                                                                                                                                                                                    |
| SLG    | 30/05/19 | \$825.00      | 0.30 | \$247.50   | Discussion re Onstar position [REDACTED]                                                                                                                                                                                                                                                                   |
| SLG    | 30/05/19 | \$825.00      | 0.20 | \$165.00   | Telephone call with M. van Zandvoort re update re discussion with J. Farbello - Inca                                                                                                                                                                                                                       |
| SJ     | 30/05/19 | \$340.00      | 1.50 | \$510.00   | Revise and finalize affidavits re bankruptcy applications re 611 and Onstar                                                                                                                                                                                                                                |
| SRM    | 30/05/19 | \$370.00      | 0.40 | \$148.00   | Review and report on copies of Notice of Articles and Notice of Change re Directions regarding Alan Brown and report on same                                                                                                                                                                               |
| MJVZ   | 30/05/19 | \$505.00      | 0.40 | \$202.00   | Conference calls with S. Graff regarding various receivership matters                                                                                                                                                                                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 30/05/19 | \$505.00      | 1.00 | \$505.00   | Review summary and authorities provided by J. Yantzi regarding Onstar and conference call with J. Yantzi concerning same; Email to S. Graff concerning same                                                                                                                                                                                                                                                                                      |
| MJVZ   | 30/05/19 | \$505.00      | 0.40 | \$202.00   | Call with J. Farbello; Voicemail to J. Farbello                                                                                                                                                                                                                                                                                                                                                                                                  |
| MJVZ   | 30/05/19 | \$505.00      | 0.20 | \$101.00   | Call with S. Graff regarding Onstar                                                                                                                                                                                                                                                                                                                                                                                                              |
| MJVZ   | 30/05/19 | \$505.00      | 2.80 | \$1,414.00 | Emails with B. Bando and S. John regarding affidavits for bankruptcy applications; Emails with S. Morris regarding director search; Revise affidavit; Email revised Onstar affidavit and black line to B. Bando and J. Knight; Review email from T. Clifford concerning affidavit revisions to be made and emails with S. John concerning same; Further revisions to affidavit and review black lines of notice and affidavit as sent by S. John |
| MJVZ   | 30/05/19 | \$505.00      | 0.20 | \$101.00   | Emails with S. O'Neil and B. Bando                                                                                                                                                                                                                                                                                                                                                                                                               |
| MJVZ   | 30/05/19 | \$505.00      | 0.20 | \$101.00   | Call with B. Bando                                                                                                                                                                                                                                                                                                                                                                                                                               |
| MJVZ   | 30/05/19 | \$505.00      | 0.20 | \$101.00   | Emails with S. John concerning preparation of default judgment materials                                                                                                                                                                                                                                                                                                                                                                         |
| JY     | 30/05/19 | \$275.00      | 0.10 | \$27.50    | Discussion with M. van Zandvoort re precious metal certificate research                                                                                                                                                                                                                                                                                                                                                                          |
| SJ     | 31/05/19 | \$340.00      | 1.50 | \$510.00   | Prepare affidavits re bankruptcy applications; Instruct B. Cook re same; Meeting w/ B. Bando re swearing of same                                                                                                                                                                                                                                                                                                                                 |
| MJVZ   | 31/05/19 | \$505.00      | 0.30 | \$151.50   | Call with J. Farbello; Email with B. Bando; Further emails with J. Farbello and B. Bando; Emails with S. Graff                                                                                                                                                                                                                                                                                                                                   |
| MJVZ   | 31/05/19 | \$505.00      | 0.30 | \$151.50   | Emails with S. John regarding finalizing affidavit and commissioning same; Emails from S. John delivering 611 and 109 affidavits                                                                                                                                                                                                                                                                                                                 |

| LAWYER | DATE | RATE/<br>HOUR | TIME | VALUE | DESCRIPTION |
|--------|------|---------------|------|-------|-------------|
|--------|------|---------------|------|-------|-------------|

|        |  |  |        |             |  |
|--------|--|--|--------|-------------|--|
| TOTAL: |  |  | 106.00 | \$45,214.50 |  |
|--------|--|--|--------|-------------|--|

| Name                         | Hours | Rate     | Value       |
|------------------------------|-------|----------|-------------|
| Shakaira John (SJ)           | 42.10 | \$340.00 | \$14,314.00 |
| Miranda E. Spence (MES)      | 11.10 | \$475.00 | \$5,272.50  |
| Mark J. van Zandvoort (MJVZ) | 40.80 | \$505.00 | \$20,604.00 |
| Patrick Williams (PW)        | 1.80  | \$190.00 | \$342.00    |
| Jenaya McLean (JM)           | 2.00  | \$215.00 | \$430.00    |
| Jennifer A. Wainwright (JAW) | 0.40  | \$750.00 | \$300.00    |
| Carlos Casasola (CC)         | 0.20  | \$300.00 | \$60.00     |
| Jeremy T. Nemers (JTN)       | 0.30  | \$395.00 | \$118.50    |
| Gobind Ahuja (GA)            | 1.50  | \$275.00 | \$412.50    |
| Daniella Hodgson (DH)        | 0.60  | \$250.00 | \$150.00    |
| Shannon R. Morris (SRM)      | 0.80  | \$370.00 | \$296.00    |
| Steven L. Graff (SLG)        | 3.10  | \$825.00 | \$2,557.50  |
| Jonathan Yantzi (JY)         | 1.30  | \$275.00 | \$357.50    |

|            |             |
|------------|-------------|
| OUR FEE    | \$45,214.50 |
| HST at 13% | \$5,877.89  |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                                                                                                                                                                                         |          |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Search Under P.P.S.A.                                                                                                                                                                   | \$123.50 |
| Registration Under P.P.S.A.                                                                                                                                                             | \$2.00   |
| Teranet                                                                                                                                                                                 | \$64.40  |
| Due Diligence-Gov Fee                                                                                                                                                                   | \$63.50  |
| Wire Charges                                                                                                                                                                            | \$17.50  |
| PST Re: F# 137794 / Payment for<br>Saskatchewan agency account for<br>Crystal Wealth Managment System<br>Limited Cheque No. 62750 For Ref<br>6027597 issued to MLT Aikins               | \$17.70  |
| PST Re: F# 137794 / Payment for<br>Saskatchewan annual return filing<br>fee for Crystal Wealth Management<br>System Limited Cheque No. 62791<br>For Ref 6039300 issued to MLT<br>Aikins | \$4.80   |

|                    |          |
|--------------------|----------|
| Total Agency Costs | \$293.40 |
|--------------------|----------|

**Subject to HST**

|                      |          |
|----------------------|----------|
| Deliveries/Parss     | \$113.13 |
| Photocopies - Local  | \$150.25 |
| Imaging/Scanning     | \$69.25  |
| Service Provider Fee | \$117.00 |
| Service Fee Teranet  | \$10.75  |
| Due Diligence        | \$58.00  |
| Name Search          | \$42.00  |
| Agency Fee           | \$375.00 |
| ACL                  | \$100.00 |
| Binding and Tabs     | \$9.75   |

|                     |            |
|---------------------|------------|
| Total Disbursements | \$1,045.13 |
| HST at 13%          | \$135.87   |

**AMOUNT NOW DUE**

**\$52,566.79**

THIS IS OUR ACCOUNT HEREIN

Aird & Berlis LLP

Steven L. Graff  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

36364720.1



IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 638992**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

July 12, 2019

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended June 28, 2019

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                 |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 03/06/19 | \$825.00      | 0.20 | \$165.00 | Telephone call with M. Spence re order<br>[REDACTED]                                                                                                                        |
| SJ     | 03/06/19 | \$340.00      | 0.40 | \$136.00 | Email to E. Cukierman re McCready<br>Bankruptcy                                                                                                                             |
| MES    | 03/06/19 | \$475.00      | 0.30 | \$142.50 | Address monthly payments from SMC<br>(Commercial Loans)                                                                                                                     |
| MJVZ   | 03/06/19 | \$505.00      | 0.10 | \$50.50  | Emails with J. Knight regarding Onstar<br>affidavit                                                                                                                         |
| MJVZ   | 03/06/19 | \$505.00      | 0.20 | \$101.00 | Emails with J. Knight regarding investor<br>file production and review of enclosures                                                                                        |
| SLG    | 04/06/19 | \$825.00      | 0.20 | \$165.00 | OOM - Emails with P. Cho re costs                                                                                                                                           |
| SJ     | 04/06/19 | \$340.00      | 2.00 | \$680.00 | Draft materials re default judgment<br>motion re Zomongo claim                                                                                                              |
| MES    | 04/06/19 | \$475.00      | 0.40 | \$190.00 | Exchange emails with P. Cho, S. Graff<br>[REDACTED], and<br>discussion with S. Graff re: same<br>(Commercial Loans)                                                         |
| MJVZ   | 04/06/19 | \$505.00      | 1.00 | \$505.00 | Preparation for conference call with J.<br>Knight concerning various receivership<br>matters (Onstar, Xynergy, Inca) and<br>attendance on conference call with J.<br>Knight |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                 |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PW     | 04/06/19 | \$190.00      | 0.60 | \$114.00   | Issued Application for Bankruptcy Order                                                                                                                                                                                                                                                                                                                     |
| SJ     | 05/06/19 | \$340.00      | 5.00 | \$1,700.00 | Draft materials re default judgment motion; Research re same; Various emails re Solid Holdings appeal affidavit                                                                                                                                                                                                                                             |
| MJVZ   | 05/06/19 | \$505.00      | 1.10 | \$555.50   | Emails from T. Clifford attaching written arguments and affidavit; Emails with T. Clifford, J. Knight, and S. John concerning same; Revise Written Argument and Affidavit in conjunction with review of application materials filed for decision under appeal and email revised written argument and affidavit with blacklines to T. Clifford and J. Knight |
| MJVZ   | 05/06/19 | \$505.00      | 0.20 | \$101.00   | Emails with S. O'Neil regarding US Real Estate LP                                                                                                                                                                                                                                                                                                           |
| MJVZ   | 05/06/19 | \$505.00      | 0.30 | \$151.50   | Emails with J. Knight regarding Onstar and review revised schedule                                                                                                                                                                                                                                                                                          |
| EC     | 06/06/19 | \$275.00      | 1.80 | \$495.00   | Research for S. John [REDACTED]                                                                                                                                                                                                                                                                                                                             |
| SJ     | 06/06/19 | \$340.00      | 3.00 | \$1,020.00 | Draft materials re default judgment motion re Zomongo; Meeting w/ J. Knight re solid hearings affidavit                                                                                                                                                                                                                                                     |
| MJVZ   | 06/06/19 | \$505.00      | 0.10 | \$50.50    | Email to investor counsel attaching requested documents                                                                                                                                                                                                                                                                                                     |
| MJVZ   | 06/06/19 | \$505.00      | 1.20 | \$606.00   | Revise Written Argument regarding Spletzer Affidavit #2 and email revised Argument and blackline to T. Clifford and Receiver                                                                                                                                                                                                                                |
| MJVZ   | 06/06/19 | \$505.00      | 1.10 | \$555.50   | Revise Onstar affidavit and Notice of Motion and email same to J. Knight and to T. Clifford                                                                                                                                                                                                                                                                 |
| MJVZ   | 06/06/19 | \$505.00      | 0.20 | \$101.00   | Emails from S. John and T. Clifford regarding Solid Holdings Appeal affidavit; Emails with J. Knight concerning same                                                                                                                                                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                      |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 06/06/19 | \$505.00      | 0.20 | \$101.00 | Emails from J. Froese and with S. Graff                                                                                                                                                                                                          |
| SLG    | 07/06/19 | \$825.00      | 0.20 | \$165.00 | Telephone call with M. van Zandvoort;<br>review emails re offer on RE fund;<br>coordinate calls                                                                                                                                                  |
| SJ     | 07/06/19 | \$340.00      | 2.00 | \$680.00 | Draft and revise default judgment<br>materials; Email summary to M. Van<br>Zandvoort re same                                                                                                                                                     |
| MJVZ   | 07/06/19 | \$505.00      | 0.20 | \$101.00 | Review file correspondence and<br>affidavit of service and email to J.<br>Froese                                                                                                                                                                 |
| MJVZ   | 07/06/19 | \$505.00      | 0.20 | \$101.00 | Emails from S. John regarding<br>Zomongo materials and email to S.<br>John concerning same                                                                                                                                                       |
| MJVZ   | 07/06/19 | \$505.00      | 0.10 | \$50.50  | Emails with T. Clifford and S. John<br>concerning Onstar affidavit                                                                                                                                                                               |
| MJVZ   | 07/06/19 | \$505.00      | 0.50 | \$252.50 | Email to S. O'Neil regarding US Real<br>Estate LP; R [REDACTED];<br>Conference call with S. Graff regarding<br>same and emails with S. Graff, J.<br>Knight and B. Bando regarding same<br>and review receiver reports in<br>connection with same |
| SLG    | 10/06/19 | \$825.00      | 0.20 | \$165.00 | Chrysalis - Address email re funds<br>frozen in account; telephone call with<br>M. van Zandvoort                                                                                                                                                 |
| SLG    | 10/06/19 | \$825.00      | 0.60 | \$495.00 | Telephone call with M. van Zandvoort<br>and B. Bando re [REDACTED]<br>[REDACTED] and response re Real<br>Estate (U.S.)                                                                                                                           |
| MJVZ   | 10/06/19 | \$505.00      | 0.60 | \$303.00 | Email to S. Graff, J. Knight and B.<br>Bando regarding US Real Estate LP<br>and preparation for call                                                                                                                                             |
| MJVZ   | 10/06/19 | \$505.00      | 0.80 | \$404.00 | Attendance on conference calls with S.<br>Graff and with S. Graff, J. Knight and B.<br>Bando regarding US Real Estate LP;<br>Emails with S. O'Neil et al regarding<br>same and conference call                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 10/06/19 | \$505.00      | 0.10 | \$50.50    | Conference call with B. Bando and email to S. John regarding Onstar affidavit                                                                                                                                                                                                                                              |
| MJVZ   | 10/06/19 | \$505.00      | 0.20 | \$101.00   | Emails with S. Dennill and review status of funds; Telephone call to and emails with J. Knight concerning same; Emails and telephone call with S. Graff and email to S. Dennill                                                                                                                                            |
| MJVZ   | 11/06/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding Onstar affidavit                                                                                                                                                                                                                                                                             |
| SLG    | 12/06/19 | \$825.00      | 0.50 | \$412.50   | Telephone call with M. van Zandvoort re info required and outcome of call, next steps and realty assets                                                                                                                                                                                                                    |
| SJ     | 12/06/19 | \$340.00      | 1.00 | \$340.00   | Prepare affidavit re Onstar bankruptcy application; Meeting w/ B. Bando re same                                                                                                                                                                                                                                            |
| MJVZ   | 12/06/19 | \$505.00      | 2.10 | \$1,060.50 | Preparation for and attendance on conference call with B. Bando, S. O'Neil, A. Storelli, and J. Harker; Follow-up conference calls with B. Bando and S. Graff concerning same; Draft email to S. O'Neil and emails with B. Bando concerning same; Conference call with B. Bando; Email to S. O'Neil; Emails with S. O'Neil |
| MES    | 13/06/19 | \$475.00      | 0.40 | \$190.00   | Receive voicemail from B. Bando re: Pond and email to M. van Zandvoort re: same; Receive and review emails from B. Bando and M. van Zandvoort re: same (Commercial Loans)                                                                                                                                                  |
| MJVZ   | 13/06/19 | \$505.00      | 2.80 | \$1,414.00 | Email from B. Bando concerning potential sale of Funds' assets; Conduct due diligence and review loan and security documentation pertaining to same and email to B. Bando advising of same; Conference call with B. Bando and further emails with B. Bando                                                                 |
| MJVZ   | 13/06/19 | \$505.00      | 0.20 | \$101.00   | Emails with B. Bando and M. Kaplan regarding Pond                                                                                                                                                                                                                                                                          |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                       |
|--------|----------|---------------|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SRM    | 17/06/19 | \$370.00      | 0.40 | \$148.00 | Email from and to M. Van Zandvoort [REDACTED]<br>[REDACTED]; Begin review of file and notes re same; Order PPSA search                                                                                                                                            |
| MES    | 17/06/19 | \$475.00      | 0.10 | \$47.50  | Exchange emails with S. Graff re: OOM enforcement                                                                                                                                                                                                                 |
| MJVZ   | 17/06/19 | \$505.00      | 1.00 | \$505.00 | Review notes regarding loan and security review in preparation for call with M. Kaplan and B. Bando; Attend on conference call with same and follow-up emails to S. Morris regarding registrations and to S. Graff; Emails from S. Morris and S. Graff            |
| MJVZ   | 17/06/19 | \$505.00      | 0.30 | \$151.50 | Review and revise confidentiality agreement and emails with B. Bando concerning same                                                                                                                                                                              |
| MJVZ   | 17/06/19 | \$505.00      | 0.10 | \$50.50  | Emails with B. Skelly regarding Solid Holdings motion                                                                                                                                                                                                             |
| SLG    | 18/06/19 | \$825.00      | 0.10 | \$82.50  | Email re Solid Holdings hearing and outcome                                                                                                                                                                                                                       |
| DH     | 18/06/19 | \$250.00      | 1.60 | \$400.00 | Emails to and from M. van Zandvoort re Pond indebtedness; Telephone call with M. van Zandvoort re same; Review of documents and compile loan, security and participation agreements and create index; Email to M. van Zandvoort re same                           |
| SRM    | 18/06/19 | \$370.00      | 0.50 | \$185.00 | Review PPSA search; Review file regarding security granted; Prepare an outline of same; Order, review and report on corporate profile for Treelawn Group Inc.                                                                                                     |
| MES    | 18/06/19 | \$475.00      | 0.20 | \$95.00  | Exchange emails with M. van Zandvoort re: Pond security (Commercial Loans)                                                                                                                                                                                        |
| MJVZ   | 18/06/19 | \$505.00      | 1.70 | \$858.50 | Email from M. Kaplan attaching NDA; Emails with B. Bando concerning same; Various emails with D. Hodgson and S. Morris concerning compiling of loan and security and related document for data room; Conference call with D. Hodgson concerning same; Preliminary |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                                             |
|--------|----------|---------------|------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | review of documents assembled for production and security registration and emails with S. Morris, M. Spence, A. Gebert, D. Hodgson and B. Bando concerning same; Review of PPSA registration; Receive and review GSA from B. Bando                                                                      |
| MJVZ   | 18/06/19 | \$505.00      | 0.10 | \$50.50  | Email from and to B. Skelly concerning outcome of Solid Holdings appeal and motions                                                                                                                                                                                                                     |
| SLG    | 19/06/19 | \$825.00      | 0.20 | \$165.00 | Emails with S. O'Neil and telephone call with M. van Zandvoort                                                                                                                                                                                                                                          |
| DH     | 19/06/19 | \$250.00      | 0.60 | \$150.00 | Emails from M. van Zandvoort; Telephone call with M. van Zandvoort; Revise index and cross-reference participation agreements; Email to M. van Zandvoort re same                                                                                                                                        |
| MJVZ   | 19/06/19 | \$505.00      | 0.60 | \$303.00 | Email from J. Harker delivering documents regarding US Real Estate LP; Emails with B. Bando and C. Johnston concerning same; Preliminary review of documents and emails and conference call with S. Graff concerning same; Email from S. O'Neil                                                         |
| MJVZ   | 19/06/19 | \$505.00      | 0.50 | \$252.50 | Emails and conference call with D. Hodgson concerning Pond; Email to S. Morris; Email B. Bando disclosure package; Email from B. Bando concerning same and email disclosure package to prospective purchaser counsel and email from M. Kaplan; Emails and conference call with S. Graff concerning same |
| MJVZ   | 19/06/19 | \$505.00      | 0.10 | \$50.50  | Email from J. Froese                                                                                                                                                                                                                                                                                    |
| MJVZ   | 20/06/19 | \$505.00      | 0.20 | \$101.00 | Emails from M. Kaplan and K. Rosen regarding Pond; Emails with B. Bando concerning same; Conference call with B. Bando and review email from B. Bando and email to M. Kaplan and K. Rosen                                                                                                               |
| MJVZ   | 20/06/19 | \$505.00      | 0.10 | \$50.50  | Conference call with B. Bando regarding US Real Estate LP                                                                                                                                                                                                                                               |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                 |
|--------|----------|---------------|------|----------|---------------------------------------------------------------------------------------------|
| MJVZ   | 20/06/19 | \$505.00      | 0.10 | \$50.50  | Voicemail from J. Froese and email to J. Froese                                             |
| MJVZ   | 24/06/19 | \$505.00      | 1.10 | \$555.50 | Review of US Real Estate LP materials                                                       |
| MJVZ   | 24/06/19 | \$505.00      | 0.20 | \$101.00 | Conference call from counsel for Gold Loan debtor and review file in connection with same   |
| SLG    | 25/06/19 | \$825.00      | 0.20 | \$165.00 | Email with P. Cho                                                                           |
| MJVZ   | 25/06/19 | \$505.00      | 0.10 | \$50.50  | Emails with T. Clifford regarding Onstar bankruptcy application                             |
| MJVZ   | 25/06/19 | \$505.00      | 0.10 | \$50.50  | Emails with J. Wainwright regarding Order and registration                                  |
| MJVZ   | 25/06/19 | \$505.00      | 0.10 | \$50.50  | Emails with J. Fabello                                                                      |
| MJVZ   | 25/06/19 | \$505.00      | 0.10 | \$50.50  | Emails with B. Bando regarding conference call and various receivership matters             |
| JAW    | 25/06/19 | \$750.00      | 0.10 | \$75.00  | Review V. Clayton email; Email to M. van Zandvoort re court order                           |
| SJ     | 26/06/19 | \$340.00      | 0.30 | \$102.00 | Various emails re McCreedy bankruptcy                                                       |
| MES    | 26/06/19 | \$475.00      | 0.10 | \$47.50  | Receipt of funds regarding SMC (Commercial Loans)                                           |
| MES    | 26/06/19 | \$475.00      | 0.20 | \$95.00  | Exchange emails with S. Graff, P. Cho re: OOM discussion (Commercial Loans)                 |
| MJVZ   | 26/06/19 | \$505.00      | 1.70 | \$858.50 | Review of receivership matters across Funds in preparation of conference call with B. Bando |
| MJVZ   | 26/06/19 | \$505.00      | 0.60 | \$303.00 | Conference call with B. Bando to discuss various receivership matters                       |
| MJVZ   | 26/06/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. John concerning McCreedy bankruptcy                                          |
| MJVZ   | 26/06/19 | \$505.00      | 0.10 | \$50.50  | Conference call with J. Fabello                                                             |
| MJVZ   | 26/06/19 | \$505.00      | 0.10 | \$50.50  | Emails with B. Bando regarding Solid Bankruptcy                                             |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                                                                                                                                        |
|---------------|----------|---------------|-------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PW            | 26/06/19 | \$190.00      | 0.60  | \$114.00    | Filed proof of service of Application                                                                                                                              |
| SLG           | 27/06/19 | \$825.00      | 0.20  | \$165.00    | OOM - Discussion with M. Spence re call with P. Cho re coverage for costs                                                                                          |
| MES           | 27/06/19 | \$475.00      | 0.60  | \$285.00    | Telephone call with P. Cho [REDACTED]<br>[REDACTED]; Exchange emails with S. Graff and B. Bando re: same; Telephone call with B. Bando re: same (Commercial Loans) |
| MES           | 28/06/19 | \$475.00      | 0.20  | \$95.00     | Telephone call with S. Graff [REDACTED]<br>[REDACTED] (Commercial Loans)                                                                                           |
| <b>TOTAL:</b> |          |               | 47.70 | \$21,135.00 |                                                                                                                                                                    |

| Name                         | Hours | Rate     | Value       |
|------------------------------|-------|----------|-------------|
| Steven L. Graff (SLG)        | 2.60  | \$825.00 | \$2,145.00  |
| Shakaira John (SJ)           | 13.70 | \$340.00 | \$4,658.00  |
| Miranda E. Spence (MES)      | 2.50  | \$475.00 | \$1,187.50  |
| Mark J. van Zandvoort (MJVZ) | 22.70 | \$505.00 | \$11,463.50 |
| Patrick Williams (PW)        | 1.20  | \$190.00 | \$228.00    |
| Emily Chittick (EC)          | 1.80  | \$275.00 | \$495.00    |
| Shannon R. Morris (SRM)      | 0.90  | \$370.00 | \$333.00    |
| Daniella Hodgson (DH)        | 2.20  | \$250.00 | \$550.00    |
| Jennifer A. Wainwright (JAW) | 0.10  | \$750.00 | \$75.00     |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$21,135.00 |
| HST at 13%     | \$2,747.55  |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                              |          |
|------------------------------|----------|
| Due Diligence-Gov Fee        | \$8.00   |
| Wire Charges                 | \$17.50  |
| Notice of Motion/Application | \$150.00 |

|                    |          |
|--------------------|----------|
| Total Agency Costs | \$175.50 |
|--------------------|----------|



**Subject to HST**

|                     |          |
|---------------------|----------|
| Photocopies         | \$1.00   |
| Imaging/Scanning    | \$59.50  |
| Photocopies - Local | \$38.75  |
| Deliveries/Parss    | \$119.44 |
| Corporate Search    | \$10.00  |
| Agency Fee          | \$125.50 |

|                     |          |
|---------------------|----------|
| Total Disbursements | \$354.19 |
| HST at 13%          | \$46.04  |

**AMOUNT NOW DUE**

**\$24,458.28**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP

Steven L. Graff  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

36657521.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 643711**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

August 27, 2019

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended August 26, 2019

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                    |
|--------|----------|---------------|------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| JEM    | 02/07/19 | \$215.00      | 0.60 | \$129.00 | Review file; Prepare draft PPSA renewals; Submit and review same; Order post-renewal PPSA searches; Report on renewals and searches; Update registration chart |
| SRM    | 02/07/19 | \$370.00      | 0.20 | \$74.00  | Review file re registrations expiring in August and report on same                                                                                             |
| MJVZ   | 02/07/19 | \$505.00      | 0.20 | \$101.00 | Email to J. Froese; Email to S. John regarding noting in default; Email from J. Froese and emails with S. John; Conference call with S. Graff                  |
| MJVZ   | 02/07/19 | \$505.00      | 0.20 | \$101.00 | Conference call with S. Graff regarding US Real Estate LP and emails with B. Bando and S. Graff concerning same                                                |
| MJVZ   | 02/07/19 | \$505.00      | 0.10 | \$50.50  | Emails from B. Bando                                                                                                                                           |
| MJVZ   | 02/07/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. Morris and J. McLean regarding renewal of security registrations regarding Factoring Fund                                                       |
| MJVZ   | 02/07/19 | \$505.00      | 0.10 | \$50.50  | Emails from B. Bando and M. Kaplan regarding Pond                                                                                                              |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                          |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 03/07/19 | \$825.00      | 0.20 | \$165.00 | OOM - Discussion with respect to OOM and St. Mary's and costs                                                                                                                                                                        |
| SLG    | 03/07/19 | \$825.00      | 1.20 | \$990.00 | Realty - Meet with M. van Zandvoort; meet with B. Bando; review position, [REDACTED]<br>[REDACTED]                                                                                                                                   |
| SLG    | 03/07/19 | \$825.00      | 0.10 | \$82.50  | Emails with M. van Zandvoort and T. Clifford re Solid Holdings bankruptcy                                                                                                                                                            |
| SLG    | 03/07/19 | \$825.00      | 0.10 | \$82.50  | Inca - Discussion with M. van Zandvoort [REDACTED] and emails with J. Fabello                                                                                                                                                        |
| SLJ    | 03/07/19 | \$340.00      | 1.50 | \$510.00 | Review Froese statement of defence; Prepare requisition re default judgment for Frontline; Instruct B. Cook re same; Call w/ P. Williams re same                                                                                     |
| MJVZ   | 03/07/19 | \$505.00      | 1.00 | \$505.00 | Review and consider statement of defence of J. Froese in conjunction with review of A. Housego, C. Smith and J. Froese transcripts; Reporting email to B. Bando and instruct S. John regarding noting in default; Email to J. Froese |
| MJVZ   | 03/07/19 | \$505.00      | 0.10 | \$50.50  | Email from counsel to Inca One; Email to B. Bando                                                                                                                                                                                    |
| MJVZ   | 03/07/19 | \$505.00      | 1.70 | \$858.50 | Preparation for and attendance at meetings with S. Graff and with S. Graff and B. Bando regarding various receivership matters                                                                                                       |
| SLG    | 04/07/19 | \$825.00      | 0.60 | \$495.00 | Review Statement of Defence of J. Froese; discussion with M. van Zandvoort                                                                                                                                                           |
| SLJ    | 04/07/19 | \$340.00      | 0.30 | \$102.00 | Call w/ P. Williams re Froese defence; Various emails re same                                                                                                                                                                        |
| JEM    | 04/07/19 | \$215.00      | 0.30 | \$64.50  | Review file re Master declaration of trust; Discussion with M. Nelligan and email to M. van Zandvoort re same                                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                        |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SRM    | 04/07/19 | \$370.00      | 1.50 | \$555.00 | Emails and telephone calls with M. van Zandvoort; Conducting searches for Crystal Wealth Media Strategy and reporting on same; Obtaining, reviewing and reporting on profiles for US companies; Order real property searches in the US                             |
| MJVZ   | 04/07/19 | \$505.00      | 0.60 | \$303.00 | Email from A. Davids; File review and correspondence with S. Morris, J. McLean and B. Bando in connection with same; Email to A. Davids                                                                                                                            |
| MJVZ   | 04/07/19 | \$505.00      | 0.20 | \$101.00 | Conference call with J. Fabello and emails with B. Bando concerning same                                                                                                                                                                                           |
| MJVZ   | 04/07/19 | \$505.00      | 0.50 | \$252.50 | Review US Real Estate LP file and email S. Morris requesting searches regarding US Real Estate LP further to meeting yesterday                                                                                                                                     |
| MJVZ   | 04/07/19 | \$505.00      | 0.50 | \$252.50 | Conference call with P. Williams regarding Frontline defence being filed without service; Review of defence and email to S. Graff concerning same; Office conference with P. Williams concerning same; Email and conference call with S. Graff; Email to J. Froese |
| MJVZ   | 04/07/19 | \$505.00      | 0.20 | \$101.00 | Receive and review searches provided by S. Morris today concerning US Real Estate LP                                                                                                                                                                               |
| MJVZ   | 04/07/19 | \$505.00      | 0.10 | \$50.50  | Emails with MLT regarding 109 BC                                                                                                                                                                                                                                   |
| PLW    | 04/07/19 | \$190.00      | 0.60 | \$114.00 | Attended Commercial List in attempt to note defendant in default and obtained copy of defence                                                                                                                                                                      |
| SLG    | 05/07/19 | \$825.00      | 0.20 | \$165.00 | Discussion with M. van Zandvoort re position with respect to searches and related items                                                                                                                                                                            |
| SRM    | 05/07/19 | \$370.00      | 0.20 | \$74.00  | Emails from and to CT Corporation regarding real property searches and LP in Mississippi                                                                                                                                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                          |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 05/07/19 | \$505.00      | 0.10 | \$50.50    | Email to S. John and S. Graff regarding Froese defence; Email from S. Graff                                                          |
| MJVZ   | 05/07/19 | \$505.00      | 0.30 | \$151.50   | Emails with S. Morris and B. Bando regarding US Real Estate LP searches and review of file in connection with same and search period |
| SLJ    | 08/07/19 | \$340.00      | 1.00 | \$340.00   | Prepare materials for bankruptcy application hearing re McCready; Various emails re same                                             |
| SRM    | 08/07/19 | \$370.00      | 0.20 | \$74.00    | Emails from and to CT Corporation regarding owners of real property                                                                  |
| MES    | 08/07/19 | \$475.00      | 0.30 | \$142.50   | Telephone call with P. Cho [REDACTED]; Exchange emails with S. Graff and B. Bando re: same                                           |
| SLJ    | 09/07/19 | \$340.00      | 4.00 | \$1,360.00 | Prepare for court attendance; Attend at court for McCready bankruptcy hearing; Various emails re same                                |
| JTN    | 09/07/19 | \$395.00      | 0.20 | \$79.00    | Telephone calls with S. John re today's bankruptcy hearing, results of same and next steps                                           |
| MJVZ   | 09/07/19 | \$505.00      | 0.10 | \$50.50    | Emails and conference call with S. John regarding McCready bankruptcy application                                                    |
| MJVZ   | 09/07/19 | \$505.00      | 0.20 | \$101.00   | Email from T. Clifford attaching Court of Appeal decision and review of same                                                         |
| MJVZ   | 10/07/19 | \$505.00      | 0.70 | \$353.50   | US Real Estate LP review in preparation of next steps concerning same                                                                |
| MJVZ   | 10/07/19 | \$505.00      | 0.10 | \$50.50    | Emails from B. Bando and M. Kaplan re: Pond                                                                                          |
| SLG    | 11/07/19 | \$825.00      | 0.30 | \$247.50   | Real Estate - Telephone call with M. van Zandvoort re update on review                                                               |
| PLW    | 11/07/19 | \$190.00      | 0.60 | \$114.00   | Filed Affidavit of D. Marchese at Bankruptcy Court                                                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                 |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SRM    | 14/07/19 | \$370.00      | 1.60 | \$592.00   | Review US real property searches and report on same; Conduct corporate searches for Mississippi LP                                                                                          |
| MJVZ   | 14/07/19 | \$505.00      | 0.20 | \$101.00   | Review emails from S. Morris with search results and email from S. Graff concerning same                                                                                                    |
| SLJ    | 16/07/19 | \$340.00      | 2.30 | \$782.00   | Prepare for court attendance; Attend court re McCready bankruptcy application; Various emails re same                                                                                       |
| MES    | 16/07/19 | \$475.00      | 0.30 | \$142.50   | Exchange emails and telephone call with P. Cho [REDACTED]                                                                                                                                   |
| MJVZ   | 16/07/19 | \$505.00      | 0.10 | \$50.50    | Emails from S. John, B. Bando, and Trustee regarding Bankruptcy Order regarding McCready                                                                                                    |
| MJVZ   | 16/07/19 | \$505.00      | 0.30 | \$151.50   | Review and consider letter from L. Rogers and position cited                                                                                                                                |
| MJVZ   | 16/07/19 | \$505.00      | 0.10 | \$50.50    | Email to S. Graff regarding strategy [REDACTED]                                                                                                                                             |
| MJVZ   | 17/07/19 | \$505.00      | 0.10 | \$50.50    | Email from T. Clifford providing update from hearing for 611 Motion and Onstar Motion; Hearing for 611 Motion adjourned to August 6, 2019 and Onstar Motion adjourned to September 16, 2019 |
| MES    | 23/07/19 | \$475.00      | 0.10 | \$47.50    | Exchange emails with B. Bando re: OOM                                                                                                                                                       |
| MJVZ   | 23/07/19 | \$505.00      | 0.20 | \$101.00   | Emails with S. Graff, L. Roger, S. Bieber, and A. Laing concerning conference call to discuss receivership examination                                                                      |
| MJVZ   | 23/07/19 | \$505.00      | 0.10 | \$50.50    | Emails with B. Bando and S. Graff concerning US Real Estate LP                                                                                                                              |
| SLG    | 24/07/19 | \$825.00      | 1.30 | \$1,072.50 | Telephone call with M. van Zandvoort; review L. Rogers letter; telephone call with S. Bider and further calls with L. Rogers and with his class action partner                              |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                      |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MES    | 24/07/19 | \$475.00      | 0.10 | \$47.50    | Telephone call with P. Cho [REDACTED]<br>[REDACTED]                                                                                                                                                                                                              |
| MJVZ   | 24/07/19 | \$505.00      | 0.60 | \$303.00   | Review letter from counsel regarding Bakemates, and Class Proceeding Act regarding preferable procedure analysis in preparation for calls with S. Graff, S. Bieber, A. Laing, and L. Rogers                                                                      |
| MJVZ   | 24/07/19 | \$505.00      | 0.30 | \$151.50   | Attend on pre-call with S. Graff and with S. Graff and S. Bieber                                                                                                                                                                                                 |
| MJVZ   | 24/07/19 | \$505.00      | 0.40 | \$202.00   | Attend on call with S. Graff, S. Bieber, A. Laing, and L. Rogers                                                                                                                                                                                                 |
| SLG    | 26/07/19 | \$825.00      | 0.30 | \$247.50   | Telephone call with M. Spence re strategy with P. Cho and St. Mary's and receivership                                                                                                                                                                            |
| MES    | 26/07/19 | \$475.00      | 0.30 | \$142.50   | Exchange emails and telephone call with S. Graff [REDACTED]<br>[REDACTED]; Receive voicemail from B. Bando re: same (Commercial Loans)                                                                                                                           |
| SRM    | 28/07/19 | \$370.00      | 0.10 | \$37.00    | Media Fund: Email regarding expiring UCC registration against Mississippi Studios, LLC                                                                                                                                                                           |
| MJVZ   | 28/07/19 | \$505.00      | 0.10 | \$50.50    | Email: Email from S. Morris regarding security extension and renewal                                                                                                                                                                                             |
| JEM    | 29/07/19 | \$215.00      | 0.80 | \$172.00   | Order, review and report on US profiles                                                                                                                                                                                                                          |
| MJVZ   | 29/07/19 | \$505.00      | 7.20 | \$3,636.00 | Review of US Real Estate LP matter and various U.S. searches obtained; Draft letter to counsel and emails with S. Graff concerning same and proposed course of action; Obtain updated searches in connection with same and emails with J. McLean concerning same |
| SLG    | 30/07/19 | \$825.00      | 0.90 | \$742.50   | Review letter and emails with M. van Zandvoort and discussion re steps                                                                                                                                                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                  |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SRM    | 30/07/19 | \$370.00      | 0.60 | \$222.00   | Conduct prelims in various US States; Brief review of loan materials; Obtain Nevada information page for DVC GP, Inc.                                                                                                                                                                                                        |
| MES    | 30/07/19 | \$475.00      | 0.10 | \$47.50    | Telephone call with B. Bando [REDACTED]                                                                                                                                                                                                                                                                                      |
| MJVZ   | 30/07/19 | \$505.00      | 0.40 | \$202.00   | Prepare rider to letter to counsel and to attend on conference call with S. Graff concerning same; Email from S. Morris attaching additional search results regarding US Real Estate LP entities                                                                                                                             |
| MJVZ   | 30/07/19 | \$505.00      | 2.50 | \$1,262.50 | Conference call with S. Graff regarding US Real Estate LP and follow-up to Blakes call; Further review of US Real Estate LP Matter and revise letter regarding US Real Estate LP and email same to B. Bando and request conference call; Emails from B. Bando and S. Graff and conference call with B. Bando concerning same |
| MJVZ   | 30/07/19 | \$505.00      | 0.10 | \$50.50    | Email to L. Rogers and A. Laing                                                                                                                                                                                                                                                                                              |
| MJVZ   | 30/07/19 | \$505.00      | 0.20 | \$101.00   | Conference call with L. Rogers and email to S. Graff concerning same                                                                                                                                                                                                                                                         |
| MJVZ   | 30/07/19 | \$505.00      | 0.10 | \$50.50    | Email from A. Laing                                                                                                                                                                                                                                                                                                          |
| MJVZ   | 31/07/19 | \$505.00      | 0.10 | \$50.50    | Email with C. Johnston regarding subscription agreements                                                                                                                                                                                                                                                                     |
| MJVZ   | 01/08/19 | \$505.00      | 0.40 | \$202.00   | Review Inca Statement of Defence in conjunction with claim and consider defences raised; Reporting email to B. Bando concerning same; Emails with J. Knight                                                                                                                                                                  |
| MJVZ   | 01/08/19 | \$505.00      | 0.40 | \$202.00   | Email from A. Laing; Amend proposal and email to S. Graff concerning same                                                                                                                                                                                                                                                    |
| SLG    | 02/08/19 | \$825.00      | 0.40 | \$330.00   | Telephone call with M. van Zandvoort with respect to approach; review emails from Blakes re BDO class action                                                                                                                                                                                                                 |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                          |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 02/08/19 | \$505.00      | 0.20 | \$101.00   | Conference call with S. Graff<br>[REDACTED]                                                                                                                                                                                                                          |
| SLG    | 06/08/19 | \$825.00      | 0.80 | \$660.00   | Participate in call on US Real Estate fund and options, next steps and letter                                                                                                                                                                                        |
| SLG    | 06/08/19 | \$825.00      | 0.10 | \$82.50    | OOM - Review emails                                                                                                                                                                                                                                                  |
| MES    | 06/08/19 | \$475.00      | 0.20 | \$95.00    | Exchange emails with S. Graff<br>[REDACTED] and<br>receive email from P. Cho                                                                                                                                                                                         |
| MJVZ   | 06/08/19 | \$505.00      | 0.10 | \$50.50    | Email Request to Inspect to J. Fabello regarding Inca One                                                                                                                                                                                                            |
| MJVZ   | 06/08/19 | \$505.00      | 0.60 | \$303.00   | Conference call with S. Graff, J. Krieger and B. Bando regarding various receivership matters                                                                                                                                                                        |
| MJVZ   | 06/08/19 | \$505.00      | 2.50 | \$1,262.50 | Continued review of US Real Estate LP matter, searches, and subscription agreement and revisions to letter to S. O'Neil and conference call with S Graff                                                                                                             |
| MJVZ   | 06/08/19 | \$505.00      | 0.40 | \$202.00   | Revise email to A. Laing with proposal and conference call with S. Graff; Email to and from A. Laing                                                                                                                                                                 |
| SLG    | 07/08/19 | \$825.00      | 0.50 | \$412.50   | Review and revise letter to S. O'Neil at Boughton Law                                                                                                                                                                                                                |
| SRM    | 07/08/19 | \$370.00      | 1.00 | \$370.00   | Review email and file re same; Order UCC search in Nevada; Order real property searches in the US; Emails from and to agent regarding same                                                                                                                           |
| MJVZ   | 07/08/19 | \$505.00      | 0.50 | \$252.50   | Conference call with L. Rogers and A. Laing                                                                                                                                                                                                                          |
| MJVZ   | 07/08/19 | \$505.00      | 2.50 | \$1,262.50 | Further revisions to letter to S. O'Neil in conjunction with subscription agreement review and email to S. Morris requesting additional searches; Email revised letter and blackline to B. Bando; Receive and review search results and email to S. Morris providing |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                            |
|--------|----------|---------------|------|----------|------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | follow-up direction; Further emails with S. Morris concerning same                                                     |
| MJVZ   | 07/08/19 | \$505.00      | 0.20 | \$101.00 | Office conference with S. Graff regarding Boughton Law/US Real Estate LP                                               |
| MJVZ   | 07/08/19 | \$505.00      | 0.10 | \$50.50  | Emails with T. Clifford regarding 611 Bankruptcy Order obtained                                                        |
| MJVZ   | 07/08/19 | \$505.00      | 0.30 | \$151.50 | Email from A. Laing setting out amended proposal; Email to S. Graff concerning same and email position to A. Laing     |
| SLG    | 08/08/19 | \$825.00      | 0.10 | \$82.50  | Telephone call with B. Bando re HST assessment                                                                         |
| SRM    | 08/08/19 | \$370.00      | 0.40 | \$148.00 | Conduct US name searches                                                                                               |
| MJVZ   | 08/08/19 | \$505.00      | 0.40 | \$202.00 | Receive and review/consider email and questions sent by A. Laing and emails with B. Bando and S. Graff concerning same |
| MJVZ   | 08/08/19 | \$505.00      | 0.20 | \$101.00 | Review email and search results sent by S. Morris                                                                      |
| MJVZ   | 08/08/19 | \$505.00      | 0.10 | \$50.50  | Conference call with S. Graff concerning Investor Funds                                                                |
| SLG    | 09/08/19 | \$825.00      | 0.60 | \$495.00 | Telephone call with M. van Zandvoort and conference call with B. Bando and J. Krieger; review list of questions        |
| MJVZ   | 09/08/19 | \$505.00      | 0.10 | \$50.50  | Conference call with S. Graff regarding BDO inquiries                                                                  |
| MJVZ   | 09/08/19 | \$505.00      | 0.30 | \$151.50 | Conference call with S. Graff, J. Krieger and B. Bando regarding various receivership matters                          |
| MJVZ   | 09/08/19 | \$505.00      | 0.10 | \$50.50  | Review letter received from S. Bieber and email to Receiver concerning same                                            |
| MJVZ   | 09/08/19 | \$505.00      | 0.50 | \$252.50 | Revise and finalize and send letter to S. O'Neil                                                                       |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                    |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 09/08/19 | \$505.00      | 0.10 | \$50.50    | Email from J. Fabello regarding Request to Inspect and email to Receiver concerning same                                                                                                                                                                       |
| MJVZ   | 12/08/19 | \$505.00      | 0.10 | \$50.50    | Review letter from counsel to BDO regarding Receiver questioning                                                                                                                                                                                               |
| SLG    | 14/08/19 | \$825.00      | 0.30 | \$247.50   | Real Estate - Emails to and from S. O'Neill re examination of books and records                                                                                                                                                                                |
| SRM    | 14/08/19 | \$370.00      | 0.50 | \$185.00   | Renew real property searches and report on same                                                                                                                                                                                                                |
| MES    | 14/08/19 | \$475.00      | 0.10 | \$47.50    | Receive email from P. Cho<br>[REDACTED]                                                                                                                                                                                                                        |
| MJVZ   | 14/08/19 | \$505.00      | 0.20 | \$101.00   | Review summary and searches prepared by S. Morris regarding US Real Estate LP and email to S. Morris                                                                                                                                                           |
| MJVZ   | 14/08/19 | \$505.00      | 0.20 | \$101.00   | Emails from S. O'Neil and emails with Receiver concerning same                                                                                                                                                                                                 |
| SRM    | 15/08/19 | \$370.00      | 0.40 | \$148.00   | Review UCC search against Davinci Capital LP and report on same                                                                                                                                                                                                |
| MES    | 15/08/19 | \$475.00      | 0.30 | \$142.50   | Exchange emails and telephone call with P. Cho                                                                                                                                                                                                                 |
| MJVZ   | 15/08/19 | \$505.00      | 0.50 | \$252.50   | Review searches sent by S. Morris; Emails and conference call with B. Bando; Review LP agreement and email to S. O'Neil; Email from S. O'Neil                                                                                                                  |
| MJVZ   | 16/08/19 | \$505.00      | 2.40 | \$1,212.00 | Review letter from S. Bieber; Review letter from Blakes; Address matters pertaining to questions posed by BDO and emails with B. Bando and S. Graff concerning same                                                                                            |
| MJVZ   | 19/08/19 | \$505.00      | 3.80 | \$1,919.00 | Review of matters pertaining to Fund investments and Receiver questions and email to S. Graff concerning conference call and setting out draft for consideration; Review of jurisprudence in connection with same; Conference calls with S. Graff and email to |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                      |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | Receiver; Email from A. Storelli                                                                                                                                                                                                                 |
| MJVZ   | 19/08/19 | \$505.00      | 0.20 | \$101.00   | Email from J. Fabello [REDACTED]<br>[REDACTED]; Email to J.<br>Fabello; Review letter from J<br>.Fabello [REDACTED]<br>and email to B. Bando                                                                                                     |
| DSH    | 20/08/19 | \$250.00      | 0.40 | \$100.00   | Emails to and from M. van<br>Zandvoort; Attend to downloading<br>materials delivered by J. Harker;<br>Organize same; Email same to<br>clients                                                                                                    |
| MJVZ   | 20/08/19 | \$505.00      | 1.20 | \$606.00   | Email to GP Partners and S. O'Neil;<br>Email from J. Harker; Emails with<br>AB and Receiver personnel<br>concerning documents delivered<br>and undertake preliminary review of<br>same in anticipation of conference<br>call with Receiver today |
| MJVZ   | 20/08/19 | \$505.00      | 0.40 | \$202.00   | Review Inca matter in preparation<br>for conference call with Receiver [REDACTED]<br>[REDACTED]                                                                                                                                                  |
| MJVZ   | 20/08/19 | \$505.00      | 0.80 | \$404.00   | Conference call with S. Graff and B.<br>Bando to address various<br>receivership matters                                                                                                                                                         |
| MJVZ   | 20/08/19 | \$505.00      | 0.20 | \$101.00   | Draft and send follow-up email to S.<br>Graff and B. Bando                                                                                                                                                                                       |
| MJVZ   | 21/08/19 | \$505.00      | 4.80 | \$2,424.00 | Review of agreements and<br>receiver's reports and amend<br>Statement of Claim; [REDACTED]<br>[REDACTED]; Prepare letters to J. Fabello;<br>Email to Receiver concerning same<br>and requesting comments/approval                                |
| MJVZ   | 21/08/19 | \$505.00      | 0.60 | \$303.00   | Emails with Receiver, and to Blakes<br>and AGB LLP, concerning Receiver<br>responses; Email from A. Laing                                                                                                                                        |
| MJVZ   | 21/08/19 | \$505.00      | 0.10 | \$50.50    | Conference call with investor<br>counsel                                                                                                                                                                                                         |
| MJVZ   | 21/08/19 | \$505.00      | 0.10 | \$50.50    | Follow-up email to US Real Estate<br>LP representatives concerning<br>inspection and document request                                                                                                                                            |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                         |
|---------------|----------|---------------|-------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ          | 23/08/19 | \$505.00      | 0.20  | \$101.00    | Review file correspondence and follow-up correspondence to S. O'Neil and GP Directors concerning Receiver inspection and request for Information/Documents                                                                                                                                                                                                          |
| MJVZ          | 26/08/19 | \$505.00      | 0.40  | \$202.00    | Receive email from J. Harker regarding delivery of further Requested Documents/Information and Receiver's attendance for inspection; Send email to J. Harker regarding Receiver's attendance for inspection and further Requested Documents/Information; Receive email from M. Wentzell advising that he is unavailable to attend this Friday; Email to M. Wentzell |
| MJVZ          | 26/08/19 | \$505.00      | 0.60  | \$303.00    | Exchange emails with B. Bando [REDACTED] and amended pleading; Review and revisions to same and deliver to opposing counsel, J. Fabello, and to B. Bando and J. Knight                                                                                                                                                                                              |
| MJVZ          | 26/08/19 | \$505.00      | 0.10  | \$50.50     | Receive email from A. Laing regarding outstanding response to question 6(b)                                                                                                                                                                                                                                                                                         |
| <b>TOTAL:</b> |          |               | 76.20 | \$37,586.00 |                                                                                                                                                                                                                                                                                                                                                                     |

| Name                         | Hours | Rate     | Value       |
|------------------------------|-------|----------|-------------|
| Jenaya E. McLean (JEM)       | 1.70  | \$215.00 | \$365.50    |
| Shannon R. Morris (SRM)      | 6.70  | \$370.00 | \$2,479.00  |
| Mark J. van Zandvoort (MJVZ) | 47.10 | \$505.00 | \$23,785.50 |
| Steven L. Graff (SLG)        | 8.00  | \$825.00 | \$6,600.00  |
| Shakaira L. John (SLJ)       | 9.10  | \$340.00 | \$3,094.00  |
| Patrick L. Williams (PLW)    | 1.20  | \$190.00 | \$228.00    |
| Miranda E. Spence (MES)      | 1.80  | \$475.00 | \$855.00    |
| Jeremy T. Nemers (JTN)       | 0.20  | \$395.00 | \$79.00     |
| Daniella S. Hodgson (DSH)    | 0.40  | \$250.00 | \$100.00    |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$37,586.00 |
| HST at 13%     | \$4,886.18  |

## DISBURSEMENTS

### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                             |            |
|-----------------------------|------------|
| Search Under P.P.S.A.       | \$3.00     |
| Registration Under P.P.S.A. | \$8.00     |
| Agents Fees - Non Taxable   | \$7,735.33 |
| Wire Charges                | \$17.50    |

|                    |            |
|--------------------|------------|
| Total Agency Costs | \$7,763.83 |
|--------------------|------------|

### Subject to HST

|                      |          |
|----------------------|----------|
| Service Provider Fee | \$75.50  |
| Photocopies - Local  | \$140.75 |
| Imaging/Scanning     | \$11.25  |
| Photocopies          | \$15.12  |

|                     |          |
|---------------------|----------|
| Total Disbursements | \$242.62 |
| HST at 13%          | \$31.54  |

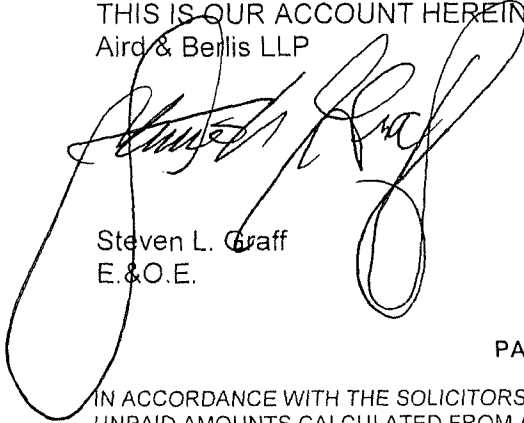
### AMOUNT NOW DUE

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**\$50,510.17**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP

  
Steven L. Graff  
E.&O.E.

### PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 646927**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

September 27, 2019

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended September 26, 2019

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                               |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 19/08/19 | \$825.00      | 0.40 | \$330.00 | Telephone call with M. van Zandvoort and further review of answers to questions from Blakes                                                               |
| SLG    | 20/08/19 | \$825.00      | 0.80 | \$660.00 | Telephone call with B. Bando and M. van Zandvoort re access to docs and records re RE Fund and answers to Blakes' questions re class certification motion |
| SLG    | 21/08/19 | \$825.00      | 0.20 | \$165.00 | Real Estate - emails with J. Harker et al (and S. O'Neill)                                                                                                |
| MES    | 26/08/19 | \$475.00      | 0.20 | \$95.00  | Address fee sharing agreement [REDACTED]                                                                                                                  |
| MES    | 27/08/19 | \$475.00      | 0.50 | \$237.50 | Drafting fee indemnity agreement [REDACTED]                                                                                                               |
| MJVZ   | 27/08/19 | \$505.00      | 0.20 | \$101.00 | Email to J. Harker and S. O'Neill regarding Requested Information/Documents and attendance for inspection                                                 |
| SLG    | 28/08/19 | \$825.00      | 0.20 | \$165.00 | Email re undertaking re BDO                                                                                                                               |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                         |
|--------|----------|---------------|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 28/08/19 | \$505.00      | 0.40 | \$202.00 | Receive and review letter from W. Gee r [REDACTED]; Email from S. Graff; Conference call with S. Graff regarding strategy and next steps; Reporting email to client [REDACTED]; Exchange emails with client and obtain instructions |
| MJVZ   | 28/08/19 | \$505.00      | 0.50 | \$252.50 | Emails from N. Read-Ellis and from A. Laing; Prepare and send response in conjunction with review of retainer letter; Reporting email to Receiver concerning same                                                                   |
| MJVZ   | 28/08/19 | \$505.00      | 0.10 | \$50.50  | Conference call with B. Bando                                                                                                                                                                                                       |
| SLG    | 29/08/19 | \$825.00      | 0.30 | \$247.50 | Telephone call with M. van Zandvoort [REDACTED]                                                                                                                                                                                     |
| MJVZ   | 30/08/19 | \$505.00      | 1.20 | \$606.00 | Email from A. Laing attaching certification materials; Review certification opposition record and reporting email to Receiver concerning same                                                                                       |
| MJVZ   | 30/08/19 | \$505.00      | 0.30 | \$151.50 | Review letter from J. Fabello and reporting email to Receiver concerning same                                                                                                                                                       |
| MES    | 03/09/19 | \$475.00      | 1.00 | \$475.00 | Draft fee indemnity agreement [REDACTED] and email to B. Bando re: same                                                                                                                                                             |
| SLG    | 04/09/19 | \$825.00      | 0.30 | \$247.50 | OOM - Further review of indemnity doc and discussion re M. Spence                                                                                                                                                                   |
| MES    | 04/09/19 | \$475.00      | 1.00 | \$475.00 | Telephone calls with S. Graff re: revisions to fee indemnity agreement and exchange emails re: strategy; Revise fee indemnity agreement; Exchange emails with P. Cho                                                                |
| SLG    | 05/09/19 | \$825.00      | 0.70 | \$577.50 | OOM - Review and revise Fee Indemnity; discussion with M. Spence re same                                                                                                                                                            |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                       |
|--------|----------|---------------|------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| MES    | 05/09/19 | \$475.00      | 0.30 | \$142.50 | Consider outstanding matters and email to B. Bando re: correspondence to SMC re: fee indemnity (Commercial Loans)                                 |
| MJVZ   | 05/09/19 | \$505.00      | 0.10 | \$50.50  | Conference call with B. Bando regarding receivership matters (all entities)                                                                       |
| MJVZ   | 05/09/19 | \$505.00      | 0.10 | \$50.50  | Telephone call from opposing counsel regarding Inca One                                                                                           |
| MJVZ   | 06/09/19 | \$505.00      | 0.10 | \$50.50  | Emails with counsel to Inca One                                                                                                                   |
| MJVZ   | 06/09/19 | \$505.00      | 0.40 | \$202.00 | Conference calls with W. Gee and B. Bando regarding Inca One                                                                                      |
| MJVZ   | 07/09/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. Graff regarding US Real Estate LP                                                                                                  |
| MES    | 09/09/19 | \$475.00      | 0.30 | \$142.50 | Email and telephone call with B. Bando re: fee indemnity agreement [REDACTED]; Email to P. Cho re: same (Commercial Loans)                        |
| SLG    | 10/09/19 | \$825.00      | 0.30 | \$247.50 | US Real Estate - Telephone call with M. van Zandvoort regarding approach to enforcement of receivership order and options; draft email to GTL     |
| MJVZ   | 10/09/19 | \$505.00      | 0.50 | \$252.50 | Review US Real Estate LP matter in preparation for call with S. Graff and conference call with S. Graff concerning same and to discuss next steps |
| MJVZ   | 11/09/19 | \$505.00      | 1.50 | \$757.50 | Review of US Real Estate LP matter and potential next steps and draft email to S. Graff concerning same                                           |
| MJVZ   | 12/09/19 | \$505.00      | 0.20 | \$101.00 | Conference call with W. Gee; Email to Receiver                                                                                                    |
| MJVZ   | 12/09/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. Graff and Receiver concerning US Real Estate LP                                                                                    |
| SLG    | 13/09/19 | \$825.00      | 0.10 | \$82.50  | Email [REDACTED]                                                                                                                                  |
| SLG    | 13/09/19 | \$825.00      | 0.20 | \$165.00 | Email to J. Krieger and B. Bando re RE options                                                                                                    |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                        |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 13/09/19 | \$505.00      | 0.20 | \$101.00   | Receive and review Statements of Defence of BDO in Whitehouse and Receiver actions                                 |
| MES    | 16/09/19 | \$475.00      | 0.30 | \$142.50   | Telephone calls with P. Cho re: fee indemnity agreement [REDACTED]<br>[REDACTED]<br>(Commercial Loans)             |
| MJVZ   | 16/09/19 | \$505.00      | 0.10 | \$50.50    | Email to Receiver concerning US Real Estate LP                                                                     |
| MJVZ   | 16/09/19 | \$505.00      | 0.10 | \$50.50    | Review email from T. Clifford and Order and email to T. Clifford concerning same                                   |
| SLG    | 17/09/19 | \$825.00      | 0.30 | \$247.50   | Telephone call with M. van Zandvoort and B. Bando re next steps [REDACTED]                                         |
| MJVZ   | 17/09/19 | \$505.00      | 0.50 | \$252.50   | Review Dome Mountain and US Real Estate LP matters in preparation of conference call with Receiver concerning same |
| MJVZ   | 17/09/19 | \$505.00      | 0.50 | \$252.50   | Conference call with B. Bando and S. Graff concerning US Real Estate LP and Dome Mountain                          |
| MJVZ   | 17/09/19 | \$505.00      | 0.20 | \$101.00   | Follow-up email to S. Graff further to conference call regarding Dome Mountain                                     |
| MJVZ   | 17/09/19 | \$505.00      | 0.20 | \$101.00   | Conference call with S. Graff regarding Dome Mountain                                                              |
| SLJ    | 18/09/19 | \$350.00      | 0.40 | \$140.00   | Review file re Dome Mountain.                                                                                      |
| MJVZ   | 18/09/19 | \$505.00      | 0.30 | \$151.50   | Emails with S. John regarding Dome Mountain and shareholder agreement review                                       |
| SLJ    | 19/09/19 | \$350.00      | 3.00 | \$1,050.00 | Discussion with M. Van Zandvoort re Statement of Claim; Review file re same; Draft same.                           |
| MJVZ   | 19/09/19 | \$505.00      | 0.30 | \$151.50   | Conference call with S. John and email to S. John concerning US Real Estate LP Claim                               |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                                                                                       |
|---------------|----------|---------------|-------|-------------|-------------------------------------------------------------------------------------------------------------------|
| MJVZ          | 19/09/19 | \$505.00      | 0.10  | \$50.50     | Emails with W. Gee                                                                                                |
| SLJ           | 20/09/19 | \$350.00      | 3.00  | \$1,050.00  | Draft statement of claim re 107 B.C.;<br>Various emails re same.                                                  |
| JEM           | 20/09/19 | \$215.00      | 0.10  | \$21.50     | Order, review and report on profile<br>for 1076874 B.C. Ltd.                                                      |
| MJVZ          | 20/09/19 | \$505.00      | 0.10  | \$50.50     | Emails with S. John regarding US<br>Real Estate LP claim                                                          |
| SLJ           | 23/09/19 | \$350.00      | 5.00  | \$1,750.00  | Draft Statement of Claim re 107<br>B.C.; Instruct D. Mba regarding<br>research re same.                           |
| SLJ           | 24/09/19 | \$350.00      | 6.00  | \$2,100.00  | Draft Statement of Claim re 107 B.C.                                                                              |
| MJVZ          | 24/09/19 | \$505.00      | 0.20  | \$101.00    | Emails with S. John concerning US<br>Real Estate LP claim and<br>conference call with S. Graff<br>concerning same |
| SLJ           | 25/09/19 | \$350.00      | 4.00  | \$1,400.00  | Review research from D. Mba; Draft<br>and revise statement of claim re 107<br>B.C.                                |
| MJVZ          | 26/09/19 | \$505.00      | 0.10  | \$50.50     | Emails and conference call with B.<br>Bando concerning Pond                                                       |
| MJVZ          | 26/09/19 | \$505.00      | 0.10  | \$50.50     | Emails from S. John regarding US<br>Real Estate LP                                                                |
| MJVZ          | 26/09/19 | \$505.00      | 0.10  | \$50.50     | Emails with W. Gee                                                                                                |
| <b>TOTAL:</b> |          |               | 37.80 | \$16,851.00 |                                                                                                                   |

| Name                         | Hours | Rate     | Value      |
|------------------------------|-------|----------|------------|
| Steven L. Graff (SLG)        | 3.80  | \$825.00 | \$3,135.00 |
| Miranda E. Spence (MES)      | 3.60  | \$475.00 | \$1,710.00 |
| Mark J. van Zandvoort (MJVZ) | 8.90  | \$505.00 | \$4,494.50 |
| Shakaira L. John (SLJ)       | 21.40 | \$350.00 | \$7,490.00 |
| Jenaya E. McLean (JEM)       | 0.10  | \$215.00 | \$21.50    |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$16,851.00 |
| HST at 13%     | \$2,190.63  |

**DISBURSEMENTS**

**COST INCURRED ON YOUR BEHALF AS AN AGENT**

|                       |         |
|-----------------------|---------|
| Wire Charges          | \$35.00 |
| Due Diligence-Gov Fee | \$8.50  |

|                    |         |
|--------------------|---------|
| Total Agency Costs | \$43.50 |
|--------------------|---------|

**Subject to HST**

|                     |         |
|---------------------|---------|
| Imaging/Scanning    | \$1.00  |
| Photocopies - Local | \$12.00 |
| Due Diligence       | \$22.00 |

|                     |         |
|---------------------|---------|
| Total Disbursements | \$35.00 |
| HST at 13%          | \$4.55  |

**AMOUNT NOW DUE**

**\$19,124.68**

THIS IS OUR ACCOUNT HEREIN

Aird & Berlis LLP

Steven L. Graff  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 1.5% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

37384254.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 650852**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

November 13, 2019

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended October 31, 2019

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                      |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DM     | 23/09/19 | \$295.00      | 0.20 | \$59.00    | Meeting with S. John to review matter                                                                                                                                                                            |
| DM     | 24/09/19 | \$295.00      | 1.40 | \$413.00   | Research [REDACTED]                                                                                                                                                                                              |
| DM     | 25/09/19 | \$295.00      | 2.30 | \$678.50   | [A102] Research [REDACTED]                                                                                                                                                                                       |
| SLJ    | 26/09/19 | \$350.00      | 3.00 | \$1,050.00 | Review research from D. Mba; Revise statement of claim re 107 B.C.                                                                                                                                               |
| MJVZ   | 27/09/19 | \$505.00      | 0.10 | \$50.50    | Email to W. Gee                                                                                                                                                                                                  |
| MJVZ   | 30/09/19 | \$505.00      | 1.10 | \$555.50   | Review and commence revisions to statement of claim regarding US Real Estate LP; Emails with S. Graff concerning same                                                                                            |
| MJVZ   | 30/09/19 | \$505.00      | 0.20 | \$101.00   | Email from and to W. Gee; Emails with Receiver                                                                                                                                                                   |
| SLG    | 01/10/19 | \$825.00      | 0.20 | \$165.00   | Emails [REDACTED]                                                                                                                                                                                                |
| MJVZ   | 01/10/19 | \$505.00      | 4.10 | \$2,070.50 | Continue drafting and revisions to statement of claim regarding US Real Estate LP; Email to S. Graff attaching draft and email to S. John concerning same and request for information for particular allegations |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                      |
|--------|----------|---------------|------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 01/10/19 | \$505.00      | 0.50 | \$252.50 | Email from and to W. Gee and with the Receiver and conference call with S. Graff and to W. Gee                                                                   |
| SLJ    | 02/10/19 | \$350.00      | 0.50 | \$175.00 | Revise statement of claim re 107 B.C.; Draft email to M. Van Zandvoort re same.                                                                                  |
| MES    | 02/10/19 | \$475.00      | 0.20 | \$95.00  | Receive emails from P. Cho re: funding arrangement (Commercial Loans)                                                                                            |
| MJVZ   | 02/10/19 | \$505.00      | 0.20 | \$101.00 | Email from S. John providing requested information for claim and review of same                                                                                  |
| MJVZ   | 02/10/19 | \$505.00      | 0.60 | \$303.00 | Email from W. Gee [REDACTED]; Review Release, Assignment Agreement, Direction and Consent; Reporting email to Receiver concerning same and recommended revisions |
| SLG    | 06/10/19 | \$825.00      | 0.80 | \$660.00 | Review draft claim and emails with M. van Zandvoort                                                                                                              |
| SRM    | 06/10/19 | \$370.00      | 0.20 | \$74.00  | Email to M. van Zandvoort regarding expiring registrations on the Media fund file.                                                                               |
| MJVZ   | 06/10/19 | \$505.00      | 0.10 | \$50.50  | Emails with B. Bando regarding Inca One                                                                                                                          |
| MJVZ   | 06/10/19 | \$505.00      | 0.10 | \$50.50  | Email from S. Morris concerning registration renewals                                                                                                            |
| SLG    | 07/10/19 | \$825.00      | 0.40 | \$330.00 | US Real Estate - Review draft Statement of Claim with M. van Zandvoort                                                                                           |
| SLG    | 07/10/19 | \$825.00      | 0.50 | \$412.50 | US Real Estate - Telephone call with M. van Zandvoort re review and amend claim                                                                                  |
| MES    | 07/10/19 | \$475.00      | 0.60 | \$285.00 | Review revisions to fee indemnity agreement; Exchange emails and telephone call with B. Bando; Email to P. Cho re: same (Commercial Loans)                       |
| MJVZ   | 07/10/19 | \$505.00      | 0.80 | \$404.00 | Email to W. Gee; Receive and review/revise Assignment Agreement and Release; Reporting email to B. Bando concerning same                                         |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                           |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 07/10/19 | \$505.00      | 1.40 | \$707.00 | Review shareholders agreements in preparation of conference call and attend on conference call with S. Graff                                                                                                          |
| MJVZ   | 07/10/19 | \$505.00      | 0.40 | \$202.00 | Revise claim to send to Receiver and email to Receiver attaching same and requesting conference call                                                                                                                  |
| MES    | 08/10/19 | \$475.00      | 0.20 | \$95.00  | Receive emails from P. Cho and B. Bando re: fee indemnity agreement (Commercial Loans)                                                                                                                                |
| MJVZ   | 09/10/19 | \$505.00      | 1.00 | \$505.00 | Emails from B. Bando regarding Inca; Revise Direction, Release, and Assignment Agreement and email to B. Bando concerning same and attaching blacklines; Further emails with B. Bando and to W. Gee                   |
| MJVZ   | 09/10/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. Graff and B. Bando regarding US Real Estate LP                                                                                                                                                         |
| SLG    | 10/10/19 | \$825.00      | 0.60 | \$495.00 | US Real Estate - Telephone call with M. van Zandvoort and B. Bando re Statement of Claim and expansion of same                                                                                                        |
| SLJ    | 10/10/19 | \$350.00      | 0.20 | \$70.00  | Instruct J. McLean re searches re 107 B.C. claim.                                                                                                                                                                     |
| JEM    | 10/10/19 | \$215.00      | 0.30 | \$64.50  | Order, review and report on corporate profiles                                                                                                                                                                        |
| MJVZ   | 10/10/19 | \$505.00      | 0.10 | \$50.50  | Email from J. Fabello and email to B. Bando                                                                                                                                                                           |
| MJVZ   | 10/10/19 | \$505.00      | 1.00 | \$505.00 | Prepare for and attend on conference call with B. Bando and S. Graff                                                                                                                                                  |
| MJVZ   | 10/10/19 | \$505.00      | 1.20 | \$606.00 | Review matters concerning statement of claim and amendments to be made thereto and revise claim; Email to S. John concerning amendments to statement of claim; Emails with S. John concerning default judgment motion |
| MJVZ   | 10/10/19 | \$505.00      | 0.50 | \$252.50 | Review Dome Mountain matter and emails with MLT and Receiver concerning bankruptcy application                                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                               |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 11/10/19 | \$825.00      | 0.10 | \$82.50    | Email with M. van Zandvoort and J. Fabello [REDACTED]                                                                                                                                                     |
| SLJ    | 11/10/19 | \$350.00      | 0.50 | \$175.00   | Instruct G. Gopinath re research.                                                                                                                                                                         |
| MJVZ   | 11/10/19 | \$505.00      | 0.10 | \$50.50    | Emails with J. Fabello and Receiver                                                                                                                                                                       |
| GG     | 14/10/19 | \$295.00      | 2.00 | \$590.00   | Researched [REDACTED]<br>[REDACTED]                                                                                                                                                                       |
| GG     | 15/10/19 | \$295.00      | 2.50 | \$737.50   | Drafted memo [REDACTED]<br>[REDACTED]                                                                                                                                                                     |
| MJVZ   | 15/10/19 | \$505.00      | 0.70 | \$353.50   | Email from J. Fabello and review blacklines and email S. Graff [REDACTED]<br>[REDACTED] n                                                                                                                 |
| SLJ    | 16/10/19 | \$350.00      | 4.00 | \$1,400.00 | Review research from G. Gopinath; Revise statement of claim re 107 B.C.; Review correspondence re US Real Estate LP chart.                                                                                |
| JEM    | 16/10/19 | \$215.00      | 0.10 | \$21.50    | Order, review, and report on profile for Ruthbury Capital Corp.                                                                                                                                           |
| MJVZ   | 16/10/19 | \$505.00      | 0.40 | \$202.00   | Review email from T. Clifford; Review D. Pahl transcript and email to T. Clifford attaching Agreement and advising of transcript references; Further emails with T. Clifford and B. Bando concerning same |
| MJVZ   | 16/10/19 | \$505.00      | 0.40 | \$202.00   | Emails with S. Graff and S. John concerning US Real Estate claim and commence review of same                                                                                                              |
| SLG    | 17/10/19 | \$825.00      | 0.10 | \$82.50    | US REAL ESTATE - Telephone call with M. van Zandvoort re claim                                                                                                                                            |
| JEM    | 17/10/19 | \$215.00      | 0.10 | \$21.50    | Email to M. Van Zand Voort re corporate profile.                                                                                                                                                          |
| MJVZ   | 17/10/19 | \$505.00      | 4.60 | \$2,323.00 | Review and obtain profiles and review [REDACTED]<br>Revise statement of claim; Email to S. Graff concerning same and attaching blackline                                                                  |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                     |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 17/10/19 | \$505.00      | 0.10 | \$50.50    | Emails with L. Pelletier regarding delivery of letters                                                                                                                          |
| SLG    | 18/10/19 | \$825.00      | 0.60 | \$495.00   | US REAL ESTATE - Review claim (amended) re U.S. Real estate and defendants                                                                                                      |
| SLG    | 18/10/19 | \$825.00      | 0.70 | \$577.50   | Telephone call with M. Spence; review agreement; conference call with P. Cho                                                                                                    |
| MES    | 18/10/19 | \$475.00      | 0.60 | \$285.00   | Conference call with counsel for SMC and S. Graff re: fee indemnity agreement and further discussions with S. Graff re: same                                                    |
| MJVZ   | 18/10/19 | \$505.00      | 0.70 | \$353.50   | Emails from J. Fabello and S. Graff; Conference call with S. Graff; Reporting email to B. Bando regarding Claim [REDACTED]                                                      |
| MJVZ   | 20/10/19 | \$505.00      | 0.80 | \$404.00   | Emails with B. Bando re Inca One; Revise release [REDACTED]; Email to B. Bando concerning same                                                                                  |
| SLG    | 21/10/19 | \$825.00      | 0.20 | \$165.00   | US Real Estate - Final review of claim and email with M. van Zandvoort                                                                                                          |
| SLJ    | 21/10/19 | \$350.00      | 0.50 | \$175.00   | Instruct P. Williams re statement of claim; Various emails re same.                                                                                                             |
| MJVZ   | 21/10/19 | \$505.00      | 0.80 | \$404.00   | Emails with S. Graff re statement of claim; Revise same; Emails with S. John concerning issuance and service and leave to issue; Emails with Court concerning same              |
| MES    | 22/10/19 | \$475.00      | 0.10 | \$47.50    | Voicemail to B. Bando re: fee indemnity agreement (Commercial Loans)                                                                                                            |
| SLJ    | 23/10/19 | \$350.00      | 4.00 | \$1,400.00 | Review pleadings re noting in default; Meeting with M. Van zandvoort re same; Various emails re Zoomongo default judgment motion; Review file re same; Revise motion materials. |
| JEM    | 23/10/19 | \$215.00      | 0.10 | \$21.50    | Order, review and report on updated profiles                                                                                                                                    |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                        |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 23/10/19 | \$505.00      | 1.60 | \$808.00   | Meeting with S. John regarding default judgments; Review and revise notice of motion and affidavit regarding default judgement motion; Emails with S. John and review of select exhibits requested |
| DSH    | 24/10/19 | \$250.00      | 0.50 | \$125.00   | Email from S. John re potential default judgment re Robert Maljaars and Darcy Phal; Review of claim; Email to S. John re same                                                                      |
| SLJ    | 24/10/19 | \$350.00      | 3.50 | \$1,225.00 | Instruct D. Hodgson re bill of costs for default judgment proceedings; Revise materials re same; Various emails re same; Prepare affidavit for swearing; Draft motion materials.                   |
| MJVZ   | 24/10/19 | \$505.00      | 0.30 | \$151.50   | Emails with S. John and B. Bando regarding revised affidavit; Review revised affidavit and email to S. John concerning same; Emails from S. John, B. Bando and J. Knight concerning same           |
| MJVZ   | 24/10/19 | \$505.00      | 0.10 | \$50.50    | Emails with D. Hodgson and S. John regarding default judgment materials regarding Maljaars et al.                                                                                                  |
| MJVZ   | 24/10/19 | \$505.00      | 0.10 | \$50.50    | Follow-up email to J. Fabello regarding Inca Once                                                                                                                                                  |
| MJVZ   | 24/10/19 | \$505.00      | 1.30 | \$656.50   | Emails with B. Bando regarding SS&C amendment; Review Services Agreement and prior correspondence with SS&C and draft amending agreement and email same to B. Bando                                |
| DSH    | 25/10/19 | \$250.00      | 1.70 | \$425.00   | Email from S. John re bill of costs; Review of dockets; Preparation of bill of costs for default judgment motion; Email to and from S. John re same                                                |
| SLJ    | 25/10/19 | \$350.00      | 4.50 | \$1,575.00 | Prepare affidavit re default judgment motion (Zomongo); Telephone call with J. Knight re same; Draft materials for default judgment motion re R. Maljaars and D. Pahl.                             |
| MJVZ   | 25/10/19 | \$505.00      | 0.10 | \$50.50    | Emails with Court, B. Cook, and S. John regarding claim issuance and service                                                                                                                       |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                  |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 28/10/19 | \$505.00      | 0.10 | \$50.50    | Emails with Court, B. Cook, and S. John regarding claim issuance and service                                                                                 |
| SLG    | 29/10/19 | \$825.00      | 0.20 | \$165.00   | Review [REDACTED]; discussion with M. van Zandvoort re Inco One                                                                                              |
| MJVZ   | 29/10/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding default judgment materials and issuance of claim                                                                               |
| MJVZ   | 29/10/19 | \$505.00      | 0.50 | \$252.50   | Email to J. Fabello; Email from W. Gee [REDACTED]; Email and conference call with S. Graff concerning same; Emails with B. Bando; Email to W. Gee [REDACTED] |
| MJVZ   | 29/10/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding US Real Estate issued claim and service; Conference call with S. Graff concerning same                                         |
| PLW    | 29/10/19 | \$190.00      | 0.60 | \$114.00   | Issued Statement of Claim                                                                                                                                    |
| SLG    | 30/10/19 | \$825.00      | 0.30 | \$247.50   | Review [REDACTED]; telephone call with M. van Zandvoort                                                                                                      |
| SLJ    | 30/10/19 | \$350.00      | 3.00 | \$1,050.00 | Draft materials re default judgment motion (Maljaars and Pahl); Various emails re same; Various emails and discussions re service of 107 B.C. claim.         |
| JEM    | 30/10/19 | \$215.00      | 0.30 | \$64.50    | Order, review and report on 3 corporate profiles                                                                                                             |
| MJVZ   | 30/10/19 | \$505.00      | 0.40 | \$202.00   | Various emails with Torgs LLP and Receiver [REDACTED]                                                                                                        |
| MJVZ   | 30/10/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding default judgment materials                                                                                                     |
| MJVZ   | 30/10/19 | \$505.00      | 0.10 | \$50.50    | Email with S. Morris regarding registration renewals                                                                                                         |
| SLJ    | 31/10/19 | \$350.00      | 1.00 | \$350.00   | Various emails and discussions re service of 107 BC statement of claim.                                                                                      |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                             |
|---------------|----------|---------------|-------|-------------|---------------------------------------------------------|
| MJVZ          | 31/10/19 | \$505.00      | 0.30  | \$151.50    | Various emails with Torys LLP and Receiver [REDACTED]   |
| MJVZ          | 31/10/19 | \$505.00      | 0.10  | \$50.50     | Email from J. Knight regarding calculations             |
| MJVZ          | 31/10/19 | \$505.00      | 0.10  | \$50.50     | Emails with S. John regarding US Real Estate LP service |
| <b>TOTAL:</b> |          |               | 70.90 | \$30,627.00 |                                                         |

| Name                         | Hours | Rate     | Value       |
|------------------------------|-------|----------|-------------|
| David Mba (DM)               | 3.90  | \$295.00 | \$1,150.50  |
| Shakaira L. John (SLJ)       | 24.70 | \$350.00 | \$8,645.00  |
| Mark J. van Zandvoort (MJVZ) | 27.50 | \$505.00 | \$13,887.50 |
| Steven L. Graff (SLG)        | 4.70  | \$825.00 | \$3,877.50  |
| Miranda E. Spence (MES)      | 1.70  | \$475.00 | \$807.50    |
| Shannon R. Morris (SRM)      | 0.20  | \$370.00 | \$74.00     |
| Jenaya E. McLean (JEM)       | 0.90  | \$215.00 | \$193.50    |
| Gaurav Gopinath (GG)         | 4.50  | \$295.00 | \$1,327.50  |
| Daniella S. Hodgson (DSH)    | 2.20  | \$250.00 | \$550.00    |
| Patrick L. Williams (PLW)    | 0.60  | \$190.00 | \$114.00    |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$30,627.00 |
| HST at 13%     | \$3,981.51  |

**DISBURSEMENTS**

**COST INCURRED ON YOUR BEHALF AS AN AGENT**

|                                     |          |
|-------------------------------------|----------|
| Due Diligence-Gov Fee               | \$71.00  |
| Wire Charges                        | \$50.00  |
| Notice of Action/Statement of Claim | \$229.00 |

|                    |          |
|--------------------|----------|
| Total Agency Costs | \$350.00 |
|--------------------|----------|

**Subject to HST**

|                     |          |
|---------------------|----------|
| Photocopies - Local | \$127.00 |
| Due Diligence       | \$250.80 |
| Imaging/Scanning    | \$84.25  |
| Name Search         | \$23.00  |
| Photocopies         | \$0.25   |

|                     |          |
|---------------------|----------|
| Total Disbursements | \$485.30 |
| HST at 13%          | \$63.09  |

**AMOUNT NOW DUE**

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**\$35,506.90**

THIS IS OUR ACCOUNT HEREIN

Aird & Berlis LLP

Steven L. Graff  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 2.0% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

37816671.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 656758**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

December 30, 2019

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended December 23, 2019

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                 |
|--------|----------|---------------|------|----------|---------------------------------------------------------------------------------------------------------------------------------------------|
| SLJ    | 01/11/19 | \$350.00      | 0.50 | \$175.00 | Various emails re service of claim on defendants; Instruct L. Pelletier re searches.                                                        |
| MJVZ   | 01/11/19 | \$505.00      | 0.10 | \$50.50  | Emails with W. Gee regarding dismissal order                                                                                                |
| MJVZ   | 01/11/19 | \$505.00      | 0.10 | \$50.50  | Review S. John regarding US Real Estate LP service status                                                                                   |
| SLG    | 02/11/19 | \$825.00      | 0.10 | \$82.50  | US Real Estate - Review status of service of RE claim                                                                                       |
| MJVZ   | 02/11/19 | \$505.00      | 0.80 | \$404.00 | Review and revise Notice of Motion and Affidavit in support of motion for default judgment and email to S. John concerning same             |
| MJVZ   | 03/11/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. Graff concerning service of US Real Estate LP claim                                                                          |
| SLG    | 05/11/19 | \$825.00      | 0.20 | \$165.00 | US Real Estate - Consider service of Statement of Claim                                                                                     |
| SLJ    | 05/11/19 | \$350.00      | 1.50 | \$525.00 | Instruct L. Pelletier re searches; Revise materials for Maljaars/Pahl default judgment motion; Various emails re service of 107 B.C. claim. |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                    |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 05/11/19 | \$505.00      | 0.10 | \$50.50    | Email from W. Gee attaching issued and entered dismissal order; Emails to W. Gee and with B. Bando concerning same                                                                                             |
| SLJ    | 06/11/19 | \$350.00      | 1.00 | \$350.00   | Revise default judgment motion materials; Review examination transcripts re same.                                                                                                                              |
| SLJ    | 07/11/19 | \$350.00      | 4.50 | \$1,575.00 | Revise default judgment materials; Various emails re service of 107 B.C. claim; Draft letter re same; Diarize defence deadlines re same; Revise letter.                                                        |
| SRM    | 07/11/19 | \$370.00      | 0.20 | \$74.00    | Emails regarding maintaining PPSA registrations                                                                                                                                                                |
| MJVZ   | 07/11/19 | \$505.00      | 2.20 | \$1,111.00 | Review of status of various receivership matters and conference call with B. Bando concerning same and emails with S. John concerning same and emails with S. Morris concerning same and registration renewals |
| MJVZ   | 07/11/19 | \$505.00      | 0.60 | \$303.00   | Review revised affidavit for default judgment and revise same; Email to S. John concerning finalizing same and emails with S. John concerning motion                                                           |
| MJVZ   | 07/11/19 | \$505.00      | 0.50 | \$252.50   | Conference call with S. Graff re US Real Estate LP claim; Emails with S. John and S. Graff concerning same and service; Revise letter to S. O'Neil serving same and emails with S. John concerning same        |
| MJVZ   | 08/11/19 | \$505.00      | 0.20 | \$101.00   | S. John call concerning default judgment materials and letter to S. O'Neil; Emails with S. O'Neil                                                                                                              |
| MJVZ   | 08/11/19 | \$505.00      | 0.10 | \$50.50    | Email from S. Morris regarding registration renewals                                                                                                                                                           |
| SLJ    | 11/11/19 | \$350.00      | 0.50 | \$175.00   | Various emails re service.                                                                                                                                                                                     |
| MJVZ   | 11/11/19 | \$505.00      | 0.50 | \$252.50   | Review documentation sent by B. Prentice; Reporting email to Receiver concerning same; Review                                                                                                                  |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                   |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | email and attachments from Receiver and email to B. Prentice concerning same; Further emails with B. Prentice and Receiver                                                                    |
| MJVZ   | 11/11/19 | \$505.00      | 0.10 | \$50.50  | Email from J. Harker                                                                                                                                                                          |
| MJVZ   | 11/11/19 | \$505.00      | 0.20 | \$101.00 | Draft response and send same to J. Harker concerning service; Email to S. John and S. Graff concerning same                                                                                   |
| SLJ    | 12/11/19 | \$350.00      | 1.00 | \$350.00 | Review email correspondence re radio fuels; Calls with Loopstra Nixon re same; Various emails re same.                                                                                        |
| MJVZ   | 12/11/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. John concerning making inquiries regarding Radio Fuels matter (Resource Fund); Review S. John report to B. Bando concerning same                                               |
| MJVZ   | 13/11/19 | \$505.00      | 0.40 | \$202.00 | Email from MLT attaching bankruptcy applications materials; Review materials sent and email to S. John instructing regarding finalizing same                                                  |
| SLJ    | 14/11/19 | \$350.00      | 1.50 | \$525.00 | Revise bankruptcy applicationn re Dome Mountain; Various emails re same; Various emails and discussions with L. Pelletier re same.                                                            |
| MJVZ   | 14/11/19 | \$505.00      | 0.20 | \$101.00 | Email from S. John regarding Loan Schedules referred to as Exhibit "L" in B. Bando's Affidavit; Email from S. John regarding draft of B. Bando's Affidavit and blackline of same; Review same |
| MJVZ   | 14/11/19 | \$505.00      | 0.10 | \$50.50  | Email from T. Clifford attaching Loan Schedules as per S. John's request; Email from S. John                                                                                                  |
| MJVZ   | 14/11/19 | \$505.00      | 0.10 | \$50.50  | Email from S. John regarding Exhibits to B. Bando's Affidavit and Loan Schedules provided by T. Clifford                                                                                      |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                 |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 16/11/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. Graff and S. John concerning service status                                                                                                                                                                                                  |
| SLJ    | 18/11/19 | \$350.00      | 0.20 | \$70.00    | Email re bankruptcy application materials                                                                                                                                                                                                                   |
| MJVZ   | 18/11/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John and from J. Knight regarding Dome bankruptcy                                                                                                                                                                                            |
| MJVZ   | 18/11/19 | \$505.00      | 0.20 | \$101.00   | Review emails from J. Knight and B. Bando concerning bankruptcy application                                                                                                                                                                                 |
| SLJ    | 19/11/19 | \$350.00      | 0.50 | \$175.00   | Review and consider emails from J. Knight and MLT Aikins re dome mountain bankruptcy materials                                                                                                                                                              |
| MJVZ   | 19/11/19 | \$505.00      | 0.20 | \$101.00   | Emails with S. John, S. Graff, B. Bando and J. Knight regarding affidavits and revisions to same                                                                                                                                                            |
| MJVZ   | 19/11/19 | \$505.00      | 1.10 | \$555.50   | Review Dome Mountain response to MLT; Review Receiver's second and fourth report and applicable agreements and email to T. Clifford concerning revisions to affidavit and emails with S. John concerning same                                               |
| SLJ    | 20/11/19 | \$350.00      | 3.00 | \$1,050.00 | Revise materials re Dome Mountain bankruptcy; Various emails re same                                                                                                                                                                                        |
| SRM    | 20/11/19 | \$370.00      | 0.40 | \$148.00   | Email to M. van Zandvoort re expiring registrations in Media Fund; Review asset purchase agreement and report on same                                                                                                                                       |
| MJVZ   | 20/11/19 | \$505.00      | 0.20 | \$101.00   | Email from S. Morris regarding registrations; Review asset deal and emails with S. Morris regarding registration renewals                                                                                                                                   |
| MJVZ   | 20/11/19 | \$505.00      | 0.40 | \$202.00   | Emails with W. Skelly concerning bankruptcy application; Review revised notice of motion and affidavit as emailed by S. John today; Review email from J. Knight and blackline of further revised affidavit; Emails to S. John and J. Knight concerning same |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                 |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLJ    | 21/11/19 | \$350.00      | 4.00 | \$1,400.00 | Various emails re Dome Mountain bankruptcy materials; Revise materials; Call with B. Bando re same                                                                          |
| MJVZ   | 21/11/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John and T. Clifford concerning revised affidavit                                                                                                            |
| MJVZ   | 21/11/19 | \$505.00      | 0.40 | \$202.00   | Emails with Receiver, S. John, and MLT regarding Dome Mountain; Review Receiver's reports and revise affidavit; Emails with team concerning same and finalizing application |
| SLG    | 22/11/19 | \$825.00      | 0.10 | \$82.50    | US REAL ESTATE Status of service of claim                                                                                                                                   |
| SLJ    | 22/11/19 | \$350.00      | 3.00 | \$1,050.00 | Prepare affidavits for swearing; Telephone call with T. Clifford re bankruptcy affidavit                                                                                    |
| MES    | 22/11/19 | \$475.00      | 0.60 | \$285.00   | Revise fee indemnity agreement and emails to P. Cho and B. Bando re: same (Commercial Loans)                                                                                |
| MJVZ   | 22/11/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. Graff and S. John regarding US Real Estate LP claim                                                                                                          |
| MJVZ   | 22/11/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding finalizing Dome Mountain materials and delivering same to MLT                                                                                 |
| MJVZ   | 22/11/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John re substituted service motion re US Real Estate LP claim                                                                                                |
| MES    | 25/11/19 | \$475.00      | 0.10 | \$47.50    | Receive email from B. Bando re: fee indemnity with SMC (Commercial Loans)                                                                                                   |
| SLJ    | 26/11/19 | \$350.00      | 3.00 | \$1,050.00 | Draft materials for substituted service motion re Storelli action; Draft letters to B. Peoples and J. Harker re same                                                        |
| MJVZ   | 26/11/19 | \$505.00      | 0.10 | \$50.50    | Emails from S. John and T. Clifford concerning affidavit and bankruptcy application                                                                                         |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                             |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 26/11/19 | \$505.00      | 0.20 | \$101.00   | Emails from S. John concerning sub-service motion                                                                                                                                                       |
| SLJ    | 27/11/19 | \$350.00      | 3.00 | \$1,050.00 | Prepare affidavits for swearing; Meeting with B. Bando re same; Various emails re same                                                                                                                  |
| MJVZ   | 27/11/19 | \$505.00      | 0.30 | \$151.50   | Review and revise letters and email same to S. John; Emails with S. John and S. Graff regarding motion                                                                                                  |
| MJVZ   | 27/11/19 | \$505.00      | 0.10 | \$50.50    | Emails from T. Clifford and S. John concerning bankruptcy application                                                                                                                                   |
| MJVZ   | 27/11/19 | \$505.00      | 0.10 | \$50.50    | Emails from S. John to J. Harker and B. Peoples attaching letter and Statement of Claim                                                                                                                 |
| DSH    | 28/11/19 | \$250.00      | 0.50 | \$125.00   | Emails to and from S. John; Review of dockets; Update bill of costs for default judgment motion re Zomongo                                                                                              |
| DSH    | 28/11/19 | \$250.00      | 1.50 | \$375.00   | Emails to and from S. John re bill of costs for Maljaars motion; Review of dockets and redact same; Preparation of bill of costs on a partial and substantial indemnity basis; Email to S. John re same |
| SLJ    | 28/11/19 | \$350.00      | 1.00 | \$350.00   | Prepare motion records for default judgment motions                                                                                                                                                     |
| SLJ    | 28/11/19 | \$350.00      | 1.50 | \$525.00   | Draft materials for substituted service motion                                                                                                                                                          |
| SLJ    | 28/11/19 | \$350.00      | 0.50 | \$175.00   | Revise agenda of action items                                                                                                                                                                           |
| MES    | 28/11/19 | \$475.00      | 0.20 | \$95.00    | Receive email and letter from P. Cho re: fee indemnity arrangement with SMC (Commercial Loans)                                                                                                          |
| MJVZ   | 28/11/19 | \$505.00      | 0.10 | \$50.50    | Emails from S. John to J. Harker and B. Peoples attaching letter and Statement of Claim                                                                                                                 |
| MJVZ   | 28/11/19 | \$505.00      | 1.00 | \$505.00   | Email from S. John attaching draft motion materials; Review and revise same and email to S. John attaching same as revised; Email to S. Graff                                                           |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 29/11/19 | \$825.00      | 0.30 | \$247.50   | OOM - Review status and emails and revised agreement                                                                                                                                                                       |
| SLJ    | 29/11/19 | \$350.00      | 0.50 | \$175.00   | Review open issues agenda                                                                                                                                                                                                  |
| MES    | 29/11/19 | \$475.00      | 0.50 | \$237.50   | Consult with D. Collett re: proposed strategy, and review emails from D. Collett and D. Chong re: lease issues                                                                                                             |
| MJVZ   | 29/11/19 | \$505.00      | 0.40 | \$202.00   | Receive and review factum regarding Certification Motion                                                                                                                                                                   |
| PLW    | 29/11/19 | \$190.00      | 0.60 | \$114.00   | Filed two Motion Records for December 3, 2019                                                                                                                                                                              |
| SLJ    | 02/12/19 | \$350.00      | 4.00 | \$1,400.00 | Revise materials re substituted service motion; Prepare motion record re sub service motion                                                                                                                                |
| SLJ    | 02/12/19 | \$350.00      | 2.00 | \$700.00   | Prepare submissions for default judgment                                                                                                                                                                                   |
| SAD    | 03/12/19 | \$295.00      | 1.20 | \$354.00   | Attend at commercial list to file motion record                                                                                                                                                                            |
| SLJ    | 03/12/19 | \$350.00      | 5.50 | \$1,925.00 | Prepare for court attendance re default judgment motions; Attend at court re same; Various emails re same                                                                                                                  |
| MJVZ   | 03/12/19 | \$505.00      | 0.20 | \$101.00   | Emails with S. John regarding default judgment motions and enforcement steps; Review endorsements of Commercial List concerning issued judgments and S. John email to Receiver concerning enforcement; Email from B. Bando |
| MJVZ   | 03/12/19 | \$505.00      | 0.10 | \$50.50    | Email from A. Laing regarding delivery of compendium                                                                                                                                                                       |
| SLJ    | 04/12/19 | \$350.00      | 0.80 | \$280.00   | Various emails re judgements re Zomongo and Maljaars                                                                                                                                                                       |
| MJVZ   | 04/12/19 | \$505.00      | 0.10 | \$50.50    | Email with S. John regarding enforcement steps                                                                                                                                                                             |
| MJVZ   | 04/12/19 | \$505.00      | 0.20 | \$101.00   | Emails with S. John and MLT regarding enforcement                                                                                                                                                                          |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                        |
|--------|----------|---------------|------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 04/12/19 | \$505.00      | 0.10 | \$50.50    | Conference call with B. Bando and emails with GTL regarding reconciliation                                                                                                                         |
| SLG    | 05/12/19 | \$825.00      | 0.40 | \$330.00   | Discussion with M. Spence [REDACTED]<br>[REDACTED]                                                                                                                                                 |
| DSH    | 05/12/19 | \$250.00      | 0.20 | \$50.00    | Emails to and from S. John re costs outline; Office discussion with C. Miroslavich re same                                                                                                         |
| SLJ    | 05/12/19 | \$350.00      | 5.00 | \$1,750.00 | Instruct internally re bill of costs; Various emails re same; Review file and update active issues chart; Various emails re same; Prepare simplified chart re same; Review and revise cost outline |
| CAM    | 05/12/19 | \$300.00      | 1.20 | \$360.00   | Prepare costs outline for motion for substituted service, including review of dockets                                                                                                              |
| MES    | 05/12/19 | \$475.00      | 0.50 | \$237.50   | Discussion with S. Graff [REDACTED]; Telephone call with P. Cho re: same (Commercial Loans)                                                                                                        |
| MJVZ   | 05/12/19 | \$505.00      | 0.30 | \$151.50   | Emails with S. John regarding action items and review and revise chart and emails with S. John concerning same                                                                                     |
| SLJ    | 06/12/19 | \$350.00      | 4.50 | \$1,575.00 | Prepare for court attendance; Attend at Court for substituted service motion in Storelli et. al action; Various emails re same                                                                     |
| MJVZ   | 06/12/19 | \$505.00      | 1.80 | \$909.00   | Commence preparation of reconciliation as requested by A. Muhit                                                                                                                                    |
| MJVZ   | 06/12/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding US Real Estate motion                                                                                                                                                |
| SLJ    | 09/12/19 | \$350.00      | 0.50 | \$175.00   | Emails re enforcement of judgments                                                                                                                                                                 |
| SRM    | 09/12/19 | \$370.00      | 2.20 | \$814.00   | Emails from and to M. van Zandvoort; Order updated searches; Review and revise chart of priorities and report on same                                                                              |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                    |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 09/12/19 | \$505.00      | 0.90 | \$454.50   | Review email from A. Muhit regarding Notice of Accounting regarding Single Source/Caterpillar; Email to S. Morris regarding search inquiry; Review factoring agreement, GST and prior demands and searches provided by S. Morris; Draft response to be sent by Receiver to Single Source and emails with A. Muhit and B. Bando concerning same |
| MJVZ   | 09/12/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding enforcement of judgments                                                                                                                                                                                                                                                                                         |
| MJVZ   | 09/12/19 | \$505.00      | 0.10 | \$50.50    | Email from T. Clifford regarding enforcement of judgments                                                                                                                                                                                                                                                                                      |
| SLG    | 10/12/19 | \$825.00      | 0.20 | \$165.00   | Email with B. Bando, A. Muhit and M. van Zandvoort re CAT realization                                                                                                                                                                                                                                                                          |
| SLJ    | 10/12/19 | \$350.00      | 0.50 | \$175.00   | Emails re enforcement of judgments                                                                                                                                                                                                                                                                                                             |
| MJVZ   | 10/12/19 | \$505.00      | 0.10 | \$50.50    | Review email from GTL regarding caterpillar                                                                                                                                                                                                                                                                                                    |
| MJVZ   | 10/12/19 | \$505.00      | 0.10 | \$50.50    | Email from S. John regarding enforcement of judgments                                                                                                                                                                                                                                                                                          |
| SLJ    | 12/12/19 | \$350.00      | 1.00 | \$350.00   | Various emails and discussions re noting defendants in default; Draft investor update chart                                                                                                                                                                                                                                                    |
| MJVZ   | 12/12/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. John regarding noting in default                                                                                                                                                                                                                                                                                                |
| MJVZ   | 12/12/19 | \$505.00      | 0.10 | \$50.50    | Email from B. Bando attaching revised S&C agreement                                                                                                                                                                                                                                                                                            |
| MJVZ   | 12/12/19 | \$505.00      | 0.10 | \$50.50    | Conference call with S. Graff regarding certification motion                                                                                                                                                                                                                                                                                   |
| SLG    | 13/12/19 | \$825.00      | 0.30 | \$247.50   | Review status of certification motion; telephone call with M. van Zandvoort                                                                                                                                                                                                                                                                    |
| SLJ    | 13/12/19 | \$350.00      | 0.50 | \$175.00   | Revise investor summary chart                                                                                                                                                                                                                                                                                                                  |
| MJVZ   | 13/12/19 | \$505.00      | 2.20 | \$1,111.00 | Email from S. John regarding status of various receivership matters; Review of same and continue fund allocation                                                                                                                                                                                                                               |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                         |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 13/12/19 | \$505.00      | 0.10 | \$50.50    | Conference call to B. Bando and emails with B. Bando regarding certification motion                                                                                                                                                                                 |
| MJVZ   | 13/12/19 | \$505.00      | 0.30 | \$151.50   | Review revised SS&C proposed amendment; Contrast to initial agreement and proposed amendment; Reporting email to B. Bando concerning same                                                                                                                           |
| PLW    | 13/12/19 | \$190.00      | 0.60 | \$114.00   | Noted Davinci Co's in default                                                                                                                                                                                                                                       |
| SLG    | 16/12/19 | \$825.00      | 1.20 | \$990.00   | Meeting with J. Smith from BDO [REDACTED]<br>[REDACTED]; telephone call with J. Krieger; telephone call with M. van Zandvoort;                                                                                                                                      |
| MJVZ   | 16/12/19 | \$505.00      | 0.40 | \$202.00   | Conference calls (2) with S. Graff concerning BDO certification motion and next steps; Emails with S. Graff and S. Zakem                                                                                                                                            |
| MJVZ   | 16/12/19 | \$505.00      | 0.10 | \$50.50    | Conference call with B. Bando concerning S&C                                                                                                                                                                                                                        |
| MJVZ   | 16/12/19 | \$505.00      | 1.50 | \$757.50   | Prepare for and attend meeting with S. Graff and S. Zakem regarding proceeding against BDO                                                                                                                                                                          |
| MJVZ   | 16/12/19 | \$505.00      | 0.10 | \$50.50    | Email from Cat Finance regarding Single Source claim                                                                                                                                                                                                                |
| SLG    | 17/12/19 | \$825.00      | 0.50 | \$412.50   | Telephone call with J. Krieger re position on mediation                                                                                                                                                                                                             |
| SLJ    | 17/12/19 | \$350.00      | 0.50 | \$175.00   | Various emails re investor summary chart and default proceedings; Revise investor summary chart                                                                                                                                                                     |
| MJVZ   | 17/12/19 | \$505.00      | 3.80 | \$1,919.00 | Review matters subject of investor update and revise chart to be appended to Receiver Notice; Emails with S. John and with B. Bando concerning same and obtaining update from MLT; Complete reconciliation and status chart and emails with S. John concerning same |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                       |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 17/12/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. John regarding Cinnos Promissory notes                                                                             |
| MJVZ   | 17/12/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. John regarding US Real Estate LP, service, and default judgment pursuit                                            |
| SLG    | 18/12/19 | \$825.00      | 1.20 | \$990.00 | Telephone call with L. Rogers and A. Laing of Blakes [REDACTED]                                                                   |
| SLG    | 19/12/19 | \$825.00      | 0.80 | \$660.00 | Conference call with B. Bando, J. Krieger and M. van Zandvoort re next steps, communications with BDO counsel and L. Rogers       |
| MJVZ   | 19/12/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. John re service status re US Real Estate LP claim                                                                  |
| MJVZ   | 19/12/19 | \$505.00      | 0.20 | \$101.00 | Conference call with S. Graff re BDO claim                                                                                        |
| MJVZ   | 19/12/19 | \$505.00      | 0.40 | \$202.00 | Conference call with S. Graff, B. Bando, and J. Krieger re BDO claim                                                              |
| MJVZ   | 19/12/19 | \$505.00      | 0.30 | \$151.50 | Follow-up call with S. Graff concerning BDO Claim                                                                                 |
| MJVZ   | 19/12/19 | \$505.00      | 0.40 | \$202.00 | Review draft notice to investors sent by B. Bando; review OSC orders; revise notice and email to B. Bando attaching revised draft |
| SLG    | 20/12/19 | \$825.00      | 0.80 | \$660.00 | Lengthy telephone call with L. Rogers and with A. Laing; [REDACTED]                                                               |
| MJVZ   | 20/12/19 | \$505.00      | 0.10 | \$50.50  | Emails with S. Graff concerning BDO                                                                                               |
| MJVZ   | 20/12/19 | \$505.00      | 0.10 | \$50.50  | Email from A. Muhit concerning investor notice                                                                                    |
| SLG    | 21/12/19 | \$825.00      | 0.70 | \$577.50 | Telephone call with B. Bando, J. Krieger and M. van Zandvoort and email to Blakes                                                 |



| LAWYER        | DATE     | RATE/<br>HOUR | TIME   | VALUE       | DESCRIPTION                                                                                                                                                                      |
|---------------|----------|---------------|--------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ          | 21/12/19 | \$505.00      | 0.40   | \$202.00    | Conference call with S. Graff, J. Krieger and B. Bando re BDO Claims                                                                                                             |
| MJVZ          | 21/12/19 | \$505.00      | 0.20   | \$101.00    | Review email from S. Graff concerning draft email to Blakes; Revise same and email revised draft to S. Graff                                                                     |
| MJVZ          | 22/12/19 | \$505.00      | 0.40   | \$202.00    | Review and consider emails from Blakes and S. Graff; Email to S. Graff providing comments in connection with proposed strategy and response; Email from Receiver concerning same |
| <b>TOTAL:</b> |          |               | 100.50 | \$42,454.00 |                                                                                                                                                                                  |

| Name                           | Hours | Rate     | Value       |
|--------------------------------|-------|----------|-------------|
| Shakaira L. John (SLJ)         | 55.50 | \$350.00 | \$19,425.00 |
| Mark J. van Zandvoort (MJVZ)   | 27.70 | \$505.00 | \$13,988.50 |
| Steven L. Graff (SLG)          | 6.80  | \$825.00 | \$5,610.00  |
| Shannon R. Morris (SRM)        | 2.80  | \$370.00 | \$1,036.00  |
| Miranda E. Spence (MES)        | 1.90  | \$475.00 | \$902.50    |
| Daniella S. Hodgson (DSH)      | 2.20  | \$250.00 | \$550.00    |
| Patrick L. Williams (PLW)      | 1.20  | \$190.00 | \$228.00    |
| Stephanie A. D'Amico (SAD)     | 1.20  | \$295.00 | \$354.00    |
| Christine A. Miroslavich (CAM) | 1.20  | \$300.00 | \$360.00    |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$42,454.00 |
| HST at 5%      | \$5,519.02  |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                              |          |
|------------------------------|----------|
| Agents Fees - Non Taxable    | \$353.81 |
| Notice of Motion/Application | \$960.00 |
| Wire Charges                 | \$17.50  |
| Search Under P.P.S.A.        | \$23.00  |

|                    |            |
|--------------------|------------|
| Total Agency Costs | \$1,354.31 |
|--------------------|------------|

**Subject to HST**

|                         |          |
|-------------------------|----------|
| Imaging/Scanning        | \$342.25 |
| Out of Province Charges | \$684.88 |
| Deliveries/Parss        | \$158.90 |
| ACL - Litigation        | \$100.00 |
| Photocopies - Local     | \$308.00 |
| Photocopies             | \$565.25 |
| Binding and Tabs        | \$72.25  |
| Service Provider Fee    | \$149.50 |

|                     |            |
|---------------------|------------|
| Total Disbursements | \$2,381.03 |
| HST at 5%           | \$254.74   |

**AMOUNT NOW DUE**

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**\$51,963.10**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP



Steven L. Graff  
E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 2.0% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

38376592.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 661670**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

February 24, 2020

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended January 31, 2020

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                       |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 24/12/19 | \$505.00      | 0.10 | \$50.50    | Email from T. Clifford regarding enforcement options                                                                                                                                                                              |
| SLG    | 27/12/19 | \$825.00      | 0.20 | \$165.00   | Telephone call with M. van Zandvoort; review emails re discussion with OSC re BDO                                                                                                                                                 |
| MJVZ   | 27/12/19 | \$505.00      | 0.70 | \$353.50   | Emails and conference call with S. Graff; Emails with Receiver; Emails with OSC; Email from A. Laing and review case website regarding same; Email from S. Graff to A. Laing                                                      |
| MJVZ   | 27/12/19 | \$505.00      | 0.10 | \$50.50    | Emails with S. Graff regarding US Real Estate LP                                                                                                                                                                                  |
| SLG    | 31/12/19 | \$825.00      | 1.40 | \$1,155.00 | Review all OSC submissions; participate in call with OSC and answer questions with GTL reps (J. Krieger and B. Bando)                                                                                                             |
| MJVZ   | 31/12/19 | \$505.00      | 2.10 | \$1,060.50 | Preparation for conference call with Receiver and OSC Staff including review of BDO notices, orders, statement of allegations and amended statement of allegations and emails with S. Graff concerning same; Conference call with |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                             |
|--------|----------|---------------|------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |          | Receiver, OSC Staff and S. Graff;<br>Emails with B. Bando                                                                                               |
| SLG    | 06/01/20 | \$850.00      | 0.30 | \$255.00 | Review articles on BDO issue and<br>OSC claim                                                                                                           |
| SLJ    | 06/01/20 | \$370.00      | 0.50 | \$185.00 | Various emails re enforcement of<br>judgment; Internal discussions re<br>default proceedings                                                            |
| MJVZ   | 06/01/20 | \$535.00      | 0.20 | \$107.00 | Email to S. John regarding<br>enforcement next steps; Emails with<br>S. John, B. Bando, and T. Clifford<br>concerning same                              |
| MJVZ   | 06/01/20 | \$535.00      | 0.10 | \$53.50  | Office conference with S. Graff<br>concerning US Real Estate LP and<br>emails with respect to same and<br>meeting tomorrow with S. Graff and<br>S. John |
| MJVZ   | 06/01/20 | \$535.00      | 0.10 | \$53.50  | Review emails and articles sent by<br>B. Bando                                                                                                          |
| SLG    | 07/01/20 | \$850.00      | 0.10 | \$85.00  | Email with A. Lang                                                                                                                                      |
| SLJ    | 07/01/20 | \$370.00      | 1.00 | \$370.00 | Prepare requisition re noting in<br>default; Telephone calls with P.<br>Williams re same; Internal<br>discussions re same                               |
| MJVZ   | 07/01/20 | \$535.00      | 0.10 | \$53.50  | Emails with S. Graff and S. John<br>regarding US Real Estate LP                                                                                         |
| PLW    | 07/01/20 | \$200.00      | 0.60 | \$120.00 | Noted 6 defendants in default                                                                                                                           |
| SLG    | 08/01/20 | \$850.00      | 0.80 | \$680.00 | Telephone call with R. Gain; review<br>of decision                                                                                                      |
| SLG    | 08/01/20 | \$850.00      | 0.80 | \$680.00 | Meeting with M. van Zandvoort and<br>S. John on status, options and next<br>steps and updated information re<br>Real Estate Fund                        |
| SLG    | 08/01/20 | \$850.00      | 0.30 | \$255.00 | Telephone call with A. Lang re<br>position on joining mediation                                                                                         |
| SLJ    | 08/01/20 | \$370.00      | 2.50 | \$925.00 | Internal meeting re US Real Estate<br>LP; Review file and prepare chart re<br>same                                                                      |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                         |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 08/01/20 | \$535.00      | 0.20 | \$107.00   | Emails with Receiver and Cat Finance concerning claim                                                                                                                                                                                                               |
| MJVZ   | 08/01/20 | \$535.00      | 1.10 | \$588.50   | Prepare for and attend meeting with S. Graff and S. John regarding US Real Estate LP                                                                                                                                                                                |
| MJVZ   | 08/01/20 | \$535.00      | 1.00 | \$535.00   | Email from Receiver attaching decision on certification motion; Preliminary review of same and attend meeting with S. Graff concerning same; Emails with Receiver and S. Graff regarding conference call                                                            |
| SLG    | 09/01/20 | \$850.00      | 1.30 | \$1,105.00 | Conference call with J. Krieger, B. Bando and M. van Zandvoort re mediation and contact with OSC; further telephone call with R. Gain and A. Hukaluk of OSC                                                                                                         |
| SLG    | 09/01/20 | \$850.00      | 0.60 | \$510.00   | Emails re mediation and participation; telephone call with J. Krieger                                                                                                                                                                                               |
| SLJ    | 09/01/20 | \$370.00      | 2.00 | \$740.00   | Revise chart of properties re US Real Estate LP; Various emails re same                                                                                                                                                                                             |
| SRM    | 09/01/20 | \$385.00      | 0.70 | \$269.50   | Obtain, review and report on profile for Ariam Partners, LLC; Emails to and from US Agent re members/managers of Ariam Partners, LLC                                                                                                                                |
| MJVZ   | 09/01/20 | \$535.00      | 2.80 | \$1,498.00 | Review certification motion decision and jurisprudence relied upon by Perell J. and pleadings in preparation of conference call with Receiver and S. Graff and attend on conference call with Receiver and S. Graff; Follow-up emails with B. Bando concerning same |
| MJVZ   | 09/01/20 | \$535.00      | 0.60 | \$321.00   | Review and consider email from S. John and attachments regarding US Real Estate LP and next steps                                                                                                                                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                   |
|--------|----------|---------------|------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 09/01/20 | \$535.00      | 0.10 | \$53.50  | Review email update from T. Clifford regarding Dome Mountain bankruptcy and email to T. Clifford concerning same                                                                                                                                              |
| MJVZ   | 10/01/20 | \$535.00      | 0.10 | \$53.50  | Emails with J. Krieger and review OSC materials online                                                                                                                                                                                                        |
| MJVZ   | 11/01/20 | \$535.00      | 0.70 | \$374.50 | Emails with S. Graff and from OSC and Blakes and AGB LLP; Conference call with S. Graff; Emails with B. Bando concerning claim and review of Receiver's report and notes concerning same; Exchange emails with B. Bando concerning same                       |
| SLG    | 12/01/20 | \$850.00      | 0.30 | \$255.00 | Emails re quantum of damages calculation                                                                                                                                                                                                                      |
| SLG    | 12/01/20 | \$850.00      | 0.50 | \$425.00 | Telephone call with J. Krieger re position on cost of arbitration and emails from A. Laing                                                                                                                                                                    |
| MJVZ   | 13/01/20 | \$535.00      | 0.10 | \$53.50  | Emails with T. Clifford concerning Dome Mountain bankruptcy application                                                                                                                                                                                       |
| MJVZ   | 13/01/20 | \$535.00      | 0.30 | \$160.50 | Call from J. Krieger regarding holdback issue; Review Receiver's Second Report and appendices concerning same and conference call to J. Krieger and N. Read-Ellis concerning same; Email to S. Graff                                                          |
| SLG    | 14/01/20 | \$850.00      | 1.00 | \$850.00 | Several telephone calls with M. van Zandvoort and J. Krieger re mediation (and settlement of BDO claim)                                                                                                                                                       |
| SLJ    | 14/01/20 | \$370.00      | 2.00 | \$740.00 | Draft materials re default judgment (US Real Estate LP Claim)                                                                                                                                                                                                 |
| MJVZ   | 14/01/20 | \$535.00      | 1.30 | \$695.50 | Review emails from Cat Financial and Receiver; Review relevant provisions of PPSA and consideration of application; Conference call to and from Cat Financial; Email to Cat Financial and Receiver setting out position; Email from Cat Financial and further |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                           |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | emails with Receiver and S. Graff concerning same; Conference call with S. Graff                                                                                                                                                                      |
| MJVZ   | 14/01/20 | \$535.00      | 1.00 | \$535.00   | Conference call with J. Krieger; Emails and conference call with S. Graff; Review AGB engagement and Fourth Report and reporting re distributions                                                                                                     |
| MJVZ   | 14/01/20 | \$535.00      | 1.30 | \$695.50   | Voicemail from J. Krieger; Attend on conference call with J. Krieger and N. Read-Ellis concerning proposal; Subsequent email and conference call to S. Graff concerning same                                                                          |
| MJVZ   | 14/01/20 | \$535.00      | 0.90 | \$481.50   | Further conference call with J. Krieger; Email from N. Read-Ellis attaching proposal and review of same; Email to and conference call with S. Graff concerning same; Conference call with J. Krieger, N. Read-Ellis, and S. Graff concerning proposal |
| MJVZ   | 14/01/20 | \$535.00      | 0.10 | \$53.50    | Emails with S. John regarding preparation of notice of motion                                                                                                                                                                                         |
| SLG    | 15/01/20 | \$850.00      | 0.10 | \$85.00    | Emails with M. van Zandvoort on Dome Mountain                                                                                                                                                                                                         |
| SLJ    | 15/01/20 | \$370.00      | 6.00 | \$2,220.00 | Telephone call with M. van Zand Voort re motion materials; draft motion materials re settlement; Draft fee affidavit re same; Draft default judgment motion materials re US Real Estate LP                                                            |
| MJVZ   | 15/01/20 | \$535.00      | 0.20 | \$107.00   | Review Fourth Report relief sought and conference call with S. John regarding resolution and preparation of notice of motion and fee affidavit                                                                                                        |
| MJVZ   | 15/01/20 | \$535.00      | 0.10 | \$53.50    | Conference call with S. John regarding default judgment motion US Real Estate LP                                                                                                                                                                      |
| MJVZ   | 15/01/20 | \$535.00      | 1.70 | \$909.50   | Email from T. Clifford concerning bankruptcy order regarding Dome; Email from W. Skelly concerning asset information and trustee emails                                                                                                               |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | and voicemail concerning same;<br>Conference call to trustee<br>(voicemail); Prepare and send<br>reporting email to trustee outlining<br>known information for investigation<br>and asset recovery based upon<br>review of reports, transcripts, and<br>answers to undertakings; Emails<br>from trustee in response                                                                                                                                   |
| MJVZ   | 15/01/20 | \$535.00      | 0.20 | \$107.00   | Emails with S. John regarding<br>default judgment motion US Real<br>Estate LP and relief to be sought                                                                                                                                                                                                                                                                                                                                                 |
| MJVZ   | 15/01/20 | \$535.00      | 0.50 | \$267.50   | Email from S. John attaching draft<br>notice of motion and review of same;<br>Emails with S. John concerning<br>motion and fee affidavit to be<br>prepared                                                                                                                                                                                                                                                                                            |
| SLJ    | 16/01/20 | \$370.00      | 6.50 | \$2,405.00 | Draft materials re default judgment<br>(US real estate LP); Review and<br>redact dockets re fee affidavit (BDO<br>motion)                                                                                                                                                                                                                                                                                                                             |
| MJVZ   | 16/01/20 | \$535.00      | 1.60 | \$856.00   | Conference call with N. Read-Ellis;<br>Review final settlement agreement;<br>Email to S. John and S. Graff<br>concerning same and outlining<br>approach for motion and requesting<br>preparation of materials; Emails with<br>S. John concerning same and<br>strategy and approach; Report to<br>Receiver concerning same and<br>motion approach; Conference call<br>with Receiver and further emails<br>with S. John and S. Graff concerning<br>same |
| SLJ    | 17/01/20 | \$370.00      | 6.00 | \$2,220.00 | Review and redact dockets re fee<br>affidavit (BDO Motion); Finalize fee<br>affidavit                                                                                                                                                                                                                                                                                                                                                                 |
| MJVZ   | 17/01/20 | \$535.00      | 1.00 | \$535.00   | Review status of actions in<br>consideration of next<br>steps/judgments to be obtained                                                                                                                                                                                                                                                                                                                                                                |
| PLW    | 17/01/20 | \$200.00      | 0.60 | \$120.00   | Noted B. Peoples and J. Harker in<br>default                                                                                                                                                                                                                                                                                                                                                                                                          |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                   |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLJ    | 19/01/20 | \$370.00      | 3.00 | \$1,110.00 | Draft and review motion materials (BDO motion); Draft materials for default judgment motion (US real estate LP)                                                                                                                               |
| SLG    | 20/01/20 | \$850.00      | 0.30 | \$255.00   | Review status of default judgement and review chart of properties                                                                                                                                                                             |
| SLJ    | 20/01/20 | \$370.00      | 4.00 | \$1,480.00 | Revise and draft materials for BDO motion; Draft materials re default judgment (US real estate); Various emails re same                                                                                                                       |
| MJVZ   | 20/01/20 | \$535.00      | 0.40 | \$214.00   | Emails with S. John and S. Graff concerning US Real Estate LP; Review file and consider and review practice direction regarding motion strategy and email to S. John concerning same                                                          |
| MJVZ   | 20/01/20 | \$535.00      | 0.10 | \$53.50    | Email from T. Clifford attaching Dome Bankruptcy Order                                                                                                                                                                                        |
| MJVZ   | 20/01/20 | \$535.00      | 0.10 | \$53.50    | Email from S. John attaching revised notice of motion, draft fee affidavit, and draft Order                                                                                                                                                   |
| SLJ    | 21/01/20 | \$370.00      | 4.00 | \$1,480.00 | Various emails re scheduling of motions; Various emails and discussions re certified copies of judgments; Instruct J. Papas re same; Draft materials re default judgment (US real estate LP); Draft chambers appointment request form re same |
| JGP    | 21/01/20 | \$295.00      | 1.20 | \$354.00   | Attend Commercial List to obtain certified copies of judgements for S. John                                                                                                                                                                   |
| MJVZ   | 21/01/20 | \$535.00      | 1.50 | \$802.50   | Email to S. John regarding notice of motion; Review and revise notice of motion in conjunction with review of Second and Fourth Report                                                                                                        |
| MJVZ   | 21/01/20 | \$535.00      | 0.10 | \$53.50    | Email from N. Read-Ellis concerning OSC hearing and email to S. Graff and S. John                                                                                                                                                             |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                              |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLJ    | 22/01/20 | \$370.00      | 0.50 | \$185.00   | Telephone call with L. Pelletier re enforcement in BC and Alberta; Various emails re same                                                                                                                                                                                                                                                |
| MES    | 22/01/20 | \$525.00      | 0.10 | \$52.50    | Receive email from P. Cho                                                                                                                                                                                                                                                                                                                |
| MJVZ   | 22/01/20 | \$535.00      | 0.20 | \$107.00   | Review Fee Affidavit                                                                                                                                                                                                                                                                                                                     |
| SLG    | 23/01/20 | \$850.00      | 0.20 | \$170.00   | Discussion with M. van Zandvoort re drafting and contact with US counsel                                                                                                                                                                                                                                                                 |
| SLJ    | 23/01/20 | \$370.00      | 3.00 | \$1,110.00 | Draft materials for default judgment motion (US real estate LP)                                                                                                                                                                                                                                                                          |
| MJVZ   | 23/01/20 | \$535.00      | 2.20 | \$1,177.00 | Review and revise motion relief sought regarding US Real Estate LP; Emails with S. John and S. Graff concerning motion and call with counsel; Revisions to draft judgment; Preparation for same and review real estate holdings of various entities in structure in preparation of call                                                  |
| SLG    | 24/01/20 | \$850.00      | 0.60 | \$510.00   | Discussion with M. van Zandvoort re settlement and notice to investors; notice of settlement                                                                                                                                                                                                                                             |
| MJVZ   | 24/01/20 | \$535.00      | 0.90 | \$481.50   | Emails from N. Read-Ellis and B. Bando concerning settlement and investor notice; Email to S. Graff concerning same; Receive and review news releases and OSC release and Settlement Agreement; Draft email to Receiver concerning same and conference call with B. Bando concerning same; Conference call with S. Graff concerning same |
| MJVZ   | 24/01/20 | \$535.00      | 1.10 | \$588.50   | Review past notice and reports in conjunction with draft investor notice sent; Revise same and emails with S. Graff and Receiver concerning same and attaching revised draft and blackline; Subsequent emails with B. Bando, J. Krieger, and S. Bieber concerning same                                                                   |
| MES    | 27/01/20 | \$525.00      | 0.10 | \$52.50    | Email to P. Cho (Commercial Loans)                                                                                                                                                                                                                                                                                                       |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                           |
|--------|----------|---------------|------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 27/01/20 | \$535.00      | 2.30 | \$1,230.50 | Review of U.S. real estate LP matter, loan documents produced, and draft email to counsel concerning same                                                                                                                             |
| SLG    | 29/01/20 | \$850.00      | 0.50 | \$425.00   | Email from M. van Zandvoort and emails to M. Nestor and A. Rogoff                                                                                                                                                                     |
| MJVZ   | 29/01/20 | \$535.00      | 0.10 | \$53.50    | Review Investor Notice                                                                                                                                                                                                                |
| MJVZ   | 29/01/20 | \$535.00      | 0.10 | \$53.50    | Review receiver notice and potential dates regarding approval motion and follow-up                                                                                                                                                    |
| MJVZ   | 29/01/20 | \$535.00      | 1.30 | \$695.50   | Emails from S. Graff and with counsel and S. Graff; Review US Real Estate matter and assemble further email to counsel providing details in advance of conference call                                                                |
| SLG    | 30/01/20 | \$850.00      | 0.50 | \$425.00   | Telephone call with L. Rogers re settlement agreement; discussion with M. van Zandvoort                                                                                                                                               |
| MJVZ   | 30/01/20 | \$535.00      | 0.50 | \$267.50   | Emails with S. Graff concerning BDO Approval motion; Office conference with S. Graff concerning same; Review Settlement Agreement and draft notice regarding call with L. Rogers today and in preparation of Receiver call 31/01/2020 |
| MJVZ   | 30/01/20 | \$535.00      | 0.40 | \$214.00   | Consider issues concerning litigation funding regarding US Real Estate LP and discussion with S. Graff and funder concerning same                                                                                                     |
| SLG    | 31/01/20 | \$850.00      | 1.20 | \$1,020.00 |                                                                                                                                                  |
| SLG    | 31/01/20 | \$850.00      | 0.20 | \$170.00   | Emails with M. van Zandvoort and L. Rogers                                                                                                                                                                                            |
| MJVZ   | 31/01/20 | \$535.00      | 0.20 | \$107.00   | Conference call with B. Bando concerning BDO approval motion                                                                                                                                                                          |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                                                                                                                                                                                                          |
|---------------|----------|---------------|-------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ          | 31/01/20 | \$535.00      | 0.50  | \$267.50    | Review engagement letter and revise notice of motion further to call with B. Bando and email same with fee affidavit to B. Bando                                                                                                     |
| MJVZ          | 31/01/20 | \$535.00      | 0.10  | \$53.50     | Email to S. Graff regarding Fee Settlement                                                                                                                                                                                           |
| MJVZ          | 31/01/20 | \$535.00      | 0.60  | \$321.00    | Preparation for call with counsel regarding U.S. Real Estate LP                                                                                                                                                                      |
| MJVZ          | 31/01/20 | \$535.00      | 1.20  | \$642.00    | Attend on conference call with S. Graff regarding U.S. Real Estate LP; Attend on conference call with S. Graff and counsel regarding U.S. Real Estate LP; Email to B. Bando regarding examination; Emails with B. Bando and S. Graff |
| MJVZ          | 31/01/20 | \$535.00      | 0.10  | \$53.50     | Emails and conference call with S. Graff regarding BDO Settlement                                                                                                                                                                    |
| <b>TOTAL:</b> |          |               | 89.90 | \$43,932.50 |                                                                                                                                                                                                                                      |

| Name                         | Hours | Rate     | Value       |
|------------------------------|-------|----------|-------------|
| Mark J. van Zandvoort (MJVZ) | 34.40 | \$532.38 | \$18,314.00 |
| Steven L. Graff (SLG)        | 11.20 | \$846.43 | \$9,480.00  |
| Shakaira L. John (SLJ)       | 41.00 | \$370.00 | \$15,170.00 |
| Patrick L. Williams (PLW)    | 1.20  | \$200.00 | \$240.00    |
| Shannon R. Morris (SRM)      | 0.70  | \$385.00 | \$269.50    |
| John G. Pappas (JGP)         | 1.20  | \$295.00 | \$354.00    |
| Miranda E. Spence (MES)      | 0.20  | \$525.00 | \$105.00    |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$43,932.50 |
| HST at 13%     | \$5,711.23  |

#### DISBURSEMENTS

#### COST INCURRED ON YOUR BEHALF AS AN AGENT

|                                                                                                               |                |
|---------------------------------------------------------------------------------------------------------------|----------------|
| Wire Charges                                                                                                  | \$35.00        |
| Miscellaneous HST Exempt Re:<br>Reimburse Petty Cash Certification<br>of Documents issued to<br>(CAS0001)Cash | \$21.00        |
| <b>Total Agency Costs</b>                                                                                     | <b>\$56.00</b> |

**Subject to HST**

|                     |          |
|---------------------|----------|
| Taxi                | \$9.07   |
| Imaging/Scanning    | \$54.75  |
| Photocopies - Local | \$130.00 |
| Deliveries/Parss    | \$45.50  |

Total Disbursements  
HST at 13%

\$239.32  
\$31.11

**AMOUNT NOW DUE**

**\$49,970.16**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP

Steven L. Graff

E.&O.E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 2.0% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.

38978810.1

IN ACCOUNT WITH:

**AIRD BERLIS**

Brookfield Place, 181 Bay Street, Suite 1800  
Toronto, Ontario, Canada M5J 2T9  
T 416.863.1500 F 416.863.1515  
airdberlis.com

Grant Thornton Limited  
200 King Street West, 11th Floor  
Toronto, ON  
M5H 3T4

Attention: Mr. Jonathan Krieger

**Account No.: 663495**

PLEASE WRITE ACCOUNT NUMBERS  
ON THE BACK OF ALL CHEQUES

File No.: 25227/137794

March 5, 2020

**Re: Receivership of Crystal Wealth Management System Limited, et al**

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ended February 28, 2020

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                               |
|--------|----------|---------------|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| SLG    | 01/02/20 | \$850.00      | 0.10 | \$85.00  | Email with L. Rogers                                                                                                                                      |
| SLG    | 01/02/20 | \$850.00      | 0.20 | \$170.00 |                                                                                                                                                           |
| MJVZ   | 01/02/20 | \$535.00      | 0.20 | \$107.00 | Emails with S. Graff and L. Rogers and conference call with S. Graff                                                                                      |
| SLG    | 03/02/20 | \$850.00      | 0.20 | \$170.00 | Conference call with A. Laing and L. Rogers on settlement and court approval                                                                              |
| SLG    | 03/02/20 | \$850.00      | 0.70 | \$595.00 | Telephone call with J. Krieger and B. Bando re various issues in estate including OOM/St. Mary's receivership; consider OSC settlement and US real estate |
| SLG    | 03/02/20 | \$850.00      | 0.50 | \$425.00 |                                                                                                                                                           |
| MJVZ   | 03/02/20 | \$535.00      | 0.10 | \$53.50  | Conference call with S. Graff regarding US Real Estate LP strategy in advance of conference call today                                                    |
| MJVZ   | 03/02/20 | \$535.00      | 0.80 | \$428.00 | Prepare for and attend on conference call with S. Graff, R. Schwartz, T. Wilson, and J. Melmed                                                            |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                           |
|--------|----------|---------------|------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 03/02/20 | \$535.00      | 0.70 | \$374.50   | Attend on conference call with S. Graff, J. Krieger, B. Bando, and M. Spence regarding various receivership matters                                                                                   |
| MJVZ   | 03/02/20 | \$535.00      | 0.30 | \$160.50   | Conference call with S. Graff and L. Rogers, A. Laing                                                                                                                                                 |
| MJVZ   | 03/02/20 | \$535.00      | 0.20 | \$107.00   | Subsequent conference call with and email from S. Graff concerning US Real Estate and Lenders/director issue                                                                                          |
| MJVZ   | 04/02/20 | \$535.00      | 0.10 | \$53.50    | Emails with A. Huculuk and S. Graff concerning settlement and conference call                                                                                                                         |
| SLG    | 05/02/20 | \$850.00      | 0.80 | \$680.00   | Telephone call with A. Hukulak and M. Tillie and M. van Zandvoort                                                                                                                                     |
| SLG    | 05/02/20 | \$850.00      | 0.10 | \$85.00    | OOM - Email from P. Cho                                                                                                                                                                               |
| SLJ    | 05/02/20 | \$370.00      | 4.00 | \$1,480.00 | Draft materials for default judgment motion (US Real Estate LP)                                                                                                                                       |
| MJVZ   | 05/02/20 | \$535.00      | 0.30 | \$160.50   | Preparation for conference call and emails with S. Graff                                                                                                                                              |
| MJVZ   | 05/02/20 | \$535.00      | 0.30 | \$160.50   | Conference call with S. Graff, A. Huculak, and M. Tillie                                                                                                                                              |
| MJVZ   | 05/02/20 | \$535.00      | 0.20 | \$107.00   | Emails with GTL further to conference call regarding next steps                                                                                                                                       |
| MJVZ   | 05/02/20 | \$535.00      | 2.80 | \$1,498.00 | Emails with S. John concerning status of motion materials; Receive and commence revisions to draft affidavit, judgment and email to S. John attaching case law for motion regarding punitive damages  |
| MJVZ   | 05/02/20 | \$535.00      | 0.10 | \$53.50    | Review T. Clifford update and applications concerning registration of judgments                                                                                                                       |
| SLJ    | 06/02/20 | \$370.00      | 4.50 | \$1,665.00 | Revise affidavit re default judgment (US real estate LP); Compile exhibits re same; Various emails re same                                                                                            |
| MJVZ   | 06/02/20 | \$535.00      | 2.30 | \$1,230.50 | Complete revisions to draft affidavit; Email to S. John concerning same and instructing to finalize and circulate; Review further revised affidavit blackline and emails with S. John concerning same |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                    |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 07/02/20 | \$535.00      | 4.80 | \$2,568.00 | Revisions to US Real Estate LP motion materials and considerations of legal elements to be met in support of relief requested; Email revised drafts and blacklines to S. John and instructing regarding finalizing motion record; Provide decision regarding punitive damages; Review email from S. John to B. Bando attaching motion materials; Emails with S. John, B. Bando |
| SLJ    | 08/02/20 | \$370.00      | 0.80 | \$296.00   | Various emails re affidavit for US real estate LP default judgment                                                                                                                                                                                                                                                                                                             |
| MJVZ   | 08/02/20 | \$535.00      | 0.50 | \$267.50   | Emails with S. Graff regarding strategy for motion; Email from B. Bando regarding preliminary comments on affidavit; Emails from S. John                                                                                                                                                                                                                                       |
| SLJ    | 10/02/20 | \$370.00      | 4.00 | \$1,480.00 | Conference call re US real estate LP affidavit; Instruct D. Lu re research re same; Revise affidavit re same                                                                                                                                                                                                                                                                   |
| MJVZ   | 10/02/20 | \$535.00      | 0.60 | \$321.00   | Review B. Bando track changes in preparation of conference call; Emails with S. John regarding same; Conference call with S. John and B. Bando; Review email and attachment from B. Bando concerning exhibits and payments                                                                                                                                                     |
| MJVZ   | 10/02/20 | \$535.00      | 0.60 | \$321.00   | Receive and review letter from Miller Thomson; Review correspondence with Cat Finance and conference call with C. Mills; Follow-up emails to C. Mills and Receiver; Emails with S. Graff concerning same                                                                                                                                                                       |
| SLJ    | 11/02/20 | \$370.00      | 5.00 | \$1,850.00 | Revise and finalize affidavit re US real estate LP default judgment motion; Meeting with B. Bando to commission affidavit                                                                                                                                                                                                                                                      |
| DL     | 11/02/20 | \$295.00      | 2.90 | \$855.50   | Case law research; prepare email memo re case law research                                                                                                                                                                                                                                                                                                                     |
| MJVZ   | 11/02/20 | \$535.00      | 0.40 | \$214.00   | Receive and review offer letter; Email to B. Bando concerning same; Review Dome answers to undertakings in connection with same and in preparation of call with B. Bando                                                                                                                                                                                                       |



| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------|----------|---------------|------|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 11/02/20 | \$535.00      | 0.40 | \$214.00   | Emails with counsel regarding US Real Estate LP and consideration of enforcement of judgment issue                                                                                                                                                                                                                                                                                                                                                                                                                     |
| SLG    | 12/02/20 | \$850.00      | 0.20 | \$170.00   | Address offer on Gavin Mines' shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| SLG    | 12/02/20 | \$850.00      | 0.80 | \$680.00   | Consider motion for judgmentt and orders                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| SLJ    | 12/02/20 | \$370.00      | 3.60 | \$1,332.00 | Prepare motion record re US real estate LP default judgment                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| SLJ    | 12/02/20 | \$370.00      | 0.40 | \$148.00   | Various emails re registering judgments in Alberta (Zomongo Claim)                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| MJVZ   | 12/02/20 | \$535.00      | 1.50 | \$802.50   | Emails with S. John concerning motion record and submissions for US Real Estate LP motion; Email from S. John concerning same; Review motion material and conference call with S. John regarding preparation for motion; Conference call with S. Graff regarding motion and Dome; Further conference call with S. John; Conference call with B. Bando regarding motion and Dome; Review Receiver email to trustee; Review trustee email and financial statements provided regarding Gavin Mines and account statements |
| PLW    | 12/02/20 | \$200.00      | 0.60 | \$120.00   | Filed Motion Records for Default Judgment                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| SLJ    | 13/02/20 | \$370.00      | 5.00 | \$1,850.00 | Prepare for hearing re US Real Estate LP default judgment; Calls with L. Nguyen re bill of costs re same; Discussion with S. Graff re same                                                                                                                                                                                                                                                                                                                                                                             |
| LN     | 13/02/20 | \$225.00      | 1.50 | \$337.50   | Emails to and from S. John re: Bill of Costs for US Real Estate motion; Review of dockets and redact same; Preparation of bill of costs on a partial and substantial indemnity basis; Email to S. John re: same                                                                                                                                                                                                                                                                                                        |
| MES    | 13/02/20 | \$525.00      | 0.20 | \$105.00   | Receive voicemail and email from P. Cho, and email to B. Bando re: same (Commercial Loans)                                                                                                                                                                                                                                                                                                                                                                                                                             |
| MJVZ   | 13/02/20 | \$535.00      | 0.10 | \$53.50    | Emails with counsel and S. Graff regarding US Real Estate LP                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| MJVZ   | 13/02/20 | \$535.00      | 0.20 | \$107.00   | Emails regarding Hughes-Ostrowski bankruptcy from Receiver and trustee; Review creditor package                                                                                                                                                                                                                                                                                                                                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                                                                                                                                                                                                                                                                                 |
|--------|----------|---------------|------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PLW    | 13/02/20 | \$200.00      | 0.60 | \$120.00   | Submitted requisitions for Certificate of Non-filing                                                                                                                                                                                                                                                                                                                        |
| SLG    | 14/02/20 | \$850.00      | 1.50 | \$1,275.00 | Attend court with S. John to review motion and declaration relief and consider outcome                                                                                                                                                                                                                                                                                      |
| SLJ    | 14/02/20 | \$370.00      | 3.50 | \$1,295.00 | Prepare for hearing re US Real Estate LP default judgment; Attend at court re same; Various emails re same; Call with B. Bando re same                                                                                                                                                                                                                                      |
| MES    | 14/02/20 | \$525.00      | 0.30 | \$157.50   | Telephone call and exchange of emails with B. Bando re: SMC receivership (commercial loans)                                                                                                                                                                                                                                                                                 |
| MJVZ   | 14/02/20 | \$535.00      | 0.30 | \$160.50   | Emails with S. John concerning US Real Estate Default judgment motion, today's endorsement, and next steps                                                                                                                                                                                                                                                                  |
| DL     | 16/02/20 | \$295.00      | 4.00 | \$1,180.00 | Prepare factum                                                                                                                                                                                                                                                                                                                                                              |
| SLG    | 18/02/20 | \$850.00      | 0.10 | \$85.00    | Address delivery of record to Koehnen, J.                                                                                                                                                                                                                                                                                                                                   |
| SLJ    | 18/02/20 | \$370.00      | 7.50 | \$2,775.00 | Revise motion materials re US Real Estate LP default judgment; Draft factum re same; Revise factum re same; Serve motion materials; Various emails re file matters                                                                                                                                                                                                          |
| MJVZ   | 18/02/20 | \$535.00      | 2.30 | \$1,230.50 | Emails with S. John concerning factum for US Real Estate LP motion; Review and revise same and email to S. John concerning same and attaching revised factum with instructions to finalize; Review further email from S. John and revised factum and email to S. John concerning same; Review S. John service emails and emails with S. Graff and S. John concerning motion |
| MJVZ   | 18/02/20 | \$535.00      | 0.10 | \$53.50    | Email to B. Bando concerning Hughes-Ostrowski bankruptcy                                                                                                                                                                                                                                                                                                                    |
| MJVZ   | 18/02/20 | \$535.00      | 0.10 | \$53.50    | Emails from and to S. John concerning Hughes-Ostrowski bankruptcy and application to register judgment                                                                                                                                                                                                                                                                      |
| MJVZ   | 18/02/20 | \$535.00      | 0.20 | \$107.00   | Email from L. Rogers regarding Settlement Approval motion and review draft Order provided                                                                                                                                                                                                                                                                                   |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE    | DESCRIPTION                                                                                                                                                                                                                                                                    |
|--------|----------|---------------|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ   | 18/02/20 | \$535.00      | 0.10 | \$53.50  | Email to S. John regarding Settlement Approval motion; Email from S. John concerning same                                                                                                                                                                                      |
| MJVZ   | 18/02/20 | \$535.00      | 0.20 | \$107.00 | Email from T. Clifford regarding Pahl bankruptcy and consider strategy regarding potential annulment application                                                                                                                                                               |
| SLG    | 19/02/20 | \$850.00      | 0.20 | \$170.00 | Discussion with M. van Zandvoort re judgement and bankruptcy                                                                                                                                                                                                                   |
| SLJ    | 19/02/20 | \$370.00      | 2.00 | \$740.00 | Prepare affidavit of service re US Real Estate LP materials; Telephone call with B. Bando re various file matters.                                                                                                                                                             |
| MJVZ   | 19/02/20 | \$535.00      | 0.60 | \$321.00 | Email to S. Graff regarding strategy and next steps in connection with Pahl bankruptcy; Conference call with S. Graff concerning same and email to B. Bando concerning same; Email from B. Bando and emails with S. John and T. Clifford concerning same; Email from J. Knight |
| MJVZ   | 19/02/20 | \$535.00      | 0.10 | \$53.50  | Review email from S. John to Court regarding US Real Estate LP                                                                                                                                                                                                                 |
| PLW    | 19/02/20 | \$200.00      | 0.60 | \$120.00 | Filed Factum and Brief of Authorities for February 25, 2020                                                                                                                                                                                                                    |
| SLG    | 20/02/20 | \$850.00      | 0.30 | \$255.00 | Discussion with M. van Zandvoort re bankruptcy of D. Paul and approach with Trustee                                                                                                                                                                                            |
| SLG    | 20/02/20 | \$850.00      | 0.10 | \$85.00  | Email with L. Rogers re report                                                                                                                                                                                                                                                 |
| SLJ    | 20/02/20 | \$370.00      | 0.50 | \$185.00 | Draft letter re Pahl bankruptcy                                                                                                                                                                                                                                                |
| MJVZ   | 20/02/20 | \$535.00      | 0.50 | \$267.50 | Emails with S. John regarding Trustee Letter; Review and revise same and email letter to Trustee regarding Pahl bankruptcy; Email to T. Clifford                                                                                                                               |
| MJVZ   | 20/02/20 | \$535.00      | 0.20 | \$107.00 | Emails with L. Rogers and S. Graff                                                                                                                                                                                                                                             |
| MJVZ   | 20/02/20 | \$535.00      | 0.10 | \$53.50  | Emails with J. Knight regarding POC, Proxy forms and letter to Trustee                                                                                                                                                                                                         |
| MJVZ   | 21/02/20 | \$535.00      | 0.40 | \$214.00 | Emails with S. John regarding package to be sent to Trustee; Review POCs, proxy forms, and draft letter to Trustee and emails to J. Knight and S. John concerning same;                                                                                                        |

| LAWYER | DATE     | RATE/<br>HOUR | TIME | VALUE      | DESCRIPTION                                                                                                  |
|--------|----------|---------------|------|------------|--------------------------------------------------------------------------------------------------------------|
|        |          |               |      |            | Emails with J. Knight concerning post-judgment interest                                                      |
| MJVZ   | 21/02/20 | \$535.00      | 0.20 | \$107.00   | Email from L. Rogers; Conference call to L. Rogers; Email to L. Rogers; Emails with S. Graff                 |
| MJVZ   | 21/02/20 | \$535.00      | 0.20 | \$107.00   | Email from C. Mills and consideration of next steps in response to same regarding Single Source claim        |
| NEB    | 24/02/20 | \$995.00      | 0.20 | \$199.00   | Consider issues regarding Requirement to Pay from CRA                                                        |
| AG     | 24/02/20 | \$695.00      | 0.20 | \$139.00   | Email from F. Gucciardo; Reviewing Excise Tax Act; Email to confirm HST advice                               |
| MJVZ   | 24/02/20 | \$535.00      | 0.20 | \$107.00   | Email to F. Gucciardo regarding Single Source position an response; Emails with F. Gucciardo concerning same |
| MJVZ   | 24/02/20 | \$535.00      | 0.10 | \$53.50    | Email from N. Read-Ellis regarding approval motion                                                           |
| MJVZ   | 24/02/20 | \$535.00      | 0.20 | \$107.00   | Email to, voicemail from, and conference call with B. Bando concerning approval hearing anticipated timing   |
| SLG    | 25/02/20 | \$850.00      | 0.20 | \$170.00   | Review emails re default judgement                                                                           |
| SLG    | 25/02/20 | \$850.00      | 0.10 | \$85.00    | Emails re BDO settlement                                                                                     |
| MJVZ   | 25/02/20 | \$535.00      | 0.40 | \$214.00   | Email to C. Mills regarding Single Source and review of ERTF provisions regarding priority                   |
| MJVZ   | 25/02/20 | \$535.00      | 0.20 | \$107.00   | Emails with S. Graff, S. John, B. Bando and N. Read-Ellis regarding approval hearing                         |
| MJVZ   | 25/02/20 | \$535.00      | 0.20 | \$107.00   | Review C. Webster emails regarding registration motion and attached application and Order                    |
| MJVZ   | 25/02/20 | \$535.00      | 0.10 | \$53.50    | Emails with S. John regarding US Real Estate LP motion                                                       |
| SLG    | 26/02/20 | \$850.00      | 0.20 | \$170.00   | Emails with respect to judgment                                                                              |
| SLJ    | 26/02/20 | \$370.00      | 4.00 | \$1,480.00 | Prepare for motion hearing re US Real Estate LP; Attend at court re same; Various emails re same             |

| LAWYER        | DATE     | RATE/<br>HOUR | TIME  | VALUE       | DESCRIPTION                                                                                                                                                                                                                                                                                               |
|---------------|----------|---------------|-------|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MJVZ          | 26/02/20 | \$535.00      | 0.40  | \$214.00    | Emails with S. John, S. Graff, and B. Bando regarding US Real Estate LP and next steps; Review endorsement/judgment obtained                                                                                                                                                                              |
| MJVZ          | 26/02/20 | \$535.00      | 0.20  | \$107.00    | Emails with trustee and J. Knight regarding D. Pahl bankruptcy                                                                                                                                                                                                                                            |
| MJVZ          | 26/02/20 | \$535.00      | 0.10  | \$53.50     | Emails with investor and S. John                                                                                                                                                                                                                                                                          |
| SLJ           | 27/02/20 | \$370.00      | 0.50  | \$185.00    | Various emails re US Real Estate LP next steps and enforcement                                                                                                                                                                                                                                            |
| MJVZ          | 27/02/20 | \$535.00      | 0.10  | \$53.50     | Emails with S. John concerning US Real Estate LP next steps and chambers appointment and review of transcribed endorsement; Email from B. Bando                                                                                                                                                           |
| MJVZ          | 27/02/20 | \$535.00      | 0.10  | \$53.50     | Emails with N. Read-Ellis and to B. Bando                                                                                                                                                                                                                                                                 |
| MJVZ          | 27/02/20 | \$535.00      | 0.20  | \$107.00    | Review B. Bando email and consider of disbursement info provided by trustee in anticipation of conference call                                                                                                                                                                                            |
| SLG           | 28/02/20 | \$850.00      | 0.40  | \$340.00    | Conference call with M. van Zandvoort and B. Bando re payments and next steps                                                                                                                                                                                                                             |
| SLJ           | 28/02/20 | \$370.00      | 0.20  | \$74.00     | Instruct L. Nguyen re update to bill of costs re US Real Estate LP motion                                                                                                                                                                                                                                 |
| LN            | 28/02/20 | \$225.00      | 0.50  | \$112.50    | Emails to and from S. John re update to Bill of Costs; Amend Bill of Costs                                                                                                                                                                                                                                |
| MJVZ          | 28/02/20 | \$535.00      | 1.40  | \$749.00    | Emails with B. Bando, S. Graff and S. John regarding Dome; Conference call with S. Graff concerning same; Review Frontline examination concerning disbursement of funds and documents produced by J. Froese and transfer at undervalue provisions in preparation of call to discuss strategy and approach |
| MJVZ          | 28/02/20 | \$535.00      | 0.30  | \$160.50    | Conference call with B. Bando and S. Graff concerning Dome and next steps                                                                                                                                                                                                                                 |
| <b>TOTAL:</b> |          |               | 91.10 | \$40,581.50 |                                                                                                                                                                                                                                                                                                           |

| Name                         | Hours | Rate     | Value       |
|------------------------------|-------|----------|-------------|
| Steven L. Graff (SLG)        | 6.70  | \$850.00 | \$5,695.00  |
| Mark J. van Zandvoort (MJVZ) | 27.30 | \$535.00 | \$14,605.50 |
| Shakaira L. John (SLJ)       | 45.50 | \$370.00 | \$16,835.00 |
| Damian Lu (DL)               | 6.90  | \$295.00 | \$2,035.50  |
| Patrick L. Williams (PLW)    | 1.80  | \$200.00 | \$360.00    |
| Linh Nguyen (LN)             | 2.00  | \$225.00 | \$450.00    |
| Miranda E. Spence (MES)      | 0.50  | \$525.00 | \$262.50    |
| Neil E. Bass (NEB)           | 0.20  | \$995.00 | \$199.00    |
| Angelo Gentile (AG)          | 0.20  | \$695.00 | \$139.00    |

|                |             |
|----------------|-------------|
| <b>OUR FEE</b> | \$40,581.50 |
| HST at 13%     | \$5,275.60  |

**DISBURSEMENTS**

**COST INCURRED ON YOUR BEHALF AS AN AGENT**

|                              |                 |
|------------------------------|-----------------|
| Notice of Motion/Application | \$320.00        |
| Wire Charges                 | \$17.50         |
| <b>Total Agency Costs</b>    | <b>\$337.50</b> |

**Subject to HST**

|                            |                   |
|----------------------------|-------------------|
| Photocopies - Local        | \$534.50          |
| Imaging/Scanning           | \$541.75          |
| Binding and Tabs           | \$33.25           |
| Photocopies                | \$6.25            |
| Reproduction Services      | \$644.48          |
| Taxi                       | \$11.72           |
| Deliveries/Parss           | \$73.78           |
| <b>Total Disbursements</b> | <b>\$1,845.73</b> |
| HST at 13%                 | \$239.94          |

**AMOUNT NOW DUE**

**\$48,280.27**

THIS IS OUR ACCOUNT HEREIN  
Aird & Berlis LLP

Steven L. Graff  
E. & O. E.

**PAYMENT OF THIS ACCOUNT IS DUE ON RECEIPT**

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 2.0% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS ACCOUNT IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

NOTE: This account may be paid by wire transfer in Canadian funds to our account at The Toronto-Dominion Bank, TD Centre, 55 King Street West, Toronto, Ontario, M5K 1A2. Account number 5221521, Transit number 10202, Swift Code TDOMCATTTOR. Please include the account number as reference.



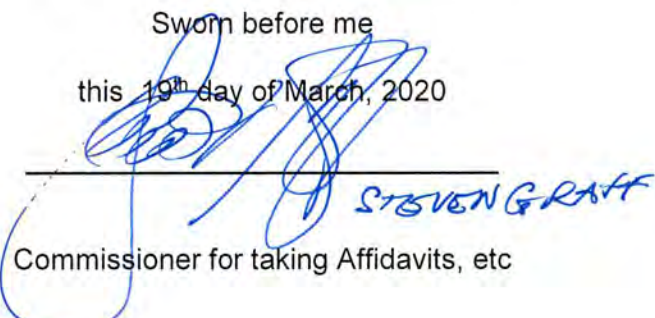
Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF SHAKAIRA JOHN

Sworn before me

this 19<sup>th</sup> day of March, 2020



\_\_\_\_\_  
Commissioner for taking Affidavits, etc



## STATEMENT OF RESPONSIBLE INDIVIDUALS

Aird & Berlis LLP's professional fees herein are made with respect to the following individuals:

| Lawyer           | Call to Bar | Year | Hourly Rate       | Total Time | Value        |
|------------------|-------------|------|-------------------|------------|--------------|
| Hooke, R. T      | 1989        | 2018 | \$695.00          | 1.6        | \$1,112.00   |
|                  |             | 2019 | \$725.00          | 4.3        | \$3117.5     |
| Graff, S. L      | 1991        | 2018 | \$795.00          | 40.9       | \$32,515.50  |
|                  |             | 2019 | \$825.00          | 38.9       | \$32,835.00  |
|                  |             | 2020 | \$850.00          | 16.3       | \$13,855.00  |
| Wainwright, J. A | 1992        | 2018 | \$725.00          | 2.4        | \$1,740.00   |
|                  |             | 2019 | \$750.00          | 1.2        | \$900.00     |
| Clark, K.        | 2001        | 2018 | \$635.00          | 1.5        | \$952.50     |
| Merk, J.         | 2004        | 2019 | \$595.00          | 11.3       | \$6,723.50   |
| Gentile, A.      | 2007        | 2019 | \$650.00          | 0.4        | \$260.00     |
|                  |             | 2020 | \$695.00          | 0.2        | \$139.00     |
| van Zandvoort, M | 2010        | 2018 | \$465.00          | 359.4      | \$167,121.00 |
|                  |             | 2019 | \$505.00          | 241.0      | \$121,705.00 |
|                  |             | 2020 | \$535.00          | 58.7       | \$31,404.50  |
| Plunkett, K.B.   | 2011        | 2018 | \$435.00          | 3.90       | \$1,696.50   |
| Spence, M. E     | 2011        | 2018 | \$435.00          | 30.9       | \$13,441.00  |
|                  |             | 2019 | \$475.00          | 36.7       | \$17,432.50  |
|                  |             | 2020 | \$525.00          | 0.7        | \$367.50     |
| Simkic, V.       | 2013        | 2018 | \$395.00          | 0.1        | \$39.50      |
| Chung, B.        | 2014        | 2018 | \$395.00          | 0.3        | \$118.50     |
| Nemers, J.       | 2014        | 2018 | \$375.00          | 3.6        | \$1,350.00   |
| John, S.         | 2017        | 2018 | \$305.00          | 281.6      | \$85,888.00  |
|                  |             | 2019 | \$340.00/\$350.00 | 215.2      | \$74,184.00  |
|                  |             | 2020 | \$370.00          | 86.5       | \$32,005     |
| Sanders, R.      | 2017        | 2019 | \$340.00          | 23.5       | \$7,990.00   |
| Collett, D.      | 2018        | 2018 | \$305.00          | 8.0        | \$2,440.00   |
| Bass, N.         |             | 2020 | \$995.00          | 0.2        | \$199.00     |

| Clerk/Student/Librarian     | Call to Bar | Year      | Hourly Rate | Total Time | Value      |
|-----------------------------|-------------|-----------|-------------|------------|------------|
| Hodgson, D.                 | N/A         | 2018      | \$225.00    | 18.0       | \$4,050.00 |
| Hodgson, D.<br>Lal, E.      | N/A<br>N/A  | 2019      | \$250.00    | 15.4       | \$3,850.00 |
|                             |             | 2019      | \$300.00    | 2.5        | \$750.00   |
| McLean, J.                  | N/A         | 2019      | \$215.00    | 5.1        | \$1,096.50 |
| Miroslavich, C.             | N/A         | 2019      | \$300.00    | 4.1        | \$1,230.00 |
| Morris, S. R                | N/A         | 2018      | \$350.00    | 10.9       | \$3,815.00 |
| Morris, S. R<br>Pugliese, C | N/A<br>N/A  | 2019      | \$370.00    | 12.6       | \$4,658.00 |
|                             |             | 2020      | \$385.00    | 0.7        | 260.50     |
|                             |             | 2018      | \$209.00    | 1.0        | \$209.00   |
| Vieira, I.                  | N/A         | 2018      | \$180.00    | 0.7        | \$126.00   |
| Casasola, C.                | N/A         | 2018/2019 | \$300.00    | 16.5       | \$4,950.00 |
| Williams, P.                | N/A         | 2018      | \$180.00    | 6.0        | \$1,080.00 |
| Williams, P.<br>Saturno, D. | N/A<br>N/A  | 2019      | \$190.00    | 8.4        | \$1,596.00 |
|                             |             | 2020      | \$200.00    | 3.0        | \$600.00   |
|                             |             | 2018      | \$260.00    | 5.6        | \$1,456.00 |
| Church, B.                  | N/A         | 2018      | \$180.00    | 1.3        | \$234.00   |
| Ahuja, G.                   | N/A         | 2019      | \$275.00    | 3.3        | \$907.50   |
| Carter, B.                  | N/A         | 2019      | \$260.00    | 2.2        | \$572.00   |
| Chittick, E.                | N/A         | 2019      | \$275.00    | 1.8        | \$495.00   |
| Chung, J.                   | N/A         | 2019      | \$260.00    | 0.6        | \$156.00   |
| D'Amico, S.                 | N/A         | 2019      | \$295.00    | 1.2        | \$354.00   |
| Gopinath, G.                | N/A         | 2019      | \$295.00    | 4.5        | \$1327.50  |
| Helfand, M.                 | N/A         | 2019      | \$275.00    | 2.3        | \$632.50   |
| Mba, D.                     | N/A         | 2019      | \$295.00    | 3.9        | \$1150.50  |
| McCann, M.                  | N/A         | 2018      | \$260.00    | 7.6        | \$1976.00  |
| Yantzi, J.                  | N/A         | 2019      | \$275.00    | 1.3        | \$357.50   |
| Lu, D.                      | N/A         | 2019      | \$295.00    | 6.9        | \$2,035.50 |
| Pappas, J.                  | N/A         | 2020      | \$295.00    | 1.2        | \$354.00   |
| Nguyen, L.                  | N/A         | 2020      | \$225.00    | 2.0        | \$450.00   |
|                             |             |           |             |            |            |

***\*Standard hourly rates listed. However, in certain circumstances adjustments to the account were made.***

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST  
Proceedings commenced at Toronto**

**AFFIDAVIT OF SHAKAIRA JOHN**

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*Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, Clayton Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource & Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd., and 1150752 Ontario Limited*

CONFIDENTIAL APPENDIX 1  
(subject to a request for a sealing  
order)

**CONFIDENTIAL APPENDIX 2**  
**(subject to a request for a sealing  
order)**

**CONFIDENTIAL APPENDIX 3**  
**(subject to a request for a sealing  
order)**

**CONFIDENTIAL APPENDIX 4**  
**(subject to a request for a sealing  
order)**