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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ONTARIO SECURITIES COMMISSION

Applicant

- and –

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

Respondents

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

FACTUM OF THE RECEIVER

July 23, 2025

AIRD & BERLIS LLP
Barristers and Solicitors
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSO No. 31871V)
E-mail: sgraff@airdberlis.com

Mark van Zandvoort (LSO No. 59120U)
E-mail: mvanzandvoort@airdberlis.com

Dillon Collett (LSO No. 74961J)
E-mail : dcollett@airdberlis.com

Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited et al.

TO: **SERVICE LIST**

PART I – INTRODUCTION

1. On April 26, 2017, this Court granted an order (the “**Appointment Order**”) appointing Grant Thornton Limited (“**GTL**”) as the receiver and manager (in such capacity, the “**Receiver**”) of: (i) each of the Respondents except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (collectively referred to as the “**Crystal Wealth Group**”); and (ii) Receiver of the account of Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “**Chrysalis Account**”).[1]

2. The Receiver files this factum in support of a motion for a discharge order, *inter alia*:

(a) approving the actions and activities of the Receiver as set out in the Sixth Report of the Receiver dated June 27, 2025 (the “**Sixth Report**”);

(b) approving the Receiver’s Statement of Receipts and Disbursements;

(c) approving the Receiver’s methodology for a final distribution to investors of certain Crystal Wealth Funds, and authorizing the Receiver to make such final distribution;

(d) approving any future distributions to investors using the same methodology referenced in subparagraph 1(c) above;

(e) approving the fees and disbursements of the Receiver and its counsel; and

(f) discharging GTL as Receiver.

[1] This factum employs the same defined terms used in the Sixth Report, unless otherwise noted.

PART II - SUMMARY OF FACTS

A. Background to the Receivership

3. Pursuant to the Appointment Order issued by the Honourable Justice Newbould, GTL was appointed Receiver of all of the assets, undertakings and properties of the Crystal Wealth Group.[2]

4. The circumstances leading to the Receiver's appointment, and a detailed description of the Crystal Wealth Group and the actions taken by the Receiver since its appointment, are summarized in the Receiver's reports to the Court dated: (a) June 22, 2017 (the "**First Report**"); (b) June 29, 2017 (the "**Supplement to the First Report**"); (c) November 24, 2017 (the "**Second Report**"); (d) February 8, 2018 (the "**Second Report Supplement**"); (e) May 3, 2018 (the "**Third Report**"); (f) May 14, 2018 (the "**Third Report Supplement**"); (g) July 20, 2018 (the "**Fourth Report**"); (h) May 19, 2020 (the "**Fifth Report**"); and (i) the Sixth Report filed on this motion.

5. The Receiver was appointed on application by the Ontario Securities Commission ("**OSC**") under s. 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "***Securities Act***"), based in part on the OSC's concerns regarding potential breaches of the *Securities Act* by Crystal Wealth Management System Limited (the "**Company**") and its directing mind, Clayton Smith ("**Smith**").[3]

6. The Appointment Order, *inter alia*, empowers and authorizes the Receiver to:

(a) manage, operate and carry out the business of the Crystal Wealth Group;

(b) receive and collect all monies and accounts owed to the Crystal Wealth Group and to exercise all remedies of the Crystal Wealth Group in collecting such monies;

---

[2] Motion Record ("**MR**"), Tab B, Sixth Report at para. 2, Appendix 2, pp. 26 and 121-137.

[3] MR, Tab B, Sixth Report, Appendix 4 - First Report dated June 22, 2017 ("**First Report**"), paras. 5-6, pp. 196-197.

(c) settle, extend or compromise any indebtedness owing to the Crystal Wealth Group;

(d) initiate, prosecute and settle proceedings with respect to the Property; and

(e) market and sell the Property, subject to the requirement of obtaining approval of this Court where applicable in accordance with s. 6(k) of the Appointment Order.[4]

7. Following the Appointment Order, the Receiver took immediate steps to secure the Property of the Crystal Wealth Group, communicate with stakeholders, deal with operational/administrative tasks, and carry out an investigation into the affairs of the Company.[5]

B. Overview of the Crystal Wealth Group and the Funds

8. The Company was previously registered with the OSC in the categories of: "Exempt Market Dealer", "Investment Fund Manager", "Portfolio Manager", and "Commodity Trading Manager", and operated out of an office located at 192 Plains Road E., Burlington, Ontario.[6]

9. Smith was the sole officer and director of the Company, and held a controlling interest in the Company indirectly through CLJ Everest Inc. ("**CLJ Everest**"). 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". He was also registered as the Company's CEO, Chief Compliance Officer and ultimate designated person, and was responsible for the Company's compliance with Ontario's securities law.[7]

10. The Company created and managed 14 active investment funds (the "**Funds**").[8]

---

[4] MR, Tab B, Sixth Report, Appendix 2, s. 6, pp. 124-129.

[5] MR, Tab B, Sixth Report, Appendix 4 - First Report at para. 178, p. 251.

[6] MR, Tab B, Sixth Report, Appendix 4 - First Report at para. 14, p. 199.

[7] MR, Tab B, Sixth Report, Appendix 4 - First Report paras. 15-16, p. 199.

[8] MR, Tab B, Sixth Report at paras. 34 and 36, pp.34-35.

11. The Funds were structured as open-ended mutual fund trusts, in which units were distributed to investors on an exempt basis pursuant to offering memoranda. The Company managed the day-to-day business of the Funds, and was required to make investment decisions consistent with each fund's investment objectives.[9]

12. The Funds generally contained the following types of investments: (a) cash and money market securities held with two third parties, NBCN and IBCI; (b) investments where the underlying security was held by NBCN ("**On-Book Assets**"); and (c) investments administrated by the Company or a third party (the "**Off-Book Assets**"). There was a noted lack of tracking mechanisms in place with respect to the Off-Book Assets, and the Company did not appear to have any protocol or central repository for organizing investment documentation.[10]

13. The On-Book Assets consisted of inter-fund investments, equities, warrants, gold contracts, convertible debentures, external mutual funds and currency future contracts. The Off-Book Assets included investments in non-conventional residential mortgages administered by third parties, commercial loans issued to private entities, medial loans made to production companies for the production of films, factoring contracts, and preferred and common partnership units in an entity that owned an interest in various rental properties located in the United States.[11]

14. The Receiver has undertaken numerous initiatives to monetize the represented assets of the Crystal Wealth Group. To date, the Receiver has monetized and distributed approximately $103,603,000 of the $193,198,912 which the Company represented as being the assets under management at the time of the Receiver's appointment. The Receiver has previously reported on

---

[9] MR, Tab B, Sixth Report at para. 37 and Appendix 4 - First Report at para. 18, pp. 35 and 200.

[10] MR, Tab B, Sixth Report at paras. 49 and 51 and Appendix 4 - First Report at para. 25, pp. 38-41 and 202.

[11] MR, Tab B, Sixth Report at paras. 49 and 51 and Appendix 4 - First Report at para. 27, pp. 38-41 and 203-204.

its concerns regarding the accuracy of the information given by Smith as to this recorded value.[12]

15. If the Receiver's proposed final distribution is permitted, the Receiver will have distributed approximately $116,000,000 to unitholders of the Funds since the Receiver's appointment.[13]

C. Summary of the Receiver's Activities and Interim Distributions

16. On June 30, 2017, the Honourable Justice Hainey granted an Order, *inter alia*, approving the First Report, a sales process (the "**Sales Process**") by the Receiver in respect of the assets of certain Funds, and a Creditor Claims Procedure for non-investor claims. The Receiver was also authorized to rely on the Unit Holder Listing to make distributions of the proceeds obtained from divesting certain assets of the Funds to investors, without further approval of the Court.[14]

17. On December 11, 2017, the Honourable Justice Myers granted an order approving, *inter alia*, the Second Report, and the Receiver's methodology and proposal for an interim distribution to investors of certain Funds. The Receiver proceeded to make an initial interim distribution to investors in certain of the Funds on January 18, 2018 in the aggregate amount of $31,000,000.[15]

18. On February 20, 2018, the Honourable Justice Dunphy granted an order approving, *inter alia*, the Third Report and the APA between the Receiver and Bron Releasing Inc., pursuant to which Media Loan assets of the Media Fund were sold to Bron Releasing Inc.[16]

---

[12] MR, Tab B, Sixth Report at para. 38, p. 36.

[13] MR, Tab B, Sixth Report at para. 46, p. 38.

[14] MR, Tab B, Sixth Report at para. 7 and Appendix 6 at s. 5, pp. 27, 277 and 281-302.

[15] MR, Tab B, Sixth Report at paras. 10 and 11 and Appendix 7 - Second Report dated November 24, 2017 ("**Second Report**") at paras. 55 to 61, pp. 28 and 334-336.

[16] MR, Tab B, Sixth Report at para. 12 and 13 and Appendix 10, pp. 29 and 478-482.

19. On May 15, 2018, the Honourable Justice Pattillo granted an order approving, *inter alia*: the Fourth Report, the Receiver's sale of the Mount Nemo Property; and (c) vesting in Xynergy Medical Capital LLC ("**Xynergy**") rights and title to certain assets of the Medical Fund.[17]

20. The Receiver's Fourth Report discussed the Receiver's investigation regarding the Off-Book Assets, including the Receiver's examination of Smith and other individuals under oath. In particular, the Fourth Report addressed seven core baskets of investments made by the Funds, comprising most of the remaining net asset value after the Receiver's initial interim distribution: (a) Factoring Contracts; (b) Gold Loans, (c) Commercial Loans; (c) US Real Estate LP; (d) Medical Factoring Contracts, (e) NFL Participation Agreements, and (f) Residential Mortgages.[18]

21. On August 20, 2018, the Honourable Justice Conway granted an order approving, *inter alia*, the Fourth Report, the Receiver's methodology and proposal to make a further interim distribution to the investors of certain Funds, and the Receiver's engagement of counsel in an action against the Company's former auditor, BDO Canada LLP (the "**BDO Action**").[19]

22. Through ongoing realization of Company assets and maturity and pay-out of certain Off-Book Assets, the Receiver collected net proceeds of approximately $25,000,000 for distribution. The Receiver proceeded to make a second interim distribution on September 28, 2018, bringing the total interim distributions to investors to approximately $56,000,000 at that time.[20]

23. On June 2, 2020, Just Koehnen granted an order approving, *inter alia*:

(a) the settlement of the BDO Action, on the terms set out in the Settlement Agreement

---

[17] MR, Tab B, Sixth Report at para. 17 and Appendix 12, pp. 30 and 506-511.

[18] MR, Tab B, Sixth Report, Appendix 14 - Fourth Report dated July 20, 2018 ("**Fourth Report**") at paras. 78-80, 176-178, 231-232, 288-290, 307-310 and 319-324, pp. 567-568, 597-598, 613-614, 626-627, 630-631 and 633-634.

[19] MR, Tab B, Sixth Report, Appendix 14 - Fourth Report at paras. 39-45, pp. 542-543.

[20] MR, Tab B, Sixth Report at para. 21 and Appendix 14 - Fourth Report at para. 39, pp. 30 and 542.

between BDO and the Receiver dated January 14, 2020 (the "**BDO Settlement Agreement**"), on a contingent basis subject to the AMP Contingency; and

(b) approving the Receiver's proposal to make a third interim distribution to investors, including the funds received pursuant to the BDO Settlement Agreement.[21]

24. The Receiver obtained consideration of $32,500,000 under the BDO Settlement Agreement, plus $2,500,000 for an administrative penalty agreed to between the OSC and BDO.[22]

25. The Receiver proceeded to make a third interim distribution to investors in the approximate amount of $47,000,000 on July 30, 2020. This amount was comprised of the proceeds of the BDO Settlement Agreement and the proceeds obtained from the Receiver's realization efforts as of the Fourth Report, bringing total interim distributions to investors to approximately $103,000,000.[23]

D. The Receiver's Activities Since the Fifth Report

26. The Receiver has been actively working to complete a substantial number of open matters since the Fifth Report, and is now able to make a final distribution after exhausting efforts.[24]

27. In summary, the Receiver's activities since the Fifth Report have included, *inter alia*:

(a) commencing an application by the Mortgage Fund to appoint GTL as receiver of the assets of 244 Ontario, which was indebted to the Mortgage Fund under the terms of a loan agreement, which allowed the Receiver to sell the only hard assets of the OOM Energy Group to St. Mary's Cement for approximately $619,000;[25]

---

[21] MR, Tab B, Sixth Report at para. 23, Appendix 17, pp. 31 and 691-694.

[22] MR, Tab B, Sixth Report at para. 23, p. 31.

[23] MR, Tab B, Sixth Report at para. 24, p. 31.

[24] MR, Tab B, Sixth Report at para. 26, p. 32.

[25] MR, Tab B, Sixth Report at paras. 126-146 and Appendix 29, pp. 58-62 and 783-791.

(b) negotiating settlements with third parties regarding outstanding loan agreements, such as the Receiver's agreement to settle amounts owing by Pond Technologies Inc. in relation to the Pond Loan, in exchange for a payment of $1,200,000;[26]

(c) prosecuting proceedings in relation to the Off-Book Assets, including the Frontline Action, the Zomongo Action, the Dome Mountain Action, and the US Real Estate LP action. The Receiver obtained judgments and bankruptcy orders against various defendants, and exercised discretion to settle with the other defendants based on its assessment of the cost and unlikelihood of any further recoveries;[27]

(d) negotiating with third parties regarding the Medical Fund's interest in the outstanding NFL Participation Agreements, and ultimately deciding to sell the Medical Fund's interest in the remaining NFL Participation Agreements to Xynergy for a purchase price of US$200,000 given the unlikelihood of further recoveries;[28] and

(e) winding down the portfolio of Residential Mortgages with the assistance of Spectrum Canada Mortgage Services Inc., which resulted in the realization of all remaining mortgages, and transferring or discharging these mortgages from title.[29]

E. Status of the Claims Procedure

28. As of the Claims Bar Date of August 3, 2017 established by the Claims Procedure Order, 30 claims were filed with the Receiver totaling $16,227,134, as follows:

---

[26] MR, Tab B, Sixth Report at paras. 88-99, pp. 51-53.

[27] See e.g. MR, Tab B, Sixth Report at paras. 174, 182-201, 228-230 and 260-263, pp. 66, 68-71, 75-76 and 80-81.

[28] MR, Tab B, Sixth Report at paras. 280-283 and 309-314, Appendix 37, pp. 84-85, 91-92 and 844-867.

[29] MR, Tab B, Sixth Report at paras. 82-86, pp. 49-50.

(a) the Company – nineteen claims totaling $2,251,071;

(b) Media Fund – one claim for $21,913;

(c) Mortgage Fund – one claim for $298,191;

(d) CLJ Everest – three claims totaling $1,105,324; and

(e) Smith – six claims totaling $12,550,635.[30]

29. The Receiver has not adjudicated the claims filed against the Company, as the Company's records show no retained earnings, and amounts indicated as owing from the Crystal Wealth Funds to the Company are likely overstated, such that no assets are available for realization.[31]

30. The claim against the Mortgage Fund by IPC Securities Corp. ("**IPC**") was disallowed on the basis that the claim should have been made against the Company as the manager of the Mortgage Fund. IPC did not deliver a Notice of Dispute, and its claim has been recorded as $nil.[32]

31. The claim against the Media Fund by Forward Motion Entertainment Corp. was revised to $5,000 and accepted by the Receiver to expedite matters having regard to the amounts at issue.[33]

32. Smith possesses no material assets for realization for the benefit of the creditors of Smith. Accordingly, there are no funds for distribution to the creditors who filed claims as against Smith.[34]

33. CLJ Everest's primary assets was the Mount Nemo Property, which the Receiver sold for $2.1 million. After the repayment of the first third-party mortgage of $1.4 million, the agent's

---

[30] MR, Tab B, Sixth Report at para. 329, p. 97.

[31] MR, Tab B, Sixth Report at paras. 330, 332 and 336, pp. 97-99.

[32] MR, Tab B, Sixth Report at para. 338, pp. 99-100.

[33] MR, Tab B, Sixth Report at para. 339, p. 100.

[34] MR, Tab B, Sixth Report at para. 340, p. 100.

commission, outstanding property taxes and related sale costs, the net proceeds were approximately $75,000. After the fees and disbursements of the Receiver and its legal counsel, no funds will be available for distribution to the creditors who filed claims as against CLJ Everest.[35]

34. Lastly, while BDO initially filed a claim for audit fees in the amount of $511,101.26 relating to certain of the Funds (the "**Invoice Claim**"), BDO subsequently filed an amended proof of claim in the amount of $180,796,337.73 that included, in addition to the Invoice Claim:

(a) legal fees in connection with the OSC-BDO Proceedings in the amount of $285,327 (the "**Blakes' Fees Indemnity Claim**");

(b) the amount claimed against BDO in the Proposed Class Action ($175,000,000) (the "**Class Action Indemnity Claim**"); and

(c) estimated legal fees of $5,000,000 in relation to BDO's defence of the Proposed Class Action (the "**Estimated Defence Fees Indemnity Claim**").[36]

35. In support of the Receiver's efforts to make timely interim distributions to investors, the Receiver secured BDO's agreement to abandon the 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, and to hold back $1,000,000 for BDO's Estimated Defence Fees Indemnity Claim, while reserving the Receiver's right to deny and contest that claim at a later date.[37]

36. As part of the BDO Settlement Agreement, BDO was required to pay the Receiver total consideration of $32.5 million, including a payment in the sum of $31,703,662.27 and authorization for the Receiver to release $796,337.73 held on reserve in respect of BDO's unpaid

[35] MR, Tab B, Sixth Report at paras. 341-342, p. 101.

[36] MR, Tab B, Sixth Report at para. 347, p. 102.

[37] MR, Tab B, Sixth Report at para. 348, p. 102.

fees and legal fees, so that such amounts would be available for distribution to stakeholders.[38]

37. The proceeds from the BDO Settlement Agreement and AMP Payment were paid out to investors on the third interim distribution, subject to certain holdbacks including the contingent claim filed by BDO, as amended for the aforementioned $798,337.73 held on reserve for fees.[39]

38. BDO has confirmed with the Receiver through counsel that BDO's Estimated Defence Fees Indemnity Claim is not being pursued, and can be released by the Receiver on the proposed final distribution. The Amended BDO Claim has therefore been resolved in its entirety, and a final distribution to investors can occur on the basis that no claims are being made by BDO.[40]

F. The Sixth Report and Fees

39. The Receiver seeks the approval of the Sixth Report and the activities and actions of the Receiver, as described therein. The Receiver's actions and activities in this proceeding have been lawful, proper, and consistent with its powers and duties under the Appointment Order.[41]

40. In accordance with sections 6(d) and 23 to 25 of the Appointment Order, the Receiver has been authorized to periodically pay its fees and disbursements, and that of its counsel, subject to approval by the Court. The Receiver and the Receiver's counsel have sworn fee affidavits in support of the fees incurred by each. The Receiver has reviewed the accounts of the Receiver's legal counsel and has determined that the services have been duly authorized and rendered, and that the charges are reasonable and consistent with market rates for work of this nature.[42]

---

[38] MR, Tab B, Sixth Report at para. 349, pp. 102-103.

[39] MR, Tab B, Sixth Report at para. 350, p. 103.

[40] MR, Tab B, Sixth Report at paras. 352-353, p. 103.

[41] MR, Tab B, Sixth Report, Appendix 2, s. 6, pp. 124-129.

[42] MR, Tab B, Sixth Report at paras. 371-377, Appendix 41 and 42, pp. 107-108, 899-900 and 1219-1225.

G. The Proposed Final Distribution

41. Subject to the allocation of professional fees and a claim filed and accepted by the Receiver pursuant to the Creditor Claims Procedure Order, the Receiver proposes to distribute the funds in its estate and any funds that may later come into its possession to investors using the methodology set out in the Sixth Report. The proposed distribution is in the amount of approximately $12.4 million after a holdback of $500,000.[43]

42. As part of the final distribution, the Receiver is proposing to release the West Pond Loan Funds (as defined in the Sixth Report) to the Mortgage Fund and the High Yield Mortgage Fund, in proportionate interests in the Pond Loan, so that these funds can be distributed to investors.

43. The Company advanced a term-loan in the principal amount of $4,500,000 to Pond, and entered into various participation agreements assigning the rights to a stated portion of the Pond Loan to the Mortgage Fund, the High Yield Fund, and an individual named Suzanne West ("**West**") dated April 6, 2016 (the "**West Pond Loan Participation Agreement**"). West was formerly the president of Imaginea Energy Corp. ("**Imaginea**"), but passed away in March 2018. Imaginea had previously entered into an energy services agreement assigned to the Sustainable Property Fund, which advanced $2,000,000 to finance the installation of equipment at Imaginea's premises.[44]

44. The West Pond Loan Participation Agreement provided for West to receive a 22% interest in the Pond Loan, in consideration for West paying $1,000,000 to the Company. Based on the amounts obtained by the Receiver under the Pond Loan, the West Pond Loan Funds total $1,454,190. The books and records of the Crystal Wealth Group do not reflect West's principal

---

[43] MR, Tab B, Sixth Report at paras. 42-46 and 324, pp. 37-38 and 95.

[44] MR, Tab B, Sixth Report at paras. 88 and 100, Appendix 14 - Fourth Report at paras. 261-269 and Appendix 23, pp. 51, 54, 621-623 and 718-726.

contribution to the Company, however, or any payment being owed by the Company to West.[45]

45. West did not file a claim with the Receiver under the Claims Procedure Order before the Claims Bar Date of August 3, 2017, or after, although the West Pond Loan Participation Agreement provided for the Company to repurchase West's *pro rata* interest by January 2017.[46]

46. West was not a Known Creditor of the Company and was not sent the Claims Package, given that the Company's records did not disclose any payment being owed to her, however, the Receiver contacted Imaginea's representatives between December 2017 and February 2018 to discuss its arrangements with the Company, and did not receive a reply to its request for a call.[47]

47. During Smith's examination by the Receiver in January 2018, he testified that he met with West a couple of times, that she was interested in investing in Pond, and that they had discussed a joint venture fund for green energy companies, but West decided not to proceed with it.[48]

48. In the process of preparing the Sixth Report, the Receiver was able to locate and identify West's estate executor through conducting various searches, and notified West's estate through counsel of the Receiver's intention to include the West Pond Loan Funds as part of the proposed final distribution to investors. The Receiver has informed West's estate of the amounts at issue, and has inquired whether any documentation is available to substantiate that West paid her $1,000,000 principal contribution or that would otherwise indicate the funds are owing to her.[49]

49. The Receiver has not been provided with any such documentation to date, and is seeking

---

[45] MR, Tab B, Sixth Report at paras. 102-106, pp. 54-55.

[46] MR, Tab B, Sixth Report at paras. 103 and 105, Appendix 6, ss. 2(e) and Appendix 23, s. 3.5, pp. 54-55, 283 and 721.

[47] MR, Tab B, Sixth Report, paras. 106 and 107, p. 55.

[48] MR, Tab B, Sixth Report, para. 104, pp. 54-55.

[49] MR, Tab B, Sixth Report, paras. 108-110, p. 55.

authorization to release the West Poan Loan Funds, in light of the foregoing circumstances.[50]

PART III - STATEMENT OF ISSUES, LAW & AUTHORITIES

50. The issues to be considered by this Honourable Court are:

(a) the approval of the Sixth Report and the actions of the Receiver referred to therein;

(b) the approval of the Receiver's methodology and proposal for a final distribution;

(c) the approval of the fees of the Receiver and its legal counsel; and

(d) the discharge and release of the Receiver.

A. Approval of the Sixth Report

51. This Honourable Court has inherent jurisdiction to review and approve the activities of a court-appointed receiver where the receiver has acted reasonably, prudently and not arbitrarily.[51]

52. Approving the activities of the Receiver as set out in the Sixth Report, and the proposed final distribution will, *inter alia*, allow the Receiver to bring the receivership proceedings to an end, while providing an opportunity for any concerns of stakeholders and investors to be addressed.[52]

53. The activities of the Receiver were necessary and undertaken in good faith pursuant to the Receiver's duties and powers.[53] The Receiver acted with consideration towards the best interests of investors generally and in consultation with stakeholders. The Receiver respectfully submits that the Sixth Report and the Receiver's activities described therein should be approved.

---

[50] MR, Tab B, Sixth Report at paras. 110 and 111, pp. 55-56.

[51] *Leslie & Irene Dube Foundation Inc. v. P218 Enterprises Ltd.,* 2014 BCSC 1855 at para. 54.

[52] *Target Canada Co. (Re),* 2015 ONSC 7574 at paras. 2 and 22-23; *Hanfeng Evergreen Inc., (Re)*, 2017 ONSC 7161 [Comm. List] at para. 15.

[53] MR, Tab B, Sixth Report, Appendix 2, s. 6, pp. 124-129.

B. Approval of the Final Distribution

54. The following table demonstrates the calculated proposed per unit final distribution to investors using the same allocation methodology used in the first three interim distributions, including the allocation of the Receiver's fees and the Receiver's legal fees. The database of investors is that contained in the records of IFDS pursuant to the June 30, 2017 Order.[54]

District of Ontario
Division – 09 - Toronto
Court File No.: CV-17-11779-00CL

IN THE MATTER OF THE RECEIVERSHIP OF
CRYSTAL WEALTH MANAGEMENT SYSTEMS LIMITED AND THE CRYSTAL WEALTH FUNDS
RECEIVER'S FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDING JULY 2, 2025

	CAD				USD		
	Receiver Trust Accounts	NBIN Accounts	Interactive Brokers Accounts	Combined	NBCN Accounts	Interactive Brokers Accounts	Combined
OPENING BALANCE	$ 500,000	$ 5,324,427	$ 656,289	$ 6,480,716	$ (204,060)	$ (17,148)	$ (221,208)
CASH RECEIPTS							
Collection of Residential Mortgage Interest & Principal	-	20,223,592	-	20,223,592	-	-	-
Sale of Media Loans	-	13,485,125	-	13,485,125	-	-	-
Sale of Equities	-	9,522,956	214,321	9,737,277	4,228,221	-	4,228,221
USD Account to CAD Account Transfers	-	8,874,530	-	8,874,530	(6,412,445)	(517,620)	(6,930,065)
Collection of Media Loan Principal & Interest	-	6,883,087	-	6,883,087	229,690	-	229,690
Redemption of Units in External Mututal Funds	-	5,095,907	-	5,095,907	-	-	-
Collection of Commercial Loan Principal & Interest	-	7,703,304	-	7,703,304	-	-	-
Inter-fund Investor Distribution [First Interim Distribution]	-	1,676,498	-	1,676,498	-	-	-
Inter-fund Investor Distribution [Second Interim Distribution]	-	3,003,080	-	3,003,080	-	-	-
Inter-fund Investor Distribution [Third Interim Distribution]	-	5,377,500	-	5,377,500	-	-	-
Inter-fund Investor Distribution [Proposed Distribution]	-	578,449	-	578,449	-	-	-
Sale/Settlement of Medical Factoring Contracts	-	-	-	-	1,030,428	-	1,030,428
Settlement and Repayment of NFL Participation Agreements	-	-	-	-	1,380,843	-	1,380,843
Proceeds from USD Futures	-	651,733	-	651,733	-	535,172	535,172
Redemption of GIC	-	525,311	-	525,311	-	-	-
Settlement of Factoring Contracts	-	524,920	-	524,920	-	-	-
Collection of Factoring Contract Interest	-	53,094	-	53,094	-	-	-
Interest	-	577,476	198	577,674	8,090	52	8,142
Settlement of Gold Loans	-	319,270	-	319,270	-	-	-
BDO Settlement	-	32,943,663	-	32,943,663	-	-	-
Other Realizations	-	50,000	-	50,000	-	-	-
Dividend Income	-	7,711	-	7,711	13,496	-	13,496
Account Transfers	-	-	(869,764)	(869,764)	-	-	-
TOTAL CASH RECEIPTS	-	118,077,206	(655,245)	117,421,961	478,323	17,604	495,927
CASH DISBURSEMENTS							
First Interim Distribution	-	31,463,810	-	31,463,810	-	-	-
Second Interim Distribution	-	25,271,733	-	25,271,733	-	-	-
Third Interim Distribution	-	46,867,465	-	46,867,465	-	-	-
Claimant Paid	-	5,000	-	5,000	-	-	-
Proposed Distribution	-	12,012,636	-	12,012,636	261,367	-	261,367
Loan Payment	-	12,130	-	12,130	-	-	-
Exercising Warrants	-	589,844	-	589,844	-	-	-
Custodial & Bank Charges	-	347,470	1,044	348,514	1,336	456	1,792
Trustee and Tax Agent	-	46,496	-	46,496	-	-	-
HST Paid	-	7,063	-	7,063	-	-	-
Receiver Fees	-	3,278,590	-	3,278,590	-	-	-
HST Paid on Receiver Fees	-	426,217	-	426,217	-	-	-
Legal Fees	-	2,659,690	-	2,659,690	-	-	-
HST Paid on Legal Fees	-	348,591	-	348,591	-	-	-
Holdback	500,000	-	-	500,000	-	-	-
TOTAL CASH DISBURSEMENTS	500,000	123,401,633	1,044	123,902,677	274,264	456	274,720
ENDING BALANCE	$ -	$ -	$ -	$ -	$ -	$ -	$ -

55. The Receiver is recommending a per unit distribution for twelve of the fourteen Crystal Wealth Funds. Two of the Crystal Wealth Funds do not have funds available for distribution.[55]

---

[54] MR, Tab B, Sixth Report at para. 43, Appendix 38, pp. 37 and 869-892.

[55] MR, Tab B, Sixth Report at paras. 43-44, pp. 37-38.

56. Holdbacks in the amount of $500,000 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 $120,000 (including HST) were allocated outside of the Crystal Wealth Funds to Crystal Wealth Group entities and individuals, including CLJ Everest, Smith, and 115 Ontario, given that they related to the entire investigation of the Crystal Wealth Funds (with CLJ Everest and other companies and individuals being related to and part of the Receivership Proceedings).[56]

57. The Receiver respectfully submits that, based on the terms of the Appointment Order, the allocation of costs is fair and reasonable in light of the various Funds and entities involved.[57]

C. Approval of the Fees of the Receiver and its Legal Counsel

58. The Appointment Order provides that the Receiver and its counsel 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.[58]

59. The Receiver is seeking approval for its fees in the amount of $1,312,935, plus disbursements in the amount of $599.31 (excluding HST) for the period from March 1, 2020 to June 20, 2025 and the fees of its counsel in the amount of $625,731.50, plus disbursements in the amount of $15,424.88 (all excluding HST) for the period March 1, 2020 to June 20, 2025.[59]

---

[56] MR, Tab B, Sixth Report at paras. 45 and 356, pp. 38 and 103-104.

[57] MR, Tab B, Sixth Report, Appendix 2, preamble and ss. 3(a) and 23, pp. 122-123 and 134-135; *Ontario Securities Commission v. Bridging Income Fund LLP et al.*, 2025 ONSC 951 [Comm. List] at para. 65.

[58] MR, Tab B, Sixth Report, Appendix 2, s. 23, pp. 134-135.

[59] MR, Tab B, Sixth Report, Appendix 41 and 42, pp. 899-900 and 1219 - 1225.

60. It is respectfully submitted that the fees of the Receiver and the Receiver's counsel are reasonable and proportionate having regard to the relevant circumstances, including, *inter alia*:

(a) the nature, extent and value of the assets of the Crystal Wealth Group;

(b) the difficulties encountered by the Receiver in carrying out its mandate;

(c) the results of the Receiver's efforts; and

(d) the cost of comparable services when performed in a prudent manner.[60]

61. The fees charged by the Receiver and the Receiver's counsel reflect the extent of work that was required to be completed in these proceedings. The Receiver carried out this work in accordance with the terms of the Appointment Order, acting reasonably and in good faith.[61]

62. The focus of the assessment concerns what was accomplished, rather than how much time it took. This can include a consideration of complications and difficulties encountered. Various enforcement and recovery steps had to be taken following the Fifth Report, and it remained uncertain in the interim what further funds would be recovered from the certain off-book assets, if any. A comprehensive Sixth Report was also necessary to provide the detail required to properly assess the Receiver's activities over the course of the Receivership Proceedings.[62]

D. Discharge of the Receiver

63. The Receiver has sold or realized upon the Property to the best of its ability and, subject to the completion of the Remaining Duties, the administration has otherwise come to an end.[63]

---

[60] *Bank of Nova Scotia v. Diemer,* 2014 ONCA 851 at para. 33.

[61] MR, Tab B, Sixth Report at paras. 371-377, pp. 107-108.

[62] *Jethwani v. Damji*, 2017 ONSC 3524 [Comm. List] at paras. 48, 115, 116 and 120.

[63] MR, Tab B, Sixth Report at para. 378, p. 108.

64. The Appointment Order provides that the Receiver shall incur no liability or obligations as a result of its appointment or the performance of its duties, save and except for any gross negligence or wilful misconduct on its part.[64] Subject to the completion of the Remaining Duties, the Receiver's obligations under the Appointment Order have been satisfied.

65. The discharge language in the proposed form of Discharge Order tracks the language in the Commercial List Model Order. The language contained in the proposed form of Discharge Order is standard for receivership proceedings intended to monetize a debtor's property.[65]

PART IV - ORDER REQUESTED

66. The Receiver respectfully requests that an order be granted approving the Sixth Report and discharging the Receiver, substantially in the form attached at Tab C of the Motion Record.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 23rd day of July, 2025.

Aird & Berlis LLP

Steven L. Graff (LSO No. 31871V)
E-mail: sgraff@airdberlis.com

Mark van Zandvoort (LSO No. 59120U)
E-mail: mvanzandvoort@airdberlis.com

Dillon Collett (LSO No. 74961J)
E-mail : dcollett@airdberlis.com

Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited et al.

[64] MR, Tab B, Sixth Report, Appendix 2, s. 22, p. 134.

[65] See *e.g.,* Interim Distribution and Discharge Order in *Canadian Equipment Financing and Leasing Inc. v The Hypoint Company Limited, et al,* Court File No. CV-22-00678808-00CL, dated October 3, 2023 at para. 8.

SCHEDULE "A"
LIST OF AUTHORITIES

	Case	**Reference**
1.	*Leslie & Irene Dube Foundation Inc. v. P218 Enterprises Ltd.,* 2014 BCSC 1855	Para. 54
2.	*Target Canada Co. (Re),* 2015 ONSC 7574	Paras. 2 and 22-23
3.	*Hanfeng Evergreen Inc., (Re),* 2017 ONSC 7161 [Comm. List]	Para. 15
4.	*Ontario Securities Commission v. Bridging Income Fund LLP et al.,* 2025 ONSC 951 [Comm. List]	Para. 65
5.	*Bank of Nova Scotia v. Diemer,* 2014 ONCA 851	Para. 33
6.	*Jethwani v. Damji,* 2017 ONSC 3524 [Comm. List]	Paras. 48, 115, 116 and 120
7.	Interim Distribution and Discharge Order in *Canadian Equipment Financing and Leasing Inc. v The Hypoint Company Limited, et al,* Court File No. CV-22-00678808-00CL, dated October 3, 2023	Para. 8

I certify that I am satisfied as to the authenticity of every authority.

Date July 23, 2025

Signature

Note: Under the Rules of Civil Procedure, an authority or other document or record that is published on a government website or otherwise by a government printer, in a scholarly journal or by a commercial publisher of research on the subject of the report is presumed to be authentic, absent evidence to the contrary (rule 4.06.1(2.2)).

SCHEDULE "B"
RELEVANT STATUTES

.

***Bankruptcy and Insolvency Act*, RSC 1985, c B-3**

PART XI

Secured Creditors and Receivers

Court may appoint receiver

243 (1) Subject to subsection (1.1), on application by a secured creditor, a court may appoint a receiver to do any or all of the following if it considers it to be just or convenient to do so:

take possession of all or substantially all of the inventory, accounts receivable or other property of an insolvent person or bankrupt that was acquired for or used in relation to a business carried on by the insolvent person or bankrupt;

exercise any control that the court considers advisable over that property and over the insolvent person's or bankrupt's business; or

take any other action that the court considers advisable.

ONTARIO SECURITIES COMMISSION
Applicant

-and-

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED et al.
Respondents

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

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

FACTUM OF THE RECEIVER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street
Suite 1800
Toronto, ON M5J 2T9

Steven L. Graff (LSO No. 31871V)
E-mail: sgraff@airdberlis.com

Mark van Zandvoort (LSO No. 59120U)
E-mail: mvanzandvoort@airdberlis.com

Dillon Collett (LSO No. 74961J)
E-mail : dcollett@airdberlis.com

Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of Crystal Wealth Management System Limited, et. al