

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

ANTHONY WHITEHOUSE

Plaintiff

and

BDO CANADA LLP

Defendant

**MOTION RECORD OF THE PLAINTIFF
VOLUME 10 OF 20**

June 15, 2018

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Lawyers for the Defendant
BDO Canada LLP

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Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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**

**APPLICATION RECORD
VOLUME 8 OF 8**

Date: April 25, 2017

ONTARIO SECURITIES COMMISSION
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AND TO: GRANT THORNTON LIMITED
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Proposed Receiver

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Lawyers for Chrysalis Yoga Inc.

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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
CHRYSLIS YOGA INC.**

Respondents

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

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- Exhibit 2 -** Freeze Directions dated April 6, 2017, April 7, 2017; Property Direction dated April 13, 2017
- Exhibit 3 -** National Registration Database (“NRD”) printout showing the categories of registration for Crystal Wealth and the provinces in which it is registered.
- Exhibit 4 -** Table showing Assets Under Management of Crystal Wealth Funds as at January 31, 2017
- Exhibit 5 -** Risk Assessment Questionnaire for Crystal Wealth dated June 28, 2016
- Exhibit 6 -** Crystal Wealth Management System Limited Audited Financial Statements for the years ended December 31, 2015 and 2014
- Exhibit 7 -** Ownership of Securities and Derivatives for Crystal Wealth with effective dates of November 8, 2016 and August 13, 2012, printed from NRD
- Exhibit 8 -** Offering Memorandum of Crystal Wealth Media Strategy dated November 21, 2016
- Exhibit 9 -** NRD printout showing the categories of registration for Smith and the provinces in which he is registered
- Exhibit 10 -** (i) Corporation Profile Report for CLJ Everest dated January 3, 2017, (ii) a draft letter from BDO Canada LLP (“BDO”) to Crystal Wealth dated September 24, 2014 “Re: Qualified small business corporation shares”, (iii) an email from Smith to BDO dated February 2, 2015 “Re: Valuation Services” with a Balance Sheet and Profit and Loss of Crystal Wealth and (iv) Form 33-109F5-Change of Registration Information for Crystal Wealth dated November 8, 2016
- Exhibit 11 -** Corporation Profile Report for 1150752 Ontario Limited dated February 2, 2017
- Exhibit 12 -** Excerpts from the OMs for each of the Crystal Wealth Funds
- Exhibit 13 -** (i) a listing of the reports of distribution, Form 45-106F1, submitted by Crystal Wealth indicating the exemptions relied on for sales of units of each of the Funds for the years 2014 to 2016; (ii) Forms 45-106F1 for the Crystal Wealth Funds for

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Exhibit 18 - Listings of Film Loans purchased by the Media Fund and the Mortgage Fund to date produced by Crystal Wealth in response to Staff's summonses

Exhibit 19 - Listings of Film Loans purchased by the Media Fund and the Mortgage Fund to date produced by MHC in response to Staff's summonses

Exhibit 20 - MHC's Federal Corporation Information, Extraprovincial Company Summary, and Corporation Profile Report

Exhibit 21 - Bron Studios' BC Company Summary

Exhibit 22 - Bron Animation's BC Company Summary and Ontario Corporation Profile Report

Exhibit 23 - Printout from the IMDb website of films for which Aaron Gilbert is the producer/executive producer

Exhibit 24 - Corporation profile reports for five underlying borrowers indicating Gilbert's positions with each of the production companies

Exhibit 25 - Stephen Thibault's biography from Bron Studios' website; BC Company Summary for Bron Media Corp

Exhibit 26 - June 30, 2016 Unaudited Financial Statements of the Media Fund; Financial Statements for the Media Fund for the year ended December 31, 2015 (the "2015 Media Fund Financial Statements")

- Exhibit 27 -** Highlights Report from the prepared by BDO with respect to the 2015 Media Fund Audit
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- Exhibit 29 -** Schedule of Media Loans Owned by Crystal Wealth Media Strategy as at December 31, 2015
- Exhibit 30 -** BDO’s retrospective review for the Media Fund as at December 31, 2015
- Exhibit 31 -** Email dated April 1, 2016, entitled “FW: MEDIA HOUSE GUARANTEE”, attaching a guarantee letter to Smith from Gilbert dated March 31, 2016, obtained from BDO and a copy of the MHC Guarantee annotated by BDO obtained from the working papers prepared in connection with the 2015 Media Fund Audit
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- Exhibit 33 -** Document 2_07–“Use of Experts–Management” from the 2015 BDO Audit Working Papers
- Exhibit 34 -** Audit of Estimates–FV of Media Loans from the 2015 BDO Audit Working Papers
- Exhibit 35 -** Email chain between Smith and MHC dated February 13, 2014 “RE: CWSYMF RESULTS TRACKING – Q4 2013”.
- Exhibit 36 -** Email chain between Smith and MHC dated February 23, 2014 “RE: Henchmen – Tax Credit Agreements”.
- Exhibit 37 -** Email chain between Smith, BDO and MHC dated February 12, 2015 “Re: Year end summary for auditors”
- Exhibit 38 -** Email chain between Smith and MHC dated December 30, 2015 “Re: Crystal Wealth Media Fund”
- Exhibit 39 -** Email from Smith to Gilbert, copying others, including Thibault, dated August 3, 2016, and attaching expected receipts for remaining territories
- Exhibit 40 -** Email from Smith to Gilbert and Thibault, copying others, dated August 9, 2016 “Sales Agent Conversations”

- Exhibit 41 -** (i) Email from Smith to Gilbert dated November 17, 2016 “Fwd: AFM Meeting Notes” attaching “AFM 2016 / Crystal Wealth Media Strategy Meeting – Meeting Notes”; and (ii) a Schedule of Film Loan Outstanding Principal and Interest at December 16, 2016 with Fair Value Analysis
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- Exhibit 2 -** Crystal Wealth’s Corporation Profile Report; Ownership of Securities and Derivatives for Crystal Wealth with effective dates of November 8, 2016 and August 13, 2012; MHC’s Federal Corporation Information, Extraprovincial Company Summary, and Corporation Profile Report; Bron Studios’ BC Company Summary; Bron Animation’s BC Company Summary and Ontario Corporation Profile Report; BC Company Summary for Bron Media Corp. and Thibault’s biography from Bron Studios’ website.

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- Exhibit 40 -** E-mail chain dated February 27, 2017 from Thibault to Smith and RBC Wire information document
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- Exhibit 44 -** Supplement to Master Assignment Agreement dated October 7, 2013
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VOLUME 8

C **Supplementary Affidavit of Michael Ho sworn April 24, 2017**

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and Chrysalis Yoga

- Exhibit 2 -** Rule 1.5.1 *Service of Documents on Parties* from the Commission's Rules of Procedure
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- Exhibit 4 -** A copy of Paglia's April 17, 2017 email to Staff and attached certificate of direction
- Exhibit 5 -** Staff's email to Paglia dated April 17, 2017
- Exhibit 6 -** Paglia's response to Staff's April 17, 2017 email
- Exhibit 7 -** Copies of Kittell's April 19, 2017 email and letter, and the attached listing documents, agent file checklist and Agreement of Purchase and Sale
- Exhibit 8 -** Staff's email dated April 19, 2017 at 5:53 p.m.
- Exhibit 9 -** April 19, 2017 email chain from Paglia and Doane
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- Exhibit 11 -** A copy of pages 83-85 of the transcript of Aaron Gilbert's compelled examination on April 21, 2017
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- Exhibit 13 -** A copy of page 72 of the transcript of the April 21, 2017 compelled examination of Steven Thibault
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- Exhibit 27 -** A copy of pages 109-110 of the transcript of the April 21, 2017 compelled examination of Aaron Gilbert
- Exhibit 28 -** A copy of pages 115-120 of the transcript of the April 21, 2017 compelled examination of Steven Thibault
- Exhibit 29 -** A copy of page 122-124 of the transcript of the April 21, 2017 compelled examination of Steven Thibault
- Exhibit 30 -** A copy of page 161 of the transcript of the April 21, 2017 compelled examination of Aaron Gilbert
- Exhibit 31 -** A copy of page 142 of the transcript of the April 21, 2017 compelled examination of Steven Thibault
- Exhibit 32 -** A copy of pages 144-146 of the transcript of the April 21, 2017 compelled examination of Steven Thibault
- Exhibit 33 -** A copy of page 129 of the transcript of the April 21, 2017 compelled examination of Steven Thibault

- Exhibit 34 -** A copy of pages 134-137 of the transcript of the April 21, 2017 compelled examination of Steven Thibault and Exhibit 13 from the Examination
- Exhibit 35 -** A copy of pages 149-150 of the transcript of the April 21, 2017 compelled examination of Steven Thibault, and Exhibit 16 to the Examination
- Exhibit 36 -** A copy of pages 27, 86-87 of the transcript of Aaron Gilbert's compelled examination on April 21, 2017
- Exhibit 37 -** A copy of pages 36, 44-45 of the transcript of the April 21, 2017 compelled examination of Steven Thibault
- Exhibit 38 -** Grant Thornton Limited's signed consent dated April 24, 2017

D Affidavit of David Adler sworn April 24, 2017

- Exhibit 1 -** A copy of page 6 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill
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- Exhibit 9 -** A copy of pages 18-20 and 26-27 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill
- Exhibit 10 -** A copy of pages 15-16 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill

- Exhibit 11 -** Freeze Direction dated April 6, 2017
- Exhibit 12 -** A copy of pages 21-22 and 24 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill
- Exhibit 13 -** A copy of pages 27-30 and 40 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill
- Exhibit 14 -** A copy of page 38 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill
- Exhibit 15 -** A copy of pages 30-31 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill
- Exhibit 16 -** A copy of pages 21 and 41 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill
- Exhibit 17 -** A copy of pages 40-45 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill
- Exhibit 18 -** A copy of pages 31-32 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill
- Exhibit 19 -** A copy of pages 33-35 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill
- Exhibit 20 -** A copy of pages 35-37 of the transcript of the April 21, 2017 compelled examination of Shanine Dennill

**E Notice of Application to continue the Freeze Directions
dated April 18, 2016**

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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
CHRYSLIS YOGA INC.**

Respondents

**SUPPLEMENTARY AFFIDAVIT OF MICHAEL HO
(Sworn April 24, 2017)**

I, **MICHAEL HO**, of the City of Toronto, in the Province of Ontario, **MAKE
OATH AND SAY:**

A. BACKGROUND

1. I am a Senior Forensic Accountant with staff of the Enforcement Branch ("Staff") of the Ontario Securities Commission (the "Commission"), assigned to the Crystal Wealth Management System Limited ("Crystal Wealth") file. As such, I have

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personal information of the matters referred to in this affidavit, save for those matters of which I have been advised and do believe.

2. I swore an affidavit on April 17, 2017 in respect of this matter (the "April 17 Affidavit"). I make this affidavit to provide additional information about Staff's investigation in this matter.

3. I have been involved in an investigation into the activities of Crystal Wealth and its principal, Clayton Smith ("Smith"), as well as the activities of companies connected to Smith, CLJ Everest Ltd ("CLJ Everest") and 1150752 Ontario Limited ("115 Limited"), in regard to certain investment funds managed by Crystal Wealth. Staff's investigation into these matters is ongoing.

B. SALE OF RESIDENTIAL PROPERTY SUBJECT TO COMMISSION FREEZE DIRECTIONS

Freeze Directions Served April 7, 2017

4. On April 7, 2017, Staff served temporary orders and freeze directions on Smith, Crystal Wealth, CLJ Everest and Chrysalis Yoga Inc.¹ The freeze directions were served via email to Smith's counsel, pursuant to Rule 1.5.1 of the Commission's Rules of Procedure which permit service by delivery to the representative of the party.²

¹ Copies of an email chain dated April 7, 2017 attaching Temporary Orders dated April 6 and 7, 2017 and freeze directions addressed to Smith, Crystal Wealth, CLJ Everest and Chrysalis Yoga are attached at Exhibit "1".

² A copy of Rule 1.5.1 *Service of Documents on Parties* from the Commission's Rules of Procedure is attached as Exhibit "2".

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Smith's counsel at the time, Laura Paglia ("Ms. Paglia") at Borden Ladner Gervais LLP, accepted service on behalf of Smith, Crystal Wealth and CLJ Everest.³

5. The freeze directions directed Smith, Crystal Wealth and CLJ Everest, among other things:

- (i) "to refrain from withdrawing any funds, securities or property" from named financial institutions;
- (ii) "to maintain funds, securities or property"; and
- (iii) "to refrain from disposing of, transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property".⁴

6. In other words, among other things, the freeze directions directed Smith, Crystal Wealth and CLJ Everest not to sell or dispose of any financial assets or property.

Certificate of Direction Served April 13, 2017

7. On April 13, 2017, the Commission issued a certificate of direction and an order that the certificate of direction shall have the same effect as a certificate of pending litigation, in respect of a residential property at 5043 Mount Nemo Cres., Burlington, Ontario (the "Mount Nemo Property"). As detailed at paras 54 to 57 in my April 17 Affidavit, Smith's company, CLJ Everest, paid for and is the registered owner of the

³ Exhibit "1" - Email chain dated April 7, 2017 attaching Temporary Orders dated April 6 and 7, 2017 and freeze directions addressed to Smith, Crystal Wealth, CLJ Everest and Chrysalis Yoga; Chrysalis Yoga was served personally via process server on April 7, 2017.

⁴ Exhibit "1" - Email chain dated April 7, 2017 attaching Temporary Orders dated April 6 and 7, 2017 and freeze directions addressed to Smith, Crystal Wealth, CLJ Everest and Chrysalis Yoga.

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Mount Nemo Property, which is Smith's mailing address on the National Registration Database ("NRD").

8. Staff served the certificate of direction and order on Ms. Paglia at 4:49 p.m. on Thursday, April 13, 2017, who confirmed receipt of Staff's email at 5:12 p.m. that day.⁵

Sale of the Mount Nemo Property

9. Four days later, on April 17, 2017, Ms. Paglia sent an email to Staff advising that the Mount Nemo Property had been sold on April 13, 2017 and the transaction would close on April 28, 2017, the same day scheduled for the hearing to consider Staff's request for an extension of the Commission's temporary orders. Ms. Paglia advised that:

- (i) "The sale price was \$3,250,000;"
- (ii) "There is one mortgage (Home Trust) with approximately \$1,290,000 outstanding;"
- (iii) "Real estate commission is \$189,275;" and
- (iv) "Anticipated legals and related miscellaneous expenses are approx. \$10,000."

10. Ms. Paglia also wrote, "We trust that in the circumstances the OSC will not take issue with the sale and is looking for terms/freeze directions in respect of the sale proceeds."⁶

⁵ Copies of Staff's email attaching the certificate of direction and order dated April 13, 2017, and Laura Paglia's response dated April 13, 2017, accepting service are attached as Exhibit "3".

⁶ A copy of Paglia's April 17, 2017 email to Staff and attached certificate of direction is attached as Exhibit "4".

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11. Staff responded to Ms. Paglia the same day (April 17), stating “Staff of the Commission do take issue with a sale of the Mount Nemo Property”. Staff wrote that the sale of the property was in contravention of the freeze directions that had been served on April 7, 2017. Staff asked Ms. Paglia to provide documents, as well as specifics of the transaction, including: the name of the purchaser and whether the purchaser or any beneficial owner are related to CLJ Everest or Clayton Smith (the sole owner of CLJ Everest); and the circumstances of the commission of \$189,000 to the realtor for the property, whom Staff understood was Smith’s sister, Jo-Anne Smith. Staff indicated that, “Given the Freeze Directions in place, we trust that no further steps will be taken regarding the sale or any disbursement of funds relating to the sale.”⁷

12. On April 17, 2017, Ms. Paglia responded to Staff’s email regarding the sale of the Mount Nemo Property, and indicated that the buyer was Martin McCready (“McCready”) and the seller was CLJ Everest. Ms. Paglia wrote that “the property was listed before notice of the OSC’s order.” Ms. Paglia also wrote, “we wish to work with you to maximize return for investors” and “We don’t see investor harm in a circumstance where the proceeds of sale remain subject to any OSC order and for the benefit of investors.”⁸

13. On April 19, 2017, Ms. Paglia’s associate, Suzanne Kittell (“Ms. Kittell”) sent a letter and attachments to Staff responding to certain of Staff’s inquiries regarding the

⁷ A copy of Staff’s email to Paglia dated April 17, 2017 is attached as Exhibit “5”.

⁸ A copy of Paglia’s response to Staff’s April 17, 2017 email is attached as Exhibit “6”.

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sale of the Mount Nemo Property set out in Staff's April 17, 2017 correspondence.⁹ Ms. Kittell's answer to Staff's inquiry as to whether the purchaser or any beneficial owner was related to CLJ Everest or Clayton Smith was non-responsive. Ms. Kittell wrote: "The seller is CLJ".

14. In her letter, Ms. Kittell's provided the following details regarding the sale transaction:

- (i) McCready contacted Jo-Anne Smith by phone on March 12, 2017, advising he was out front of the Mount Nemo Property and asking to view it.
- (ii) Jo-Anne Smith and McCready agreed to meet on Wednesday March 15, 2017 for a viewing.
- (iii) On Friday March 17, 2017, McCready advised Jo-Anne Smith that he was considering an offer, would arrange for funds and would advise within one week.
- (iv) After one week, Jo-Anne Smith called McCready to see if he was still interested. McCready advised he was interested but did not want to make a conditional offer.
- (v) After one week, Jo-Anne Smith contacted McCready again, who advised he was still not prepared to sign an offer.
- (vi) On April 10, 2017, Jo-Anne Smith contacted Mr. McCready again as another agent had expressed interest. McCready advised he was interested and ready to sign an offer.
- (vii) Jo-Anne Smith prepared the offer and sent it to Mr. McCready on April 12, 2017.
- (viii) Mr. McCready signed the offer that evening.
- (ix) Smith made some revisions and signed the offer at 5:52 p.m. on April 13, 2017.

⁹ Copies of Kittell's April 19, 2017 email and letter, and the attached listing documents, agent file checklist and Agreement of Purchase and Sale are attached as Exhibit "7".

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- (x) McCready accepted the revised offer at 7:00 p.m. on April 13, 2017.¹⁰

15. The Agreement of Purchase and Sale provided by Ms. Kittell shows the typed offer signed by McCready dated April 12, 2017, in which he offered \$3,400,000 for the Mount Nemo Property. There are handwritten revisions to the Agreement of Purchase and Sale, which appear to be revisions made by Smith as described by Ms. Kittell. Smith appears to have reduced the sale price to \$3,350,000 on behalf of CLJ Everest and crossed out certain included chattels: a riding lawn mower and trailer, snowblower, reclining lounge chairs & lawn furniture in the barn, hanging lounge chair in cabana, exercise equipment in barn and 5 mango wood kitchen chairs. Despite Ms. Paglia and Ms. Kittell's statements in writing that the Mount Nemo Property has been sold, the Agreement of Purchase and Sale attached to Ms. Kittell's letter does not appear to have been signed nor initialed by Smith.¹¹

16. In response to Staff's question regarding the realtor commission, Ms. Kittell wrote: "The agreed-upon commission is 4% plus HST, with 1.5% going to the Listing Broker's office and 2.5% going to the Selling Broker's office. This is detailed in clause 2 of the Listing Agreement."

17. Staff responded to Ms. Kittell's April 19, 2017 correspondence at 5:53 p.m. the same day. Staff explained again that the sale of the Mount Nemo Property was in

¹⁰ Exhibit 7 - Copies of Kittell's April 19, 2017 email and letter, and the attached listing documents, agent file checklist and Agreement of Purchase and Sale

¹¹ Exhibit 7 - Copies of Kittell's April 19, 2017 email and letter, and the attached listing documents, agent file checklist and Agreement of Purchase and Sale

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contravention of the freeze directions applicable to both Smith and CLJ Everest. Staff also noted the following:

- (i) That Ms. Kittell had not responded to Staff's inquiry regarding whether McCready or any beneficial purchaser connected to him was in any way related to Smith or CLJ Everest;
- (ii) There were discrepancies between the sale price for the property and realty commission amounts in Ms. Paglia's email to Staff on April 17, 2017, and in Ms. Kittell's letter to Staff on April 19, 2017;
- (iii) Smith's sister, Jo-Anne Smith, was double-ending the deal by acting for both buyer and seller, and therefore, would receive the vast majority of the 4% commission from the sale;
- (iv) Kim Alvarez, the broker at Your Choice Realty Corp's Burlington Office, with which Jo-Anne Smith is associated, has a last name similar to an associate of Smith's (Paco Alvarez).¹²

18. Staff also asked Ms. Paglia and Ms. Kittell to provide:

- (i) more information on Mr. McCready, including "whether Smith, CLJ Everest Ltd, Crystal Wealth Management System Limited, 1150752 Ontario Limited, any of the Funds and/or any entities connected with Smith or his wife whatsoever, has any relationship, whether as an acquaintance, friend, family member or business associate, or as an employee, owner (beneficial or otherwise) director, officer, shareholder and the like";
- (ii) what was the source of McCready's funds;
- (iii) why Jo-Anne Smith was charging 4% on a deal which did not involve more than three phone calls and one offer sign-back;
- (iv) which were the correct sale price and commission amounts;
- (v) where the deposit of \$100,000 was being held and in what form; and
- (vi) whether there was any relationship between Kim and Paco Alvarez.¹³

¹² A copy of Staff's email dated April 19, 2017 at 5:53 p.m. is attached as Exhibit "8".

¹³ Exhibit 8 - Staff's email dated April 19, 2017 at 5:53 p.m.

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19. In response to Staff's April 19, 2017 correspondence, Staff received an email from Ms. Paglia indicating that Martin Doane ("Mr. Doane") was "assuming carriage of this matter" and that he would respond to Staff's inquiries. Mr. Doane replied, stating "I have just taken on carriage of this file and will get back to you as soon as I can."¹⁴

20. On April 21, 2017, Mr. Doane responded to Staff's April 19, 2017 letter. He stated that there was no violation of the Commission Freeze Directions, referring to the Temporary Order dated April 6, 2017 and noting that it did not place restrictions on Smith's home. In his letter, Mr. Doane did not refer to the Freeze Directions dated April 6, 2017 applicable to both Smith and CLJ Everest which direct them not to dispose of or transfer of any financial assets or property. Despite having served Smith's counsel with the Certificate of Direction at 4:49 on April 13, 2017, Mr. Doane states that Smith "did not become aware of it until sometime after". He also stated that "The Offer to Purchase, which came in on April 12th, was signed back on April 13th, well before the delivery of the Certificate of Direction on BLG, let alone Mr. Smith." This conflicts with Ms. Kittell's chronology of the sale in her letter dated April 19, 2017 in which she wrote that Smith "made some revisions and signed the offer at 5:52 P.M. on April 13, 2017 on behalf of CLJ Everest Ltd" which is *after* the certificate of direction was served at 4:49 P.M.

21. Regardless of the timing of the service of the Certificate of Direction, the fact remains that the Smith was served with the Freeze Directions dated April 6, 2017, on April 7, 2017, prior to the time he accepted McCready's offer to purchase the property.

¹⁴ A copy of the April 19, 2017 email chain from Paglia and Doane is attached as Exhibit "9".

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22. Mr. Doane's responded as follows to the inquiries in Staff's April 19, 2017 letter as follows:

- (i) He stated that Smith has never met McCready and that McCready has no relationship with Smith, CLJ Everest, Crystal Wealth, 115 Limited, the Funds, or any entities connected with Smith or his wife;
- (ii) Smith does not know the source of McCready's funds. McCready told Jo-Anne Smith her that he has a construction company and he deals with residential and commercial properties, and the funds were coming from his corporate account.
- (iii) Jo-Anne Smith gave Smith a discount of 1% on the sale of the property. He wrote that when Jo-Anne Smith "listed the property, she expected to earn 1.5% herself and pay 2.5% to the agent for the Purchaser". However, since McCready contacted her directly and was not represented by an agent, she is permitted to keep the entire fee when and if the transaction closes. He stated that Jo-Anne Smith has "fixed costs that she is responsible for at her office both on a monthly and transactional basis, including for the processing of transactional paperwork."
- (iv) In respect of the different sale price and commission amounts, he wrote that Ms. Paglia "simply got the numbers wrong in her email" and that the correct numbers are in the Agent File Checklist Ms. Kittell provided on April 19, 2017.
- (v) No deposit has been made on the property to date. McCready was supposed to provide the deposit by April 18, 2017 but has stalled after learning about the OSC's lien on the property. Mr. Doane indicated that McCready "says he still wishes to close."

23. Mr. Doane's email indicates that Smith wishes to move ahead with the sale of the Mount Nemo Property to McCready.

C. INTERVIEWS OF THIBAUT AND GILBERT

24. On April 21, 2017, Staff conducted compelled examinations of Aaron Gilbert ("Gilbert") and Steven Thibault ("Thibault"). As stated in the April 17 Affidavit,

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Gilbert is the sole director of Media House Capital (“MHC”),¹⁵ the entity through which Crystal Wealth Media Strategy (the “Media Fund”) acquired film loans. Gilbert is also the President and a director of Bron Studios Inc. (“Bron Studios”) and Bron Animation Inc. (“Bron Animation”), one of the entities through which Media Fund monies flowed before being paid to Smith.¹⁶ Thibault is Executive Vice President for Bron Media Corp and a former VP Finance at MHC. Thibault was a party to email correspondence regarding transfers of Media Fund monies from Bron Animation to Smith, and from MHC to Smith’s company, CLJ Everest and the use of Media Fund monies to buy mortgages from Crystal Wealth Mortgage Strategy (the “Mortgage Fund”).¹⁷

25. Below I have set out the new information Staff learned from Gilbert and Thibault to supplement the information set out in Parts B through D of the April 17 Affidavit, relating to: (i) the flow of funds for the purchase of film loans by the Media Fund; (ii) Thibault’s and Gilbert’s involvement in the sales estimates and valuation; (iii) “corporate personal loans” made to Smith; (iv) a spreadsheet which sets out five film projects for which the Media Fund purportedly purchased film loans from MHC (the “Spreadsheet”) and lists underlying borrowers, including Smith and CLJ Everest that were not production companies; (v) payments using Media Fund monies to purchase mortgages from the Mortgage Fund; and (iv) the current status of MHC.

i. The Flow of Funds for the Purchase of Film Loans by the Media Fund

¹⁵ April 17 Affidavit at paragraph 6.

¹⁶ April 17 Affidavit at paragraph 24.

¹⁷ April 17 Affidavit at paragraphs 28-29, 32, 44, 59-61.

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26. According to Thibault, once the Media Fund has decided to purchase a film loan, Crystal Wealth would send the money to the escrow account of MHC's lawyer, Adam Davids ("Davids"), and from the escrow account, the money was sent to the producer production account. MHC would receive its fees from the escrow account, and use those monies to pay consultant and legal fees. According to Thibault, money should not have come directly to MHC from the Media Fund.¹⁸ Gilbert's testimony was consistent on this was consistent with Thibault's.¹⁹

27. However, for the projects that Bron produces (e.g., Henchmen, Kingdom, Mercy, Mighty Mighty Monsters and Hunters of the Stars, the "Five Film Projects"), Thibault told Staff the money flows would be different. Monies for tax credit loans would flow directly to Bron or MHC but monies for gap loans would have gone through Davids' escrow account.²⁰ Gilbert's testimony differed slightly from Thibault's in that for the Bron projects, whether tax credit loans or gap loans, money would flow directly from the Media Fund to the production companies.²¹

28. Using Henchmen Productions Inc. as an example, Thibault told Staff that the monies advanced by the Media Fund would have gone to the underlying borrower film

¹⁸ A copy of pages 63-66 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit "10".

¹⁹ A copy of pages 83-85 of the transcript of Aaron Gilbert's compelled examination on April 21, 2017 is attached at Exhibit "11".

²⁰ Exhibit "10" - a copy of pages 63-66 of the transcript of the April 21, 2017 compelled examination of Steven Thibault.

²¹ Exhibit "11" - A copy of pages 83-85 of the transcript of Aaron Gilbert's compelled examination on April 21, 2017; A copy of pages 93-95 of the transcript of Aaron Gilbert's compelled examination on April 21, 2017 is attached at Exhibit "12".

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production company, such as Henchmen Productions Inc., which is Gilbert's company.²²

29. Thibault told Staff that MHC doesn't loan the money to the production companies making the films. MHC creates the paperwork but it is a simultaneous transfer to the Media Fund, who holds the loans. The loans do not get recorded on MHC's books.²³ Gilbert also referred to the extension of a loan to a production company and the sale of a loan to Crystal Wealth as a "simultaneous transaction."²⁴ According to Gilbert the transactions were set up this way because Smith told him that "he couldn't make a direct loan to a production. He could only buy an asset. So the reason that was structured that way was so that we would essentially, as Media House, enter into the loan that he would then buy."²⁵

30. According to Gilbert, MHC's fee for loans sold to Crystal Wealth "is usually 7 percent; 3 would be held back by Crystal." He later stated that Clayton would send MHC's lawyer 107% of what a film production needed and "He would hold back 3

²² Exhibit "13" – page 72 of the transcript of the April 21, 2017 compelled examination of Steven Thibault.

²³ Exhibit "10" - pages 63-66 of the transcript of the April 21, 2017 compelled examination of Steven Thibault.

²⁴ A copy of page 77 of the transcript of Aaron Gilbert's compelled examination on April 21, 2017 is attached at Exhibit "14".

²⁵ A copy of page 81 of the transcript of Aaron Gilbert's compelled examination on April 21, 2017 is attached at Exhibit "15".

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percent, which he deemed as whatever fees he required for marketing or whatever he was doing it for.”²⁶

31. Thibault stated that MHC used to earn 10% fees on the early projects sold to the Media Fund. For later projects, the amounts changed so that MHC received 7% in fees and 3% was returned to Crystal Wealth or kept separately. He is unaware of why this change occurred.²⁷

32. The offering memoranda (“OMs”) for the Media Fund refer to a 10 % fee payable to MHC and do not reference Crystal Wealth receiving a portion of this fee.²⁸

ii. Thibault’s and Gilbert’s Involvement in the Sales Estimates and Valuation

33. Gilbert was aware that Smith had to do some valuation on the film loans and said that MHC provided Smith with updates but how he dealt with the information provided was up to him. Gilbert said that he and Smith did not discuss writing down any of the film loans.²⁹

34. Thibault testified that the sales agents are the only ones capable of letting MHC know what their current sales are and what they may or may not be in the future.

²⁶ A copy of pages 72-73 and 85 of the transcript of Aaron Gilbert’s compelled examination on April 21, 2017 is attached at Exhibit “16”.

²⁷ A copy of pages 75-76 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit “17”.

²⁸ August 31, 2012, Exhibit “14” to Tillie Affidavit, page 8; September 27, 2015, Exhibit “15” to Tillie Affidavit, page 6; May 6, 2016, Exhibit “16” to Tillie Affidavit, page 6; November 21, 2016, Exhibit “8” to Tillie Affidavit, page 6.

²⁹ A copy of page 76 of the transcript of Aaron Gilbert’s compelled examination on April 21, 2017 is attached at Exhibit “18”.

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Thibault simply takes the information down by phone, puts it into an excel spreadsheet and sends it over to Smith. Thibault is not a chartered accountant and does not consider himself qualified to do valuation type work. He stated that he was not aware of Gilbert being involved in doing valuation based on what the sales agents were telling MHC.³⁰

35. With respect to the December 31, 2015 schedule of film loans that was part of the 2015 audit file, Thibault stated that "This would be the year-end requested documentation to BDO to let them know the notes about sales agents' activities up until that point." Thibault stated that the interest and principal columns on the document would have come from Smith's records, and Thibault would have filled out the information from the sales agents and the notes based on our conversation with the sales agent, "so Aaron and I would have provided the notes side."³¹

36. Thibault said that BDO never confirmed the principal and interest balances on the loans as part of its audit work. Thibault stated "what I provided them was just the sales documentation based on this sales agents' conversation."

iii. "Corporate Personal Loans" to Smith

37. Gilbert and Thibault were both asked if there were any other business between MHC and Crystal Wealth, aside from the Media Fund's purchase of film loans. Gilbert said that he loaned Clayton a few million dollars when Clayton had a 30-45 day

³⁰ A copy of pages 67-68 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit "19".

³¹ A copy of pages 139-141 of the transcript of the April 21, 2017 compelled examination of Steven Thibault and Exhibit 15 of the Examination is attached as Exhibit "20".

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shortfall to cover. Gilbert thought that one of Bron's holding companies lent the money to Smith. The money was sent to Smith in two transfers and went to one of Clayton's holding companies. Gilbert did not remember when the loans were made and did not know what the money was used for. Gilbert is not charging Smith interest and has not been repaid. Gilbert did not know if money ever went directly to Smith. Gilbert said that the money used for the loans was Bron corporate money. When asked if the Media Fund monies were used to make the loans to Smith, Gilbert said "it wasn't me financing with his money, no."³²

38. Thibault responded, "We did do corporate personal loans to Crystal ... It went to Clayton." Thibault described a loan of approximately \$3 million to Smith made by MHC and recorded on its books. He said he thought the loan was made in two payments to Smith's company CLJ Everest, and the money came from the MHC treasury and had not been repaid. Thibault was unaware of the terms of the loan or the reason it was made.³³

39. I cannot comment on whether a corporate personal loan was extended by Gilbert to Smith. However, the analysis in the April 17 Affidavit shows that transfers to Smith's personal account and to the account of CLJ Everest coincided in time, and in many cases were largely funded with monies advanced to Bron Animation or MHC by the Media Fund.

³² A copy of pages 96-106 of the transcript of Aaron Gilbert's compelled examination on April 21, 2017 is attached at Exhibit "21".

³³ A copy of pages 91-95 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit "22".

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iv. The Spreadsheet

40. Gilbert was a producer on the Bron projects that the Media Fund financed. He describes the producer role as being involved with financing and being involved with the IP and creation on set.³⁴

41. With respect to all of the Five Film Projects, Thibault told Staff that he was involved with all of these projects. Thibault stated that he has a role with the production company borrower in the sense that he manages the accountants that perform the bookkeeping and makes sure production costs are onside.³⁵

42. When shown the Spreadsheet Gilbert at first thought he recognized it, stating “I have never seen it in this form, but I know the document.” When asked about the borrowers on the summary page of the Spreadsheet, including MHC, Mortgage Fund, CLJ Everest, Chrysalis Yoga and Clayton, Gilbert said “Truly have no idea what that is.” When asked to turn to the Henchmen tab of the Spreadsheet, Gilbert said, “I don’t know this document, to be honest with you.” Gilbert did not know what the reference to “Clayton Principal” on the Henchmen tab of the spreadsheet meant. He could not explain why Clayton would have any part of the principal of the Henchmen film loan

³⁴ A copy of pages 33-34 and 36-39 of the transcript of Aaron Gilbert’s compelled examination on April 21, 2017 is attached as Exhibit “23”.

³⁵ A copy of pages 82 and 102 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit “24”.

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and did not believe that Clayton Smith had borrowed money from Henchmen. Later, Gilbert said "I have never seen this spreadsheet before. Forgive me. I haven't."³⁶

43. Like Gilbert, Thibault did not know what the references to MHC, the Mortgage Fund, Clayton, CLJ Everest or Chrysalis Yoga on the Spreadsheet represented. He did not know what the reference to "Clayton Principal" was on the Henchmen tab of the Spreadsheet.³⁷

44. With respect to the first advance to Smith on the Spreadsheet (of \$50,000 on February 12, 2014), Thibault said "I can't explain what is happening there ... We are responsible for the \$2.39 [million]. That is the loan that we asked for from him, so I don't know why he has this."³⁸ After reviewing the February 12, 2014 email chain between himself and Smith which is Exhibit 37 to the April 17 Affidavit, Thibault explained the \$50,00 payment by saying "that is probably the personal loan that we provided to him."³⁹

45. When asked about further advances to Smith reflected on the Henchmen tab of the Spreadsheet, Thibault stated that he was "not aware of any ongoing request to have loans". Thibault said he would be asked to transfer money and would transfer the

³⁶ A copy of pages 154-162 of the transcript of the April 21, 2017 compelled examination of Aaron Gilbert is attached as Exhibit "25".

³⁷ A copy of pages 103-104 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit "26".

³⁸ A copy of pages 109-110 of the transcript of the April 21, 2017 compelled examination of Aaron Gilbert is attached as Exhibit "27".

³⁹ A copy of pages 115-120 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit "28".

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money accordingly. Thibault agreed that it did not appear that the advances on the Henchmen tab of the Spreadsheet were being paid to Henchmen Productions Inc.⁴⁰

46. When taken to the Mercy Tab of the spreadsheet and asked about the column labelled "CLJ Principal", Gilbert stated "I don't know what that is." He stated, "I don't know what CLJ is. It must be one of Clayton's companies."⁴¹

47. When taken to the Mercy Tab of the Spreadsheet, Staff asked Thibault about the December 2014 advance of \$1,452,000 to CLJ Everest. His explanation was "I think that is the corporate loan that we provided him". When asked why that would increase the principal balance for the Mercy Film Project, Thibault answered "That would have been an increase in the tax credit requirements, but I am not 100 percent sure why it is linked back honestly."⁴² Thibault gave an undertaking to look into whether this advance was funded from the Media Fund to MHC. The Kingdom and Mercy Film Project Schedule at Exhibit 26 to the April 17 Affidavit, summarized in para 58 (iv) and (v), shows that \$1,357,400 was in fact transferred from MHC to CLJ Everest on December 23, 2014 and this transfer was indeed funded with monies MHC received from the Media Fund.

⁴⁰ A copy of page 122-124 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit "29".

⁴¹ A copy of page 161 of the transcript of the April 21, 2017 compelled examination of Aaron Gilbert is attached as Exhibit "30".

⁴² A copy of page 142 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit "31".

- 20 -

48. When taken to the Kingdom Tab of the Spreadsheet, Staff asked Thibault about the advance of \$550,000 to CLJ Everest on January 12, 2015. Thibault responded, "Same as what we just talked about on the other one. I need to look and see. This appears to be another loan to CLJ but I need to go back and look at that to determine how that transacted on our books." In reference to the payments reflected on the Mercy and Kingdom Tabs, Thibault stated, "I want to know if it went through those bank accounts, and if it did, I want to understand whether the funds used were corporate funds or if they were fund funds, if you will."⁴³ Again, the Mercy and Kingdom Film Project Schedule at Exhibit 26 to the April 17 Affidavit shows that on January 13, 2015, \$500,000 was in fact advanced to CLJ Everest, which was funded largely from monies advanced to MHC by the Media Fund.

v. *Payments using Media Fund Monies to Purchase Mortgages for the Mortgage Fund*

49. Gilbert told Staff that through one of his companies, he bought one of the mortgages from the Mortgage Fund. He does not recall the name of the mortgage.⁴⁴

50. When asked if he was aware that MHC or Bron-related companies bought out mortgages from the Crystal Wealth Funds, Thibault responded, "We did purchase some mortgages from the mortgage fund. My understanding was that that was a transaction

⁴³ A copy of pages 144-146 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit "32".

⁴⁴ A copy of page 96 of the transcript of Aaron Gilbert's compelled examination on April 21, 2017 is attached at Exhibit "21".

- 21 -

that was sanctioned and Aaron and Crystal or Clayton.” He was not sure why.⁴⁵ Although Thibault was reluctant to acknowledge that the comment on the Spreadsheet “buy out taschi mortgage” was related to an advance of \$500,000 in connection with the Henchmen Film Project, when shown Exhibit 47 of the April 17 2017 Affidavit, an email dated May 4, 2016 from Smith to him, Thibault agreed that the \$500,000 advance on November 28, 2014 on the Henchmen tab of the Spreadsheet appeared to have been used to buy out a mortgage from the mortgage fund.⁴⁶

51. Thibault also explained that Exhibit 54 of my Affidavit, an October 30, 2014 email from Smith to him, “would be a purchase of ... a mortgage loan,” and that “it appears to be linked to the Mercy transaction.”⁴⁷ He stated that he believed Spectrum Canada was “a mortgage fund of Clayton’s” and that Carol Matthews may be the person who runs Spectrum.

vi. Current Status of MHC

52. Both Gilbert and Thibault told Staff that MHC no longer engages in film financing and essentially only exists to administer existing Film Loans. Gilbert said that MHC has stopped financing movies and Gilbert describes it as “not as active a company”. Gilbert says this started around 2014 and by mid-2015 that was it. Gilbert

⁴⁵ A copy of page 129 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit “33”.

⁴⁶ A copy of pages 134-137 of the transcript of the April 21, 2017 compelled examination of Steven Thibault and Exhibit 13 from the Examination is attached as Exhibit “34”.

⁴⁷ A copy of pages 149-150 of the transcript of the April 21, 2017 compelled examination of Steven Thibault, and Exhibit 16 to the Examination is attached as Exhibit “35”.

- 22 -

has focused on building Bron and Media House's role was solely collections and administration of existing loans. According to Gilbert, the reason that Media House wasn't overly active is that Crystal Wealth wasn't.⁴⁸

53. Thibault stated he does not have a title for MHC anymore and that work with MHC has stopped. In his words, "There are no projects going through that company." According to Thibault, MHC stopped doing film financing in 2014, apart from a tax credit loan in 2016. He said "We didn't make a conscious choice to stop." Crystal Wealth "wasn't able to accept new projects."⁴⁹

54. Despite Smith's knowledge that MHC had curtailed its financing activities, the Media Fund OMs dated September 27, 2015⁵⁰, May 6, 2016⁵¹ and November 21, 2016⁵² continue to refer to the Production Loan Administration Agreement with MHC dated August 12, 2011 and that the Media Fund "currently intends to purchase the majority of its loans from [MHC]."

D. CONSENT OF PROPOSED RECEIVER

⁴⁸ A copy of pages 27, 86-87 of the transcript of Aaron Gilbert's compelled examination on April 21, 2017 is attached at Exhibit "36".

⁴⁹ A copy of pages 36, 44-45 of the transcript of the April 21, 2017 compelled examination of Steven Thibault is attached as Exhibit "37".

⁵⁰ Exhibit "15" to Tillie Affidavit, page 6.

⁵¹ Exhibit "16" to Tillie Affidavit, page 6.

⁵² Exhibit "8" to Tillie Affidavit, page 6.

- 23 -

55. Grant Thornton Limited consents to its appointment as a receiver and manager, without security, of all the assets, undertakings and properties of Smith, Crystal Wealth, CLJ Everest, 115 Limited, the Crystal Wealth Funds and an account of Chrysalis Yoga at the Bank of Nova Scotia.⁵³

56. I make this affidavit in furtherance of Staff's investigation and enforcement efforts as authorized by the Commission.

SWORN BEFORE ME in the
City of Toronto, in the Province of
Ontario, this 24th day of April, 2017



A Commissioner for taking affidavits

) 
)
) MICHAEL HO

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

⁵³ A copy of Grant Thornton Limited's signed consent dated April 24, 2017 is attached as Exhibit "38".

This is Exhibit "1" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expire March 22, 2018. _____

Catherine Weiler

From: Paglia, Laura <LPaglia@blg.com>
Sent: April-07-17 3:19 PM
To: Catherine Weiler
Cc: Jason Tan; Kittell, Suzanne
Subject: FW: Freeze Directions and Temporary Orders - C. Smith et al.
Attachments: Temporary Order April 6, 2017.pdf; Temporary Order April 7, 2017.pdf; Freeze Direction Smith April 6, 2017.pdf; Freeze Direction Chrysalis April 6, 2017.pdf; Freeze Direction CLJ April 6, 2017.pdf; Freeze Direction Crystal Wealth April 6, 2017.pdf

Catherine, Jason,

I confirm acceptance of service on behalf of all parties except for Chrysalis Yoga Inc.

With respect to the freeze directions, I trust these will remain non-public. Mr. Smith will require exemptive relief from his order so that living expenses may be met. Similarly, Crystal Wealth will require exemptive relief to meet investors withdrawal needs, particularly those who have systemic monthly withdrawals. It will also need to pay operating expenses including employee salaries. We will send you the particulars in these regards as soon as is possible. If there is specific information required beyond particulars, kindly advise.

With respect to paragraphs 4 & 5 of the temporary orders, we will provide you with a list of cash equivalents Crystal Wealth proposes for the proceeds of redemptions. We ask for immediate disclosure of the documents and particulars in support of the allegations made in paragraphs 1 f), i) and i) from the investigation referred to in paragraph k) of these orders.

Laura

Laura Paglia

Partner

T 416.367.6050 | F 416.367.6749 | lpaglia@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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From: Jason Tan [<mailto:JTAN@osc.gov.on.ca>]
Sent: April-07-17 2:24 PM
To: Paglia, Laura
Cc: Catherine Weiler
Subject: Freeze Directions and Temporary Orders - C. Smith et al.

Laura -

Following on our discussion, we understand that you are accepting service of the following on behalf of Clayton Smith, Crystal Wealth Management System Limited and CLJ Everest Ltd.:

- Freeze Direction to Clayton Smith dated April 6, 2017
- Freeze Direction to Crystal Wealth Management System Limited dated April 6, 2017
- Freeze Direction to CLJ Everest Ltd. dated April 6, 2017
- Temporary Order dated April 6, 2017
- Temporary Order dated April 7, 2017

We would appreciate confirmation from you via return e-mail of your agreement to accept service of the foregoing on behalf of the aforementioned entities via e-mail, and your receipt of the documents.

We attach a Freeze Direction to Chrysalis Yoga Inc. Please let us know if you will be accepting service for this entity. If so, please confirm with us via return e-mail of your agreement to accept service on behalf of the entity via e-mail, and your receipt of the Freeze Direction.

Jason

Jason J. Tan | Ontario Securities Commission | Enforcement | Senior Investigation Counsel
20 Queen Street West, 22nd Floor | Toronto ON M5H 3S8
Phone: (416) 593-2312 | jt看@osc.gov.on.ca
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Ontario Securities Commission



Ontario
Securities
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Commission des
valeurs mobilières
de l'Ontario

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

22^e 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

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

- 2 -

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");

- 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

- 3 -

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.

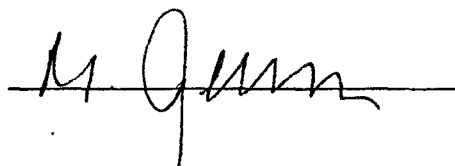
IT IS ORDERED pursuant to section 127 of the Act that:

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 paragraph 3 above, Crystal Wealth in its capacity as portfolio manager for the Funds and 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, or held by clients in

- 4 -

- 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 and all proceeds of such sales remain in the account of the respective Crystal Wealth Fund or Managed Account client for whom the order was placed until further order of the Commission;
5. 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;
6. 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;
7. 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 6th day of April, 2017.





Ontario
Securities
Commission

Commission des
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de l'Ontario

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

22e 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**

**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

- 2 -

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,

- 3 -

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;

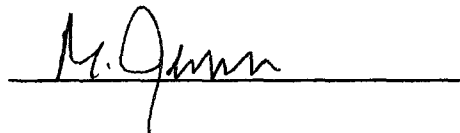
- 4 -

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;

- 5 -

- 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 ^{7th} day of April, 2017.

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



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

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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))

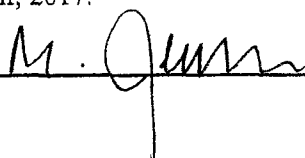
TO: CLAYTON SMITH
5043 Mount Nemo Crescent
Burlington, Ontario
L7M 0T7

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 6th day of April, 2017.



SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
The Toronto Dominion Bank	Clayton Edward Smith	6045439-2228
The Toronto Dominion Bank	Clayton Edward Smith and Lee Ann Smith	0523771-0122



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

Web site: 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,

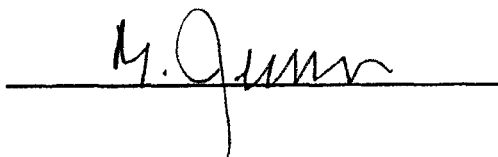
dissipating or otherwise dealing with or diminishing the value of those funds, securities or property until the Ontario Securities Commission in writing revokes or varies this Freeze Direction or consents to release a particular fund, security or property from this Freeze Direction or until the Ontario 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 6th day of April, 2017.



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

SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
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

Institution	Account Name	Account Number
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



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

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

22^e 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

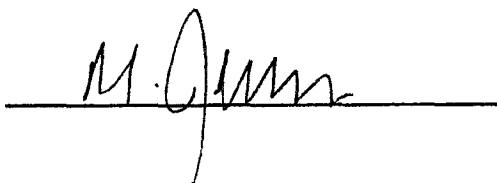
TAKE NOTICE THAT pursuant to subsection 126(1) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to refrain from withdrawing any funds, securities or property from the institutions listed in Schedule "A" to this Freeze Direction including from, but not limited to, the accounts 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,

7

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 ^{7th}6 day of April, 2017.

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

SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
The Toronto Dominion Bank	CLJ Everest Ltd	5002640-0122



Ontario
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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

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

Web site: 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

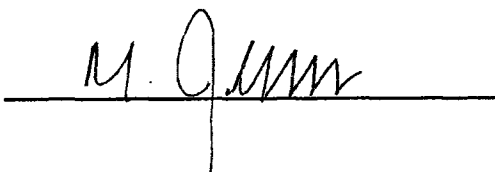
C/O: Shanine Lee Dennill
4040 Palladium Way
Burlington, Ontario
L7M 0C2

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 6th day of April, 2017.



SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
The Bank of Nova Scotia	Chrysalis Yoga Inc.	87296 00518 10

This is Exhibit "2" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

ONTARIO SECURITIES COMMISSION RULES OF PROCEDURE
(Amendment and Consolidation as of April 8, 2014)

Made under the *Statutory Powers Procedure Act*, R.S.O. 1990, c. S.22

1.5 Service and Filing

1.5.1 Service of Documents on Parties – (1) All documents required to be served under the Rules shall be served by one of the following methods:

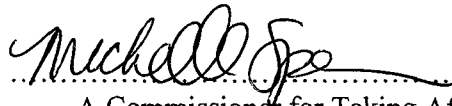
- (a) by personal delivery to the party;
- (b) by delivery to the representative of the party;
- (c) by delivery to an adult person at the premises where the party resides, is employed or carries on business, or where the representative of the party carries on business;
- (d) by delivery to a company, by leaving a copy with an officer, director or agent of the company, or a person at any place of business of the company who appears to be in control or management of the place of business;
- (e) by regular, registered or certified mail to the last known address of the party or the representative of the party;
- (f) electronically to the facsimile number or e-mail address of the party or the representative of the party;
- (g) by courier to the last known address of the party or the representative of the party; or
- (h) by any other means authorized by a Panel.

(2) Date on Which Service is Effective – Service is deemed to be effective, when delivered:

- (a) by personal delivery, on the day of delivery;
- (b) by mail, on the fifth day after the day of mailing;
- (c) electronically, on the same day;
- (d) by courier, on the earlier of the date on the delivery receipt or the second day after it was sent; or
- (e) by any other means authorized by a Panel, on the date specified by the Panel.

(3) Service After 4:30 p.m. – Documents served after 4:30 p.m. shall be deemed to have been served on the next day that is not a holiday.

This is Exhibit "3" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

Catherine Weiler

From: Catherine Weiler
Sent: April-13-17 4:49 PM
To: Paglia, Laura
Cc: Yvonne Chisholm; Jason Tan
Subject: Crystal Wealth
Attachments: Certificate of Direction April 13, 2017.pdf

Laura,

Please find attached a Property Direction for a property at 5043 Mount Nemo Cres., Burlington, ON, owned by CLJ Everest Limited that has been registered on title. Please confirm that you accept service.

Yours truly,

Catherine

Catherine V. Weiler | Ontario Securities Commission | Enforcement | Senior Litigation Counsel
20 Queen Street West, 22nd Floor | Toronto ON M5H 3S8
Phone: (416) 204-8985 | cweiler@osc.gov.on.ca
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22nd Floor
20 Queen Street West
Toronto ON M5H 3S8

22e 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,
CLAYTON SMITH, CLJ EVEREST LTD. and 1150752 ONTARIO LIMITED**

**CERTIFICATE OF DIRECTION
(Subsections 126(1) and 126(4))**

TO: Land Titles Division of the Halton Land Registry Office (No. 20)

TAKE NOTICE that, pursuant to subsection 126(1) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), you are hereby directed to register this Certificate of Direction on title to the following lands:

07198-0202 (LT)

PT LT 1, CON 4 NS DES AS PTS 1, 2 & 3 ON 20R16429; BURLINGTON. S/T EASEMENT IN GROSS OVER PT 2 ON 20R16429 AS IN HR436235.

Municipally known as 5043 Mount Nemo Cres., Burlington, Ontario

AND FURTHER TAKE NOTICE that pursuant to subsection 126(4) of the Act, this Certificate of Direction shall have the same effect as a certificate of pending litigation until the Ontario Securities Commission authorizes the removal of this Certificate of Direction from the title to the property or until the Ontario Superior Court orders otherwise.

DATED at Toronto, this ^{13th} day of April, 2017.

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

Catherine Weiler

From: Paglia, Laura <LPaglia@blg.com>
Sent: April-13-17 5:12 PM
To: Catherine Weiler
Cc: Yvonne Chisholm; Jason Tan
Subject: RE: Crystal Wealth

Hi Catherine,

Receipt confirmed.

L.

Laura Paglia

Partner

T 416.367.6050 | F 416.367.6749 | lpaglia@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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From: Catherine Weiler [mailto:CWEILER@osc.gov.on.ca]

Sent: April-13-17 4:49 PM

To: Paglia, Laura

Cc: Yvonne Chisholm; Jason Tan

Subject: Crystal Wealth

Laura,

Please find attached a Property Direction for a property at 5043 Mount Nemo Cres., Burlington, ON, owned by CLJ Everest Limited that has been registered on title. Please confirm that you accept service.

Yours truly,

Catherine

Catherine V. Weiler | Ontario Securities Commission | Enforcement | Senior Litigation Counsel

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

Phone: (416) 204-8985 | cweiler@osc.gov.on.ca

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Ontario Securities Commission

This is Exhibit "4" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

Catherine Weiler

From: Paglia, Laura <LPaglia@blg.com>
Sent: April-17-17 2:51 PM
To: Catherine Weiler
Cc: Yvonne Chisholm; Jason Tan
Subject: RE: Crystal Wealth
Attachments: Certificate of Direction April 13, 2017.pdf

Catherine,

With respect to the attached Certificate of Direction, this property sold on April 13, 2017 and is set to close April 28, 2017. Please be advised that:

- a) The sale price was \$3,250,000;
- b) There is one mortgage (Home Trust) with approximately \$1,290,000 outstanding;
- c) Real estate commission is \$189,275;
- d) Anticipated legals and related miscellaneous expenses are approx. \$10,000

Therefore, it is anticipated that the net proceeds of sale are approximately \$1,860,725.

We trust that in the circumstances the OSC will not take issue with the sale and is looking for terms/freeze directions in respect of the sale proceeds.

Kindly advise.

L.

Laura Paglia

Partner

T 416.367.6050 | F 416.367.6749 | lpaglia@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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From: Paglia, Laura
Sent: April-13-17 5:12 PM
To: 'Catherine Weiler'
Cc: Yvonne Chisholm; Jason Tan
Subject: RE: Crystal Wealth

Hi Catherine,

Receipt confirmed.

L.

Laura Paglia**Partner**T 416.367.6050 | F 416.367.6749 | lpaglia@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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From: Catherine Weiler [<mailto:CWEILER@osc.gov.on.ca>]**Sent:** April-13-17 4:49 PM**To:** Paglia, Laura**Cc:** Yvonne Chisholm; Jason Tan**Subject:** Crystal Wealth

Laura,

Please find attached a Property Direction for a property at 5043 Mount Nemo Cres., Burlington, ON, owned by CLJ Everest Limited that has been registered on title. Please confirm that you accept service.

Yours truly,

Catherine

Catherine V. Weiler | Ontario Securities Commission | Enforcement | Senior Litigation Counsel20 Queen Street West, 22nd Floor | Toronto ON M5H 3S8Phone: (416) 204-8985 | cweiler@osc.gov.on.ca

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Ontario Securities Commission



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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,
CLAYTON SMITH, CLJ EVEREST LTD. and 1150752 ONTARIO LIMITED**

**CERTIFICATE OF DIRECTION
(Subsections 126(1) and 126(4))**

TO: Land Titles Division of the Halton Land Registry Office (No. 20)

TAKE NOTICE that, pursuant to subsection 126(1) of the Ontario *Securities Act*, R.S.O. 1990, c. S.5, as amended (the "Act"), you are hereby directed to register this Certificate of Direction on title to the following lands:

07198-0202 (LT)

PT LT 1 , CON 4 NS DES AS PTS 1, 2 & 3 ON 20R16429; BURLINGTON. S/T EASEMENT IN GROSS OVER PT 2 ON 20R16429 AS IN HR436235.

Municipally known as 5043 Mount Nemo Cres., Burlington, Ontario

AND FURTHER TAKE NOTICE that pursuant to subsection 126(4) of the Act, this Certificate of Direction shall have the same effect as a certificate of pending litigation until the Ontario Securities Commission authorizes the removal of this Certificate of Direction from the title to the property or until the Ontario Superior Court orders otherwise.

DATED at Toronto, this ^{13th} day of April, 2017.

G. Filiga

This is Exhibit "5" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

Catherine Weiler

From: Catherine Weiler
Sent: April-17-17 7:23 PM
To: Paglia, Laura; Kittell, Suzanne
Cc: Yvonne Chisholm; Jason Tan
Subject: RE: Crystal Wealth

Laura,

Staff of the Commission do take issue with a sale of the Mount Nemo property. On April 7, 2017, your client CLJ Everest Ltd ("CLJ") was served with Freeze Directions which direct the company to **"maintain funds, securities or property"** and direct CLJ to **"refrain from disposing of, transferring, dissipating or otherwise dealing with or diminishing the value from those funds, securities or property"**.

By entering into a contract for sale of the property at 5043 Mount Nemo Cres, CLJ is in contravention of this direction. Further to our conversation on Tuesday, April 11, 2017, Staff advised that we intend to seek to continue the direction.

Please immediately advise of the following in respect of the purported sale on April 13, 2017:

- the name of the purchaser of the property, and the beneficial owner of the purchaser if a corporate entity;
- whether the purchaser or any beneficial owner are related to CLJ or Clayton Smith (the sole owner of CLJ);
- the circumstances of the commission of \$189,000 to the realtor for the property, who we understand is Jo-Anne Smith, Clayton's Smith's sister, including whether Ms. Smith acted for both purchaser and seller; and
- what are the "miscellaneous expenses".

We also ask that you please provide the following:

- a chronology of the events leading to the sale of the property;
- the Agreement of Purchase and Sale, and the date and time at which it was signed;
- the listing Agreement;
- all other documents pertaining to the sale and the payment of commissions; and
- the retainer with counsel on the sale.

Given the Freeze Directions in place, we trust that no further steps will be taken regarding the sale or any disbursement of funds relating to the sale.

Yours truly,

Catherine

From: Paglia, Laura [mailto:LPaglia@blg.com]
Sent: April-17-17 2:51 PM
To: Catherine Weiler <CWEILER@osc.gov.on.ca>
Cc: Yvonne Chisholm <YCHISHOLM@osc.gov.on.ca>; Jason Tan <JTAN@osc.gov.on.ca>
Subject: RE: Crystal Wealth

Catherine,

With respect to the attached Certificate of Direction, this property sold on April 13, 2017 and is set to close April 28, 2017. Please be advised that:

- a) The sale price was \$3,250,000;
- b) There is one mortgage (Home Trust) with approximately \$1,290,000 outstanding;
- c) Real estate commission is \$189,275;
- d) Anticipated legals and related miscellaneous expenses are approx. \$10,000

Therefore, it is anticipated that the net proceeds of sale are approximately \$1,860,725.

We trust that in the circumstances the OSC will not take issue with the sale and is looking for terms/freeze directions in respect of the sale proceeds.

Kindly advise.

L.

Laura Paglia

Partner

T 416.367.6050 | F 416.367.6749 | lpaglia@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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From: Paglia, Laura

Sent: April-13-17 5:12 PM

To: 'Catherine Weiler'

Cc: Yvonne Chisholm; Jason Tan

Subject: RE: Crystal Wealth

Hi Catherine,

Receipt confirmed.

L.

Laura Paglia

Partner

T 416.367.6050 | F 416.367.6749 | lpaglia@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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From: Catherine Weiler [<mailto:CWEILER@osc.gov.on.ca>]

Sent: April-13-17 4:49 PM

To: Paglia, Laura

Cc: Yvonne Chisholm; Jason Tan

Subject: Crystal Wealth

Laura,

Please find attached a Property Direction for a property at 5043 Mount Nemo Cres., Burlington, ON, owned by CLJ Everest Limited that has been registered on title. Please confirm that you accept service.

Yours truly,

Catherine

Catherine V. Weiler | Ontario Securities Commission | Enforcement | Senior Litigation Counsel
20 Queen Street West, 22nd Floor | Toronto ON M5H 3S8
Phone (416) 204-8985 | cweiler@osc.gov.on.ca
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Ontario Securities Commission

This is Exhibit "6" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

Catherine Weiler

From: Paglia, Laura <LPaglia@blg.com>
Sent: April-17-17 7:50 PM
To: Catherine Weiler
Cc: Yvonne Chisholm; Jason Tan; Kittell, Suzanne
Subject: RE: Crystal Wealth

Catherine,

By way of preliminary responses, the buyer is Martin McCready and the seller is CLJ Everest Ltd. I will get you the answers to the balance of your questions.

As you are aware, the property was listed before notice of the OSC's order. There was no intention to contravene the order, as can be seen by bringing the agreement of purchase and sale to your immediate attention. Rather, we wish to work with you to maximize return for investors. Best efforts to minimize investor impact remain our clients' primary concern and its interests continue to be aligned with the OSC in that regard.

We don't see investor harm in a circumstance where the proceeds of sale remain subject to any OSC order and for the benefit of investors. We do have concern that continuing to hold the property may not yield a similar purchase price and may therefore result in greater investor loss.

L.

Laura Paglia

Partner

T 416.367.6050 | F 416.367.6749 | lpaglia@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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From: Catherine Weiler [mailto:CWEILER@osc.gov.on.ca]

Sent: April-17-17 7:23 PM

To: Paglia, Laura; Kittell, Suzanne

Cc: Yvonne Chisholm; Jason Tan

Subject: RE: Crystal Wealth

Laura,

Staff of the Commission do take issue with a sale of the Mount Nemo property. On April 7, 2017, your client CLJ Everest Ltd ("CLJ") was served with Freeze Directions which direct the company to "maintain funds, securities or property" and direct CLJ to "refrain from disposing of, transferring, dissipating or otherwise dealing with or diminishing the value from those funds, securities or property".

By entering into a contract for sale of the property at 5043 Mount Nemo Cres, CLJ is in contravention of this direction. Further to our conversation on Tuesday, April 11, 2017, Staff advised that we intend to seek to continue the direction.

Please immediately advise of the following in respect of the purported sale on April 13, 2017:

- the name of the purchaser of the property, and the beneficial owner of the purchaser if a corporate entity;
- whether the purchaser or any beneficial owner are related to CLJ or Clayton Smith (the sole owner of CLJ);
- the circumstances of the commission of \$189,000 to the realtor for the property, who we understand is Jo-Anne Smith, Clayton's Smith's sister, including whether Ms. Smith acted for both purchaser and seller; and
- what are the "miscellaneous expenses".

We also ask that you please provide the following:

- a chronology of the events leading to the sale of the property;
- the Agreement of Purchase and Sale, and the date and time at which it was signed;
- the listing Agreement;
- all other documents pertaining to the sale and the payment of commissions; and
- the retainer with counsel on the sale.

Given the Freeze Directions in place, we trust that no further steps will be taken regarding the sale or any disbursement of funds relating to the sale.

Yours truly,

Catherine

From: Paglia, Laura [<mailto:LPaglia@blg.com>]

Sent: April-17-17 2:51 PM

To: Catherine Weiler <CWEILER@osc.gov.on.ca>

Cc: Yvonne Chisholm <YCHISHOLM@osc.gov.on.ca>; Jason Tan <JTAN@osc.gov.on.ca>

Subject: RE: Crystal Wealth

Catherine,

With respect to the attached Certificate of Direction, this property sold on April 13, 2017 and is set to close April 28, 2017. Please be advised that:

- a) The sale price was \$3,250,000;
- b) There is one mortgage (Home Trust) with approximately \$1,290,000 outstanding;
- c) Real estate commission is \$189,275;
- d) Anticipated legals and related miscellaneous expenses are approx. \$10,000

Therefore, it is anticipated that the net proceeds of sale are approximately \$1,860,725.

We trust that in the circumstances the OSC will not take issue with the sale and is looking for terms/freeze directions in respect of the sale proceeds.

Kindly advise.

L.

Laura Paglia

Partner

T 416.367.6050 | F 416.367.6749 | lpaglia@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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From: Paglia, Laura

Sent: April-13-17 5:12 PM

To: 'Catherine Weiler'

Cc: Yvonne Chisholm; Jason Tan

Subject: RE: Crystal Wealth

Hi Catherine,

Receipt confirmed.

L.

Laura Paglia

Partner

T 416.367.6050 | F 416.367.6749 | lpaglia@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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From: Catherine Weiler [<mailto:CWEILER@osc.gov.on.ca>]

Sent: April-13-17 4:49 PM

To: Paglia, Laura

Cc: Yvonne Chisholm; Jason Tan

Subject: Crystal Wealth

Laura,

Please find attached a Property Direction for a property at 5043 Mount Nemo Cres., Burlington, ON, owned by CLJ Everest Limited that has been registered on title. Please confirm that you accept service.

Yours truly,

Catherine

Catherine V. Weiler | Ontario Securities Commission | Enforcement | Senior Litigation Counsel
20 Queen Street West, 22nd Floor | Toronto ON M5H 3S8
Phone: (416) 204-8985 | cweiler@osc.gov.on.ca
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Ontario Securities Commission

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Ontario Securities Commission

This is Exhibit "7" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expire March 22, 2018.

Catherine Weiler

From: Kittell, Suzanne <SKittell@blg.com>
Sent: April-19-17 2:22 PM
To: Catherine Weiler
Cc: Paglia, Laura
Subject: Crystal Wealth - Property Sale
Attachments: Mount Nemo Listing Package For Office_0001_NEW.pdf; Mount Nemo Sale Agent File Checklist.pdf; Nemo offer_0001.pdf; TOR01-#6787271-v2-sck_Crystal_Wealth_-_ltr_to_OSC_re__Property.pdf

Ms. Weiler,

Please find my attached letter of today's date with enclosures.

Thank you,
Suzanne



Suzanne Kittell

Lawyer

T 416.367.6564 | F 416.367.6749 | SKittell@blg.com

Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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Suzanne Kittell
 T 416 367 6564
 F 416.367 6749
 skittell@blg.com

Laura Paglia
 T (416) 367-6050
 F 416.367 6749
 LPaglia@blg.com

Borden Ladner Gervais LLP
 Bay Adelaide Centre, East Tower
 22 Adelaide Street West
 Toronto, ON, Canada M5H 4E3
 T 416 367 6000
 F 416 367 6749
 blg.com



April 19, 2017

Delivered by Email

Ms. Catherine Weiler
 Ontario Securities Commission
 20 Queen Street West, 22nd Floor
 Toronto, ON M5H 3S8
 cweiler@osc.gov.on.ca

Ms. Weiler,

**Re: Crystal Wealth Management System Limited, Clayton Smith, CLJ
 Everest Ltd., and 1150752 Ontario Limited**

In response to your email of April 17, 2017, please find herein the answers to your requested particulars with respect to the sale of 5043 Mount Nemo Crescent (the "**Property**").

1. **The name of the purchaser of the Property, and the beneficial owner of the purchaser if a corporate entity.**
 The purchaser of the Property is Martin McCready, and the seller is CLJ Everest Ltd.
2. **Whether the purchaser or any beneficial owner is related to CLJ or Clayton Smith.**
 The seller is CLJ.
3. **The circumstances of the commission of \$189,000 to the realtor for the Property, who we understand is Jo-Anne Smith, Clayton Smith's sister, including whether Ms. Smith acted for both purchaser and seller.**
 The agreed-upon commission is 4% plus HST, with 1.5% going to the Listing Broker's office, and 2.5% going to the Selling Broker's office. This is detailed in clause 2 of the Listing Agreement.
4. **What are the "miscellaneous expenses"?**
 These comprise of \$2,000 for legal fees and an estimate of adjustments (e.g. taxes).
5. **A chronology of the events leading to the sale of the Property.**
 Martin McCready ("**Mr. McCready**") contacted the listing agent, Jo-Anne Smith, ("**Ms. Smith**") by phone on Sunday March 12, 2017, advising that he was out front of the Property, and asking to view it. Ms. Smith and Mr. McCready agreed to meet at the Property on Wednesday March 15, 2017 for a viewing.. On Friday March 17, 2017, Mr. McCready advised Ms. Smith that he was considering an offer, would arrange for funds, and would further advise Ms. Smith within one week. After one week, Ms. Smith called Mr. McCready to see if he was still interested. Mr.



McCready advised that he was interested, and was in the process of getting everything in order, but did not want to make a conditional offer at that time. After one week, Ms. Smith contacted Mr. McCready again, who advised that he was still not prepared to sign an offer. On April 10, 2017, Ms. Smith contacted Mr. McCready again, as another agent showing the Property to a client had expressed interest. Mr. McCready advised that he was interested and ready to sign an offer; she prepared the offer and sent it to Mr. McCready on April 12, 2017. Mr. McCready signed the offer that evening. Clayton Smith ("**Clayton**") made some revisions and signed the offer at 5:52 P.M. on April 13, 2017 on behalf of CLJ Everest Ltd. Mr. McCready accepted the revised offer at 7 P.M. on April 13, 2017.

Mr. McCready is offering a quick closing of April 28, 2017; Ms. Smith is of the view that it is within the best interest of the Property to effect the quick closing, as the Property has been historically difficult to sell. Before CLJ Everest Ltd. purchased the Property, it had been listed for many years without successful sale. Since the Listing, Ms. Smith had not received much interest in the Property; there had only been 3 showing (including Mr. McCready) in over two months. According to Ms. Smith, Mr. McCready's offer is excellent, and if the Agreement is lost, it will be very difficult to secure a comparatively good offer, and doing so will require some time as well as a listing price reduction due to lack of activity on the Property

6. The Agreement of Purchase and Sale, and the date and time at which it was signed.

Enclosed. Please see answer to 5.

7. The Listing Agreement.

Enclosed.

8. All other documents pertaining to the sale and payment of commissions.

There are no further documents.

9. The retainer with counsel on the sale.

Enclosed is the Sale Agent Checklist, detailing retained counsel for both parties. There is no written retainer agreement with counsel for the seller.

Sincerely,

A handwritten signature in black ink, appearing to read "Suzanne Kittell", is located below the "Sincerely," text.

Suzanne Kittell
/encl.

Cross Property Member Full One Page

Listing

5043 Mount Nemo Crescent, Burlington, ON L7M0T7

MLS® #: 30556103

Status: Active

Single Family/Freehold/Sale

Price: **\$3,450,000 (SALE)**

Prior Price:



Building Type:	Detached	Bedrooms:	4	Bathrooms:	3.1
Style:	2 Storey	Bedrooms AG:	4	Baths Full:	3
Region:	Halton	Bedrooms BG:	0	Baths Half:	1
Municipality:	38 - Burlington			DOM:	3
Neighbourhood:	380 - North Burlington Rural				
Zoning:	NEC DEV CONTROL	Age/Yr Built:	100+ Years/1874		
Sq.Ft Source:	4,625/LBO provided	Acres:	4.980 / 2-4.99		
Lot Front/Depth:	312.17 Ft/716.28 Ft	Lot Shape:	Rectangular		
		Irregularities:			
Directions/Cross:	NORTH OF DUNDAS ON GUELPH LINE, RIGHT ON 2ND SIDE ROAD (WILL SEE SIGN FOR MOUNT NEMO CRES - JUST PAST BLUFFS DEV), LEFT ON MOUNT NEMO CRES, PROPERTY IS ON THE RIGHT - Cross Street: 2ND SIDE ROAD				

Recent Change: 02/04/2017 : NEW

Property Details

Exterior:	Stone	Heat Source:	Gas	Air Condition:	Central Air
Bsmt Size/Fn/Dev:	Partial Basement/Unfinished /Walk-Out	Heat Type:	Steam Radiators	Air Cond Type:	Yes
Foundation:	Stone	Sewers:	Septic	Fireplaces:	2 Natural Gas, Wood
Roof:	Asphalt Shingle/Well	Water Meter:		Waterfront:	
Water:		Wtr Sup Type:	Drilled Well	Pool:	Inground
#/Type of Garage:	4.0/Detached	Total Parking Spaces:	16	VisitAble:	
#/Driveway/Type:	12.0/Private Double Wide, RV / Truck Parking/Asphalt	Assigned Spaces:			
Energy Cert Level:		Laundry Access:	In-Suite	UFI:	
Recreational Use:		Elevator YN:	No	Soil Type:	Clay
Remarks:				Addl Month Fees:	
				Freehold w/Com Elem Fee:	

Possessing rare beauty & luxurious timelessness, Award Winning c1874 Harris-Thomas Estate will capture your heart. Meticulously restored stunning 4,625 sqft 4 Bdrm 4 Bthrm stone home nestled on approx 5 park-like, treed acres just 5 min from Burlington. Abounding with exceptional serenity and exquisite detailing, the light filled rooms are graced with crown moulding, gleaming red pine floors, deep sills, period style high baseboards and ceilings. Luxurious gourmet custom-built kitchen & adjoining great room with fireplace are an entertainer's dream. State of the art S/S Viking professional appliances, abundant French cabinetry & granite counters. New wood-burning stone fireplace warms the quietude of the living room. Separate family room for entertainment, private corner office & 2 pc powder room finish out the main floor. The grand center-hall, hand-carved staircase leads to a sun-filled second floor with sewing enclave. 4 spacious bedrooms, 2 ensuite bthrms & 1 main bthrm. Separate 3 appliance laundry room. Prepare to be amazed as you step into the exceptional stone-walled master bedroom, spa-like 5 pc ensuite & custom walk-in closet. Resort-like living awaits with a 10,000 sqft historical post and beam barn including 5000 sqft of finished additional living space. Heated, 24'x20' Saltwater, Betz inground pool, complete with waterfall, large cabana with bar area and new 7 person Saltwater hot tub. A detached, 4-car garage awaits your fleet. Once in a lifetime opportunity.

Property Features

Features/Amenities: **Air Exchanger, Alarm System, Central Vacuum, Fire Alarm System, Security System, Water Purifier, Water Softener / Greenbelt/Conservation, Level, Quiet Area**

Area Features: **Greenbelt/Conservation, Level, Quiet Area**

Other Structures: **Barn, Fence - Partial, Gazebo, Workshop, Other (see Remarks)**

Inclusions: **VIKING RANGE, VIKING REFRIGERATOR, VIKING FREEZER, BOSCH B/I D/W, PANASONIC B/I MICRO, ALL ELF, WINDOW TREATMENTS, ALL TVS IN BARN, APPLIANCES & CABINETS IN BAR AREA OF BARN, SOUND SYSTEM IN BARN, 2 GDO, POOL HEATER & ACC, HOT TUB, CENT VAC & ATT TALL WINE COOLER FRIDGE IN BARN**

Exclusions:

Tax and Financial Information

Roll#:	240203030602500	Assessment:	\$2,687,000/2016	Survey:	Yes 2016
Pin#:	071980202	Taxes:	\$11,285/2016	Private Entrance:	
Legal Desc:	PTLT 1, CON 4 NS DES AS PTS 1, 2 & 3 ON 20R16429; BURLINGTON. S/T EASEMENT IN GROSS OVER PT 2 ON 20R16429 AS IN HR436235				
Location:	Rural	Fronting On:	East	HST Applicable:	Included
Special Designation:	Easement, Niagara Esc. Com.				

REALTOR® Information

Rmks for Brokerages:

Possessing a rare beauty and luxurious timelessness, the Award Winning c1874 Harris-Thomas Estate will capture your heart. Meticulously restored, this stunning 4,625 sqft, 4 Bdrm, 4 Bthrm stone home nestled on approx 5 park-like, treed acres, is just 5 minutes from Burlington. Approached through a majestic, pillared entry and down a long, tree-lined drive, this unparalleled property abounds with exceptional serenity and exquisite detailing. Request feature sheet showing extensive recently finished renovations and upgrades. 10,000 sqft post and beam barn with 5000 additional sqft of living space. Conditional approval from NEC for living quarters in barn and architectural drawings available. New survey-see attached. New roof on 4 car garage. L Sales Rep is related to Seller. Include Schedule B with offers. Contact LA prior to showing.

Sellers: **CLJ EVEREST LTD.**Appointments: **CALL LBO AND CONTACT AGENT FOR SPECIAL INSTRUCTIONS; 6HRS NOTICE**Occupant: **Owner**Possession: **Flexible**

Matrix

<http://matrix.onregional.ca/Matrix/Printing/PrintOptions.aspx?c=A...>

Commission: **2.5**
Under Contract: **Security System**
Sign: **Yes** Holdover Days: **60**
Commence Date: **02/03/2017** Expire Date: **08/31/2017**
Financing: **Clear**

Deposit Req:
Deposit: **100000.00**
Lockbox: **Yes**

Possess Date:
SPIS: **No/No**
Brkg Acct: **IB**
Spec Agreement: **No**
Cntct Expired: **No**
CDOM: **3**
L/BR Phone: **(905) 337-5930**
L/SP Phone: **(647) 782-9057**

Permit DDF: **Yes**

List Brokerage 1: **Your Choice Realty Corp., Brokerage**
List Salesperson 1: **Jo-Anne Smith, Salesperson** 
Email: **OakvilleAndBevond@gmail.com**

Prepared By: **Jo-Anne Smith, Salesperson**Date Printed: **02/06/2017**

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Fax or Email this page only to the Appointment

Email: info@yourchoicerealty.ca

Fax: 877.918.0634

(SEND IMMEDIATELY AFTER BROKER LOADING)



**APPOINTMENT INFORMATION SHEET
FOR
NEW LISTINGS**

MLS # 30556103 Listing Agent(s): JO-ANNE SMITH
 Property Address: 5043 MOUNT NEMO CRES, BURLINGTON
 Expiry Date: (Month) AUGUST (Day) 31st (Year) 2017
 Vendor/Tenant(s) Name for Contact: Clayton Smith
 Vendor Phone: Home: _____
 Work: _____
 Cell: 905-517-6172
 Email: claytons@crystalwealth.com

Showing Instructions:

- ☐ 24 Hours notice required
- ☐ Vacant - Release Lockbox (no need to contact Vendor)
- ☐ Call & confirm all appts with Seller, Go Direct (no L/B)
- ☐ Call Seller, leave a msg of appt details, then release L/B
- ☒ Call & confirm all appts with Seller, then release L/B
- ☒ Agent Books (Agent is responsible to confirm appt with Seller and Buyer Brokerage)

Lockbox code and location of lock box: 1352 on side door

Special Instructions: For showing requests please
send me agent's contact info and I will confirm
with them. This

Please Note: When there are multiple Vendors/Tenants and you are indicating Work or Cell numbers please indicate the persons name next to that specific number.



Form 200

for use in the Province of Ontario

Listing Agreement

Seller Representation Agreement

Authority to Offer for Sale

This is a Multiple Listing Service® Agreement



OR

Exclusive Listing Agreement

EXCLUSIVE



BETWEEN:

BROKERAGE: Your Choice Realty Corp., Brokerage

3145 Walkers Lane, Burlington,

L7M0H1

(the "Listing Brokerage") Tel. No. (905) 337-5930

SELLER(S): C.J. Everest Ltd.

(the "Seller")

in consideration of the Listing Brokerage listing the real property for sale known as 5043 Mount Nemo Crescent, Burlington, Ontario, L7M0H1

the Seller hereby gives the Listing Brokerage the exclusive and irrevocable right to act as the Seller's agent commencing at 12:01 a.m. on the 3 day of February 2017 until 11:59 p.m. on the 31 day of August 2017 (the "Listing Period").

{ Seller acknowledges that the length of the Listing Period is negotiable between the Seller and the Listing Brokerage and, for an MLS® listing, may be subject to minimum requirements of the real estate board, however, in accordance with the Real Estate and Business Brokers Act (2002), if the Listing Period exceeds six months, the Listing Brokerage must obtain the Seller's initials. }



to offer the Property for sale at a price of

Dollars (CAD\$) 3,450,000.00

Three Million Four Hundred Fifty Thousand

and upon the terms, particularly set out herein, or at such other price and/or terms acceptable to the Seller. It is understood that the price and/or terms set out herein are at the Seller's personal request, after full discussion with the Listing Brokerage's representative regarding potential market value of the Property.

The Seller hereby represents and warrants that the Seller is not a party to any other listing agreement for the Property or agreement to pay commission to any other real estate brokerage for the sale of the Property.

- 1. DEFINITIONS AND INTERPRETATIONS:** For the purposes of this Agreement, "Authority" or "Agreement":
 "Seller" includes vendor, a "buyer" includes a purchaser, or a prospective purchaser. A "real estate board" includes a real estate association. A purchase shall be deemed to include the entering into of any agreement to exchange, or the obtaining of an option to purchase which is subsequently exercised. Commission shall be deemed to include other remuneration. This Agreement shall be read with all changes of gender or number required by the context. For purposes of this Agreement, anyone introduced to or shown the Property shall be deemed to include any spouse, heirs, executors, administrators, successors, assigns, related corporations and affiliated corporations. Related corporations or affiliated corporations shall include any corporation where one half or a majority of the shareholders, directors or officers of the related or affiliated corporation are the same person(s) as the shareholders, directors, or officers of the corporation introduced to or shown the Property.
- 2. COMMISSION:** In consideration of the Listing Brokerage listing the Property, the Seller agrees to pay the Listing Brokerage a commission of 4% of the sale price of the Property or for any valid offer to purchase the Property from any source whatsoever obtained during the Listing Period and on the terms and conditions set out in this Agreement OR such other terms and conditions as the Seller may accept. The Seller authorizes the Listing Brokerage to co-operate with any other registered real estate brokerage (cooperating brokerage) to offer to pay the cooperating brokerage a commission of 2.5% of the sale price of the Property or out of the commission the Seller pays the Listing Brokerage. The Seller further agrees to pay such commission as calculated above if an agreement to purchase is agreed to or accepted by the Seller or anyone on the Seller's behalf within 60 days after the expiration of the Listing Period (Holdover Period), so long as such agreement is with anyone who was introduced to the Property from any source whatsoever during the Listing Period or shown the Property during the Listing Period. If, however, the offer for the purchase of the Property is pursuant to a new agreement in writing to pay commission to another registered real estate brokerage, the Seller's liability for commission shall be reduced by the amount paid by the Seller under the new agreement. The Seller further agrees to pay such commission as calculated above even if the transaction contemplated by an agreement to purchase agreed to or accepted by the Seller or anyone on the Seller's behalf is not completed, if such non-completion is owing or attributable to the Seller's default or neglect, said commission to be payable on the date set for completion of the purchase of the Property. Any deposit in respect of any agreement where the transaction has been completed shall first be applied to reduce the commission payable. Should such amounts paid to the Listing Brokerage from the deposit or by the Seller's solicitor not be sufficient, the Seller shall be liable to pay to the Listing Brokerage on demand, any deficiency in commission and taxes owing on such commission. All amounts set out as commission are to be paid plus applicable taxes on such commission.

INITIALS OF LISTING BROKERAGE:

INITIALS OF SELLER(S):



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Form 200 Revised 2017 Page 1 of 3

WEBForms® Dec 2016

- 3. REPRESENTATION:** The Seller hereby declares that the information provided herein constitutes the Seller's entire understanding of all existing agency relationships involving the material or being represented by Signature Services representatives. Multiple representation and Customer Service

[illegible][illegible]

The Seller understands and acknowledges that the listing broker age has been and will be recovering both the Seller and the buyer and equity under the terms of the Seller and buyer. The Seller understands that it is a well-known fact that when representing both the Seller and the buyer, the listing broker has accepted a fiduciary duty to the Seller and the buyer, including a duty to disclose all material information about the property, including the listing broker's age.

now, the surface of the sandy and gravelly wedge is not a single surface and not a

- [illegible]

4. The above information was obtained from the files of the Chicago Stock Exchange, the listing brokerage concerning the above-named company, and the Chicago Stock Exchange, the listing brokerage.

MULTIPLE REPRESENTATION AND CUSTOMER SERVICE: The above information does not constitute an offer, and does not provide any recommendation or advice. The above information is not intended to be used as a basis for investment decisions. The above information is not intended to be used as a basis for investment decisions. The above information is not intended to be used as a basis for investment decisions.

- [illegible]

REFERRAL OF ENQUIRIES: The following enquiries should be referred to the relevant authorities immediately after the completion of the investigation:

When a customer purchases a new vehicle, the dealer usually offers a vehicle wrap as an incentive to purchase during the visiting period. The wrap is a thin, adhesive film that is applied to the exterior of the vehicle. The wrap is designed to last for up to five years and can be removed without damaging the original paint. The wrap is typically applied to the hood, roof, and rear of the vehicle. The wrap is designed to protect the vehicle from scratches, dings, and fading. The wrap is also designed to improve the appearance of the vehicle. The wrap is typically applied in a dark color, such as black or dark grey. The wrap is designed to make the vehicle look like a new car. The wrap is typically applied to the vehicle by a professional wrap installer. The wrap is typically applied to the vehicle by a professional wrap installer. The wrap is typically applied to the vehicle by a professional wrap installer.

MARKETING: The Seller agrees to allow the Listing Brokerage to use the Seller's prospective buyers to fully represent the Property during the term of the Listing Period. The Seller gives the Listing Brokerage the exclusive right to sell, lease, and build (as applicable) on the Property. The Seller and Listing Brokerage agree that the Listing Brokerage will develop and distribute advertising and promotional materials, and will be responsible for the cost of such advertising during the Listing Period. The Listing Brokerage will be entitled to the fee for any sale or lease of the Property, and will be responsible for any and all costs with respect to advertising on the Listing Brokerage's website, other than the Listing Brokerage's gross negligence or willful act.

[illegible]

FAMILY LAW ACT: The best interests of the child is the paramount consideration in determining the future of the child with Act 650, 1990 unless the issue of the child is the child's parent's custody and

[illegible][illegible]

INITIALS OF LISTING BROKERAGE:

INITIALS OF SELLER(S):



the Seller's personal information as is consistent with listing and marketing of the Property. The Seller consents, if this is an MLS® Listing, to placement of the listing information and sales information by the Brokerage into the database(s) of the MLS® System of the appropriate Board, and to the posting of any documents and other information (including, without limitation, photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions) provided by or on behalf of the Seller into the database(s) of the MLS® System of the appropriate Board. The Seller hereby indemnifies and saves harmless the Brokerage and/or any of its employees, servants, brokers or sales representatives from any and all claims, liabilities, suits, actions, losses, costs and legal fees caused by, or arising out of, or resulting from the posting of any documents or other information (including, without limitation, photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions) as aforesaid. The Seller acknowledges that the database, within the board's MLS® System is the property of the real estate board(s) and can be licensed, resold, or otherwise dealt with by the board(s). The Seller further acknowledges that the real estate board(s) may, during the term of the listing and thereafter, distribute the information in the database, within the board's MLS® System to any persons authorized to use such service which may include other brokerages, government departments, appraisers, municipal organizations and others; market the Property, at its option, in any medium, including electronic media; during the term of the listing and thereafter, compile, retain and publish any statistics including historical data within the board's MLS® System and retain, reproduce and display photographs, images, graphics, audio and video recordings, virtual tours, drawings, floor plans, architectural designs, artistic renderings, surveys and listing descriptions which may be used by board members to conduct comparative analyses; and make such other use of the information as the Brokerage and/or real estate board(s) deem appropriate, in connection with the listing, marketing and selling of real estate during the term of the listing and thereafter. The Seller acknowledges that the information, personal or otherwise ("information"), provided to the real estate board or association may be stored on databases located outside of Canada, in which case the information would be subject to the laws of the jurisdiction in which the information is located.

In the event that this Agreement expires or is cancelled or otherwise terminated and the Property is not sold, the Seller, by initialling:

consent to allow other real estate board members to contact the Seller after expiration or other termination of this Agreement to discuss listing or otherwise marketing the Property.



Does



Does Not

- 12. SUCCESSORS AND ASSIGNS:** The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms of this Agreement.
- 13. CONFLICT OR DISCREPANCY:** If there is any conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement, including any Schedule attached hereto, shall constitute the entire Agreement between the Seller and the Listing Brokerage. There is no representation, warranty, collateral agreement or condition which affects this Agreement other than as expressed herein.
- 14. ELECTRONIC COMMUNICATION:** This Agreement and any agreements, notices or other communications contemplated thereby may be transmitted by means of electronic systems, in which case signatures shall be deemed to be original. The transmission of this Agreement by the Seller by electronic means shall be deemed to confirm the Seller has retained a true copy of the Agreement.
- 15. ELECTRONIC SIGNATURES:** If this Agreement has been signed with an electronic signature the parties hereto consent and agree to the use of such electronic signature with respect to this Agreement pursuant to the Electronic Commerce Act 2000, S.O. 2000, c17 as amended from time to time.
- 16. SCHEDULE(S):** and data form attached hereto form(s) part of this Agreement.

THE LISTING BROKERAGE AGREES TO MARKET THE PROPERTY ON BEHALF OF THE SELLER AND REPRESENT THE SELLER IN AN ENDEAVOUR TO OBTAIN A VALID OFFER TO PURCHASE THE PROPERTY ON THE TERMS SET OUT IN THIS AGREEMENT OR ON SUCH OTHER TERMS SATISFACTORY TO THE SELLER.

(Authorized to bind the Listing Brokerage)

DATE:

Jo-Anne Smith

(Name of Person Signing)

THIS AGREEMENT HAS BEEN READ AND FULLY UNDERSTOOD BY ME AND I ACKNOWLEDGE THIS DATE I HAVE SIGNED UNDER SEAL. Any representations contained herein or as shown on the accompanying data form respecting the Property are true to the best of my knowledge, information and belief.

SIGNED, SEALED AND DELIVERED I have hereunto set my hand and seal

(Signature of Seller)



DATE 2 Feb 17

(Seal)

905-517-6172
(Tel No)

(Signature of Seller)



DATE

(Seal)

SPOUSAL CONSENT: The undersigned spouse of the Seller hereby consents to the listing of the Property herein pursuant to the provisions of the Family Law Act, R.S.O. 1990 and hereby agrees to execute all necessary or incidental documents to further any transaction provided for herein.

(Spouse)



DATE

(Seal)

DECLARATION OF INSURANCE

The broker/salesperson Jo-Anne Smith

(Name of Broker/Salesperson)

hereby declares that he/she is insured as required by the Real Estate and Business Brokers Act (REBBA) and Regulations

(Signature of Broker/Salesperson)

(Signature of Broker/Salesperson)

ACKNOWLEDGEMENT

The Seller(s) hereby acknowledge that the Seller(s) fully understand the terms of this Agreement and have received a true copy of this Agreement

on the day of 20

(Signature of Seller)

Date 2 Feb 17

(Signature of Seller)

Date



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Working with a REALTOR®

Form 810

Use from January 1, 2016

The REALTOR® Consumer Relationship

In Ontario, the real estate profession is governed by the Real Estate and Business Brokers Act, 2002 (and Associated Regulations) (REBBA 2002 or Act) administered by the Real Estate Council of Ontario (RECO). All Ontario REALTORS® are registered under the Act and governed by its provisions. REBBA 2002 is a consumer protection legislation regulating the conduct of real estate salespersons and their salesperson/brokers. The Act provides consumer protection for the form of deposit insurance and requires every salesperson/broker to carry Errors & Omissions (E&O) insurance.

After you choose to use the services of a REALTOR®, it is important to understand that this individual works on behalf of a real estate brokerage, usually a company. The brokerage is operated by a Broker of Record, who has the ultimate responsibility for the employees registered with the brokerage. When you sign a contract it is with the brokerage, not with the salesperson/broker employee.

The Act also requires that the brokerage (usually through its REALTORS®) explain the types of service alternatives available to consumers and the services the brokerage will be providing. The brokerage must document the relationship being created between the brokerage and the consumer and submit it to the consumer for their approval and signature. The most common relationships are Client and Customer, but other options may be available in the marketplace.

Client

A Client relationship creates the highest form of obligation for a REALTOR® to a consumer. The brokerage and its salesperson/brokers have a fiduciary legal relationship with the client and represent the interests of the client in a real estate transaction. The REALTOR® will establish this relationship with the use of a representation agreement (either a Listing Agreement with the seller and a Buyer Representation Agreement with the buyer). The agreement includes an explanation of the services the brokerage will be providing, the fee arrangement for those services, the obligations the client will have under the agreement, and the expiration date of the agreement. Ensure that you have read and fully understand any such agreement before you sign it.

Once a brokerage and a consumer enter into a client relationship, the brokerage must protect the interests of the client and do what is best for the client. A brokerage must strive for the benefit of the client and must not disclose to other consumers information that is confidential. Under the Act, the brokerage must also make reasonable efforts to determine any potential conflict of interest in the transaction that would be of interest to the client and to inform the client of these facts. Although they are representing the interests of their client, they must still deal with other parties in the transaction with fairness, honesty and integrity.

Customer

A buyer or seller may not wish to be under contract as a client with the brokerage but would rather be treated as a customer. A REALTOR® is obligated to treat every person in a real estate transaction with honesty, fairness, and integrity, but unlike a client, provides a customer with a restricted level of service. Services provided to a customer may include showing the property or properties, drafting the offer, presenting the offer, etc. Brokerages use a Customer Service Agreement to document the services they are providing to a buyer or seller customer.

Under the Act, the REALTOR® has disclosure obligations to a customer and must disclose material facts known to the brokerage that relate to the transaction.

What Happens When...

Buyers and the seller(s) are sometimes under contract with the same brokerage when properties are being shown or an offer is being contemplated. There can also be instances when there is more than one offer on a property and more than one buyer and seller are under a representation agreement with the same brokerage. This situation is referred to as multiple representation. Under the Act, the REALTORS® and their brokerage must make sure all buyers, sellers and their REALTORS® confirm in writing that they acknowledge, understand and consent to the situation before their offer is made. REALTORS® typically use what is called a Confirmation of Cooperation and Representation form to document this situation.

Other negotiations may become stressful, so if you have any questions when reference is made to multiple representation or multiple offers, please ask your REALTOR® for an explanation.

Critical Information

REALTORS® are obligated to disclose facts that may affect a buying or selling decision. It may be difficult for a REALTOR® to judge what facts are important. They also may not be in a position to know a fact. You should communicate to your REALTOR® what information and facts about a property are important to you in making a buying or selling decision and document this information to avoid any misunderstandings and/or unpleasant surprises.

Many services that the REALTOR® you are to be performed by the brokerage or promises that have been made to you, should be documented in your contract with the brokerage and its salesperson/broker.

To ensure the best possible real estate experience, make sure all your questions are answered by your REALTOR®. You should read and understand every contract before you finalize it.

Acknowledgement by: **CLT Everest Ltd. Clayton Smith**

We have read, understand and have received a copy of Working with a REALTOR®

Sellers: As seller(s), we understand that

Your Choice Realty Corp.

(Name of Brokerage)

representing my interests to be documented in a separate written agency representation agreement and I understand the brokerage may represent and/or provide customer service to other sellers and buyers.

I am not representing my interests to be documented in a separate written customer service agreement, but will act in a fair, ethical and professional manner.


Date: 2 Feb 17
Name: Clayton Smith

Buyers: As buyer(s), we understand that

(Name of Brokerage)

representing my interests to be documented in a separate written agency representation agreement and I understand the brokerage may represent and/or provide customer service to other buyers and sellers.

I am not representing my interests to be documented in a separate written customer service agreement, but will act in a fair, ethical and professional manner.


Date: 2 Feb 17
Name: Clayton Smith

Please note that Federal legislation requires REALTORS® to verify the identity of sellers and buyers with whom they are working. For the purposes of this information, the term "seller" can be interpreted as "landlord" and "buyer" can mean "tenant." This form is for information only and is not a contract.



The Ontario Real Estate Association (OREA) is a not-for-profit organization that represents the interests of REALTORS® in Ontario. OREA is a member of the International Real Estate Federation (FIABCI) and the International Franchise Association (IFA). OREA is also a member of the Real Estate Council of Ontario (RECO) and the Real Estate Council of British Columbia (RECBC). OREA is committed to providing the highest level of service to its members and the public.

Form 810 New 2016 Page 1 of 1

WEBForms® Dec 2016

Corporation/Entity Identification Information Record

NOTE: A Corporation/Entity Identification Information Record is required by the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*. This Record must be completed by the REALTOR® member whenever they act in respect to the purchase or sale of real estate.

It is recommended that the Corporation/Entity Identification Information Record be completed:

- (i) for a buyer when the offer is submitted and/or a deposit made; and
- (ii) for a seller when the seller accepts the offer.

Transaction Property Address: 5043 Mount Nemo Crescent, Burlington, Ontario, L7M 0T7

Burlington

L7M0T7

Sales Representative/Broker Name: Jo-Anne Smith

Your Choice Realty Corp., Brokerage

Date: January 31, 2017

A.1. Verification of Corporation

1. Name of corporation: C11 Everest Ltd

2. Corporate Address: 5043 Mount Nemo Crescent
Burlington, ON L7M 0T7

3. Nature of Principal Business: Personal Holding Company

4. Name of Directors:

Clayton Smith

5. Type and Source of Verification Record:

Certificate of corporate status

6. Registration number of corporation: 00128567

7. Copy of corporate record showing authority to bind corporation regarding transaction:

Articles of incorporation



This document has been prepared by The Canadian Real Estate Association to assist members in complying with requirements of Canada's Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations. © 2014-2015



NEBFForms® Aug. 2015

Corporation/Entity Identification Information Record

Only complete Sections C and D for your clients

C. Client Risk (ask your Compliance Officer if this section is applicable)

Determine the level of risk of a money laundering or terrorist financing offence for this client by determining the appropriate cluster of client in your policies and procedures manual this client falls into and checking one of the checkboxes below

Low Risk

- ☒ Canadian Corporation or Entity
☐ Foreign Corporation or Entity that does not operate in a High Risk Country
☐ Other explain

Medium Risk

- ☐ Explain

High Risk

- ☐ Foreign Corporation or Entity that operates in a High Risk Country
☐ Other explain

If you determined that the client's risk was high, tell your brokerage's Compliance Officer. They will want to consider this when conducting the overall brokerage risk assessment, which occurs every two years. It will also be relevant in completing Section D below. Note that your brokerage may have developed other clusters not listed above. If no cluster is appropriate, the agent will need to provide a risk assessment of the client, and explain their assessment, in the relevant space above.



This document has been prepared by The Canadian Real Estate Association to assist members in complying with requirements of Canada's Proceeds of Crime, Money Laundering, and Terrorist Financing Regulations (PCMLTFR) 2014-2015.

3
of 4

NEBForms® Aug 2015

Corporation/Entity Identification Information Record

D. Business Relationship

(ask your Compliance Officer when this section is applicable if you don't know)

D.1. Purpose and Intended Nature of the Business Relationship

Check the appropriate boxes

Acting as an agent for the purchase or sale of:

- ☐ Land for Commercial use
☐ Commercial property
☒ Other please specify Residential Property

D.2. Measures Taken to Monitor Business Relationship and Keep Client Information Up-To-Date

D.2.1 If the client is a corporation, ask if its name and address and name of its directors have changed and if they have include the updated information on page one. If the client is an entity other than a corporation, ask if its name, address and principal place of business has changed and if they have include the updated information on page one.

D.2.2 Keep all relevant correspondence with the client on file in order to maintain a record of the information you have used to monitor the business relationship with the client. Optional - if you have taken measures beyond simply keeping correspondence on file, specify them here:

D.2.3 If the client is high risk you must conduct enhanced measures to monitor the brokerage's business relationship and keep their client information up to date. Optional - consult your Compliance Officer and document what enhanced measures you have applied:

D.3 Suspicious Transactions

Don't forget: if you see something suspicious during the transaction, report it to your Compliance Officer. Consult your policies and procedures manual for more information.



This document has been prepared by The Canadian Real Estate Association to assist members in complying with requirements of Canada's Proceeds of Crime (Money Laundering) and Terrorist Financing Regulations. 2014-2015



WEBForms® Aug 2015

Request ID 017211320
Demande n
Transaction ID 5644064/
Transaction n
Category ID CT
Categorie

Province of Ontario
Province de l'Ontario
Ministry of Government Services
Ministère des Services gouvernementaux

Date Report Produced 2015/01/12
Document produit le
Time Report Produced 10:59:12
Imprimé à

CERTIFICATE OF STATUS ATTESTATION DU STATUT JURIDIQUE

This is to certify that according to the
records of the Ministry of Government
Services

D'après les dossiers du Ministère des
Services gouvernementaux, nous attestons
que la société

CLJ EVEREST LTD.

Ontario Corporation Number

Numero matricule de la société (Ontario)

001288167

is a corporation incorporated,
amalgamated or continued under
the laws of the Province of Ontario.

est une société constituée, prorogée ou née
d'une fusion aux termes des lois de la
Province de l'Ontario.

The corporation came into existence on

La société a été fondée le

MARCH 31 MARS, 1998

and has not been dissolved.

et n'est pas dissoute.

Dated

Fait le

JANUARY 12 JANVIER, 2015



Director
Directeur

The issuance of this certificate in electronic form is authorized by the Ministry of Government Services
La délivrance du présent certificat sous forme électronique est autorisée par le Ministère des Services gouvernementaux



AGENT FILE CHECKLIST

EMAIL to: deals@yourchoicerealty.ca

FAX to: 416.479.0634

PLEASE NOTE: if any information or documentation is missing, this transaction will be returned to you and will not be processed until all paperwork is complete. The following documents MUST be included in this package:

- | | |
|--|---|
| ☒ Copy of All Documents (Agreement, Waivers, Amendments)
☒ Confirmation of Co-Op & Representation (List or Sell)
☐ Receipt and Copy of the Deposit Cheque
☐ Receipt of Funds (FINTRAC) (if on Buyers Side/DbI End)
☒ Individual/Corp Identification Info Record(1 from each party) | ☒ Buyer Representation/Customer Srvc Agmnt
☒ Schedule 'B'
☒ Working With A Realtor (List or Sell)
☒ Registrant Statement as Buyer/Seller (if Applicable) |
|--|---|

Address: 5043 Mount Nemo Crescent, Burlington, Ontario L7M 0T7 **Real Estate Board:** OMDREB

MLS #: 30556103, 30561153 Exclusive:	Sale Price: \$3,350,000.00
Firm: April 13, 2017	Offer Date: April 12, 2017
Conditions:	Closing Date: April 28, 2017
	Further Deposit Due Date: April 18, 2017
Vendor's Name(s): CLJ Everest Ltd.	Purchaser's Name(s): Martin McCready

COMMISSION BREAKDOWN

YCR 4 % + H.S.T.

CO-OP BROKER _____ % + H.S.T.

+/- _____ (Mktg Fee)

- _____ (Mktg Fee)

Special Instructions: Commission to Your Choice Realty is 4 % of Selling Price plus HST
 (\$134,000.00 plus \$17,420.00 = \$151,420.00)

LISTING AGENT

Name: Jo-Anne Smith
 Broker: Your Choice Realty Corp
 Phone #: 905-337-5930 Fax #: 905-332-3468

SELLER'S LAWYER

Agent to Fax Copy to Lawyer (w/Listing Agreement)

Date Copy was faxed: April 17, 2017
 Name: Greg Brechin - Brechin & Huffman
 Phone #: 905-681-2476 Fax #: 905-333-4298

AGENT REFERRAL INFORMATION

Listing or Selling % or \$
 Name:
 Broker:
 Phone #:

BUYER'S AGENT

Name: Jo-Anne Smith providing customer service
 Broker: Your Choice Realty Corp
 Phone #: 905-337-5930 Fax #: 905-337-3468

BUYER'S LAWYER

Agent to Fax Copy to Lawyer Directly

Date Copy was faxed: April 17, 2017
 Name: Stephan Frankel - Frankel Law Offices
 Phone #: 905-522-3972 Fax #: 905-528-2767

PURCHASER'S INFORMATION

(SIN # must be provided for Purchaser to get Interest on Deposit)

SIN #:
 Address:
 Phone #:

SUBMITTED BY, NAME: Jo-Anne Smith DATE: April 15, 2017

NO COMMISSION CHEQUE WILL BE ISSUED UNLESS ALL REQUIRED DOCUMENTS ARE IN THE FILE.



Agreement of Purchase and Sale

The Oakville, Milton

Form 100

for use in the Province of Ontario

This Agreement of Purchase and Sale dated this 12 day of April 2017

BUYER, Martin McCready, agrees to purchase from
(Full legal names of all Buyers)

SELLER, CLJ Everest Ltd., the following
(Full legal names of all Sellers)

REAL PROPERTY:

Address 5043 Mount Nemo Crescent

fronting on the East side of Mount Nemo Crescent

in the City of Burlington

and having a frontage of 312 ft more or less by a depth of 716 ft more or less

and legally described as PTLT 1, CON 4 NS DES AS PTS 1, 2 & 3 ON 20R16429; BURLINGTON, S/T EASEMENT IN

GROSS OVER PT 2 ON 20R16429 AS IN HR436235 (the "property")
(Legal description of land including easements not described elsewhere)

PURCHASE PRICE:

Three Million Three Hundred Thousand and fifty thousand Dollars (CDN\$) 3,400,000.00 3,350,000.00

DEPOSIT: Buyer submits Upon acceptance As Per SCHEDULE A
(Herewith/Upon Acceptance/as otherwise described in this Agreement)

One Hundred Thousand Dollars (CDN\$) 100,000.00

by negotiable cheque payable to Your Choice Realty Corp. "Deposit Holder" to be held in trust pending completion or other termination of this Agreement and to be credited toward the Purchase Price on completion. For the purposes of this Agreement, "Upon Acceptance" shall mean that the Buyer is required to deliver the deposit to the Deposit Holder within 24 hours of the acceptance of this Agreement. The parties to this Agreement hereby acknowledge that, unless otherwise provided for in this Agreement, the Deposit Holder shall place the deposit in trust in the Deposit Holder's non-interest bearing Real Estate Trust Account and no interest shall be earned, received or paid on the deposit.

Buyer agrees to pay the balance as more particularly set out in Schedule A attached.

SCHEDULE(S) A, B attached hereto form(s) part of this Agreement.

1. **IRREVOCABILITY:** This offer shall be irrevocable by Buyer Seller until 6 p.m. on the 14 day of April 2017, after which time, if not accepted, this offer shall be null and void and the deposit shall be returned to the Buyer in full without interest.

2. **COMPLETION DATE:** This Agreement shall be completed by no later than 6:00 p.m. on the 28 day of April 2017. Upon completion, vacant possession of the property shall be given to the Buyer unless otherwise provided for in this Agreement.

INITIALS OF BUYER(S):

[Signature]

INITIALS OF SELLER(S):

[Signature]

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3. **NOTICES:** The Seller hereby appoints the Listing Brokerage as agent for the Seller for the purpose of giving and receiving notices pursuant to this Agreement. Where a Brokerage (Buyer's Brokerage) has entered into a representation agreement with the Buyer, the Buyer hereby appoints the Buyer's Brokerage as agent for the purpose of giving and receiving notices pursuant to this Agreement. **Where a Brokerage represents both the Seller and the Buyer (multiple representation), the Brokerage shall not be appointed or authorized to be agent for either the Buyer or the Seller for the purpose of giving and receiving notices.** Any notice relating hereto or provided for herein shall be in writing. In addition to any provision contained herein and in any Schedule hereto, this offer, any counter-offer, notice of acceptance thereof or any notice to be given or received pursuant to this Agreement or any Schedule hereto (any of them, "Document") shall be deemed given and received when delivered personally or hand delivered to the Address for Service provided in the Acknowledgement below, or where a facsimile number or email address is provided herein, when transmitted electronically to that facsimile number or email address, respectively, in which case, the signature(s) of the party (parties) shall be deemed to be original.

FAX No.: FAX No.:
 (For delivery of Documents to Seller) (For delivery of Documents to Buyer)

Email Address: OakvilleAndBeyond@gmail.com Email Address: tchr_62@hotmail.com
 (For delivery of Documents to Seller) (For delivery of Documents to Buyer)

4. **CHATELS INCLUDED:** Viking Range, Viking Refrigerator / Freezer, Bosch B/I D/W, Panasonic B/I Microwave, all ELF, Window Treatments, All TVs in Barn, Appliances & Cabinetry in Bar Area of Barn, Sound System in Barn, 2 GDOs (no remotes), Pool Heater & Accessories, Hot Tub, Central Vac & Attachments, ~~Riding Lawn Mower and Trailer, Snowblower, Reclining Lounge Chairs & Lawn Furniture in Barn, Hanging Lounge Chair in Cabana, Exercise Equipment in Barn, 5 Mango Wood Kitchen Chairs (currently in kitchen), All Water Treatment Equipment~~ 

Unless otherwise stated in this Agreement or any Schedule hereto, Seller agrees to convey all fixtures and chattels included in the Purchase Price free from all liens, encumbrances or claims affecting the said fixtures and chattels.

5. **FIXTURES EXCLUDED:** Tall Wine Cooler in Barn

6. **RENTAL ITEMS (Including Lease, Lease to Own):** The following equipment is rented and **not** included in the Purchase Price. The Buyer agrees to assume the rental contract(s), if assumable:

The Buyer agrees to co-operate and execute such documentation as may be required to facilitate such assumption.

7. **HST:** If the sale of the property (Real Property as described above) is subject to Harmonized Sales Tax (HST), then such tax shall be included in the Purchase Price. If the sale of the property is not subject to HST, Seller agrees to certify on or before closing, that the sale of the property is not subject to HST. Any HST on chattels, if applicable, is not included in the Purchase Price.
 (included in/in addition to)

INITIALS OF BUYER(S): 

INITIALS OF SELLER(S): 



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8. **TITLE SEARCH:** Buyer shall be allowed until 6:00 p.m. on the 21 day of April, 2017, (Requisition Date) to examine the title to the property at Buyer's own expense and until the earlier of: (i) thirty days from the later of the Requisition Date or the date on which the conditions in this Agreement are fulfilled or otherwise waived or; (ii) five days prior to completion, to satisfy Buyer that there are no outstanding work orders or deficiency notices affecting the property, and that its present use (Single Family Residential) may be lawfully continued and that the principal building may be insured against risk of fire. Seller hereby consents to the municipality or other governmental agencies releasing to Buyer details of all outstanding work orders and deficiency notices affecting the property, and Seller agrees to execute and deliver such further authorizations in this regard as Buyer may reasonably require.
9. **FUTURE USE:** Seller and Buyer agree that there is no representation or warranty of any kind that the future intended use of the property by Buyer is or will be lawful except as may be specifically provided for in this Agreement.
10. **TITLE:** Provided that the title to the property is good and free from all registered restrictions, charges, liens, and encumbrances except as otherwise specifically provided in this Agreement and save and except for (a) any registered restrictions or covenants that run with the land providing that such are complied with; (b) any registered municipal agreements and registered agreements with publicly regulated utilities providing such have been complied with, or security has been posted to ensure compliance and completion, as evidenced by a letter from the relevant municipality or regulated utility; (c) any minor easements for the supply of domestic utility or telephone services to the property or adjacent properties; and (d) any easements for drainage, storm or sanitary sewers, public utility lines, telephone lines, cable television lines or other services which do not materially affect the use of the property. If within the specified times referred to in paragraph 8 any valid objection to title or to any outstanding work order or deficiency notice, or to the fact the said present use may not lawfully be continued, or that the principal building may not be insured against risk of fire is made in writing to Seller and which Seller is unable or unwilling to remove, remedy or satisfy or obtain insurance save and except against risk of fire (Title Insurance) in favour of the Buyer and any mortgagee, (with all related costs at the expense of the Seller), and which Buyer will not waive, this Agreement notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies paid shall be returned without interest or deduction and Seller, Listing Brokerage and Co-operating Brokerage shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title, Buyer shall be conclusively deemed to have accepted Seller's title to the property.
11. **CLOSING ARRANGEMENTS:** Where each of the Seller and Buyer retain a lawyer to complete the Agreement of Purchase and Sale of the property, and where the transaction will be completed by electronic registration pursuant to Part III of the Land Registration Reform Act, R.S.O. 1990, Chapter L4 and the Electronic Registration Act, S.O. 1991, Chapter 44, and any amendments thereto, the Seller and Buyer acknowledge and agree that the exchange of closing funds, non-registrable documents and other items (the "Requisite Deliveries") and the release thereof to the Seller and Buyer will (a) not occur at the same time as the registration of the transfer/deed (and any other documents intended to be registered in connection with the completion of this transaction) and (b) be subject to conditions whereby the lawyer(s) receiving any of the Requisite Deliveries will be required to hold same in trust and not release same except in accordance with the terms of a document registration agreement between the said lawyers. The Seller and Buyer irrevocably instruct the said lawyers to be bound by the document registration agreement which is recommended from time to time by the Law Society of Upper Canada. Unless otherwise agreed to by the lawyers, such exchange of the Requisite Deliveries will occur in the applicable Land Titles Office or such other location agreeable to both lawyers.
12. **DOCUMENTS AND DISCHARGE:** Buyer shall not call for the production of any title deed, abstract, survey or other evidence of title to the property except such as are in the possession or control of Seller. If requested by Buyer, Seller will deliver any sketch or survey of the property within Seller's control to Buyer as soon as possible and prior to the Requisition Date. If a discharge of any Charge/Mortgage held by a corporation incorporated pursuant to the Trust And Loan Companies Act (Canada), Chartered Bank, Trust Company, Credit Union, Caisse Populaire or Insurance Company and which is not to be assumed by Buyer on completion, is not available in registrable form on completion, Buyer agrees to accept Seller's lawyer's personal undertaking to obtain, out of the closing funds, a discharge in registrable form and to register same, or cause same to be registered, on title within a reasonable period of time after completion, provided that on or before completion Seller shall provide to Buyer a mortgage statement prepared by the mortgagee setting out the balance required to obtain the discharge, and, where a real-time electronic cleared funds transfer system is not being used, a direction executed by Seller directing payment to the mortgagee of the amount required to obtain the discharge out of the balance due on completion.
13. **INSPECTION:** Buyer acknowledges having had the opportunity to inspect the property and understands that upon acceptance of this offer there shall be a binding agreement of purchase and sale between Buyer and Seller. **The Buyer acknowledges having the opportunity to include a requirement for a property inspection report in this Agreement and agrees that except as may be specifically provided for in this Agreement, the Buyer will not be obtaining a property inspection or property inspection report regarding the property.**
14. **INSURANCE:** All buildings on the property and all other things being purchased shall be and remain until completion at the risk of Seller. Pending completion, Seller shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, Buyer may either terminate this Agreement and have all monies paid returned without interest or deduction or else take the proceeds of any insurance and complete the purchase. No insurance shall be transferred on completion. If Seller is taking back a Charge/Mortgage, or Buyer is assuming a Charge/Mortgage, Buyer shall supply Seller with reasonable evidence of adequate insurance to protect Seller's or other mortgagee's interest on completion.

INITIALS OF BUYER(S):

INITIALS OF SELLER(S):



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- 15. PLANNING ACT:** This Agreement shall be effective to create an interest in the property only if Seller complies with the subdivision control provisions of the Planning Act by completion and Seller covenants to proceed diligently at Seller's expense to obtain any necessary consent by completion.
- 16. DOCUMENT PREPARATION:** The Transfer/Deed shall, save for the Land Transfer Tax Affidavit, be prepared in registrable form at the expense of Seller, and any Charge/Mortgage to be given back by the Buyer to Seller at the expense of the Buyer. If requested by Buyer, Seller covenants that the Transfer/Deed to be delivered on completion shall contain the statements contemplated by Section 50(22) of the Planning Act, R.S.O.1990.
- 17. RESIDENCY:** (a) Subject to (b) below, the Seller represents and warrants that the Seller is not and on completion will not be a non-resident under the non-residency provisions of the Income Tax Act which representation and warranty shall survive and not merge upon the completion of this transaction and the Seller shall deliver to the Buyer a statutory declaration that Seller is not then a non-resident of Canada; (b) provided that if the Seller is a non-resident under the non-residency provisions of the Income Tax Act, the Buyer shall be credited towards the Purchase Price with the amount, if any, necessary for Buyer to pay to the Minister of National Revenue to satisfy Buyer's liability in respect of tax payable by Seller under the non-residency provisions of the Income Tax Act by reason of this sale. Buyer shall not claim such credit if Seller delivers on completion the prescribed certificate
- 18. ADJUSTMENTS:** Any rents, mortgage interest, realty taxes including local improvement rates and unmetered public or private utility charges and unmetered cost of fuel, as applicable, shall be apportioned and allowed to the day of completion, the day of completion itself to be apportioned to Buyer.
- 19. PROPERTY ASSESSMENT:** The Buyer and Seller hereby acknowledge that the Province of Ontario has implemented current value assessment and properties may be re-assessed on an annual basis. The Buyer and Seller agree that no claim will be made against the Buyer or Seller, or any Brokerage, Broker or Salesperson, for any changes in property tax as a result of a re-assessment of the property, save and except any property taxes that accrued prior to the completion of this transaction.
- 20. TIME LIMITS:** Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Seller and Buyer or by their respective lawyers who may be specifically authorized in that regard.
- 21. TENDER:** Any tender of documents or money hereunder may be made upon Seller or Buyer or their respective lawyers on the day set for completion. Money shall be tendered with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Large Value Transfer System.
- 22. FAMILY LAW ACT:** Seller warrants that spousal consent is not necessary to this transaction under the provisions of the Family Law Act, R.S.O.1990 unless the spouse of the Seller has executed the consent hereinafter provided.
- 23. UFFI:** Seller represents and warrants to Buyer that during the time Seller has owned the property, Seller has not caused any building on the property to be insulated with insulation containing ureaformaldehyde, and that to the best of Seller's knowledge no building on the property contains or has ever contained insulation that contains ureaformaldehyde. This warranty shall survive and not merge on the completion of this transaction, and if the building is part of a multiple unit building, this warranty shall only apply to that part of the building which is the subject of this transaction.
- 24. LEGAL, ACCOUNTING AND ENVIRONMENTAL ADVICE:** The parties acknowledge that any information provided by the brokerage is not legal, tax or environmental advice.
- 25. CONSUMER REPORTS:** The Buyer is hereby notified that a consumer report containing credit and/or personal information may be referred to in connection with this transaction.
- 26. AGREEMENT IN WRITING:** If there is conflict or discrepancy between any provision added to this Agreement (including any Schedule attached hereto) and any provision in the standard pre-set portion hereof, the added provision shall supersede the standard pre-set provision to the extent of such conflict or discrepancy. This Agreement including any Schedule attached hereto, shall constitute the entire Agreement between Buyer and Seller. There is no representation, warranty, collateral agreement or condition, which affects this Agreement other than as expressed herein. For the purposes of this Agreement, Seller means vendor and Buyer means purchaser. This Agreement shall be read with all changes of gender or number required by the context.
- 27. TIME AND DATE:** Any reference to a time and date in this Agreement shall mean the time and date where the property is located.

INITIALS OF BUYER(S):

INITIALS OF SELLER(S):



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28. SUCCESSORS AND ASSIGNS: The heirs, executors, administrators, successors and assigns of the undersigned are bound by the terms herein.

SIGNED, SEALED AND DELIVERED in the presence of:

Ramula (Aison)
(Witness)

IN WITNESS whereof I have hereunto set my hand and seal.

Martin McCready
(Buyer) Martin McCready

(Seal)

DATE *Apr. 12 2017*

(Witness)

(Buyer)

(Seal)

DATE

I, the Undersigned Seller, agree to the above offer. I hereby irrevocably instruct my lawyer to pay directly to the brokerage(s) with whom I have agreed to pay commission, the unpaid balance of the commission together with applicable Harmonized Sales Tax (and any other taxes as may hereafter be applicable), from the proceeds of the sale prior to any payment to the undersigned on completion, as advised by the brokerage(s) to my lawyer.

SIGNED, SEALED AND DELIVERED in the presence of:

IN WITNESS whereof I have hereunto set my hand and seal:

(Witness)

(Seller) CLJ Everest Ltd

(Seal)

DATE

(Witness)

(Seller)

(Seal)

DATE

SPOUSAL CONSENT: The undersigned spouse of the Seller hereby consents to the disposition evidenced herein pursuant to the provisions of the Family Law Act, R.S.O. 1990, and hereby agrees to execute all necessary or incidental documents to give full force and effect to the sale evidenced herein.

(Witness)

(Spouse)

(Seal)

DATE

CONFIRMATION OF ACCEPTANCE: Notwithstanding anything contained herein to the contrary, I confirm this Agreement with all changes both typed and written was finally accepted by all parties at a.m./p.m. this day of, 20.....

(Signature of Seller or Buyer)

INFORMATION ON BROKERAGE(S)

Listing Brokerage Your Choice Realty Corp., Brokerage Tel.No. (905) 337-5930

Jo-Anne Smith

(Salesperson / Broker Name)

Co-op/Buyer Brokerage Tel.No.

(Salesperson / Broker Name)

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale and I authorize the Brokerage to forward a copy to my lawyer.

(Seller) CLJ Everest Ltd. DATE

(Buyer) Martin McCready DATE

(Seller) DATE

(Buyer) DATE

Address for Service

Address for Service

Tel.No.

Tel.No.

Seller's Lawyer

Buyer's Lawyer

Address

Address

Email

Email

Tel.No.

FAX No.

Tel.No.

FAX No.

FOR OFFICE USE ONLY

COMMISSION TRUST AGREEMENT

To: Co-operating Brokerage shown on the foregoing Agreement of Purchase and Sale:

In consideration for the Co-operating Brokerage procuring the foregoing Agreement of Purchase and Sale, I hereby declare that all moneys received or receivable by me in connection with the Transaction as contemplated in the MLS® Rules and Regulations of my Real Estate Board shall be receivable and held in trust. This agreement shall constitute a Commission Trust Agreement as defined in the MLS® Rules and shall be subject to and governed by the MLS® Rules pertaining to Commission Trust.

DATED as of the date and time of the acceptance of the foregoing Agreement of Purchase and Sale.

Acknowledged by

(Authorized to bind the Listing Brokerage)

(Authorized to bind the Co-operating Brokerage)



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Schedule A

Agreement of Purchase and Sale

< } The Oakville, Milton

Form 100

for use in the Province of Ontario

This Schedule is attached to and forms part of the Agreement of Purchase and Sale between:

BUYER, Martin McCready, and

SELLER, CLJ Everest Ltd.

for the purchase and sale of 5043 Mount Nemo Crescent Burlington

L7M0T7 dated the 12 day of April, 2017

Buyer agrees to pay the balance as follows:

1. The Buyer agrees to pay the balance of the purchase price, subject to adjustments, to the Seller on completion of this transaction, with funds drawn on a lawyer's trust account in the form of a bank draft, certified cheque or wire transfer using the Large Value Transfer System.
2. The Buyer agrees that he has been advised by the Listing Sales Representative to have a home inspection done by a Certified Home Inspector and that he, being a home inspector himself, has declined having an independent home inspection done and has done his own due diligence with respect to the condition of the house, barn and any other structures on the property.
3. The Buyer agrees that he has been advised to have a Condition with respect to suitable financing in the offer and that he has declined as he is satisfied with his own situation with respect to financing the purchase of the property.
4. The Buyer agrees that he has done his own due diligence with respect to the zoning of the property.

5. THE BUYER AGREES TO DELIVER DEPOSIT CHEQUE
TO YAR CHANCE REALTY CORP. BY 6pm. TUES
APRIL 18. M/M.

This form must be initialed by all parties to the Agreement of Purchase and Sale.

INITIALS OF BUYER(S):

M/M

INITIALS OF SELLER(S):



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Schedule B **Agreement of Purchase and Sale**

Form 105
for use in the Province of Ontario

This Schedule is attached to and forms part of the Agreement of Purchase and Sale between:

BUYER, Martin McCready, and

SELLER, CLJ Everest Ltd.

for the property known as 5043 Mount Nemo Crescent, Burlington, Ont

dated the 12th day of April, 2017.

INTEREST BEARING TRUST ACCOUNT DISCLOSURE

The parties to this agreement hereby acknowledge and agree that the deposit holder Your Choice Realty Corp. shall place the deposit into its interest bearing real estate trust account, which earn interest at the current rate of prime less 2% per annum. The parties to this agreement agree that should the amount of interest calculated be more than \$285.00 the deposit holder shall pay the beneficial owner of the trust money the interest accrued on the successful completion of this transaction; and that this Schedule forms part of the terms of the trust. The parties further agree that the deposit holder will retain any interest earned unless the beneficial owner provides the Deposit Holder with valid SIN Number(s) for use on the T5 forms, no earlier or later than 10 days prior to the completion of the transaction by registered mail to the Brokerage's Corporate Office as registered with RECO.

All Parties hereby acknowledge that no information provided by Your Choice Realty Corp. is to be construed as being expert legal, financial, tax, building condition, current/future zoning or environmental advice. Each party to the agreement has been advised to seek independent professional advice in the above noted fields before entering into this agreement.

All Parties hereby acknowledge that any measurements and information provided by Your Choice Realty Corp. in the MLS listing, feature sheet, any pre-listing Home Inspection Report, and any other marketing materials has been obtained from sources deemed reliable, however, it has been provided to the Buyer for general informational purposes only and as such, Your Choice Realty Corp. does not warrant its accuracy nor make any representations or warranties regarding contents of same. Reliance upon any and all information contained in the marketing materials is at the Buyer's risk and as such the Buyer is advised to verify any measurements or other information upon which he or she is relying.

The Buyer/Lessor acknowledges that Seller/Landlord, Listing and Cooperating Brokerages are making no representation with regards to zoning by-laws and if applicable retrofit requirements of the subject property's current permitted legal use as well as any proposed or future use by the Buyer/Tenant. The Buyer/Tenant agrees to hold the Seller/Landlord, Listing and Cooperation Brokerages harmless from any liabilities arising from the Buyer's use of the subject property

All Parties hereby agree to allow the Listing and Cooperating Brokerages in this transaction to use the statistical information about the sale or lease of this property in their future marketing materials.

SALE TRANSACTIONS: DEPOSITS \$1000 OR GREATER ARE REQUIRED TO BE CERTIFIED FUNDS. NO PERSONAL OR CORP. CHEQUES WILL BE ACCEPTED FOR AMOUNTS \$1000 OR GREATER.

RENTAL TRANSACTIONS: ALL DEPOSITS ARE REQUIRED TO BE CERTIFIED FUNDS REGARDLESS OF THE AMOUNT. NO PERSONAL OR CORP. CHEQUES WILL BE ACCEPTED

In the event that any deposit cheque made payable to Your Choice Realty Corp. is non negotiable an additional \$25 administrative fee will be due by Payor.

This form must be initialed by all parties to the Agreement of Purchase and Sale.

INITIALS OF BUYER(S):

[Handwritten initials]

INITIALS OF SELLER(S):

[Handwritten initials]



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WEBForms™ Dec/2010



Form 320

for use in the Province of Ontario

Confirmation of Co-operation and Representation

The Oakville, Milton

BUYER: Martin McCready

SELLER: CLJ Everest Ltd.

For the transaction on the property known as: 5043 Mount Nemo Crescent Burlington L7M0T7

DEFINITIONS AND INTERPRETATIONS: For the purposes of this Confirmation of Co-operation and Representation:

"Seller" includes a vendor, a landlord, or a prospective, seller, vendor or landlord and "Buyer" includes a purchaser, a tenant, or a prospective, buyer, purchaser or tenant, "sale" includes a lease, and "Agreement of Purchase and Sale" includes an Agreement to Lease. Commission shall be deemed to include other remuneration.

The following information is confirmed by the undersigned salesperson/broker representatives of the Brokerage(s). If a Co-operating Brokerage is involved in the transaction, the brokerages agree to co-operate, in consideration of, and on the terms and conditions as set out below.

DECLARATION OF INSURANCE: The undersigned salesperson/broker representative(s) of the Brokerage(s) hereby declare that he/she is insured as required by the Real Estate and Business Brokers Act, 2002 (REBBA 2002) and Regulations.

1. LISTING BROKERAGE

a) ☒ The Listing Brokerage represents the interests of the Seller in this transaction. It is further understood and agreed that:

- 1) ☐ The Listing Brokerage is not representing or providing Customer Service to the Buyer.
(If the Buyer is working with a Co-operating Brokerage, Section 3 is to be completed by Co-operating Brokerage)
- 2) ☒ The Listing Brokerage is providing Customer Service to the Buyer.

b) ☐ **MULTIPLE REPRESENTATION:** The Listing Brokerage has entered into a Buyer Representation Agreement with the Buyer and represents the interests of the Seller and the Buyer, with their consent, for this transaction. The Listing Brokerage must be impartial and equally protect the interests of the Seller and the Buyer in this transaction. The Listing Brokerage has a duty of full disclosure to both the Seller and the Buyer, including a requirement to disclose all factual information about the property known to the Listing Brokerage. However, the Listing Brokerage shall not disclose:

- That the Seller may or will accept less than the listed price, unless otherwise instructed in writing by the Seller;
- That the Buyer may or will pay more than the offered price, unless otherwise instructed in writing by the Buyer;
- The motivation of or personal information about the Seller or Buyer, unless otherwise instructed in writing by the party to which the information applies, or unless failure to disclose would constitute fraudulent, unlawful or unethical practice;
- The price the Buyer should offer or the price the Seller should accept;
- And; the Listing Brokerage shall not disclose to the Buyer the terms of any other offer.

However, it is understood that factual market information about comparable properties and information known to the Listing Brokerage concerning potential uses for the property will be disclosed to both Seller and Buyer to assist them to come to their own conclusions.

Additional comments and/or disclosures by Listing Brokerage: (e.g. The Listing Brokerage represents more than one Buyer offering on this property.)

2. PROPERTY SOLD BY BUYER BROKERAGE - PROPERTY NOT LISTED

☐ The Brokerage represent the Buyer and the property is not listed with any real estate brokerage. The Brokerage will be paid
(does/does not)

☐ by the Seller in accordance with a Seller Customer Service Agreement
or: ☐ by the Buyer directly

Additional comments and/or disclosures by Buyer Brokerage: (e.g. The Buyer Brokerage represents more than one Buyer offering on this property.)

INITIALS OF BUYER(S)/SELLER(S)/BROKERAGE REPRESENTATIVE(S) (Where applicable)

BUYER

CO-OPERATING/BUYER BROKERAGE

SELLER

LISTING BROKERAGE

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3. Co-operating Brokerage completes Section 3 and Listing Brokerage completes Section 1.

CO-OPERATING BROKERAGE- REPRESENTATION:

- a) ☐ The Co-operating Brokerage represents the interests of the Buyer in this transaction.
 b) ☐ The Co-operating Brokerage is providing Customer Service to the Buyer in this transaction.
 c) ☐ The Co-operating Brokerage is not representing the Buyer and has not entered into an agreement to provide customer service(s) to the Buyer.

CO-OPERATING BROKERAGE- COMMISSION:

- a) ☐ The Listing Brokerage will pay the Co-operating Brokerage the commission as indicated in the MLS® information for the property
 to be paid from the amount paid by the Seller to the Listing Brokerage.
 (Commission As Indicated In MLS® Information)
 b) ☐ The Co-operating Brokerage will be paid as follows:

Additional comments and/or disclosures by Co-operating Brokerage: (e.g., The Co-operating Brokerage represents more than one Buyer offering on this property.)

Commission will be payable as described above, plus applicable taxes.

COMMISSION TRUST AGREEMENT: If the above Co-operating Brokerage is receiving payment of commission from the Listing Brokerage, then the agreement between Listing Brokerage and Co-operating Brokerage further includes a Commission Trust Agreement, the consideration for which is the Co-operating Brokerage procuring an offer for a trade of the property, acceptable to the Seller. This Commission Trust Agreement shall be subject to and governed by the MLS® rules and regulations pertaining to commission trusts of the Listing Brokerage's local real estate board, if the local board's MLS® rules and regulations so provide. Otherwise, the provisions of the OREA recommended MLS® rules and regulations shall apply to this Commission Trust Agreement. For the purpose of this Commission Trust Agreement, the Commission Trust Amount shall be the amount noted in Section 3 above. The Listing Brokerage hereby declares that all monies received in connection with the trade shall constitute a Commission Trust and shall be held, in trust, for the Co-operating Brokerage under the terms of the applicable MLS® rules and regulations.

SIGNED BY THE BROKER/SALESPERSON REPRESENTATIVE(S) OF THE BROKERAGE(S) (Where applicable)

(Name of Co-operating/Buyer Brokerage) Tel.: Fax: Date: (Authorized to bind the Co-operating/Buyer Brokerage) (Print Name of Broker/Salesperson Representative of the Brokerage)	Your Choice Realty Corp., Brokerage (Name of Listing Brokerage) 3145 Walkers Line Burlington Tel.: (905) 337-5930 Fax: (905) 332-3468 Date: April 12/17 (Authorized to bind the Listing Brokerage) Jo-Anne Smith (Print Name of Broker/Salesperson Representative of the Brokerage)
--	---

CONSENT FOR MULTIPLE REPRESENTATION (To be completed only if the Brokerage represents more than one client for the transaction)

The Buyer/Seller consent with their initials to their Brokerage representing more than one client for this transaction.

BUYER'S INITIALS

SELLER'S INITIALS

ACKNOWLEDGEMENT

I have received, read, and understand the above information.

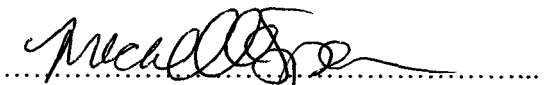
Date: (Signature of Buyer) Martin McCready	Date: (Signature of Seller) CLJ Everest Ltd.
Date: (Signature of Buyer)	Date: (Signature of Seller)



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This is Exhibit "8" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission,
Expires March 22, 2018.

Catherine Weiler

From: Catherine Weiler
Sent: April-19-17 5:53 PM
To: 'Paglia, Laura'; Kittell, Suzanne
Cc: Yvonne Chisholm; Jason Tan
Subject: Crystal Wealth - Residential Property Subject to Freeze Direction

Laura and Suzanne,

Breach of Freeze Direction

Further to Laura's email of April 17 and 18 and Suzanne's letter with attachments of April 19, 2017, you advised Staff of the sale of the Mount Nemo residential property on April 17, 2017, four days after the sale agreement was apparently signed. The freeze directions were served 10 days earlier, on April 7, 2017, and the property direction was issued, registered on title and served on your clients four days earlier, on April 13, 2017. The sale agreement provides for a closing date of April 28, 2017, the same day as the Commission hearing to extend the Temporary Order. As I made clear in my email of April 18, having entered into the sale agreement, CLJ Everest Ltd. is in contravention of the Commission's freeze direction. Moreover, Clayton Smith is also in contravention of the freeze direction, by virtue of being the directing mind, sole shareholder, director and officer of CLJ Everest Ltd.

The listing of the property for sale before the OSC freeze directions were issued by the Commission does not alter the fact that a sale agreement was entered into *after* the freeze directions went into effect and after the property direction was served on April 13, 2017 at 4:49 p.m.

Martin McCready

We have reviewed Suzanne's letter of today and the attachments thereto. You have not indicated whether the purchaser of the Mount Nemo residential property, Martin McCready, or any beneficial purchaser connected to him, is in any way related to Clayton Smith or CLJ Everest Ltd. Indeed, your reply is non-responsive: "The seller is CLJ."

We need more information regarding Martin McCready, and, if any person or entity is acting with him in any capacity, we require full information regarding that person or company as well. Our request for evidence should be read by you in the broadest terms, and includes, but is not limited to:

1. Whether Smith, CLJ Everest Ltd., Crystal Wealth Management System Limited, 1150752 Ontario Limited, any of the Funds, and/or any entities connected with Smith or his wife whatsoever, has any relationship, whether as an acquaintance, friend, family member or business associate, or as an employee, owner (beneficial or otherwise), director, officer, shareholder and the like. Please also provide all details and supporting documents which have a bearing on your response to this question.
2. We note that the sale agreement is not conditional on financing. What is the source of Mr. McCready's funds to acquire the residential property for \$3,350,000?

Commission to Clayton Smith's Sister, Jo-Anne Smith, Sale Price, Deposit and Kim Alvarez

We note that Clayton Smith's sister, Jo-Anne Smith, is double ending this deal by acting for the seller, her brother's company, and for Mr. McCready. At item 3 of your letter, you indicate that the commissions go to the "office" of the listing and selling brokers. First, we note that there is only one brokerage, Your Choice Realty Corp. We expect that the vast majority of the commission will go directly to Ms. Jo-Anne Smith as the agent, and not to Your Choice Realty

Corp. Kindly confirm same and provide details and documentary support. Also, why is Jo-Anne Smith charging 4% commission on a deal which, according to your explanation, did not involve more than three phone calls and one offer sign back? I also note your statement that there were only three showings of this property in two months.

You have given us different sale price and commission amounts. In her April 17 email, Laura indicated that the sale price is \$3,250,000, and the commission is \$189,275. The Agent File Checklist attached with Suzanne's April 19 letter indicates that the sale price is \$3,350,000 and the commission is \$134,000, plus HST of \$17,420, for a total of \$151,420. Kindly confirm which are the correct amounts, and explain the reason for the discrepancies.

The sale agreement indicates that the deposit is \$100,000. Kindly advise where that deposit is being held, and in what form, ie. in trust etc.

As you know, Paco Alvarez was engaged by Clayton Smith to meet with sales agents regarding the film loans for the Media Fund. See Marcel Tillie's affidavit, paragraph 54. We note that Kim Alvarez is the broker at Your Choice Realty Corp.'s Burlington office. Is there any relationship between Kim and Paco Alvarez? Please provide details.

We look forward to receiving this information as soon as possible.

I reiterate our position that no further steps whatsoever should be taken to transfer or dispose of the Mount Nemo residential property.

Yours truly,

Catherine

From: Kittell, Suzanne [mailto:SKittell@blg.com]
Sent: April-19-17 2:22 PM
To: Catherine Weiler <CWEILER@osc.gov.on.ca>
Cc: Paglia, Laura <LPaglia@blg.com>
Subject: Crystal Wealth - Property Sale

Ms. Weiler,

Please find my attached letter of today's date with enclosures.

Thank you,
 Suzanne

BLG
Borden Ladner Gervais
Suzanne Kittell
Lawyer
 T 416.367.6564 | F 416.367.6749 | SKittell@blg.com
 Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expire March 22, 2018.

Catherine Weiler

From: Martin J. Doane <mjd@martinjdoane.com>
Sent: April-19-17 6:17 PM
To: Paglia, Laura; Catherine Weiler
Cc: Yvonne Chisholm; Jason Tan; Kittell, Suzanne
Subject: Re: Crystal Wealth - Residential Property Subject to Freeze Direction
Attachments: image001.jpg

Hello Catherine. I have just taken on carriage of this file and will get back to you as soon as I can.

MARTIN J DOANE
 Barrister & Solicitor
 2500-120 Adelaide St. W. Toronto, ON M5H 1T1
 416 903 6691 • mjd@martinjdoane.com



From: "Paglia, Laura" <LPaglia@blg.com>
Date: Wednesday, April 19, 2017 at 6:14 PM
To: Catherine Weiler <CWEILER@osc.gov.on.ca>
Cc: Yvonne Chisholm <YCHISHOLM@osc.gov.on.ca>, Jason Tan <JTAN@osc.gov.on.ca>, "Kittell, Suzanne" <SKittell@blg.com>, Martin Doane <mjd@martinjdoane.com>
Subject: RE: Crystal Wealth - Residential Property Subject to Freeze Direction

Hi Catherine,

Mr. Doane, copied above, will be assuming carriage of this matter and will reply to you in the below regards.

L.

Laura Paglia
Partner
 T 416.367.6050 | F 416.367.6749 | lpaglia@blg.com
 Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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From: Catherine Weiler [<mailto:CWEILER@osc.gov.on.ca>]
Sent: April-19-17 5:53 PM
To: Paglia, Laura; Kittell, Suzanne

Cc: Yvonne Chisholm; Jason Tan

Subject: Crystal Wealth - Residential Property Subject to Freeze Direction

Laura and Suzanne,

Breach of Freeze Direction

Further to Laura's email of April 17 and 18 and Suzanne's letter with attachments of April 19, 2017, you advised Staff of the sale of the Mount Nemo residential property on April 17, 2017, four days after the sale agreement was apparently signed. The freeze directions were served 10 days earlier, on April 7, 2017, and the property direction was issued, registered on title and served on your clients four days earlier, on April 13, 2017. The sale agreement provides for a closing date of April 28, 2017, the same day as the Commission hearing to extend the Temporary Order. As I made clear in my email of April 18, having entered into the sale agreement, CLJ Everest Ltd. is in contravention of the Commission's freeze direction. Moreover, Clayton Smith is also in contravention of the freeze direction, by virtue of being the directing mind, sole shareholder, director and officer of CLJ Everest Ltd.

The listing of the property for sale before the OSC freeze directions were issued by the Commission does not alter the fact that a sale agreement was entered into *after* the freeze directions went into effect and after the property direction was served on April 13, 2017 at 4:49 p.m.

Martin McCready

We have reviewed Suzanne's letter of today and the attachments thereto. You have not indicated whether the purchaser of the Mount Nemo residential property, Martin McCready, or any beneficial purchaser connected to him, is in any way related to Clayton Smith or CLJ Everest Ltd. Indeed, your reply is non-responsive: "The seller is CLJ."

We need more information regarding Martin McCready, and, if any person or entity is acting with him in any capacity, we require full information regarding that person or company as well. Our request for evidence should be read by you in the broadest terms, and includes, but is not limited to:

1. Whether Smith, CLJ Everest Ltd., Crystal Wealth Management System Limited, 1150752 Ontario Limited, any of the Funds, and/or any entities connected with Smith or his wife whatsoever, has any relationship, whether as an acquaintance, friend, family member or business associate, or as an employee, owner (beneficial or otherwise), director, officer, shareholder and the like. Please also provide all details and supporting documents which have a bearing on your response to this question.
2. We note that the sale agreement is not conditional on financing. What is the source of Mr. McCready's funds to acquire the residential property for \$3,350,000?

Commission to Clayton Smith's Sister, Jo-Anne Smith, Sale Price, Deposit and Kim Alvarez

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indicates that the sale price is \$3,350,000 and the commission is \$134,000, plus HST of \$17,420, for a total of \$151,420. Kindly confirm which are the correct amounts, and explain the reason for the discrepancies.

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As you know, Paco Alvarez was engaged by Clayton Smith to meet with sales agents regarding the film loans for the Media Fund. See Marcel Tillie's affidavit, paragraph 54. We note that Kim Alvarez is the broker at Your Choice Realty Corp.'s Burlington office. Is there any relationship between Kim and Paco Alvarez? Please provide details.

We look forward to receiving this information as soon as possible.

I reiterate our position that no further steps whatsoever should be taken to transfer or dispose of the Mount Nemo residential property.

Yours truly,

Catherine

From: Kittell, Suzanne [mailto:SKittell@blg.com]
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To: Catherine Weiler <CWEILER@osc.gov.on.ca>
Cc: Paglia, Laura <LPaglia@blg.com>
Subject: Crystal Wealth - Property Sale

Ms. Weiler,

Please find my attached letter of today's date with enclosures.

Thank you,
 Suzanne

BLG Suzanne Kittell
 Lawyer
 Borden Ladner Gervais T 416.367.6564 | F 416.367.6749 | SKittell@blg.com
 Bay Adelaide Centre, East Tower, 22 Adelaide St W, Toronto, ON, Canada M5H 4E3

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Ontario Securities Commission

This is Exhibit "10" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


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A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 A. That would go to the
2 escrow account. So what happens, as far as I
3 understand it, Crystal Wealth sends the funds to
4 the escrow account, and the escrow sends it to the
5 producer production account, and it is all
6 papered, obviously, in then the fees that are
7 associated with transacting this come to Media
8 House Capital, our portion of it, and then we pay
9 out the legal fees and consultant fees and so on.

10 186 Q. The escrow account you
11 are talking about, this is Adam's escrow account?

12 A. Correct.

13 187 Q. Do you know where that
14 is?

15 A. I don't.

16 188 Q. Who reconciles that?

17 A. I wouldn't know that.

18 189 Q. It would be at the
19 lawyer's account?

20 A. Adam is a lawyer, so I am
21 assuming it is his professional escrow account. I
22 wouldn't know that.

23 190 Q. Did any funds come
24 directly to Media House from the media fund?

25 A. No. Should not have.

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CONFIDENTIAL
April 21, 2017

COMPELLED INTERVIEW OF STEVEN THIBAUT

1 191 Q. In terms of the
2 accounting for this or the bookkeeping for this,
3 do you do that part of it?
4 A. What is "this"?
5 192 Q. Any transaction, any
6 production loan or film loan that is sold to the
7 media fund?
8 A. Loans that are brought in
9 to -- loans that are directly -- do you mean the
10 fees that come to us?
11 193 Q. No, the entire loan?
12 MR. HAUSMAN: The loan
13 proceeds?
14 MR. TILLIE:
15 194 Q. Media House lends money
16 to the production company and then sells that loan
17 to the media fund?
18 A. Media House doesn't loan
19 the money.
20 195 Q. Who loans the money to
21 the production company?
22 A. Isn't that Crystal
23 Wealth?
24 196 Q. I am asking you. I don't
25 work there.

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COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 A. Based on what we just
2 talked about in terms of flow, we create the
3 paperwork, but it is a simultaneous transfer.
4 Crystal Wealth would be the ones that hold the
5 loan.

6 197 Q. You don't account for the
7 --

8 MR. HAUSMAN: I think the best
9 way to do it, and I don't mean to interrupt, tell
10 me if this helps. Maybe if you could talk about
11 the money flow rather than --

12 MR. TILLIE: I am talking
13 about the accounting now.

14 198 Q. We have talked about the
15 money flow.

16 A. I don't account for the
17 fund's loans, if that is what you are asking.

18 199 Q. Not the fund's loans, but
19 for a moment in time, the loan is on Media House's
20 books, is it not?

21 A. No.

22 200 Q. It is not? Okay.

23 A. I have not recorded that.
24 I record the net transfer to us, and in the cases
25 , where we have been, there are some projects that

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COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 Bron produced. Those monies would flow directly
2 to us.

3 201 Q. The net monies you are
4 talking about initially were the fees that Media
5 House collects on various things?

6 A. Yes.

7 202 Q. Subsequent to that, when
8 you are saying Bron, this is one where the
9 financing was done through Bron Studios? Which
10 Bron?

11 A. It depends on the show.
12 There have been some projects that the fund funded
13 on the producer's side where we produced the show
14 itself, and those would have come to us.

15 203 Q. The funds would have
16 flowed from the media fund to whatever Bron entity
17 is producing?

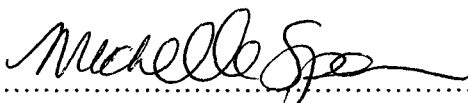
18 A. On a couple of them for
19 tax credits, they could have flowed directly from
20 the fund to us, and on the ones that were gap
21 loans and whatnot that were not our projects, they
22 would have gone from Adam's escrow account.

23 MR. TAN:

24 204 Q. What about the gap loans
25 that are your projects?

Page 66

This is Exhibit "11" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expire March 22, 2018.

COMPELLED INTERVIEW OF AARON GILBERT

CONFIDENTIAL
April 21, 2017

1 lender, if there was a guarantee from a Royal Bank
2 or a National, of course, they would accept that
3 as strong, as if it was in cash in a bank, but
4 equity would always have to be in place. All the
5 other money would have to have been in the account
6 before a closing would occur. Again, often Media
7 House would interim finance some money before
8 Clayton would purchase.

9 200 Q. That would be for a short
10 period of time?

11 A. Yes.

12 MR. TAN:

13 201 Q. Is that the bridge loan
14 species?

15 A. It is a little different.
16 Really it is more to make sure the film stays on
17 course more than anything.

18 202 Q. Just to focus on what Ms.
19 Weiler was getting at, for these media fund loans,
20 in terms of when MHC would fund the loan to the
21 underlying borrower, the production company, when
22 in the process would that occur?

23 A. That would happen upon
24 the closing, so when we did a deal with Clayton,
25 if we knew he was going to be involved with that

Page 83

COMPELLED INTERVIEW OF AARON GILBERT

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April 21, 2017

1 particular film, we would finalize it, enter into
2 our assignment agreements and purchase agreements
3 with him, which again you guys would have in your
4 files with every one of the loans. Then he would
5 close either directly to an escrow, for the bond
6 company. Sometimes he would finance through our
7 attorney, Adam Davids. He would put money with
8 Adam, and Adam would push it where it needs to go.
9 It was either one of those two ways.

10 MR. TILLIE:

11 203 Q. Generally, you received
12 the money from media fund and you forward it to
13 the production company?

14 A. I never received a dollar
15 directly that way.

16 204 Q. No, the company.

17 A. I meant Media House when
18 I say I in that context. Money would either come
19 to the lawyer, because often the lawyer would hold
20 it in trust until -- if he was waiting for a
21 signature back or something like that if there was
22 something to be held in escrow. Often it would
23 sit with Adam in his trust account, and he would
24 push it.

25 Always whenever monies were

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COMPELLED INTERVIEW OF AARON GILBERT

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April 21, 2017

1 coming from Clayton, we would get the net amount.
2 In other words, what I mean by that is that on
3 every loan that was put in place, if a film
4 production needed \$100, the loan would be for \$110
5 and the production would have to service the \$110.
6 Then when it came from Clayton, he would always
7 advance the loans less -- pardon me. He would
8 advance the loans -- if it went to Adam, as an
9 example, he would send Adam 107 percent. He would
10 hold back 3 percent, which he deemed as whatever
11 fees he required for marketing or whatever he was
12 doing it for. I don't even know.

13 MR. TAN:

14 205 Q. This is Clayton Smith who
15 would hold back the 3 percent?

16 A. Yes, Crystal would hold
17 back 3. If you look at the transactional history
18 of monies that would go from the fund to Adam on
19 the various loans, it would go -- again, I should
20 say that on some of the loans that were Bron, tax
21 credit loans and other, he would send money
22 directly to the prod cos for those, to the
23 production companies, but he would always hold
24 back his fees off the top. Does that make sense?

25 206 Q. It does.

Page 85

This is Exhibit "12" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


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COMPELLED INTERVIEW OF AARON GILBERT

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April 21, 2017

1 225 Q. Which one is it?

2 A. Bron Studios, if we are
3 producing films, we have to go and arrange
4 capital. There are several institutional and
5 other kind of film lenders or film investors that
6 I have relationships with. Several different
7 investors have put money into our films. I
8 developed a relationship with a company called
9 Creative Wealth about three years ago now, and
10 without question, that is when the gasoline went
11 into the tank for us to grow, because Creative
12 Wealth, Jason Cloth, a very talented fundraiser,
13 money raiser, and really helped us grow our
14 company and backing a lot of our films.

15 226 Q. In terms of films that
16 you produced at Bron, why is it that MHC couldn't
17 lend to Bron and media fund purchase that loan?

18 A. They have on several.
19 The films you asked about earlier, Henchmen,
20 Willoughbys, that is exactly what happened. Those
21 are films I am producing where Crystal has a role
22 as a lender on those movies. They have complete
23 security over those films, and we are paying it
24 back. In fact, there is a huge chunk of money
25 about to hit him by Monday. That is all happening

Page 93

COMPELLED INTERVIEW OF AARON GILBERT

CONFIDENTIAL
April 21, 2017

1 right now.

2 227 Q. Isn't that MHC financing?

3 A. It is, technically. You
4 are right. It is flowing through MHC. You are
5 right. I meant more so out there looking to
6 originate new borrowers, new opportunities, new
7 films. You are not going to grow Media House,
8 grow the fund by him just putting some capital
9 when he has it available into Bron-related movies.
10 That is not going to grow the company in that
11 context.

12 228 Q. In terms of tax credits,
13 we got into a discussion. Regarding that species
14 of loan and the process, the media fund, when it
15 purchases a tax credit loan, can you walk us
16 through the process of the money flow? Would it
17 be from the media fund to -- you mentioned an
18 escrow account?

19 A. It would happen two
20 different ways. When we are dealing with
21 third-party companies, it would always run through
22 an escrow or run through our lawyers, because of
23 the relationship, candidly, he was doing a deal
24 with a Bron entity. Money would go directly into
25 the production company for Bron. We didn't have

Page 94

COMPELLED INTERVIEW OF AARON GILBERT

CONFIDENTIAL
April 21, 2017

1 to flow -- we didn't flow through a third party
2 because of the relationship, honestly, but the
3 structure in place was exactly the same. The same
4 security agreements were in place. The same
5 process, went through the evaluation of the loans,
6 and he has all the same filing and all the same
7 security on each of those.

8 229 Q. Did Mr. Smith raise any
9 concern about the flow of money being directly
10 from Media House right into the underlying
11 production company?

12 A. In a Bron context or a
13 non-Bron context?

14 230 Q. I suppose in any context.

15 A. In the non-Bron context,
16 money would flow directly from him to either
17 escrow or from him via the lawyers into the
18 production entities. In a Bron context, yes,
19 sometimes it would flow directly to us.

20 231 Q. In the latter context,
21 the Bron context, did Mr. Smith express any
22 concern about whether the media fund could
23 actually lend and advance the monies directly to
24 that production company?

25 A. No, he did not. That is

Page 95

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COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 A. That is right.

2 220 Q. For this project, the
3 monies advanced by the media fund, ultimately they
4 go to that entity?

5 A. They do.

6 221 Q. Do you know what bank
7 account is used for the production company?

8 A. Yes, there are two.
9 Well, there are four. One in U.S., one in
10 Canadian, so there is an RBC one and a National
11 Bank one, as well.

12 MR. TILLIE:

13 222 Q. For each production
14 company there are two accounts?

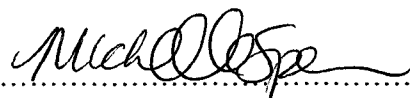
15 A. Yes. I know.

16 MR. HAUSMAN: Why is that?
17 For Canadian and U.S. dollars?

18 THE WITNESS: Yes, because even
19 if you are doing a Canadian film, you always have
20 U.S. dollar costs because you are getting your SAG
21 -- SAG is the Screen Actors Guild players. You
22 are always paying someone in U.S. dollars. If it
23 is a U.S.-born project, then the rights are
24 usually in U.S. dollars. There is always an
25 element, even if you are shooting in Canada, in

Page 72

This is Exhibit "14" referred to in the
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A handwritten signature in cursive script, appearing to read "Michelle Spain", written over a horizontal dotted line.

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COMPELLED INTERVIEW OF AARON GILBERT

CONFIDENTIAL
April 21, 2017

1 to the loan process, if I can describe it that
2 way, for MHC. Do I have it correct that MHC would
3 enter into film loan agreements with the film
4 production companies to lend them money so that
5 they could produce the film? That is correct?

6 A. So the entities could
7 produce the film. Correct, yes.

8 186 Q. The end borrower is the
9 production company?

10 A. Correct.

11 187 Q. MHC would then sell those
12 film loans to the media fund. Correct?

13 A. Correct. It was a
14 simultaneous transaction, but yes.

15 MS. WEILER:

16 188 Q. Can you walk us through
17 the moving pieces in the simultaneous transaction
18 so we can understand?

19 A. Sure. We had an overall
20 deal between Crystal and Media House that based on
21 Media House applying a film that Crystal wanted to
22 purchase based on it checking all the boxes that
23 Crystal required, so if we made a submission to
24 them and we knew, again, everything from the
25 project creatively, what is involved, the

Page 77

This is Exhibit "15" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017

A handwritten signature in cursive script, appearing to read "Michelle Spain", written over a horizontal dotted line.

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Expires March 22, 2018.

COMPELLED INTERVIEW OF AARON GILBERT

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April 21, 2017

1 with Clayton, that is correct.

2 MS. WEILER:

3 198 Q. To understand how the
4 money works, you propose the film to Clayton.
5 Based on the documents you provided, he says yea
6 or nay. If he says yes, let's go ahead, how does
7 it work from that point?

8 A. We complete our paperwork
9 and all the security docs would be filed in his
10 name, so they would be filed in the favour of
11 Crystal Wealth. As I mentioned, we had an overall
12 document. What he told me -- and I am not a
13 securities person, forgive me. We set it up this
14 way because he said he couldn't make a direct loan
15 to a production. He could only buy an asset.

16 So the reason that was
17 structured that way was so that we would
18 essentially, as Media House, enter into the loan
19 that he would then buy. That is why I mentioned
20 to John that it was a simultaneous transaction,
21 because on the films -- and again, we did lots of
22 films outside of him, but on the films we did with
23 Clayton, that is how it would be structured.

24 199 Q. Would money flow from MHC
25 to the production co before or after the media

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This is Exhibit "16" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

COMPELLED INTERVIEW OF AARON GILBERT

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1 movie. It just didn't happen.

2 MR. TAN:

3 173 Q. I think generally
4 speaking, what you are saying is that some of the
5 films were not as successful that the media fund
6 purchased?

7 A. No, and something like
8 this is the reason --

9 MR. HAUSMAN: The media fund
10 financed. You are right. Media fund purchased
11 the loans in respect of. Sorry.

12 MS. WEILER: How about Aaron
13 takes the first crack, David, at the answers.

14 MR. TAN:

15 174 Q. Fair point. When the
16 media fund purchases a film loan, obviously the
17 money that the media fund advances is to go to the
18 film project?

19 A. 100 percent, yes.

20 175 Q. Almost 100 percent. MHC
21 does take a loan facilitation fee, 10 percent.
22 Correct?

23 A. It is usually 7 percent;
24 3 would be held back by Crystal.

25 176 Q. Everything apart from the

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1 loan facilitation fee, the monies that media fund
2 advances, to cut to the chase, that goes to the
3 financing of the film project?

4 A. Correct.

5 177 Q. We were talking about
6 some projects that the media fund had purchased or
7 financed, were not ultimately as successful as one
8 would have hoped. At that point, what was Clayton
9 Smith's reaction?

10 A. That is a good question.
11 It was a discussion that we always would have over
12 time. We had to change sales companies several
13 times. Can I digress for 10 seconds and answer
14 the question?

15 178 Q. I was going to ask you,
16 was Clayton Smith aware that the sales agents were
17 being changed because there was some difficulty?

18 A. Sure.

19 179 Q. He was aware through that
20 whole process?

21 A. Absolutely.

22 180 Q. Go ahead.

23 A. When we initially started
24 working together, the expectation was that there
25 was going to be a certain amount of capital that

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1 coming from Clayton, we would get the net amount.
2 In other words, what I mean by that is that on
3 every loan that was put in place, if a film
4 production needed \$100, the loan would be for \$110
5 and the production would have to service the \$110.
6 Then when it came from Clayton, he would always
7 advance the loans less -- pardon me. He would
8 advance the loans -- if it went to Adam, as an
9 example, he would send Adam 107 percent. He would
10 hold back 3 percent, which he deemed as whatever
11 fees he required for marketing or whatever he was
12 doing it for. I don't even know.

13 MR. TAN:

14 205 Q. This is Clayton Smith who
15 would hold back the 3 percent?

16 A. Yes, Crystal would hold
17 back 3. If you look at the transactional history
18 of monies that would go from the fund to Adam on
19 the various loans, it would go -- again, I should
20 say that on some of the loans that were Bron, tax
21 credit loans and other, he would send money
22 directly to the prod cos for those, to the
23 production companies, but he would always hold
24 back his fees off the top. Does that make sense?

25 206 Q. It does.

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1 escrow account?

2 A. Sorry. The quantum?

3 230 Q. How much.

4 A. Sorry. The fee per the
5 LSA is 10 percent. In the early projects, Media
6 House would get 10 percent, which is the
7 grossed-up value, and then we would pay the
8 lawyers and the collateral analysis and whatnot,
9 whoever else we had working on this project from
10 that. We also have changed it where we have now
11 been receiving 7 percent and 3 percent has been
12 kept separately.

13 231 Q. Who keeps the 3 percent?

14 A. It is basically returned
15 to Crystal. Actually, that is a supposition or
16 whatever you want to call it.

17 MR. HAUSMAN: That is an
18 assumption.

19 THE WITNESS: Yes. It is
20 netted out before it comes to me. 7 percent comes
21 now, not 10.

22 MS. WEILER:

23 232 Q. When did that change
24 happen?

25 A. I don't know specifically

COMPELLED INTERVIEW OF STEVEN THIBAUT

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1 the date.

2 233 Q. Approximately what year?

3 A. Maybe 2014, 2013,
4 something like that.

5 MR. TAN:

6 234 Q. Do you know why that
7 occurred?

8 A. I don't know the specific
9 why, so no.

10 235 Q. If you have a general
11 understanding?

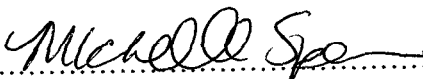
12 A. My general understanding
13 is that --

14 MR. HAUSMAN: If it is
15 something somebody told you, then you know it. I
16 know I told you not to guess, but if you have an
17 understanding of something but you can't remember
18 the exact source but you know that you know it,
19 that is evidence.

20 THE WITNESS: I don't know 100
21 percent remember why we did it, but it was
22 basically to be able to help strengthen the
23 returns to the fund, and the industry price range
24 of 10 percent was accurate as far as the rest of
25 our other colleagues in the industry doing similar

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1 involved in, Clayton Smith was aware of the
2 difficulties. Correct?

3 A. Correct.

4 183 Q. You are aware that
5 Clayton Smith would have to do some sort of
6 valuation on these films. Correct?

7 A. Yes, again, that wasn't
8 my job to tell him how to manage it, but we would
9 make available to him exactly where we were, and
10 however he dealt with that information was up to
11 him.

12 184 Q. Are you aware whether
13 Clayton Smith had to do anything with the
14 valuation in terms of writing down the film loans?

15 A. It is not a conversation
16 that he and I ever had, quite frankly. We would
17 talk to him about films we were concerned about,
18 but this legal matter as an example, the three
19 films that got stuck with the trustee, there is
20 not going to be any revenue coming in on those
21 movies until that whole mess was dealt with.
22 Obviously we suggested that he put a halt on
23 interest for a period of time. Whatever he did is
24 up to him. I have no control over it.

25 185 Q. I want to scroll forward

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1 A. The gap loans that are
2 our projects predate me. I wasn't involved in the
3 accounting of that part or the transaction fees
4 for those. That was A Single Shot and
5 Foreverland. I wasn't working for Bron at that
6 point or Media House.

7 MR. TILLIE:

8 205 Q. One last part of the
9 transaction, our understanding is that media fund
10 has to value these loans on a periodic basis. Are
11 you involved in providing sales estimates to the
12 media fund on an annual or semi-annual basis?

13 A. As I mentioned before, my
14 role in that is to provide the data from the sales
15 agents, who are the only ones who are capable of
16 letting us know what their current sales are and
17 what they may or may not be. That is their
18 expertise. All I do is transfer that information
19 to Clayton or Kayla at the time or Joanne, and
20 that is the extent of my involvement around that
21 part.

22 206 Q. Do you manipulate that
23 data in any way?

24 A. Define manipulate.

25 207 Q. Take it from one format

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1 that you --

2 A. I take it from the phone
3 and I put it on Excel and I send it over to him.

4 208 Q. That is a form of
5 manipulation, I guess. I am thinking of --

6 A. That was my point.

7 209 Q. Do you do anything with
8 the data other than push it right through?

9 A. No. As I said several
10 times, I am not an evaluator of projects. I am a
11 bookkeeper, an accountant, an executive in this
12 company. I am not a chartered accountant. I
13 believe most chartered accountants wouldn't be
14 able to do this kind of work. It is actually
15 quite particular.

16 MR. TAN:

17 210 Q. This is after a film has
18 been purchased by the media fund. I want to talk
19 about Mr. Gilbert. Does he have any role in doing
20 any forecasting or valuation going forward to give
21 that information to the media fund, if you know?

22 A. Again, I think I have
23 said it before. What we are doing is taking the
24 information from the sales agents and providing
25 that information. Is that what you are talking

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1 around the fact that a production can't carry as
2 much interest as that on one production because it
3 is over a three-and-a-half-year loan.

4 I am assuming Clayton has the
5 discretion to either stop accruing interest or
6 not, which is what has happened here.

7 MR. TILLIE:

8 471 Q. Was there a modification
9 of the loan agreement that you are aware of?

10 A. I am not aware of that.
11 There could have been. I am not sure if the loan
12 as it stands originally has the ability to allow
13 for that or not within the wording. I am not
14 sure. I would have to look.

15 MR. TAN:

16 472 Q. I am going to mark as the
17 next exhibit, Exhibit 15, a document titled media
18 Loans Owned by Crystal Wealth Media Strategy. It
19 is dated as at -- it indicates as at December 31,
20 2015.

21 EXHIBIT NO. 15: Document
22 titled Media Loans Owned
23 by Crystal Wealth Media
24 Strategy as at
25 December 31, 2015.

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1 THE WITNESS: Do we know who
2 generated this?

3 MR. TAN:

4 473 Q. I was going to ask you.
5 Do you know who generated that?

6 A. Was it in an email?

7 474 Q. My understanding is that
8 this is in the BDO audit file for the media file.

9 A. This would be the
10 year-end requested documentation to BDO to let
11 them know the notes about the sales agents'
12 activities up until that point.

13 475 Q. Did you provide
14 information regarding the principal and interest
15 owing on the loans indicated on the document?

16 A. The interest and
17 principal should have come from Clayton's
18 documents, and I would have filled out the
19 information from the sales agent and the notes
20 based on our conversation with the sales agent, so
21 Aaron and I would have provided the notes side.

22 MR. TILLIE:

23 476 Q. Did you annually confirm
24 to BDO the principal and interest balances
25 outstanding?

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1 A. They weren't asking
2 for the -- usually when you have loan balances, we
3 used to send them out when I was at Ernst & Young.
4 You get loan confirmations to each of the
5 borrowers. They never did that.

6 477 Q. What did they do?

7 A. I don't know. We never
8 received it for our own loans, and I am not sure.
9 I couldn't speculate whether or not other
10 borrowers had received them.

11 478 Q. Did you ever receive any
12 other format of confirmation request?

13 A. No. What I provided them
14 was just the sales documentation based on this
15 sales agents' conversation.

16 MR. TAN:

17 479 Q. If you could turn back to
18 our Exhibit 8 spreadsheet, we can move forward in
19 the Excel document to the Mercy tab. You will see
20 it indicated --

21 MR. TILLIE: The very bottom
22 of the page.

23 MR. TAN:

24 480 Q. You will see on the Mercy
25 tab that there is a reference to an advance at

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EE
This is EXHIBIT 15
Examination of

Media Loans Owned by Crystal Wealth Media Strategy

as at:

December 31, 2015

Loans Denominated in CAD									
Project Title	Current Principal Balance due	Current Interest Due	Total	Total \$ O/S Receivables from Signed Distribution Deals	Total Additional Estimated Sales	Total Receivables against Signed Distribution plus estimated sales	Potential Loss (Column L minus Column F)	Notes re estimated sales and any factors that may mitigate potential loss	Monies Received 2018 YTD
FOREVERLAND	\$995,679.00	\$826,907.35	\$1,822,586.35	50,000.00	945,679.00	995,679.00	826,907.35	Sales agent changed to West End - they will be re-evaluating the production and provide updated strategy. Suggest ceasing interest accrual.	
GINGER AND ROSA	\$182,570.11	\$68,690.29	\$241,260.40		250,000.00	250,000.00		All rights to the movie were acquired by UK company Hanway (who has acquired all Sally Potter Movies). This film is now sold through Sony Pictures Int. and running through their syndication system globally. More than \$1M was generated in revenues in the first 3 quarters and additional revenues are coming to the waterfall on a quarterly basis. Over time the majority of this loan will get paid down as Sony insists they are on track with their P&L which was \$3M. As protection we suggest ceasing the accrual of additional interest.	
SINGLE SHOT	\$2,215,854.56	\$857,309.72	\$3,073,164.28	67,125.00	2,932,875.00	3,000,000.00	73,164.28	All under way - over time we will get out fully. This Sales Agent continues to package it out opportunistically. Cease accruing additional interest.	
SILENT NIGHT	\$1,000,000.00	\$803,451.95	\$1,803,451.95	1,500.00	1,800,000.00	1,801,500.00	1,951.95	Sales agent changed to West End - they will be re-evaluating the production and provide updated strategy.	
LULLABY	\$2,488,133.74	\$1,162,990.55	\$3,641,124.29		3,500,000.00	3,500,000.00	141,124.29	Collections underway. This film is handled by The Exchange who are getting sales paid and the film will get out over the next quarter or two. We should stop interest by next quarter.	\$56,731.00
SUPREMACY	\$598,924.57	\$48,268.77	\$645,193.34		650,000.00	650,000.00		This film will be taken out via Fortitude through some TV syndication deals. Over time we will get this film out. Cease interest accrual (No changes here - process continues)	
ELECTRIC SLIDE	\$2,619,496.26	\$1,327,665.67	\$3,947,161.94	1,122,124.20	2,000,000.00	3,122,124.20	825,037.74	Moved to West End rather than Fortitude - West End has better direct deals and we were frustrated with the timeframe that Fortitude was taking to complete paperwork. Suggest ceasing interest accrual.	
ELSA AND FRED	\$1,752,601.57	\$14,843.87	\$1,767,445.44		1,500,000.00	1,500,000.00	267,445.44	Pushing on collections. Several international sales were delayed in delivery. We are out in full with interest on this film.	\$500,000.00
SOAG	\$1,609,929.98	\$303,152.75	\$1,913,082.73	2,000,000.00		2,000,000.00		previous deals made in several marketing in the EU. Westend is coming on board in 2016 to handle completion of global sales and running the film through their catalogue and tv outputs. We are expecting complete recoupment on the film over some time.	
MISS JULIE	\$1,283,335.82	\$125,429.28	\$1,408,764.10		1,500,000.00	1,500,000.00		Loan against Tax Credits - Currently in post and fully expect to be repaid in 2017	
HENCHMEN CAD	\$2,390,000.00	\$761,227.58	\$3,151,227.58	1,100,000.00	2,100,000.00	3,200,000.00			

WELCOME TO ME	\$1,297,463.34	\$8,762.74	\$1,306,226.08	2,100,000.00		2,100,000.00	-	Consolidation account has received approximately \$2.1M for Alchemy and Universal deals as well as some of the smaller territories. The film is still being delivered. Expecting to trigger a payment now and expect remaining territories to come into the accounts over the next few quarters.	
KILL ME 3 TIMES	\$1,811,800.36	\$55,830.85	\$1,867,431.21	1,900,000.00		1,900,000.00	-	Funds have started to flow back to fund last quarter - Deals with Universal & E1 overseas are concluded and the film is being delivered.	\$28,251.91
BY WAY OF HELENA	\$4,544,562.00	\$781,678.24	\$5,326,240.24	4,600,000.00	800,000.00	5,400,000.00	-	The film was sold to LionsGate who will take theatrically in NA this year. LGE deal was \$2.75M up front (secured by WME). Other deals total \$1.85M so far from International - More in the works. On paper the film is out with principal and interest. It's a matter of collections which are ongoing as the film gets delivered then into release.	\$620,000.00
MERCY	\$4,347,200.00	\$685,715.08	\$5,032,915.08		5,050,000.00	5,050,000.00	-	In Post production - will update next quarter	
KINGDOM	\$2,897,000.00	\$451,950.08	\$3,348,950.08		3,350,000.00	3,350,000.00	-	In Post production - will update next quarter	
HAVANA	\$124,756.62	\$977.55	\$125,734.17	125,734.17		125,734.17	-	Loan against Tax Credits and fully secured by Canada Revenue Agency.	
PHENOM	\$1,033,188.75	\$154,338.76	\$1,187,527.51	244,125.00	1,125,000.00	1,369,125.00	-	Receipts from deals for 2000 presses; \$400 other Int. sales and North America for \$1M - WME handling and all receivable on Notice of Delivery - Project is in Post currently. The first USD\$400K has already been invoiced and we are expecting payment. Other moneys paid upon acceptance of delivery in the US and around the world. There are more than enough current sales (with others happening) to cover loans with interest. Note the film is premiering at the Tribeca Film Festival in April 2016.	
GOOD OL' BOY	\$382,008.00	\$55,361.52	\$437,369.52		437,349.00	437,349.00	20.52	Currently completing acquisition on the title which covers the entire principal and interest - funds will flow directly to CW - Expected time 2 - 3 weeks.	\$437,349.00
VINCENT N ROXXY	\$1,435,823.75	\$203,990.77	\$1,639,804.52	240,000.00	1,400,000.00	1,640,000.00	-	Pre-sales made of US\$450K made through Fortitude. The film is premiering this April at the Tribeca Film Festival in NYC. WME is representing the film to US buyers. The entire amount of the loan with interest is expected back on this film in the next quarter or two.	
CHILDHOOD OF A LEADER	\$2,031,298.70	\$199,319.21	\$2,230,617.91		2,500,000.00	2,500,000.00	-	Film won Best Director at Venice Film Festival, has gone on to win several other European Festivals. WME is concluding a deal with IFC and a global Amazon deal is in the works. More details by end of Q1/early Q2 as the film is still playing festivals and concluding its distribution arrangements.	
TOTAL CAD	\$37,089,427.14	\$8,677,851.58	\$45,717,078.71	\$13,550,808.37	\$31,640,903.00	\$45,191,511.37	\$2,135,651.57		\$1,642,331.91
Loans Denominated in USD									
Project Title	Principal	Accrued Interest							

				51,000.00	625,000.00	676,000.00	-	Full recovery expected, smaller sales remaining that will slowly trickle in and retire the principal and outstanding interest on loan through 2017. A recent TV deal in Europe will get this outstanding principal covered by mid year	
THE ENGLISH TEACHER	\$486,053.81	\$189,198.98	\$676,252.79						
HENCHMEN USD	\$750,000.00	\$290,624.14	\$1,040,624.14		1,050,000.00	1,050,000.00	-	Loan against Tax Credits - Currently in post and fully expect to be repaid 2017 latest	
HUNTERS OF THE STARS	\$1,648,000.00	\$317,282.01	\$1,965,282.01		2,000,000.00	2,000,000.00	-	Loan against Tax Credits - Currently in post and fully expect to be repaid 2017 latest	
MIGHTY MONSTERS	\$1,086,287.89	\$180,313.25	\$1,246,601.14		1,250,000.00	1,250,000.00	-	Loan against Tax Credits - Currently in post and fully expect to be repaid 2017 latest	
TOTAL USD	\$3,950,341.70	\$977,418.39	\$4,927,760.09	51,000.00	4,925,000.00	4,976,000.00	-		\$0.00

This is Exhibit "21" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017

A handwritten signature in black ink, appearing to read "Michelle Spain", written over a horizontal dotted line.

A Commissioner for Taking Affidavits

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1 actually an interesting question.

2 232 Q. You have described and
3 talked about the loan process. I want to ask you
4 about whether there is any other business that MHC
5 has with Crystal Wealth or the funds that it
6 manages?

7 A. Any other business? I
8 have or Aaron Gilbert has bought? Through one of
9 my companies, I bought one of the mortgages from
10 his mortgage fund.

11 233 Q. Which mortgage was that?

12 A. Oh God. Can you ask
13 Steven that, please? He did it. We did that a
14 few years ago. Outside of that, no. I am trying
15 to think. There is no other business with Crystal
16 other than that, no.

17 234 Q. It would be one instance
18 of purchasing a mortgage?

19 A. Purchasing a mortgage,
20 but --

21 MR. HAUSMAN: Okay.

22 THE WITNESS: I have -- again,
23 this is something I flagged for John and for David
24 when we spoke. I did lend Clayton money. There
25 was a period of time when he was involved with

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1 transactions with Bron and he had a shortfall. He
2 told me he had a 30- or 45-day shortfall that he
3 needed, and I lent him some money to cover him
4 until some other money on his side was going to
5 drop. In other words, he was expecting money 30
6 days from now. He had a hole. He needed to
7 borrow some money, and I lent him some money.

8 MR. TAN:

9 235 Q. How much money are we
10 talking?

11 A. A few million dollars?

12 236 Q. What entity was that lent
13 from?

14 A. I think it was one of
15 Bron's holding companies.

16 237 Q. We talked a lot about the
17 various entities.

18 A. There are a few companies
19 that would hold underlying rights to properties.
20 It is really -- just for an example, we have -- I
21 am happy to send you a corporate org chart. That
22 is not a difficult process.

23 We have Bron Developments,
24 which is a company that when we do an underlying
25 rights deal, it would come into that. We have

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1 other entities that hold rights.

2 MR. TILLIE:

3 238 Q. Can we get an undertaking
4 for that? The corporate org chart?

5 U/T MR. HAUSMAN: The corporate
6 org chart, yes, for sure.

7 THE WITNESS: Happy to do
8 that. Is that the answer you are looking for?
9 That would be the only other thing that I was
10 involved with.

11 MR. TAN:

12 239 Q. I wanted your
13 understanding of which of the companies the money
14 would have been lent from. Do you know the names?

15 A. It would have come
16 through a Bron entity. I don't remember which
17 one. Ask Steven. He will know.

18 240 Q. Did that loan amount
19 happen in one chunk?

20 A. There were two different
21 times. It would have been two different times.

22 MS. WEILER:

23 241 Q. Approximately when?

24 A. I don't remember off the
25 top of my head. It is a few years ago. I don't

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1 have an exact date. It has been an ongoing
2 discussion, because now more than ever, I am
3 fearful I am not going to see that money back.

4 MR. TAN:

5 242 Q. It still hasn't been
6 paid?

7 A. No, it never got paid
8 back. It was always coming, coming, coming. It
9 just never happened.

10 243 Q. When was the last time
11 you spoke to Mr. Smith about that?

12 A. Daily, weekly. I haven't
13 talked to him -- since all this started, we are
14 not talking very much other than me letting him
15 know when monies are coming through and what is
16 happening, but up until that, it was something we
17 would talk about fairly often.

18 MR. TILLIE:

19 244 Q. Who did you lend the
20 money to? Who did the money flow to?

21 A. It went to an entity, to
22 one of Clayton's companies.

23 245 Q. One of his holding
24 companies?

25 A. Yes.

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1 MR. TAN:

2 246 Q. Did it ever go directly
3 to Mr. Smith?

4 A. Honestly, I don't know
5 what company it went to. It went to one of his.
6 It was Clayton. It went to one of his companies.
7 I don't know which, what it was called.

8 MR. TILLIE:

9 247 Q. You said it happened
10 twice?

11 A. Yes.

12 248 Q. A few million each or in
13 total a few million?

14 A. A few million total.
15 Forgive me. I don't remember the exact number.
16 Steven will be able to answer all that for you.

17 MR. TAN:

18 249 Q. You talked a bit about
19 what it was for. Can you expand on it, in terms
20 of what Clayton Smith told you?

21 MR. HAUSMAN: Exactly. What
22 he told you it was for. You might not know.

23 THE WITNESS: I am going to
24 digress for 10 seconds, if I may. I understand
25 what is happening here. I understand there is an

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1 investigation on Clayton. For me and my
2 standpoint, I am not here to hang Clayton at all.
3 This is a guy who was supportive of me at a point
4 in time when I just started in this business. I
5 really didn't know enough to -- he supported me in
6 the learning curve of this business, which is why
7 for me now, years later, I still continue to put
8 the energy in every day to track loans and make
9 money back and try to do right by it. I wish I
10 knew then what I know now.

11 For me, knowing the situation,
12 outsider looking in at me loaning him money, think
13 about it a little differently. This happens to me
14 in my business all the time. In fact, I have a
15 movie that I am doing in L.A. as we speak. One of
16 my partners who I have now financed five movies
17 with literally covered this week on my behalf, and
18 I am covering next week on his behalf because I
19 have been here and not able to physically get
20 stuff done in Vancouver. It is \$9 million he
21 covered for me this week. People who are not in
22 that type of relationship would look at that as:
23 How is that possible? That seems crazy. It does
24 happen when you are working with people that you
25 trust and deal with all the time. Knowing the

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1 timing --

2 MR. HAUSMAN: Aaron, I think
3 we missed that part. What you mean is that person
4 lent you \$9 million short term?

5 THE WITNESS: Yes, literally we
6 are going to finance it back next week. This
7 happens all the time. It happens sometimes in my
8 business. At the time when I lent Clayton money,
9 we were involved in lots of things. He said to
10 me, "Listen, I have a shortfall here of 30, 45
11 days. Are you able to help me?" And I said yes.
12 That is the words of that conversation.

13 What the money was used for, I
14 don't know. I know that he had lots of issues
15 with family stuff and other things. It was him
16 saying, "Can you help me for 30 or 45 days?" I
17 said yes. I didn't actually ask for an itemized
18 list of what he was doing with it.

19 MR. TILLIE:

20 250 Q. Were these loans
21 documented?

22 A. They were documented.
23 They were not documented. There were not
24 documents between us, no.

25 251 Q. There is no paper on

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1 those loans?

2 A. No paper.

3 252 Q. What were the terms of
4 the loan?

5 A. Pay me back in 30 to 45
6 days. I wasn't asking for interest. It was
7 nothing like that. It wasn't a transactional
8 for-profit loan. This is really just to help out
9 somebody who had a cash flow shortage. I know it
10 sounds crazy to some people, but that is what
11 happens in this business.

12 MR. TAN:

13 253 Q. Was it your understanding
14 that Clayton was asking you personally that he
15 needed the money for himself personally?

16 A. I don't know. I will be
17 honest with you. He just told me he had a hole
18 and he needed help covering it.

19 254 Q. Did he mention what the
20 30 to 45 days meant?

21 A. He meant that he was
22 expecting money to drop into his fund or money
23 coming available to him, that he would be able to
24 provide that money back to me quickly.

25 255 Q. Did he give you any

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1 understanding of where that money coming available
2 was originating from?

3 A. I know it sounds odd, but
4 the conversation was: I have money dropping next
5 month. I need 30 days, maybe 45. Are you cool to
6 cover me for that time? And I said yes. That was
7 the conversation.

8 MR. TILLIE:

9 256 Q. How do you explain his
10 inability to pay it back?

11 A. It has been a big
12 conversation. How do I explain his inability?

13 MR. HAUSMAN: How did he
14 explain it?

15 THE WITNESS: I can see his
16 inability to pay it back, because he hasn't been
17 able to raise any other money. Obviously at the
18 time when I lent him money, he had all these
19 advisors that were supposed to be joining him.
20 This guy was a book of 60 and this guy is a book
21 of 80. All these people, and within X amount of
22 time, I have going to have X amount under
23 management, and we are going to be able to
24 continue to grow and build, and that is where the
25 money will be. Unfortunately, it didn't happen.

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1 MS. WEILER:

2 257 Q. Where did the money come
3 from that you lent to --

4 A. Bron.

5 258 Q. Just the Bron --

6 A. Bron corporate money,
7 which we have honestly, over time, covered
8 ourselves out over other movies, our own films.

9 259 Q. It would be your
10 financing that you raised?

11 A. Yes, Bron movies.

12 260 Q. And you lent some of that
13 to Clayton?

14 A. Correct. Bron corporate
15 money. I am sure not to be seen again.

16 MR. TAN:

17 261 Q. In terms of the money
18 raised, and you talked about it being from Bron,
19 the money that was raised, was it from the media
20 fund?

21 A. The money that was
22 raised? How do you mean?

23 MR. HAUSMAN: Sorry?

24 MR. TAN:

25 262 Q. The money that was lent

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1 to Mr. Smith, that is being lent from one of the
2 Bron entities. I have that correct so far?

3 A. Yes. Did it come from
4 Crystal Wealth money?

5 263 Q. Correct.

6 A. Let me walk that through.
7 If you remember earlier on, I mentioned to you
8 that very often I am interim financing projects
9 ahead of the game. In other words, on a movie
10 that is a \$5 million film, before I actually
11 undertake into closing, I may be into that movie
12 for \$600,000, \$700,000, \$800,000 of Bron capital
13 before I can do an overall closing and have money
14 come in.

15 So was money coming from
16 Clayton that then came back from me? No. Money
17 was coming into our production companies. I may
18 have financed him back money from that company
19 from monies that I already had interim financed
20 out of it. That would have happened, but it
21 wasn't me financing with his money, no.

22 MR. HAUSMAN: In other words,
23 it was money that Bron had for itself. It was
24 Bron's own money, not anybody else's.

25 MR. TAN:

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affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


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1 some information about Bron Studios. For the Bron
2 entities, are you the bookkeeper for all the Bron
3 entities?

4 A. I am.

5 284 Q. We talked about the roles
6 and process regarding MHC and the media fund. Is
7 there any other business that MHC has with Crystal
8 Wealth and the funds it operates?

9 A. No. Business? Can you
10 define business?

11 MR. TILLIE:

12 285 Q. Any transactions that you
13 are aware of between the Bron group and Crystal
14 Wealth group?

15 A. We did do corporate
16 loans, corporate personal loans to Crystal. I am
17 not sure where to. It went to Clayton.

18 MR. TAN:

19 286 Q. Can you explain that?

20 A. I don't know much more
21 than that. I transacted corporate loans from Bron
22 Studios to Crystal.

23 287 Q. Why was that done?

24 A. I wouldn't know
25 specifically why. It was something that I was

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1 asked to do, and we have done that in the
2 industry. In our industry, we do receive loans in
3 that manner sometimes, specifically to bridge
4 projects, in between when projects are going
5 forward and being funded. We will receive loans
6 like that. We have done it for friends of Bron,
7 as well. It is pretty typical. We did loan money
8 to Clayton.

9 288 Q. Clayton personally?

10 MR. HAUSMAN: Clayton or
11 Crystal?

12 THE WITNESS: I am not sure.
13 CLJ or CJL. That was the name of the company that
14 provided the wire instruction for, and that is
15 what I used.

16 MR. TAN:

17 289 Q. That is a company
18 associated with Clayton Smith?

19 A. I am assuming so, yes.

20 290 Q. It was a loan from which
21 company?

22 A. Would have been from
23 probably Media House Capital.

24 291 Q. Any other entity?

25 A. I don't believe so.

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1 292 Q. I think you had indicated
2 that you were asked to do that. Who asked you to
3 do that?

4 A. Aaron.

5 293 Q. What did he say?

6 A. He said, "I am loaning
7 some money to Clayton. Please do that."

8 MR. TILLIE:

9 294 Q. Who prepared the
10 paperwork for the loan?

11 A. We don't have paperwork
12 for the personal loan. Like I said earlier just
13 now, we often do bridge financing or bridge loans,
14 if you will, temporary bridge loans without paper.
15 It is what it is.

16 295 Q. Do you know what the
17 terms were of the loan?

18 A. I don't.

19 296 Q. When was the loan or when
20 were the loans made?

21 A. I don't have the specific
22 dates.

23 297 Q. Year?

24 A. I would be speculating.
25 I would have to look.

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1 298 Q. Do you know how many
2 loans there were?

3 A. There should have been --
4 I think there were two.

5 299 Q. Do you know the total
6 dollar amount of the loans?

7 A. Not off the top of my
8 head.

9 MR. TAN:

10 300 Q. Approximately?

11 A. It has to be like
12 \$3 million.

13 MR. TILLIE:

14 301 Q. Were they repaid?

15 A. They have not yet.

16 MR. TAN:

17 302 Q. Were the loans recorded
18 on the books of the lender?

19 A. Of our books, yes.

20 303 Q. So there will be an
21 entry. Where would it be recorded?

22 A. In Media House and/or --
23 I think it is Media House.

24 MR. TILLIE:

25 304 Q. How did Media House fund

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1 those loans? From where did it get the money?

2 A. We have money from our
3 different revenue sources, like production fees,
4 producer fees. We have a treasury, if you will.

5 MR. HO:

6 305 Q. Does the Media House
7 produce financial statements?

8 A. Yes.

9 306 Q. Are they audited?

10 A. No, none of our companies
11 are audited. We are moving to review engagement
12 this year, 2017, with Ernst & Young because we are
13 trying to attract financiers, and they need that.

14 MR. TILLIE:

15 307 Q. Currently Ernst & Young
16 does production cost audits?

17 A. There is a mix of Wolrige
18 Mahon for some of our older ones. We have moved
19 to Ernst & Young recently, last year. They did
20 our last year's books for 2015-2016.

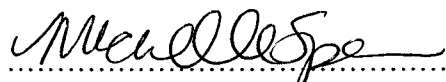
21 308 Q. Which books are those?

22 A. For the companies, the
23 group of companies.

24 309 Q. They write up the books
25 for the group of companies and prepare financial

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affidavit of Michael Ho
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1 think, through MHC.

2 101 Q. In terms of your role as
3 producer and executive producer of films, can you
4 give me an understanding of how many films?

5 A. Around the same number
6 but different role. In a Media House capacity, on
7 the majority of those films, I would be more of an
8 executive producer, essentially on behalf of Media
9 House, and I would be there to be involved with
10 and keep an eye on anything material, i.e.,
11 ensuring that everything from the financing
12 structure to the budget to the casting and the
13 scripts, what have you, we had approval over how
14 that worked and being comfortable and confident in
15 the financing plan and the sales companies
16 involved and so on, which is part of a learning
17 curve over many years on how to do that better and
18 better.

19 Aaron as a producer is a little
20 different, because in that case, I am actually on
21 set, involved with the IP and creation and the
22 filmmaking process itself. The distinction would
23 be that in one case I do financing and on set, and
24 in the other case, I am really doing more of an
25 oversight, involved with the deal making and

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1 follow-through.

2 102 Q. We will come to this.

3 There is an entity, media fund, and I understand
4 that it purchases film loans from MHC. Correct?

5 MR. HAUSMAN: The media fund,
6 Crystal media fund?

7 MR. TAN: Correct.

8 MR. HAUSMAN: I think probably
9 the term would be purchased, not purchases.

10 MR. TAN:

11 103 Q. It purchased the film
12 loans from MHC. Correct?

13 A. Correct.

14 104 Q. For those films that
15 media fund purchased, did you have a role as
16 producer or executive producer?

17 A. On some. Exec producer
18 on all of them that weren't also Bron projects.
19 There are several of the movies that Media House
20 or Crystal would also provide financing for some
21 of the Bron movies that we were producing, as
22 well. Whenever that happened, there was a very
23 specific structure in place on how those types of
24 loans would go forward.

25 As an example, I was never

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1 106 Q. For the Bron ones, you
2 were producer on those?

3 A. I was producer. In fact,
4 several of those are very active right now. I am
5 still producing those.

6 107 Q. Can you list them?

7 A. Sure. The animated movie
8 Henchmen will deliver at the end of this year.
9 Right now, the animated movie Willoughbys. In
10 both cases, those are tax credit loans that
11 Crystal Wealth has provided towards the financing.
12 Those are both in full production now, with the
13 one finishing this year and the other one
14 finishing next year.

15 There is a movie called
16 Collared, which is in production now, which
17 formerly had a name change. It was initially
18 called -- I can't remember which one. There were
19 two films that had name changes. One was a film
20 called Parallel, which is delivering next quarter,
21 which I believe was formerly called Mercy. It is
22 a horror movie that they changed the name on.
23 There was another film called Kingdom, which is
24 now called Collared, which is in production as we
25 speak.

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1 108 Q. What about Mighty
2 Monsters?

3 A. Mighty Monsters is an
4 animated series that has delivered. We are
5 literally just waiting forever from CRA to get
6 back tax credits. I am not sure if you guys know
7 that world.

8 MR. HAUSMAN: You might want
9 to explain it to them.

10 THE WITNESS: The way it works
11 in Canada -- do you want me to take a minute and
12 explain that?

13 MR. HAUSMAN: Are you
14 interested? I assume you would be.

15 MR. TAN:

16 109 Q. Just to complete that,
17 you are producer of Mighty Monsters?

18 A. I am, and it is
19 completed, and it is delivered and aired. It is
20 just waiting on tax credit money back from the
21 CRA. The loans that were made from Crystal
22 relative to Mighty Mighty Monsters were tax credit
23 loans. They were not gap or bridge loans. They
24 were against the tax credits.

25 MR. HAUSMAN: Do you

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1 understand how that works? Do you want an
2 explanation?

3 MR. TAN: I can get an
4 explanation on that.

5 110 Q. I just want to get, just
6 for completeness, a list of the ones that you were
7 producer on. We were talking about Mighty
8 Monsters.

9 MR. HAUSMAN: Do you want to
10 do that by way of undertaking?

11 MR. TAN:

12 111 Q. If you know?

13 A. When it originally
14 started, the first film ever that Crystal got
15 involved in was a film that I produced called
16 Foreverland. A few years later, a film called A
17 Single Shot. Then a few years later or a while
18 later, a film called Welcome to Me. Those are all
19 in the past. The current projects are the ones I
20 just mentioned to you.

21 112 Q. Hunters of the Stars?

22 A. That is an animated
23 series that is going right now, as well.

24 113 Q. You are a producer of it?

25 A. I am producing. They are

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1 all active. We can show everybody anything they
2 want to see on any of those movies.

3 114 Q. Any that we have left out
4 that you can recall?

5 A. You said Mighty,
6 Henchmen, Willoughbys, Hunters, now Collared, now
7 Parallel. Years ago, Foreverland, A Single Shot,
8 and Welcome to Me. I think that's it.

9 115 Q. We will come to the tax
10 credit process in a moment.

11 MR. HAUSMAN: As I say, only
12 if you are interested.

13 MR. TAN: It may well assist.

14 116 Q. Let me ask you a couple
15 more general questions, securities questions.
16 What is your familiarity with the securities
17 industry generally?

18 A. Not much.

19 117 Q. You have no securities
20 courses?

21 A. No, sir.

22 118 Q. Anything to do with
23 mutual or investment funds?

24 A. No.

25 119 Q. Financing courses?

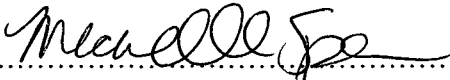
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A.S.A.P Reporting Services Inc.

(613) 564-2727

(416) 861-8720

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1 loan and security
2 agreement dated October 7,
3 2013, regarding the
4 Henchmen project.

5 MR. TAN:

6 247 Q. Do you recognize this
7 document?

8 A. I do.

9 248 Q. You will notice at the
10 end of the document, you will see the page numbers
11 in the top right corner, page 15. You will see
12 signatures for Media House Capital Canada Corp and
13 Henchmen Productions Inc. Those are the
14 signatures of Mr. Gilbert and yourself. Correct?

15 A. That is right.

16 249 Q. The underlying production
17 company, Mr. Gilbert, that is his production
18 company. Correct? It is Henchmen Productions
19 Inc.?

20 A. Yes.

21 250 Q. You have a role with the
22 underlying production company?

23 A. Insofar as I manage the
24 accountants that bookkeep it. My role with all
25 productions that we do, which is to make sure that

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1 portion of the spreadsheet that there is reference
2 to Henchmen CAD, Henchmen USD, Mercy, Hunters of
3 the Stars, Mighty Monsters, Kingdom, et cetera.
4 Those are film projects that the media fund was
5 involved with. Correct?

6 A. That is correct.

7 331 Q. You were involved with
8 all of these projects?

9 A. Yes.

10 332 Q. For the underlying
11 production company, the answer is the same. You
12 also were involved in the underlying production
13 company for these projects?

14 A. What do you mean by
15 involved?

16 333 Q. We have talked about
17 Henchmen. You have had a role in --

18 A. Similarly, yes.

19 334 Q. That is the same for
20 Mercy, Hunters of the Stars, Mighty Monsters, and
21 Kingdom?

22 A. That is right.

23 335 Q. You will see that on the
24 left side, there is a reference to borrower, and
25 under the borrower, there are indications MHC

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1 Smith to Mr. Thibault attaching a document titled
2 loanportfolio.xlsx.

3 EXHIBIT NO. 12: Email
4 September 18, 2015, from
5 Mr. Smith to Mr. Thibault
6 attaching a document
7 titled loanportfolio.xlsx.

8 THE WITNESS: Is this just an
9 expanded version of the Excel file that goes into
10 each project?

11 MR. TILLIE:

12 424 Q. The Excel file has one
13 summary sheet, which is the front page, and all
14 the tabs are the worksheets, are attached.

15 A. That is what I am asking.
16 Is that what this is?

17 425 Q. Yes.

18 A. I have never seen it in
19 this form, but I know the document. This is --
20 what is this?

21 MR. HAUSMAN: This looks like
22 summary for Henchmen. No, sorry.

23 MR. TILLIE:

24 426 Q. If you look at the bottom
25 of the page, it says summary. That is the summary

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1 spreadsheet part of that workbook.

2 A. I don't actually know if
3 I have seen this document. Did this come from me?

4 MR. TAN: This was produced by
5 Media House in response to our request for
6 production.

7 MR. HAUSMAN: This is an
8 expanded version.

9 THE WITNESS: This would have
10 been sent by probably Steven.

11 MR. HAUSMAN: This is an email
12 that Clayton Smith sent to Steven. They took the
13 attachment and printed it out, but it was a very
14 large document.

15 MR. TAN:

16 427 Q. If I could focus you on
17 the attachment, I will call it the spreadsheet.
18 Have a look at the spreadsheet. Do you recognize
19 this document?

20 A. No. I am not saying it
21 is not -- I have not seen this myself. If I saw
22 it, I would have seen it in electronic form, and
23 it would have looked a little different. I
24 haven't seen this, as far as I know.

25 428 Q. Have you seen some

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1 version of this spreadsheet?

2 A. For sure. There is
3 another document you guys should probably have
4 that is an Excel file that shows the status of
5 things. Normally that is all I would ever see,
6 sort of acting for an update on that. This is
7 obviously in the weeds of every interest rate and
8 everything else that is going on. That is not
9 something that would have come to me. It would
10 have come to Steven.

11 429 Q. Have a look at the
12 summary page, if you could, of the spreadsheet.
13 Indicated on the summary page is "project," and
14 you will see reference along the top row to
15 Henchmen CAD, Henchmen USD, Mercy, Hunters of the
16 Stars, Mighty Monsters, Kingdom. Those are the
17 projects that the media fund has purchased film
18 financing loans for?

19 A. Yes. Again, they are
20 retitled, a few of those, but yes.

21 430 Q. Down the left column, you
22 will see the spreadsheet indicates borrower and
23 then refers to MHC mortgage fund, CLJ Everest,
24 Chrysalis Yoga, and Clayton?

25 A. Truly have no idea what

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1 that is. I don't know what Chrysalis Yoga is.

2 There is no information there. I don't know what

3 that is.

4 431 Q. If you turn to the
5 spreadsheet tab, you will see it indicated in the
6 bottom left, Henchmen CAD.

7 MR. HAUSMAN: The first page
8 after the --

9 MR. TAN: Correct.

10 432 Q. Have a look at that
11 spreadsheet if you could. There is reference to
12 Henchmen in the top left corner in the amount
13 \$2,390,000, reference to initial disbursement,
14 October 7, 2013. You will see columns --

15 A. I don't know this
16 document, to be honest with you. Go ahead. Ask
17 your question.

18 MR. HAUSMAN: You don't know
19 the document, so the only relevant evidence you
20 can give is if you understand the underlying
21 facts.

22 THE WITNESS: All right.
23 Please go ahead. Sorry.

24 MR. TAN:

25 433 Q. If you look at the

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1 columns, you will see reference to Clayton
2 principal. Do you know what that means?

3 A. I assume that it means
4 the principal amount of the loan, not the interest
5 component. Where does it say that?

6 MR. TILLIE:

7 434 Q. Top header, about fifth
8 or sixth from the right.

9 A. I don't know what that
10 means.

11 MR. HO:

12 435 Q. You haven't seen a
13 document in paper form. Have you seen a similar
14 document in electronic form?

15 A. I don't, but this is
16 something that would have been more Steven and
17 Clayton, not me. I am not familiar with it,
18 Jason.

19 MR. TAN:

20 436 Q. Can you explain to me
21 apart from the spreadsheet whether there would be
22 any involvement of Clayton having principal on the
23 Henchmen loan?

24 A. He himself having? No,
25 not at all. I don't know. No. Sorry. Just to

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1 make sure I am correct, that Clayton Smith would
2 have invested in the film? Is that the question?

3 MR. TILLIE:

4 437 Q. No, that Clayton Smith
5 might have borrowed money.

6 A. From Henchmen?

7 438 Q. Yes.

8 A. Not as far as I know. I
9 don't believe so. I can look back and check.
10 There is an example we talked about earlier where
11 we lent him some money. I can't imagine it came
12 from Henchmen Productions, but it would have come
13 from a Bron entity. I don't know off the top of
14 my head.

15 MR. TAN:

16 439 Q. In terms of the dates
17 when the lending occurred that you have referred
18 to, how would you find out the dates?

19 A. I can go back and get
20 that for you. What is the term? I undertake to
21 let you know those dates.

22 440 Q. Where would you look for
23 that?

24 A. I would have to get
25 Steven to track it on our banking records.

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1 441 Q. If you could let me know
2 the amounts and dates when the lending happened?

3 U/T A. Absolutely. I have no
4 idea what that is.

5 MR. HAUSMAN: Neither do I.

6 MR. TAN:

7 442 Q. If you unclip the
8 document, the next spreadsheet, there is a
9 reference to Mercy. We have been talking about a
10 Mercy project. Correct?

11 A. Yes. Rebranded, but yes.

12 443 Q. There is an amount
13 indicated in the top left corner. I would like to
14 direct your attention to the column that says
15 "Aaron principal." Do you know what that means?

16 A. I don't know what that
17 means. Sorry. That should be MHC?

18 MR. HAUSMAN: I don't know.

19 MR. TAN:

20 444 Q. Did you borrow money in
21 respect of this project?

22 A. I wouldn't have borrowed
23 money from Clayton if I got paid money from the
24 company itself, but I wouldn't have borrowed it in
25 that context.

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1 445 Q. Which company itself?

2 A. Any of the prod cos that
3 pay me would have paid me directly. What is the
4 question?

5 MR. TILLIE: We are going to
6 go off the record.

7 --- (Off-record discussion)

8 MR. TAN:

9 446 Q. Mr. Gilbert, there is
10 reference to CLJ principal. We are on the Mercy
11 tab of the spreadsheet. Do you know what this
12 company is?

13 A. I don't. I don't know
14 what that is.

15 447 Q. You have no business
16 dealings with CLJ?

17 A. I myself, I don't know
18 what CLJ is. It must be one of Clayton's
19 companies.

20 448 Q. If it is one of Clayton's
21 companies, you have no business dealings with that
22 company?

23 A. Other than what we have
24 talked about today, no.

25 449 Q. Is there anything else

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1 that we should know?

2 A. In what context?

3 450 Q. About this spreadsheet?

4 A. I have never seen this
5 spreadsheet before. Forgive me. I haven't.

6 MR. HAUSMAN: The question is:
7 Does Clayton have -- this sheet seems to suggest
8 that Clayton has some kind of rights to a
9 percentage of this loan. The question is: Is
10 that correct or not?

11 THE WITNESS: No.

12 MR. HAUSMAN: That is the
13 plain question being asked.

14 THE WITNESS: I don't know.

15 MR. HAUSMAN: You don't know
16 or no, that is not the case?

17 THE WITNESS: No, Clayton Smith
18 has never directly done any investments with
19 anything, so I don't know. I have never paid
20 Clayton Smith directly money ever.

21 MR. TILLIE:

22 451 Q. You are not aware other
23 than the loans or his holding companies --

24 A. I am not aware of it,
25 honestly.

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1 mortgage funds, CLJ Everest, Chrysalis Yoga, and
2 Clayton. Do you know what that is?

3 A. I don't know what all of
4 -- under MHC is my responsibility, and the rest of
5 it would be his own tracking for other funds that
6 he is part of, I am assuming.

7 336 Q. Why would it be MHC? I
8 thought the underlying borrower is the production
9 company.

10 A. Because maybe he -- can I
11 opine about this?

12 MR. HAUSMAN: You can if you
13 have -- let's put it this way --

14 THE WITNESS: I think these are
15 the ones that are related to the transactions
16 through MHC would be the ones that are identified
17 as MHC.

18 MR. TAN:

19 337 Q. Why is Clayton Smith
20 sending this spreadsheet to you?

21 A. Because he needs me to
22 verify that the sales agents' numbers, the numbers
23 they have sent, any amounts they have sent
24 actually are recorded on his loan tracker.

25 338 Q. If you could turn to the

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1 next tab, which is the Henchmen CAD tab, you will
2 see that there is a reference to Henchmen in the
3 top left corner in an amount of \$2,390,000. The
4 date, October 7, 2013.

5 I want to direct your attention
6 to a column that says "Clayton principal." Do you
7 know what that is about?

8 A. I don't. I don't know
9 what that is.

10 MR. TILLIE:

11 339 Q. You had mentioned that he
12 sent you this spreadsheet for you to verify the
13 amounts from sales agents?

14 A. Yes.

15 340 Q. Do you see any numbers
16 from sales agents on here?

17 A. No, there aren't any.
18 That is the advance. It would be under payments,
19 so I don't see one for Henchmen. Henchmen hasn't
20 been sold, so it wouldn't have any.

21 341 Q. Have any of those movies
22 received any payments?

23 A. No. They are all in
24 active production. No, none of these should have
25 sales.

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1 and Bron Animation.

2 273 Q. Who are the producers?

3 A. Me, myself, and Luke

4 Carroll, who works for Bron.

5 274 Q. Has a distribution deal

6 been signed?

7 A. We have a deal with eOne

8 for Canada, and right now we do not have a global

9 distribution deal. That is going to come soon.

10 Something we are going to put in place later this

11 year.

12 275 Q. Is this a tax credit

13 loan?

14 A. It is a tax credit loan.

15 276 Q. Why is there a U.S. loan

16 and then a Canadian-denominated loan?

17 A. I don't know. I could

18 probably only think at the time, maybe Crystal was

19 holding a denomination. They had money in U.S.

20 currency. I am not sure.

21 277 Q. It is the same underlying

22 borrower for both?

23 A. Correct. That is right.

24 278 Q. Which jurisdiction are

25 the tax credits being filed in?

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1 A. British Columbia.

2 279 Q. For both?

3 A. Yes. It is all part of
4 one. It all makes up one. As an example, as you
5 continue to spend the budget, the tax credit
6 obviously -- the tax credit is very, very high in
7 that film because it is a Canadian content B.C.
8 film. Should I take 10 seconds, Jason, and give
9 an explanation of that?

10 280 Q. Sure.

11 A. The tax credit on that
12 particular film is exceptionally high, same with
13 Willoughbys, because on animated movies, you have
14 what is called a DAVE credit, which is Digital
15 Animation Visual Effects credit, along with the
16 provincial credit, the regional credit, because we
17 also have a second studio in Duncan, B.C., and the
18 federal credit. There are multiple entities that
19 are together providing a tax credit that is well
20 over 40 percent of that budget.

21 281 Q. The term of the loan and
22 the stage that it is at, I understand it is an
23 18-month term?

24 A. Yes, the loan is
25 definitely behind, because that loan, that film,

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1 374 Q. Why is he sending that to
2 you?

3 A. I believe that is
4 probably the personal loan that we provided him.

5 375 Q. If you look at page 2,
6 just on the prior page, the February 12, 2014,
7 email from Mr. Smith to yourself:

8 "Thanks, Steven. Is there
9 any way you could check
10 with the bank? I just
11 need the money in my
12 account by tomorrow so it
13 probably has to be
14 initiated by you today."

15 That is him telling you to
16 send the money to his account. Correct?

17 A. That looks like it.

18 376 Q. That is what he wanted
19 you to do?

20 A. That is right.

21 377 Q. Mr. Gilbert was aware of
22 that, as well?

23 A. Yes. That was the
24 personal loan, corporate personal loan.

25 378 Q. Just on that Exhibit 10,

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1 you will see on page 3 that in the centre of the
2 page you will see a reference to an email from
3 yourself February 12, 2014, re. wire payment
4 details. You are asking, "When did you wire the
5 funds to us and to which account?"

6 A. Yes.

7 379 Q. There is a response, went
8 to Royal Bank account, paraphrasing, 232. Whose
9 account is that?

10 A. I don't know off the top
11 of my head.

12 380 Q. Is that an MHC account, a
13 Bron account?

14 A. I am not sure.

15 381 Q. Do you know what he is
16 referring to?

17 A. I don't recall.

18 MS. WEILER:

19 382 Q. Why did you ask the
20 question in the email?

21 MR. HAUSMAN: When do you wire
22 the funds to us and from which account?

23 THE WITNESS: I am not sure. I
24 have to look back in that email.

25 MR. TILLIE:

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1 383 Q. We are looking at your
2 email. What would you have to look for?

3 A. I would have to see the
4 context.

5 MR. HAUSMAN: The question is:
6 What are those funds?

7 THE WITNESS: I don't know off
8 the top of my head.

9 MR. TAN:

10 384 Q. How would you refresh
11 your memory?

12 A. I would look at my email
13 around that time and see what was going on. It
14 could have been fees that he was -- that we were
15 due. It could have been -- I am not 100 percent
16 sure right now.

17 MR. TILLIE:

18 385 Q. He had fees that were due
19 to you and then you were sending money to him?

20 A. I said it could have
21 been. I am not sure. I can figure it out. I can
22 look it up.

23 MR. TAN:

24 386 Q. You would look it up on
25 your email? What would you do? Go to the bank

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1 statements?

2 A. I would probably look at
3 my bank statements and look at my email around
4 that time and try to figure out where it came
5 from, transactions on my accounting software. I
6 am sorry. I don't recall.

7 MR. HAUSMAN: Do you want him
8 to do that? I am sitting here. I don't know if
9 you want him to go back and do that for you? Why
10 not? Don't you want to know what it is about?

11 MR. TILLIE: Sure.

12 U/T MR. HAUSMAN: Obviously,
13 right? You will go back to the records and find
14 out what this is about.

15 MR. TAN:

16 387 Q. I will mark as Exhibit 11
17 an email from yourself to Mr. Smith re. wire
18 transfer reference number or details, wire
19 confirmation Claytonsmith.pdf.

20 EXHIBIT NO. 11: Email
21 from Mr. Thibault to Mr.
22 Smith re. wire transfer
23 reference number or
24 details, wire confirmation
25 Claytonsmith.pdf.

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1 MR. TAN:

2 388 Q. Can you tell me what this
3 email and its attachment is?

4 A. This is Bron Animation to
5 Clayton Smith for \$50,000.

6 389 Q. Do you know what this is?

7 A. It would be a loan that
8 we provided to him.

9 390 Q. There is a reference to
10 \$50,000?

11 A. Yes.

12 391 Q. This is a loan. You will
13 see the transaction detail and the wire activity
14 report, from Bron Animation to Clayton Smith.
15 Correct?

16 A. Yes.

17 392 Q. It says "status
18 completed, approved by Aaron Gilbert and Steven
19 Thibault." Were you involved in sending this
20 wire?

21 A. Yes.

22 393 Q. Mr. Gilbert knew about
23 that?

24 A. He would have to, yes.

25 He did.

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1 394 Q. Top right corner, who is
2 Kurt Unger, Bron Studios?

3 A. He is a bookkeeper, was a
4 bookkeeper.

5 395 Q. Was he aware of that
6 wire?

7 A. He would have been, yes.

8 396 Q. Was he involved in
9 understanding why that wire was being sent?

10 A. No.

11 MS. WEILER:

12 397 Q. Why was there a loan for
13 \$50,000 to Clayton Smith on February 13, 2014?

14 A. I am not sure. It was
15 part of the loans that Aaron personally loaned to
16 him.

17 MR. TILLIE:

18 398 Q. Which I think you said
19 were two loans totalling about \$3 million?

20 A. I said I thought about
21 \$3 million in loans, and I thought two.

22 MR. TAN:

23 399 Q. If you turn back to our
24 Exhibit 8, which is the large spreadsheet, to the
25 Henchmen tab, if you look at February 25, 2014,

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1 corporate loans that have been approved.

2 406 Q. Again, approved by Mr.
3 Gilbert?

4 A. That would be correct.

5 407 Q. Are you aware of any
6 ongoing request by Mr. Smith to have these loans?

7 A. Not an ongoing request.

8 I am aware that we did loan him money over time, I
9 think around \$3 million, but I would have to
10 refresh my memory as to how much.

11 408 Q. On these occasions when
12 these transactions are occurring, how does it
13 work? Does Mr. Gilbert just come into your office
14 and tell you this is happening?

15 A. Yes, in most cases, I
16 would be asked to transfer money, and I would
17 transfer money as I am asked to do, especially
18 around that time, where -- because obviously, I am
19 not 100 percent sure. I don't recall the specific
20 events, but I obviously transacted those.

21 409 Q. In terms of discussions,
22 I am going to ask you, did Mr. Smith call you up
23 and say another amount has to go?

24 A. No.

25 410 Q. Nothing to that effect?

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1 A. Not with me.

2 411 Q. If you look at the
3 April 25, 2014, advance, we are now on page 3 of
4 Henchmen tab, Exhibit 8. You will see a reference
5 to \$80,000 in the advance column. If you look at
6 the Clayton principal column we have been
7 discussing, you will see that it increases by
8 \$80,000. Do you see that, sir?

9 A. I don't.

10 MR. HAUSMAN: It goes from 210
11 to 290.

12 THE WITNESS: Yes, I see that.

13 MR. TAN:

14 412 Q. My understanding is that
15 Bron Animation wires \$80,000 to Mr. Smith's
16 account. Do you have any reason to disagree?

17 A. I have no reason to.

18 413 Q. Same thing. This is part
19 of the loan?

20 A. Yes, this is all
21 inclusive of the loan that we are due to repay the
22 fund.

23 MS. WEILER:

24 414 Q. Sorry. Say that again?

25 A. These numbers, if you

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1 look at page 11, the 2.390 is the requirement for
2 us to pay back to the fund as HENCHMEN, so it
3 forms part of what we are required to repay to the
4 fund.

5 415 Q. When you say "we," you
6 are referring to --

7 A. HENCHMEN PRODUCTIONS INC.
8 It is tax credits, yes.

9 416 Q. HENCHMEN PRODUCTIONS INC.
10 owes the media fund \$2.39 million?

11 A. Plus interest. Correct.

12 417 Q. Are you saying that these
13 payments to Mr. Smith are part of the repayment of
14 that loan?

15 A. What I am saying is that
16 they form part of it. It appears to form part of
17 the total loan value.

18 MR. TAN:

19 418 Q. Just to cut to the chase
20 here, HENCHMEN PRODUCTIONS INC., the underlying
21 production company, it is not getting these monies
22 that are advanced, are they?

23 A. It doesn't appear to be
24 the case.

25 419 Q. Look at May 13, 2014,

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1 445 Q. Which company itself?

2 A. Any of the prod cos that
3 pay me would have paid me directly. What is the
4 question?

5 MR. TILLIE: We are going to
6 go off the record.

7 --- (Off-record discussion)

8 MR. TAN:

9 446 Q. Mr. Gilbert, there is
10 reference to CLJ principal. We are on the Mercy
11 tab of the spreadsheet. Do you know what this
12 company is?

13 A. I don't. I don't know
14 what that is.

15 447 Q. You have no business
16 dealings with CLJ?

17 A. I myself, I don't know
18 what CLJ is. It must be one of Clayton's
19 companies.

20 448 Q. If it is one of Clayton's
21 companies, you have no business dealings with that
22 company?

23 A. Other than what we have
24 talked about today, no.

25 449 Q. Is there anything else

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1 December 13, 2014, on the first page, \$1,452,000.

2 Do you see that?

3 A. I do.

4 481 Q. Do you know why there is
5 a reference to CLJ principal on the spreadsheet?

6 A. This would be the
7 corporate loan that we provided him. That would
8 be what I transacted from the books.

9 482 Q. You will see under the
10 CLJ principal for the same date the amount of
11 \$1,452,000. Do you see that, sir?

12 A. I do.

13 483 Q. Can you explain to me
14 what is going on here?

15 A. I think that is the
16 corporate loan that we provided him.

17 MR. TILLIE:

18 484 Q. Why did that increase the
19 principal balance in Mercy?

20 A. That would have been an
21 increase in the tax credit requirements, but I am
22 not 100 percent sure why it is linked back,
23 honestly.

24 485 Q. Was the money funded from
25 the media fund to MHC?

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1 his document.

2 THE WITNESS: It is not my
3 document, and honestly, this was --

4 MR. TILLIE:

5 488 Q. If you can look at that
6 for us, please?

7 A. That would be great.
8 That is in December 2014. I need to go back and
9 figure out what was going on at that time.

10 MR. TAN:

11 489 Q. If you could turn to the
12 next tab of this spreadsheet, Exhibit 8. I am
13 looking for --

14 MR. HAUSMAN: Mercy? Hunters
15 of the Stars? This one says Hunters of the Stars.

16 MR. TAN: I am looking for the
17 Kingdom one.

18 MR. HAUSMAN: Kingdom. Okay.

19 THE WITNESS: Kingdom, which is
20 called different now.

21 MR. TAN:

22 490 Q. Collared, I think?

23 A. That is right.

24 491 Q. Kingdom. This is
25 obviously a film project the media fund is

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1 involved in. Correct?

2 A. That is correct.

3 492 Q. January 12, 2015, on
4 page 2. My apologies. The titles of the column
5 didn't repeat.

6 MR. HO:

7 493 Q. It is the column starting
8 with 495,000. It is the column that started with
9 the number 495,000.

10 MR. TILLIE: CLJ.

11 MR. TAN:

12 494 Q. From reading this, I see
13 that the spreadsheet indicates \$550,000 under the
14 advance column for that date, January 12, 2015.
15 Before that date, CLJ principal column on the
16 spreadsheet increased by the same amount,
17 \$550,000. Can you explain that?

18 A. Same as what we just
19 talked about on the other one. I need to look and
20 see. This appears to be another loan to CLJ, but
21 I need to go back and look at that to determine
22 how that transacted on our books.

23 495 Q. Again, this is with
24 reference to a media fund project?

25 A. I understand. I want to

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1 understand whether or not we moved funds into that
2 corporately and how we journalized it, because if
3 it went through this bank account, that might have
4 been not correct, but if the funds were covered
5 corporately and the loan is sitting on my Bron
6 Studios books, that would be a different
7 conversation than if it is transacting through
8 media fund funds. Do you understand what I am
9 saying?

10 496 Q. I am not sure I do.

11 MR. HAUSMAN: The question is:
12 What is the accounting treatment, what is the --

13 THE WITNESS: The actual cash
14 transaction.

15 MR. HAUSMAN: This is Clayton
16 Smith's records.

17 THE WITNESS: Clayton is tying
18 it, I am assuming, to this project, and I need to
19 understand whether it went in and out of this bank
20 account.

21 MR. HO:

22 497 Q. Which bank account?

23 A. In this case, Kingdom,
24 Mercy or otherwise. Right? I want to know if it
25 went through those bank accounts, and if it did, I

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1 A. Yes.

2 433 Q. Firstly, that column goes
3 from blank to \$500,000. It appears that \$500,000,
4 the advance is being allocated to the mortgage
5 fund principal. Is that your understanding of
6 what is happening?

7 A. That appears to be the
8 case, yes.

9 434 Q. This spreadsheet sent to
10 you and Clayton Smith indicates buyout Tasci
11 mortgage, and there is an amount there of
12 \$496,619.98. What is that?

13 A. I am not sure.

14 435 Q. Are you aware of any MHC-
15 or Bron-related companies buying out mortgages
16 from the Crystal Wealth funds?

17 A. We did purchase some
18 mortgages from the mortgage fund. My
19 understanding was that that was a transaction that
20 was sanctioned and Aaron and Crystal or Clayton.

21 MR. TILLIE:

22 436 Q. Do you know why the
23 companies bought mortgages from the Crystal Wealth
24 funds?

25 A. I am not sure.

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1 there, but that is an assumption.

2 MS. WEILER:

3 456 Q. You don't know looking at
4 this if it refers to a real estate mortgage or a
5 film loan?

6 A. No, I don't actually know
7 that. That is a good point. But when we speak
8 about projects and UCC filing, I am countersigning
9 on -- we have to get notarized the mortgage
10 document, so that is a common term in our
11 transaction.

12 457 Q. If you look at the first
13 page of the Henchmen tab of the spreadsheet, there
14 is an advance on October 7, 2013, for \$400,000,
15 and then there is the advance November 28, 2013,
16 for \$500,000, so that totals to 900?

17 A. Right.

18 458 Q. At the November 28
19 section, the November 28 entry for \$500,000, that
20 is where the "buyout Tasci mortgage" comment is
21 located.

22 A. Understood.

23 459 Q. The bottom email on
24 Exhibit 12 is from Margot Hand. It is dated
25 Friday the 6th of December 2013. That is about

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COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 six days after the November 28 advance?

2 A. Okay.

3 460 Q. The loan agreement and
4 the promissory note attached reference \$900,000,
5 so the amount that has been advanced to that date?

6 A. Understood.

7 MR. TAN:

8 461 Q. I am going to mark as
9 Exhibit 13 another email.

10 MS. WEILER:

11 462 Q. The only thing -- I was
12 going to finish that line of questioning -- was
13 just to say that this reference on page 3 of the
14 agreement could be to a real estate mortgage?

15 A. I don't know how to
16 understand that. It could be, yes. I don't know.
17 I can't confirm but I don't know, because I don't
18 know at that point.

19 MR. TAN:

20 463 Q. Thank you. Next exhibit,
21 Exhibit 13, email from Mr. Smith to yourself, May
22 4, 2016. Reporting memo is the subject line, and
23 there is some other information there.

24 EXHIBIT NO. 13: Email
25 from Mr. Smith to Mr.

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COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 Thibault, May 4, 2016.

2 MR. TAN:

3 464 Q. The email indicates:

4 "Hi, Steven. If you did
5 receive this amount,
6 ideally you could use it
7 plus the amount I just
8 sent you, \$5,582, to send
9 back to media strategy
10 account at NBCN as a
11 payment against Henchmen's
12 CAD, since we used
13 \$500,000 of that to buy
14 mortgages from the
15 mortgage fund."

16 Does that help you?

17 A. Yes, that is obviously
18 what he has stated there.

19 465 Q. What does that mean?

20 A. It seems that we are --
21 can I read the back side just to get my brain
22 refreshed?

23 466 Q. Take your time.

24 A. That is the mortgage.

25 Okay.

COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 467 Q. That is what is
2 happening, is it not, that \$500,000 is used to buy
3 mortgages from the mortgage fund?

4 A. That is what it appears
5 to be, based on this.

6 468 Q. I will mark as the next
7 exhibit, Exhibit 14, an email from Mr. Smith to
8 Mr. Gilbert, copying you.

9 EXHIBIT NO. 14: Email
10 from Mr. Smith to Mr.
11 Gilbert, copying Mr.
12 Thibault.

13 MR. TAN:

14 469 Q. You will see at the
15 bottom of the first page, September 27, 2015,
16 email from Mr. Smith, "Steven and I talked about
17 putting up other projects on the Bron Media
18 Capital web site, Henchmen, Mercy, Kingdom, for
19 perception's sake," and the response back from Mr.
20 Gilbert same day, "Let's chat on that. There is a
21 can of worms here we may need to be careful
22 about." What does that mean?

23 A. This is the issue with
24 animation projects is that the fund was set up to
25 do primarily gap funding, which is 18-month loans,

Page 137

DIS01_000818/1

From: "Clayton Smith"
To: "Steven Thibault" <steven@mediahousecapital.com>
Date: 05/04/2016 12:53:00 PM
Subject: Fwd: REPORTING MEMO: 1581926 AB Ltd. (Sterling) - MID#196

Ontario Securities Commission
RE
MID#196 EXHIBIT 13
Examination of

Hi Steven,

If you did receive this amount, ideally you could use it plus the amount I just sent you \$5,582 to send back to Media Strategy account at NBCN as a payment against Henchmen CAD since we used \$500,000 of that to buy mortgages from the mortgage fund.

Let me know,

Clayton Smith, CAIA
Chief Executive Officer
Crystal Wealth
3385 Harvester Road, Suite 200
Burlington, ON L7N 3N2
(P) 905-332-4414
(C) 905-517-6172
(F) 905-332-6028
(TF) 877-299-2854

www.crystalwealth.com

If you no longer wish to receive electronic communications from Crystal Wealth, please reply with UNSUBSCRIBE as the subject.

Begin forwarded message:

From: Kari Gillespie <kgillespie@libertymortgage.ca>
To: Clayton Smith <claytons@crystalwealth.com>
Cc: Steven Thibault <steven@mediahousecapital.com>
Subject: RE: REPORTING MEMO: 1581926 AB Ltd. (Sterling) - MID#196
Date: May 3, 2016 at 10:49:49 PM EDT

Hi Clayton,

The funds were deposited into their account. I will email Steven a copy of the deposit receipt

Kari Gillespie
Operations Manager, Administration and Risk Management



216, 20 Sunpark Plaza SE
Calgary, Alberta T2X 3T2
Telephone: 403-252-1977
Direct Line: 403-984-6201

Fax: 403-266-1971

DIS01_000818/2

The information in the e-mail and in any attachment is confidential and may be privileged. If you are not the intended recipient, please destroy this message, delete any copies held on your systems and notify the sender immediately. You should not retain, copy or use this e-mail for any purpose, nor disclose all or any part of its content to any other person.

If you believe you have received unwanted, unsolicited email sent by us or purporting to be sent by us, please forward a copy of that email with your comments to privacy@libertymortgage.ca for review. Thank you.

 Please consider the environment before printing this email.

From: Clayton Smith [<mailto:claytons@crystalwealth.com>]
Sent: April-28-16 11:47 AM
To: Kari Gillespie <kgillespie@libertymortgage.ca>
Cc: Steven Thibault <steven@mediahousecapital.com>
Subject: Re: REPORTING MEMO: 1581926 AB Ltd. (Sterling) - MID#196

Hi Kari,

I was checking with BSI on this and was advised that they never received the payment. Could you please look into and advise.

Thank you,

Clayton Smith, CAIA
Chief Executive Officer
Crystal Wealth
3385 Harvester Road, Suite 200
Burlington, ON L7N 3N2
(P) 905-332-4414
(C) 905-517-6172
(F) 905-332-6028
(TF) 877-299-2854

www.crystalwealth.com

If you no longer wish to receive electronic communications from Crystal Wealth, please reply with UNSUBSCRIBE as the subject.

On Jul 23, 2015, at 12:48 PM, Clayton Smith <claytons@crystalwealth.com> wrote:

Hi Kari,

Thank you. Money is on its way back to you now.

Please see attached for BSI's wire information.

Thank you,

Clayton Smith, CAIA
Chief Executive Officer
Crystal Wealth
3385 Harvester Road, Suite 200
Burlington, ON L7N 3N2
(P) 905-332-4414
(C) 905-517-6172
(F) 905-332-6028
(TF) 877-299-2854

www.crystalwealth.com

DIS01_000818/3

<BSI WIRE INCOMING INSTRUCTIONS Transit 00010.doc>

On Jul 21, 2015, at 9:27 AM, Kari Gillespie <kgillespie@libertymortgage.ca> wrote:

Hi Clayton,

Attached please find our banking information for direct deposit. Would you please forward the banking info for BSI as it was probably attached to the original email that you sent Allie however it was not attached to the email I received.

Once the wire has been completed please forward a copy of the receipt for our records.

Thx.

Kari Gillespie
Operations Manager, Administration and Risk Management
<image003.jpg>

216, 20 Sunpark Plaza SE
Calgary, Alberta T2X 3T2
Telephone: 403-252-1977
Direct Line: 403-984-6201
Fax: 403-266-1971

The information in the e-mail and in any attachment is confidential and may be privileged. If you are not the intended recipient, please destroy this message, delete any copies held on your systems and notify the sender immediately. You should not retain, copy or use this e-mail for any purpose, nor disclose all or any part of its content to any other person.

If you believe you have received unwanted, unsolicited email sent by us or purporting to be sent by us, please forward a copy of that email with your comments to privacy@libertymortgage.ca for review. Thank you.

 Please consider the environment before printing this email.

From: Clayton Smith [<mailto:claytons@crystalwealth.com>]
Sent: Tuesday, July 21, 2015 8:40 AM
To: Kari Gillespie
Subject: Fwd: REPORTING MEMO: 1581926 AB Ltd. (Sterling) - MID#196

Hi Kari,

I understand Allie is out of the office so I'm hoping you can help with the below?

Thanks,

Clayton Smith, CAIA
Chief Executive Officer
Crystal Wealth
3385 Harvester Road, Suite 200
Burlington, ON L7N 3N2
(P) 905-332-4414
(C) 905-517-6172
(F) 905-332-6028
(TF) 877-299-2854

www.crystalwealth.com

Begin forwarded message:

From: Clayton Smith <claytons@crystalwealth.com>

DIS01_000818/4

Subject: Re: REPORTING MEMO: 1581926 AB Ltd. (Sterling) - MID#196

Date: July 20, 2015 at 8:18:12 AM MDT

To: Allie Yorke <ayorke@libertymortgage.ca>

Hi Allie,

I have to send back to Liberty the \$76,000 payment we received for Worthington earlier this year as we had already sold the mortgage to BSI Developments Inc. Once you receive it, you'll need to send it to BSI instead.

I would send it directly to BSI, but I think from an audit trail point of view it makes more sense to send it back to Liberty and have you send it to BSI.

I have attached BSI's wire transfer details. Could you please send me Liberty's incoming wire details so I can initiate the wire to you.

Thank you,

Clayton Smith, CAIA
Chief Executive Officer
Crystal Wealth
3385 Harvester Road, Suite 200
Burlington, ON L7N 3N2
(P) 905-332-4414
(C) 905-517-6172
(F) 905-332-6028
(TF) 877-299-2854

www.crystalwealth.com

On Oct 22, 2014, at 12:28 PM, Allie Yorke <ayorke@libertymortgage.ca> wrote:

Good Afternoon,

I have attached your October 2014 Reporting Memo for 1581926 AB Ltd. (Sterling) - MID#196.

Please do not hesitate to contact our office should you have any questions.

Have a great day!

Kind Regards,

Allie Yorke
Corporate Administrator

<image001.jpg>
216, 20 Sunpark Plaza SE
Calgary, Alberta T2X 3T2
Main: 403-252-1977
Fax: 403-266-1971
Email: ayorke@libertymortgage.ca

The information in the e-mail and in any attachment is confidential and may be privileged. If you are not the intended recipient, please destroy this message, delete any copies held on your systems and notify the sender immediately. You should not retain, copy or use this e-mail for any purpose, nor disclose all or any part of its content to any other person.

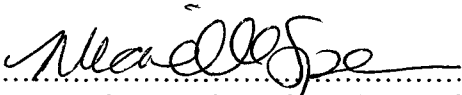
If you believe you have received unwanted, unsolicited email sent by us or purporting to be sent by us, please forward a copy of that email with your comments to privacy@libertymortgage.ca for review. Thankyou.

 Please consider the environment before printing this email.

<Robert Sterling - Reporting Memo - Oct 2014.pdf>

<Final Liberty Bank Coordinates doc.pdf>

This is Exhibit "35" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 504 Q. My question is: When you
2 say transfer corporately into this MHC RBC
3 account, which corporate account are you talking
4 about?

5 A. It would have been Bron
6 Studios, a corporate account, and that is how it
7 should have happened. I will have to double check
8 on that.

9 MR. TAN:

10 505 Q. Exhibit 16, an email from
11 Mr. Smith to yourself, copying Mr. Gilbert.

12 EXHIBIT NO. 16: Email
13 from Mr. Smith to Mr.
14 Thibault, copying Mr.
15 Gilbert, dated October 30,
16 2014.

17 MR. TAN:

18 506 Q. It is dated October 30,
19 2014, wire transfers and accounting, Mr. Smith
20 indicating to you, Mr. Thibault, "Please wire the
21 following amounts to the respective parties in
22 accordance with our discussions, tracking
23 \$2,632,000 Mercy loan."

24 Below that, \$2,536,476 total of
25 wires, \$95,524, balance to be applied to the next

Page 149

COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 set of transactions. You will see below that
2 wire 1, there is reference to Spectrum Canada,
3 wire 2, Carol Matthews?

4 A. Right.

5 507 Q. Can you explain what this
6 is?

7 A. This would be a purchase
8 of a loan, of a mortgage loan. Right?

9 508 Q. What is the reference to
10 Mercy loan?

11 A. It appears to be linked
12 to the Mercy transaction.

13 509 Q. What is Spectrum Canada?

14 A. I believe it is a
15 mortgage fund of Clayton's.

16 510 Q. Carol Matthews?

17 A. Not sure. I think she is
18 the person who runs Spectrum, maybe.

19 511 Q. Exhibit 17 is an email
20 from Mr. Smith to yourself, copying Mr. Gilbert,
21 wire transfers to CLJ Everest. It indicates:

22 "Hi, Steven. Any chance
23 you could send copies of
24 the wire transfer
25 instructions from your end

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DIS01_001356/1

From: "Clayton Smith"
To: "Steven Thibault" <steven@mediahousecapital.com>
CC: "Aaron Gilbert" <aaron@mediahousecapital.com>
Date: 10/30/2014 2:02:09 PM
Subject: wire transfers and accounting

RE

This is EXHIBIT
Examination of

Hi Steven,

Please wire the following amounts to the respective parties in accordance with our discussions.

Tracking:

\$2,632,000 Mercy Loan
\$2,536,476 Total of wires

\$95,524 Balance to be applied to next set of transactions.

Wire #1

Spectrum Canada
201-3920 Norland Ave.
Burnaby, BC

HSBC Bank of Canada
45850 Yale Rd., 100B
Chilliwack, BC

Transit 10660
Acct 261693001

Amount \$2,430,207.83

Wire #2

Carol Matthews
4115 East Braemar Rd.
North Vancouver, BC
V7K 3C9

BMO
595 Burrard Street
Vancouver, BC

Transit 34880
Acct 34883007059

Amount: \$106,268.17

Thank you,

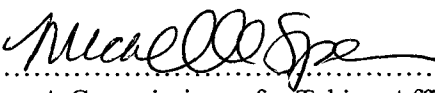
Clayton Smith, CAIA

DIS01_001356/2

Chief Executive Officer
Crystal Wealth
3385 Harvester Road, Suite 200
Burlington, ON L7N 3N2
(P) 905-332-4414
(C) 905-517-6172
(F) 905-332-6028
(TF) 877-299-2854

www.crystalwealth.com

This is Exhibit "36" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

COMPELLED INTERVIEW OF AARON GILBERT

CONFIDENTIAL
April 21, 2017

1 shareholders were myself, and David Bodanis had
2 shares. I think there were other people. I am
3 not 100 percent sure if any other people had
4 shares, but there were other people who should
5 have had shares in it that were involved with the
6 company. I am just not sure if that was ever
7 actually papered.

8 84 Q. What percentage of the
9 outstanding shares would you have?

10 A. I think I had close to
11 85 percent. I think David was 15 or 16.

12 85 Q. Are you around the same
13 percentage today?

14 A. It is truly not an
15 operating company for many years or not as active
16 a company, meaning we are not out soliciting and
17 putting new films together for Media House. More
18 so it is there as a body that is continuing to
19 administer and track old loans. Really it is
20 sitting in that form right now, as it was years
21 ago.

22 86 Q. You still have roughly
23 85 percent?

24 A. Yes, I believe so.

25 MR. TAN:

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COMPELLED INTERVIEW OF AARON GILBERT

CONFIDENTIAL
April 21, 2017

1 MS. WEILER: Should we take a
2 short recess?

3 MR. HAUSMAN: That would be
4 good.

5 MR. TAN: Sure, a 10-minute
6 break.

7 --- Recess taken at 10:46 a.m.

8 --- Upon resuming at 11:00 a.m.

9 MR. TAN:

10 207 Q. Mr. Gilbert, I want to
11 circle back on a few discussion points. I believe
12 you had mentioned that MHC at some point had
13 stopped financing movies. Did I hear correctly?

14 A. Yes, I wanted to put all
15 my focus into Bron as a producer, Aaron the
16 producer, and I felt like my brain looking at
17 other opportunities was taking me away from
18 focusing on what I was needing to focus on.

19 208 Q. When did that occur?

20 A. It happened a little bit
21 over a period of time, definitely started around
22 2014, and pretty much by some point in time, maybe
23 mid-2015, it is pretty much that that is it.
24 There may have been an odd situation with Media
25 House here and there, odd in the context that

Page 86

COMPELLED INTERVIEW OF AARON GILBERT

CONFIDENTIAL
April 21, 2017

1 there may have been a project or two here and
2 there. It wasn't a big amount of our focus as far
3 as building, let's call it. The building was
4 focused on Bron, the collections and admin, and
5 continues to be still. That is the Media House
6 role.

7 209 Q. Stepping back from that,
8 in terms of from the media fund perspective, how
9 did that affect Clayton Smith's role in the media
10 fund if MHC is no longer financing or trying to
11 get out of that?

12 MR. HAUSMAN: I didn't fully
13 understand the question. I think what you are
14 asking is if you are aware of what was the impact
15 on that in the media fund itself.

16 THE WITNESS: I want to make
17 sure I am answering correctly. Impact in the
18 context of -- all I knew is the reason we weren't
19 overly active, to be candid with you, is that they
20 weren't -- again, when we set off the goal
21 together, the goal was always to create -- Clayton
22 was always talking about creating a media fund
23 that was going to have a couple of hundred million
24 dollars in it.

25 That was what we had started

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This is Exhibit "37" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 100 Q. Understood. Just in
2 terms of your job description at MHC, did it
3 change over time? It sounds like your
4 responsibilities are increasing to some degree?

5 A. Yes.

6 101 Q. Did your title change at
7 some point?

8 A. My title has changed four
9 times. Basically, I am still doing the same thing
10 I did a year in. We have since stopped working
11 with MHC, so I don't really have a title for MHC
12 anymore. There are no projects going through that
13 company.

14 I did add a couple of things to
15 my plate, which was that at some point when there
16 were enough projects that were in the maturity
17 phase, which is after 18 months, we needed to make
18 sure that we could track from the sales
19 perspective with the sales agents, because at that
20 point, we had expected that the sales would start
21 to come in to repay the loans through Crystal
22 Wealth, and my task was to make sure that we
23 coordinated with the sales agent to make sure that
24 they were sending the money, and I would
25 coordinate with Crystal Wealth to make sure they

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COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 117 Q. What types of courses?
2 A. Accounting, basically
3 maybe years 1 and 2 of what used to be the school
4 of chartered accountancy. It was all the
5 beginning courses.

6 118 Q. Any others?
7 A. Psychology.

8 119 Q. Just limited to finance?
9 A. No.

10 120 Q. Securities?
11 A. No.

12 121 Q. Just so I cover this, no
13 mutual or investment fund experience or history
14 for you?
15 A. No desire. Sorry. No
16 offence.

17 MS. WEILER: None taken.
18 THE WITNESS: Especially not
19 now.'

20 MR. TAN:

21 122 Q. I believe you mentioned
22 that at some point, Media House ceased doing
23 financing for films. Is that correct?
24 A. Yes.

25 123 Q. When did that happen?

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COMPELLED INTERVIEW OF STEVEN THIBAUT

CONFIDENTIAL
April 21, 2017

1 A. It mostly stopped in
2 2014, but we did a tax credit loan in 2016, I
3 believe. We didn't make a conscious choice to
4 stop. Our partner wasn't able to accept new
5 projects.

6 124 Q. Your partner being Mr.
7 Smith?

8 A. The fund that we were
9 working with, Crystal Wealth.

10 125 Q. The last project, you
11 mentioned 2014. Do you remember what that project
12 was?

13 A. I don't. I would have to
14 refresh my memory on the list, the timeline.

15 126 Q. You mentioned a 2016 tax
16 credit project. Do you recall that one?

17 A. I don't remember which
18 one it was, but I remember going through the data
19 to provide to you. I don't have the right name of
20 it off the top of my head.

21 127 Q. Willoughbys?

22 A. I wouldn't know. I would
23 have to see my chart with the dates. I have a lot
24 in my head.

25 128 Q. I am going to mark as

Page 45

This is Exhibit "38" referred to in the
affidavit of Michael Ho
sworn before me, this 24th day of April, 2017


.....
A Commissioner for Taking Affidavits

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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, AND CRYSTAL WEALTH RETIREMENT ONE FUND**

Respondents

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

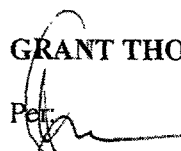
CONSENT

The undersigned, Grant Thornton Limited ("GTL"), hereby consents to the appointment of GTL as receiver and manager, without security, of all of the assets, undertakings and properties 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 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 pursuant to section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and the terms of an order substantially in the form filed in these proceedings.

DATED at Toronto, this 24th day of April, 2017.

GRANT THORNTON LIMITED

Per: 

Name: Jonathan Krieger

Title: Senior Vice President

ONTARIO SECURITIES COMMISSION

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

Applicant

Respondents

Court File No.

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

CONSENT

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

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

Yvonne 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*

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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
CHRYSLIS YOGA INC.**

Respondents

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

**AFFIDAVIT OF DAVID ADLER
(Sworn April 24, 2017)**

I, David Adler, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY:**

1. I am an Assistant Investigator in the Enforcement Branch of the Ontario Securities Commission (the "Commission") assigned to the Crystal Wealth Management System

Limited (“Crystal Wealth”) file. As such, I have personal information about the matters referred to in this affidavit, save for those matters of which I have been advised and do believe.

2. On Friday April 21, 2017, I conducted a compelled examination of Ms. Shanine Lee Dennill (“Dennill”) via telephone conference. Dennill testified under oath, and attended with her counsel, Bruce O’Toole. A court reporter was with me in a boardroom at the Commission’s offices, and he prepared a transcript of the interview.
3. Dennill is currently the owner of Chrysalis Studio Inc. (“Chrysalis”) located at 4040 Palladium Way in Burlington, Ontario. Attached as Exhibit 1 is page 6 of the transcript of the examination of Shanine Dennill (the “Dennill Transcript”). Attached as Exhibit 2 is the Corporation Profile Report for Chrysalis dated March 28, 2017, which indicates that Dennill is the Chief Executive Officer and a director of Chrysalis.

Employment at Crystal Wealth and Relationship with Clayton Smith

4. From approximately 2008 to 2010, Dennill worked as an office receptionist at the Burlington, Ontario offices of Crystal Wealth. During this time period, aside from Dennill, there were three other people working at the Crystal Wealth office: Clayton Smith (“Smith”), Scott Whale, and an accountant whose name she could not recall. Attached as Exhibit 3 are pages 7-9 of the transcript of the Dennill Transcript.
5. Dennill knew Smith for a short while before she began working at Crystal Wealth. While Dennill was working at Crystal Wealth, she and Smith became involved in an intimate

relationship, and began cohabiting in 2009. Attached as Exhibit 4 are pages 10-13 of the Dennill Transcript.

Chrysalis Yoga Business

6. Dennill left her employment with Crystal Wealth because Smith needed to reduce his business expenses and because she was going to open Chrysalis. When Chrysalis was incorporated in June 2009, Dennill and Smith each owned 50 percent of the business, and were both directors and officers of Chrysalis. Dennill does not know specifically what positions she and Smith held. Attached as Exhibit 5 are pages 6, 12-13 and 15 of the Dennill Transcript.
7. The Chrysalis business opened on January 29, 2011. The time gap between incorporation and the business opening was due to time taken to find the location, delays waiting for the developer of the plaza that was the chosen location for Chrysalis to break ground, and building out the space for the studio. Attached as Exhibit 6 are pages 13-14 and 18 of the Dennill Transcript.
8. Dennill does not know the set up costs of the yoga studio, “because Clayton would handle all of that stuff” and he generally handled the financial management of the business. Dennill knew the following about the initial financing of the business:
 - a. She used \$20,000 in funds from her line of credit.
 - b. Dennill had obtained a \$40,000 loan from the Business Development Bank of Canada. She was the guarantor for the loan.

- c. Dennill and Smith had sought, unsuccessfully, to obtain a loan from CIBC.
 - d. Dennill and Smith then arranged for a loan from the Bank of Nova Scotia, but the bank pulled out on opening day, or possibly the day before. Dennill believes that the loan was for \$200,000 or \$300,000, but cannot specifically recall. Attached as Exhibit 7 are pages 15-20 of the Dennill Transcript.
9. When the Bank of Nova Scotia pulled out, Smith said that he would need to get a loan, and that he had gotten a loan and put money into the business. Dennill does not know the amount of the loan or the source of the funds. Attached as Exhibit 8 are pages 16-17 of the Dennill Transcript.
10. At the time of Chrysalis' opening, in January 2011, the ownership of Chrysalis changed, and Dennill became the sole shareholder, buying out Smith "for like a dollar or something." Dennill oversaw the day-to-day running of the business, and Smith dealt with the financial side of the business, including the banking and bookkeeping. Dennill said that Smith "was the CFO" and "was doing all of our finances and stuff." Smith also taught two classes at the studio. Dennill does not know what the operating costs of the business were at the time. Dennill knew that Smith was using some of his credit cards to pay for the buildout "and stuff like that." Again, she has no idea of the amounts involved. Attached as Exhibit 9 are pages 18-20 and 26-27 of the Dennill Transcript.
11. While Dennill and Smith both had signing authority on the Chrysalis' bank account (the "Chrysalis Bank Account"), Dennill did not sign cheques, only Smith did. Attached as Exhibit 10 are pages 15-16 of the Dennill Transcript.

12. I have independent verification that Smith had signing authority on the Chrysalis Bank Account. On December 5, 2016, in the course of Staff's investigation, I received material from Dian Milouchev of the Bank of Nova Scotia responsive to a section 13 Summons I had served on the Bank. This material included account statements the Chrysalis Bank Account 87296 00518 10. The Summons required the Bank of Nova Scotia to produce banking records associated with Smith, companies associated with him, and other named individuals and companies, but did not include either Dennill or Chrysalis. When I spoke to Milouchev soon after receiving this material, I was told that Smith was listed as the treasurer for Chrysalis and had signing authority on the Chrysalis account. For that reason, the Bank of Nova Scotia produced records pertaining to the Chrysalis Bank Account. Then, on April 6, 2017, the Commission issued a Freeze Direction under section 126(1) of the Ontario *Securities Act*, RSO 1990, c.S-8, in respect of the Chrysalis Bank Account, among others. Attached as Exhibit 11 is the Freeze Direction dated April 6, 2017.
13. Smith dealt with the Chrysalis books and had signing authority on the Chrysalis Bank Account from the inception of the business. Smith continued dealing with the Chrysalis books until, Dennill believes, 2013, when an accountant was hired to do it, although she thinks Smith and the accountant "would talk to each other and work with each other." Smith continued to have signing authority on the Chrysalis Bank Account until late 2016 or early 2017. Currently, Dennill has signing authority on the Chrysalis Bank Account, and her accountant has access to pay bills and payroll. However, if there are cheques to be signed, Dennill signs them. Attached as Exhibit 12 are pages 21-22 and 24 of the Dennill Transcript.

14. Smith invested money in Chrysalis after it opened. Dennill has no knowledge of the amounts or dates of these investments, nor does she know the source of the funds. There are no loan agreements, promissory notes or other documentation for the Smith investments. Dennill was not aware of three specific transactions between February and December 2014, which were bank drafts drawn on Smith's Toronto Dominion bank account and deposited into the Chrysalis Bank Account in the amounts of \$32,000, \$52,000, and \$100,000. These three transactions are referred to in the Commission's Notice or Application to continue the Freeze Direction. Smith no longer invests in Chrysalis and Dennill does not know at what point in time Smith stopped investing funds in the business. Attached as Exhibit 13 are pages 27-30, and 40 of the Dennill Transcript.
15. Dennill and Smith also shared another business enterprise within the Chrysalis space, a restaurant named The Naked Sprout. It opened in 2011, soon after Chrysalis itself, and closed in May of 2014 because it was not doing well. The space occupied by the restaurant was converted to a third yoga studio for Chrysalis. Attached as Exhibit 14 is page 38 of the Dennill Transcript.

Relationship with Clayton Smith Ends; The Draft Separation Agreement

16. In late 2014 or early 2015, Smith "started drifting away from it [Chrysalis] a little bit", and then gave up his classes, saying he was too busy. In June or July, 2015 Dennill and Smith's intimate relationship began to deteriorate, and they "officially called it quits" at the end of August or early September 2015. Dennill moved out of the shared home, which is described below, in October 2015. Attached as Exhibit 15 are pages 30-31 of the Dennill Transcript.

17. In November 2016, Dennill and Smith, who are each represented by counsel, reached a draft separation agreement, within which there are provisions for a loan agreement to be provided by Smith to deal with Smith's investments in Chrysalis. It was also soon after this date that Dennill removed Smith's signing authority on the Chrysalis bank accounts. Attached as Exhibit 16 are pages 21 and 41 of the Dennill Transcript.
18. The total amount of the loans from Smith to Chrysalis on the Chrysalis books in November 2015 was \$2.4 million. Dennill asked Smith to reduce this amount as part of their separation negotiations. In January 2016, Smith reduced it to \$1.2 million. Chrysalis is not yet at the break-even point, but it is close. As outlined in the draft separation agreement, the loan agreement that is to be provided sets out repayment terms as follows: once Chrysalis is profitable, it will pay 50 percent of the profits to Smith until such time that he has received \$1.2 million. At that time, the loan will be considered to have been paid in full; there is no interest on the \$1.2 million. Dennill will make the loan payments to Smith himself. In her words, "Mr. Smith owns the loan." Attached as Exhibit 17 is pages 40-45 of the Dennill Transcript.

The Mount Nemo Property

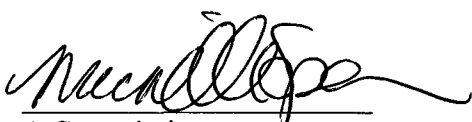
19. At the time she moved out, Dennill and Smith were living at 5043 Mount Nemo Crescent in Burlington, Ontario (the "Mount Nemo Property"). Dennill cannot recall exactly when the Mount Nemo Property was purchased, possibly in February or March 2015, but it could have been earlier. Smith renovated the bathroom and some other things before they moved in, but they certainly were in the house by April 2015. Attached as Exhibit 18 are pages 31-32 of the Dennill Transcript.

20. Dennill believes that the Mount Nemo Property was on the market for four years before it was purchased by Smith, and she believes the purchase price was \$2.7 million. Denill did not make any financial contributions to the purchase because she “couldn’t afford that at all”, nor did she have any ownership stake in the Mount Nemo Property. The Mount Nemo Property purchase was financed solely by Smith. Dennill has no knowledge of the amount of the down payment, the initial amount of the mortgage, the mortgage provider (although it may have been Spectrum Canada), or the current balance owing on the mortgage. She does not know the source of funds for the down payment. She thought that the Mount Nemo Property was registered in Smith’s name, but she later learned it was in the name of CLJ Everest Ltd. Attached as Exhibit 19 are pages 33-35 of the Dennill Transcript.
21. Dennill became aware the Mount Nemo Property was listed for sale when her mother came across the listing on the MLS web site. Dennill was not involved in the listing or sale of the Mount Nemo Property, and she has no knowledge of the current ownership status of the Mount Nemo Property. Dennill confirmed that the listing agent is Smith’s sister, Joanne Smith. Attached as Exhibit 20 are pages 35-37 of the Dennill Transcript.

SWORN before me at the)
City of Toronto in the)
Province of Ontario this)
24th day of April, 2017)



David Adler



A Commissioner, etc.

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

COMPELLED INTERVIEW OF SHANINE DENNILL

1 A. Single.

2 8 Q. Just very briefly, because I want
3 to try to keep this interview not too long, could you
4 just give me your highest level of school and what
5 other educational qualifications you may have,
6 personal, professional accreditations, stuff like
7 that?

8 A. I have a three-year diploma in
9 marketing, and I took some university courses. I also
10 have teacher training courses or a certification in
11 the 200-level and a bunch of other little
12 certifications in yoga.

13 9 Q. And your present employment is
14 what?

15 A. Chrysalis Yoga.

16 10 Q. How long have you been there?

17 A. It was incorporated in June 2009,
18 but the doors actually opened in January 2011. So
19 it's been about six years going onto seven from the
20 date of opening.

21 MR. O'TOOLE: David, I usually do get
22 agreements that Evidence Act protections will apply to
23 everything in the examination without having to put it
24 on the record before every question. I assume you
25 agree to that?

Request ID: 020083474
Transaction ID: 64008029
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/03/28
Time Report Produced: 16:38:35
Page: 1

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2208819	CHRYSLIS YOGA INC.	2009/06/10
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
4040 PALLADIUM WAY	NOT APPLICABLE	NOT APPLICABLE
	New Amal. Number	Notice Date
BURLINGTON	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		Letter Date
CANADA L7M 0C2		NOT APPLICABLE
Mailing Address	Revival Date	Continuation Date
4040 PALLADIUM WAY	NOT APPLICABLE	NOT APPLICABLE
Suite # 11	Transferred Out Date	Cancel/Inactive Date
BURLINGTON	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		EP Licence Eff.Date
CANADA L7M 0C2		EP Licence Term.Date
	Date Commenced in Ontario	Date Ceased in Ontario
	NOT APPLICABLE	NOT APPLICABLE
Activity Classification	Number of Directors	
NOT AVAILABLE	Minimum Maximum	
	00001 00005	

This is Exhibit 2 referred to in the
affidavit of David Adler
sworn before me, this 24
day of April 2017



A COMMISSIONER FOR TAKING AFFIDAVITS

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expire March 22, 2018.

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2208819	CHRYSALIS YOGA INC.

Corporate Name History	Effective Date
CHRYSALIS YOGA INC.	2009/06/10

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	YES - SEARCH REQUIRED FOR DETAILS

Administrator: Name (Individual / Corporation)	Address
SHANINE LEE DENNILL	747 SALES COURT MILTON ONTARIO CANADA L9T 0Z2

Date Began	First Director	
2009/06/10	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	CHIEF EXECUTIVE OFFICER	

Transaction ID: 64008029
Category ID: (C)CC/E

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Request ID: 020083474 Province of Ontario Date Report Produced: 2017/03/28

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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2208819

CHRYSLIS YOGA INC.

Administrator:
Name (Individual / Corporation)

Address

SHANINE
LEE
DENNILL

747 SALES COURT

MILTON
ONTARIO
CANADA L9T 0Z2

Date Began

First Director

2009/06/10

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID 020083474
Transaction ID: 64008029
Category ID (C)CC/E

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Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

2208819

Corporation Name

CHRYSLIS YOGA INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	ANNUAL RETURN 2015	1C	2016/12/25 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.
ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this certified report in electronic form is authorized by the Ministry of Government Services.

Request ID: 020083475
Transaction ID: 64008030
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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION DOCUMENT LIST

Ontario Corporation Number
2208819

Corporation Name
CHRYSLIS YOGA INC.

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)
CIA	ANNUAL RETURN 2015 PAF: DENNILL, SHANINE	1C	2016/12/25 (ELECTRONIC FILING)
CIA	ANNUAL RETURN 2014 PAF: DENNILL, SHANINE	1C	2016/12/25 (ELECTRONIC FILING)
CIA	ANNUAL RETURN 2013 PAF: DENNILL, SHANINE	1C	2015/09/26 (ELECTRONIC FILING)
CIA	ANNUAL RETURN 2012 PAF: DENNILL, SHANINE	1C	2014/04/19 (ELECTRONIC FILING)
CIA	CHANGE NOTICE PAF: WOLFE, JOHN LESLIE	1	2013/10/18 (ELECTRONIC FILING)
CIA	ANNUAL RETURN 2011 PAF: DENNILL, SHANINE	1C	2012/12/15 (ELECTRONIC FILING)
CIA	ANNUAL RETURN 2010 PAF: DENNILL, SHANINE	1C	2011/10/29 (ELECTRONIC FILING)
CIA	CHANGE NOTICE PAF: SMITH, CLAYTON	1	2011/06/07
CIA	ANNUAL RETURN 2009 PAF: DENNILL, SHANINE	1C	2011/02/26 (ELECTRONIC FILING)
CIA	INITIAL RETURN PAF: WOLFE, JOHN LESLIE	1	2009/06/10 (ELECTRONIC FILING)
BCA	ARTICLES OF INCORPORATION	1	2009/06/10 (ELECTRONIC FILING)

Request ID 020083475
Transaction ID 64008030
Category ID (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/03/28
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Director
Ministry of Government Services
Toronto, Ontario

CORPORATION DOCUMENT LIST

Ontario Corporation Number
2208819

Corporation Name
CHRYSALIS YOGA INC

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)
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THIS REPORT SETS OUT ALL DOCUMENTS FOR THE ABOVE CORPORATION WHICH HAVE BEEN FILED ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

ALL "PAF" (PERSON AUTHORIZING FILING) INFORMATION IS DISPLAYED EXACTLY AS RECORDED IN ONBIS. WHERE PAF IS NOT SHOWN AGAINST A DOCUMENT, THE INFORMATION HAS NOT BEEN RECORDED IN THE ONBIS DATABASE.

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Request ID 020083477
Transaction ID 64008033
Category ID (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2017/03/28
Time Report Produced: 16 38 36
Page 1

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Registrar
Ministry of Government Services
Toronto, Ontario

LIST OF CURRENT BUSINESS NAMES REGISTERED BY A CORPORATION

Ontario Corporation Number
2208819

CORPORATION NAME
CHRYSLIS YOGA INC

REGISTRATION DATE	BUSINESS NAME	EXPIRY DATE	BUSINESS ID NUMBER
----------------------	------------------	----------------	-----------------------

NO CURRENT BUSINESS NAMES ON FILE!

THE REPORT SETS OUT ALL BUSINESS NAMES REGISTERED OR RENEWED BY THE CORPORATION IN THE PAST 5 YEARS AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. IF MORE DETAILED INFORMATION IS REQUIRED, YOU MAY REQUEST A SEARCH AGAINST INDIVIDUAL NAMES SHOWN ON THIS REPORT.

The issuance of this certified report in electronic form is authorized by the Ministry of Government Services.

This is Exhibit 3 referred to in the
affidavit of David Adler
sworn before me, this 24
day of April, 2017

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expire March 22, 2018.

CONFIDENTIAL
April 21, 2017

COMPULSED INTERVIEW OF SHANINE DENNILL

Michelle Spain
A COMMISSIONER FOR TAKING AFFIDAVITS

MR. ADLER: Yes, that's standard.

2 MR. O'TOOLE: Yes. I realized I

3 hadn't put it on the record. With that, please go
4 ahead.

5 BY MR. ADLER

6 11 Q. Okay. If you could just very
7 briefly list your past work experience?

8 A. I'm originally from South Africa,
9 so I had some work experience there. But when I came
10 to Canada in 2001 I started at Rogers Video, did a few
11 retail stuff until I finished my marketing diploma.
12 And then I worked at the Toronto Board of Trade. Then
13 I worked at Clayton's firm Crystal Wealth for a few
14 years until we opened the yoga studio, so then I
15 worked at the yoga studio. I work at the yoga studio.

16 12 Q. Just very briefly, a couple of
17 financial questions, your annual income, source of
18 income?

19 A. My annual income is about
20 \$55,000. It goes up and down because I have \$50,000
21 for salary for the studio manager and then the
22 teaching is the difference, that's like the \$5,000,
23 for teaching yoga. And that's all at Chrysalis Yoga.

24 13 Q. That's your sole source of
25 income?

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COMPELLED INTERVIEW OF SHANINE DENNILL

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1 A. Yes.

2 14 Q. Do you have any substantial
3 investments?

4 A. I have an RRSP that's roughly
5 \$40,000 or \$43,000. However, I'm cashing them in to
6 pay for lawyer stuff that's going down.

7 15 Q. Do you own or rent a home?

8 A. I rent.

9 16 Q. You mentioned the \$40,000.
10 What's your approximate net worth?

11 A. Probably nothing because I have
12 debt, a credit card that's like \$6,000. And then my
13 line of credit is about \$40,000.

14 17 Q. Let's talk first about when you
15 worked at Crystal Wealth. I believe I saw on a
16 website -- I think it was your website -- it said you
17 were the office manager?

18 A. Yes.

19 18 Q. Roughly what dates does that
20 cover?

21 A. I'm not 100 per cent certain. I
22 think it was from 2008 to 2010. I tried to look that
23 up yesterday and I couldn't find it.

24 19 Q. Could you describe to me what
25 your duties were?

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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 A. I was at the reception desk, so I
2 would just answer phone calls. I think there was --
3 this was a long time ago, but there was some daily
4 banking thing I had to do with NBCN. Again, I don't
5 know the technical stuff, sorry; it was such a long
6 time ago. And I received clients as they came in. I
7 would just put them in a boardroom and inform Clayton
8 or his other business partners at the time, like Scott
9 Whale.

10 20 Q. About how many people worked in
11 the Crystal Wealth offices?

12 A. It was just me, Clayton and
13 Scott. I think he had another accountant there at a
14 certain time. His name was Adam something.

15 21 Q. What's Scott's last name again?

16 A. Whale, W-h-a-l-e. I think Scott
17 was partner and he was sales manager.

18 22 Q. You said you dealt with people
19 who were coming to the office. Did he have a lot of
20 people coming to the office?

21 A. Not a lot, no. It was mainly --
22 yeah, I don't know.

23 23 Q. Do you recall if a lot of
24 investors came in to speak with him?

25 A. No.

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COMPELLED INTERVIEW OF SHANINE DENNILL

1 24 Q. How many visitors a week would he
2 get? Can you ballpark a figure for me?

A COMMISSIONER FOR TAKING AFFIDAVITS

3 A. At least one, but it would
4 probably be one every second week or third week. And
5 sometimes they would come and talk to Scott because I
6 know Scott had personal clients too.

7 25 Q. So you're telling me that less
8 than five people a week came into the offices?

9 A. Yes, I think so.

10 26 Q. Did Clayton work out of the
11 office most of the time?

12 A. Yes.

13 27 Q. Had you known Clayton Smith
14 before you started working at Crystal Wealth?

15 A. Yes, I did.

16 28 Q. For how long?

17 A. Not long. I think it was just a
18 few months because we met at a yoga studio.

19 29 Q. What was the nature of your
20 relationship at the time you started working there?

21 A. I was just an employee then.

22 30 Q. Did that change during the --

23 A. Yes.

24 31 Q. How did that change?

25 MR. O'TOOLE: David, I'm just going to

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 give her a quick reminder to let you finish the
2 question for the court reporter, especially with the
3 phone. I don't mean to cut you off. I just wanted to
4 give her that reminder so everyone knows. If you
5 could repeat the question, David?

6 BY MR. ADLER

7 32 Q. Sure, and it's a good reminder to
8 me also actually. How did the nature of your
9 relationship with Mr. Smith change during your
10 employment there?

11 A. We became partners or lovers, I
12 guess.

13 33 Q. Was Mr. Smith in a relationship
14 at the time?

15 A. He was in a long-distance
16 relationship, but I don't know when they broke up.

17 34 Q. Do you know the name of the
18 person that he was in a relationship with?

19 A. Tracey Schechter (ph), I think.

20 35 Q. You were there about two years.
21 At what time did it become an intimate relationship?

22 A. I'm not 100 per cent certain. I
23 think it was probably a few months in. I can't
24 remember how far in.

25 36 Q. So would it be fair to say more

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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 towards the beginning -- the beginning, middle or end?

2 A. Beginning to middle I would say.

3 37 Q. What was your reason for leaving
4 Crystal Wealth?

5 A. We were going to open up a yoga
6 studio.

7 38 Q. Let's talk about the yoga
8 studio --

9 A. Oh, wait, sorry, can I go back?

10 39 Q. Sure.

11 A. He also needed to cut down
12 expenses, so he needed to get rid of my position. And
13 we were going to open up a yoga studio.

14 40 Q. If I've asked you a question and
15 you want to revisit something you said earlier, please
16 feel free to do so.

17 A. Sure.

18 41 Q. And if you want to give a fuller
19 answer than the question implies, again, anything that
20 comes to mind that you think is worth sharing with us,
21 please do so.

22 Let's talk about Chrysalis Yoga.

23 Let's talk about the whole business idea. When did
24 that get started and how did it all happen?

25 A. I think by that time we had moved

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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 in with each other and we were just talking about it,
2 how we wanted to create a yoga studio, something
3 different from other places. And then we started
4 looking for an area where we could either rent an
5 existing place or start it up from scratch. Sorry, I
6 don't know what else to say.

7 42 Q. When did you start living
8 together then? Can you give me an idea?

9 A. I think 2009.

10 43 Q. You said you incorporated in
11 June 2009.

12 A. Yes. So it must have been
13 sometime before.

14 44 Q. You mentioned you thought about
15 it. You incorporated in 2009 and you said you opened
16 in January 2011, correct?

17 A. Yes.

18 45 Q. What happened in that period
19 between incorporation and opening?

20 A. We found a place to open our yoga
21 studio, and they were supposed to break ground pretty
22 soon after June 2009.

23 46 Q. Sorry, I missed -- the what yoga
24 studios? You said you found -- I didn't quite hear a
25 name in there or something.

COMPULLED INTERVIEW OF SHANINE DENNILL day of April 2017 20 April 21, 2017

CONFIDENTIAL

1 A. Single. Michelle Spain
2 8 Q. Just very briefly, because I want
3 to try to keep this interview not too long, could you
4 just give me your highest level of school and what
5 other educational qualifications you may have,
6 personal, professional accreditations, stuff like
7 that?

A COMMISSIONER FOR TAKING AFFIDAVITS

8 A. I have a three-year diploma in
9 marketing, and I took some university courses. I also
10 have teacher training courses or a certification in
11 the 200-level and a bunch of other little
12 certifications in yoga.

13 9 Q. And your present employment is
14 what?

15 A. Chrysalis Yoga.

16 10 Q. How long have you been there?

17 A. It was incorporated in June 2009,
18 but the doors actually opened in January 2011. So
19 it's been about six years going onto seven from the
20 date of opening.

21 MR. O'TOOLE: David, I usually do get
22 agreements that Evidence Act protections will apply to
23 everything in the examination without having to put it
24 on the record before every question. I assume you
25 agree to that?

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 towards the beginning -- the beginning, middle or end?

2 A. Beginning to middle I would say.

3 37 Q. What was your reason for leaving
4 Crystal Wealth?

5 A. We were going to open up a yoga
6 studio.

7 38 Q. Let's talk about the yoga
8 studio --

9 A. Oh, wait, sorry, can I go back?

10 39 Q. Sure.

11 A. He also needed to cut down
12 expenses, so he needed to get rid of my position. And
13 we were going to open up a yoga studio.

14 40 Q. If I've asked you a question and
15 you want to revisit something you said earlier, please
16 feel free to do so.

17 A. Sure.

18 41 Q. And if you want to give a fuller
19 answer than the question implies, again, anything that
20 comes to mind that you think is worth sharing with us,
21 please do so.

22 Let's talk about Chrystalis Yoga.

23 Let's talk about the whole business idea. When did
24 that get started and how did it all happen?

25 A. I think by that time we had moved

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COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 in with each other and we were just talking about it,
2 how we wanted to create a yoga studio, something
3 different from other places. And then we started
4 looking for an area where we could either rent an
5 existing place or start it up from scratch. Sorry, I
6 don't know what else to say.

7 42 Q. When did you start living
8 together then? Can you give me an idea?

9 A. I think 2009.

10 43 Q. You said you incorporated in
11 June 2009.

12 A. Yes. So it must have been
13 sometime before.

14 44 Q. You mentioned you thought about
15 it. You incorporated in 2009 and you said you opened
16 in January 2011, correct?

17 A. Yes.

18 45 Q. What happened in that period
19 between incorporation and opening?

20 A. We found a place to open our yoga
21 studio, and they were supposed to break ground pretty
22 soon after June 2009.

23 46 Q. Sorry, I missed -- the what yoga
24 studios? You said you found -- I didn't quite hear a
25 name in there or something.

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 50 Q. Has it always been in the space
2 it's presently occupying?

3 A. Yes. I know when we registered
4 the company we had to use our residential address at
5 the time. But the present location, the physical
6 location, opening up the studio, is where it's at
7 right now, always been.

8 51 Q. At the time of incorporation, who
9 were the shareholders or owners of the business?

10 A. Me and Clayton and --

11 52 Q. What percentage did each of you
12 hold?

13 A. 50 per cent each.

14 53 Q. Who were the officers and
15 directors of the corporation?

16 A. Both of us.

17 54 Q. Do you know what positions you
18 held?

19 A. I held? I don't know at that
20 time, no.

21 55 Q. Or what positions Mr. Smith held
22 as far as officer or director?

23 A. At the time that we incorporated?
24 I don't know.

25 56 Q. When you were setting up the

Page 15

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

Michelle Spain

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24 studios? You said you found -- I didn't quite hear a
25 name in there or something.

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 A. Our yoga studio?

2 MR. O'TOOLE: All she said was that
3 they found a location where they could have a yoga
4 studio.

5 MR. ADLER: Sorry, this thing garbles
6 a bit.

7 MR. O'TOOLE: Not a problem.

8 BY MR. ADLER

9 47 Q. Go on.

10 A. They were supposed to break
11 ground, but they hadn't because they were waiting for
12 a bunch of tenants in the plaza before they broke
13 ground. They couldn't break ground, so they stopped
14 it and then we couldn't open the studio. And then
15 they were finally able to get enough tenants in the
16 plaza that we could open the studio.

17 And then at that time we were doing
18 business plans and stuff like that to get a loan from
19 CIBC and BDC, Business Development of Canada.

20 48 Q. So part of the delay was just
21 waiting for the building to be built?

22 A. Yes.

23 49 Q. Is the present location of
24 Chrysalis Yoga its only location it's ever had?

25 A. Yes.

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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 last moment, Mr. Smith got a loan, but you don't know
2 the amount?

3 A. No, I don't know.

4 67 Q. Can you recall offhand what size
5 of loan you were seeking from Scotia?

6 A. I think it was a few hundred
7 thousand dollars, maybe \$200,000 or \$300,000, but
8 again, I can't remember. He would probably remember
9 that more than I do.

10 68 Q. Do you remember the date of the
11 opening?

12 A. Yes, January 29, 2011.

13 69 Q. So the bank pulled out the day of
14 or the day before?

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16 day before. I don't know. I think it was the day of,
17 but I can't remember.

18 70 Q. How long did it take Mr. Smith to
19 secure the loan?

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21 remember.

22 71 Q. Give me a moment here.

23 A. Sorry, if I can go back, I know
24 he was also using some of his credit cards to pay for
25 the buildout and stuff like that.

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission,
Expiry March 22, 2018.

This is Exhibit 7 referred to in the
affidavit of David Adler
sworn before me, this 24

COMPELLED INTERVIEW OF SHANINE DENNIS

date of April 2017 CONFIDENTIAL
April 21, 2017

A COMMISSIONER FOR TAKING AFFIDAVITS

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COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

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5 side of it?

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8 bank accounts?

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10 sign cheques and stuff. I never signed it.

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13 of funds, signing authority on bank accounts, business
14 planning, all of those sorts of things, who took care
15 of that?

16 A. He took care of that, Clayton.

17 60 Q. So you don't know how much it
18 cost to set up the business. Do you know the source
19 of the startup funds?

20 A. Yes. I put in some of my
21 personal money, which was a line of credit at that
22 time. And I can't remember now, I think I may have
23 put in some savings. I got a credit from BDC, the
24 Business Development of Canada, which was about
25 \$40,000, and I was the guarantor for the loan.

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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 And then we were trying to get a loan
2 from CIBC at the time. They pulled out. Then we
3 tried to get a loan from Scotiabank, and they pulled
4 out the day that we opened.

5 So Clayton had said that he would need
6 to get a loan, so he said he had gotten a loan and put
7 money into the business.

8 61 Q. Do you know what the amount of
9 that loan was?

10 A. I have no idea.

11 62 Q. Do you know the source of funds
12 for that loan?

13 A. I don't know the funds, no.

14 63 Q. You said you put in some savings
15 and line of credit?

16 A. Yes.

17 64 Q. Do you know the amounts?

18 A. I think my line of credit, the
19 limit at that time was \$20,000. And the BDC amount
20 was \$40,000.

21 65 Q. What about your personal savings?

22 A. I can't remember if I did or
23 didn't. I would have to check through my personal
24 savings to see how much I did and when I did it.

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Page 17

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

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19 secure the loan?

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24 he was also using some of his credit cards to pay for
25 the buildout and stuff like that.

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 72 Q. Again, any idea of the amounts?

2 A. I have no idea of the amounts.

3 73 Q. So you got started in January of
4 2011. How many employees did you start with?

5 A. I was managing it at the time, so
6 we probably had maybe five or six employees. And then
7 we had yoga teachers, probably about 10 or 13 yoga
8 teachers. Again, I'm estimating. I can't give exact
9 numbers.

10 74 Q. It's always to the best of your
11 ability to recall. I appreciate the fact we're asking
12 you questions about things that you might not have
13 thought about for a while.

14 So you had a few employees. What
15 roles did those employees have?

16 A. They worked at the front desk, so
17 they would meet and greet customers and answer the
18 phone, process payments, stuff like that.

19 75 Q. Would you consider that you
20 oversaw the day-to-day running of the business?

21 A. Yes.

22 76 Q. But from what you said earlier, I
23 gather that you didn't take care of the books?

24 A. No, I didn't; that was his role.
25 So I just managed the studio, did the scheduling, made

Page 19

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 sure everything was followed up within the studio.

2 77 Q. Do you have any idea of the
3 initial running costs of the venture?

4 A. I don't know, sorry.

5 78 Q. You mentioned that Mr. Smith took
6 care of the bookkeeping and that; let's call it the
7 back office. What else were his intended roles at the
8 business when you started it up?

9 A. He taught some classes, so he was
10 a yoga teacher there.

11 79 Q. How much time would he spend on
12 the back office stuff and how much time would he spend
13 teaching in a typical week?

14 A. For teaching? He only had two
15 classes, which are an hour long each, so that's two
16 hours a week. For the back end, I wouldn't be able to
17 tell you. I don't know that.

18 80 Q. When he did that back office
19 stuff, was he physically there doing it?

20 A. No. He would probably be doing
21 it at home or at his other work. I don't know.

22 81 Q. So you don't know how
23 time-consuming that was?

24 A. No.

25 82 Q. When you started up about how

Page 20

This is Exhibit 8 referred to in the
affidavit of David Adler
sworn before me this 24
day of April, 2017

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expire March 22, 2018.

CONFIDENTIAL
April 21, 2017

MANUEL
COMPULSED INTERVIEW OF SHANINE DENNILL

1 business what were your approximate setup costs?

A COMMISSIONER FOR TAKING AFFIDAVITS

2 A. Sorry, I don't even know because

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COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

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COMPELLED INTERVIEW OF SHANINE DENNILL

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COMPELLED INTERVIEW OF SHANINE DENNILL

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Page 20

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 104 Q. I think I might have asked you
2 this. The space you're occupying in the plaza, is
3 that the space you originally started with or have you
4 expanded since your original one?

5 A. No. It's the original one.

6 105 Q. That's a very ambitious -- it
7 sounds like a very ambitious plan; is that fair to
8 say?

9 MR. O'TOOLE: I'm not sure how anyone
10 can answer that question.

11 BY MR. ADLER

12 106 Q. Okay, fair enough. We talked
13 about the ownership and shareholders at the beginning
14 of the business. Has the ownership of the business
15 changed?

16 A. Yes. So we had 50-50. Again, I
17 don't know when this happened. I bought out his
18 shares. It was fairly close -- either before we
19 opened or after we opened. I don't know the exact
20 time. I took over his shares. I think I just bought
21 it for like a dollar or something. And then I have it
22 100 per cent under my name.

23 107 Q. Is he still involved? When you
24 bought the shares was he still an officer and director
25 after that?

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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 A. I'm not too clued up with the
2 officer and director thing, but he was the CFO. He
3 was doing all of our finances and stuff.

4 108 Q. That role continued until what
5 point?

6 A. Well, we had accountants, but he
7 still had access to the cheques and would write
8 cheques all the way up until I took him off the
9 signing, which was, like I said, December or January
10 after our separation.

11 109 Q. So the separation, the legal
12 separation -- was that a legal separation or that's
13 when you just stopped?

14 A. It was a legal separation,
15 although I was waiting for him to finalize it. We did
16 a draft, but it hasn't been final because I was
17 waiting for him to bring me a loan agreement because
18 he invested money and I still have to repay those
19 loans.

20 110 Q. Do you know how much -- did he
21 make any ongoing investments in the business after his
22 initial investment? You talked about he made a loan
23 just at the time it opened and stuff. Are you aware
24 of any ongoing money he put in the business after it
25 opened?

Page 27

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expiry March 22, 2018.

This is Exhibit 10 referred to in the
affidavit of David Adler
sworn before me, this 24
April 2017 20 April 21, 2017
Michelle Spain
CONFIDENTIAL

COMPELLED INTERVIEW OF SHANINE DENNIS day of

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COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

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Page 16



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

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

Web site: 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

This is Exhibit 11 referred to in the
affidavit of David Adler
sworn before me, this 24
day of April 2017

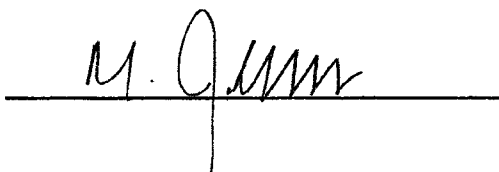

A COMMISSIONER FOR TAKING AFFIDAVITS

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expires March 22, 2018.

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 ^{7th}6 day of April, 2017.



SCHEDULE "A" TO FREEZE DIRECTION

Institution	Account Name	Account Number
The Bank of Nova Scotia	Chrysalis Yoga Inc.	87296 00518 10

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission,
Expiry March 22, 2018.

This is Exhibit 12 referred to in the
affidavit of David Adler
sworn before me, this 24
day of April 2017

CONFIDENTIAL
April 21, 2017

COMPELLED INTERVIEW OF SHANINE DENNELL

Michelle Spain

A COMMISSIONER FOR TAKING AFFIDAVITS

1 many customers were you getting?

2 A. I have no idea. It was very slow
3 for us in the beginning.

4 83 Q. So it's been -- obviously, it's
5 been growing or it's been sustaining?

6 A. Yes.

7 84 Q. Do you know how far into the life
8 of the business you started to make a profit?

9 A. We still haven't made a profit.
10 I think we're close to break-even now.

11 85 Q. Let's talk about the ongoing
12 business, what's been happening since January 2011.
13 The ongoing financial management, for example, control
14 of funds, signing authority on bank accounts, business
15 planning; has there been any changes in who's doing
16 that?

17 A. Well, he was doing it for a long
18 time until we went through our separation agreement.
19 And we went through lawyers, which was finalized
20 November 2016. And then I took him off the signing
21 authority.

22 86 Q. In November 2016?

23 A. I don't remember or recall
24 exactly when, but it was soon after that I took him
25 off, so it could have been in December or January that

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COMPELLED INTERVIEW OF SHANINE DENNILL

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1 I took him off.

2 87 Q. Up until the time you took him
3 off, was he still handling all of the financial side
4 of the company?

5 A. Yes and no. We also had
6 accountants. Originally he was the accountant, and
7 then we hired another accountant, and then her mom
8 took over. And then we got another accountant who he
9 knows through his work. So she's now still doing our
10 books.

11 88 Q. Do you recall when you initially
12 hired the first outside accountant?

13 A. I think 2013, but again, I'm not
14 100 per cent certain. I'd have to look at my records
15 and stuff. Even then, I'm not even sure if I can see
16 it.

17 89 Q. Did Mr. Smith then no longer do
18 any of it or was it a shared task still?

19 A. He would still sign cheques and
20 stuff. He would just do the bookkeeping thing. And I
21 think they would talk to each other and work with each
22 other.

23 90 Q. But around sometime in 2013 he
24 stopped doing the day-to-day bookkeeping?

25 A. Yes, he stopped around there.

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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 doing more hands-on running of the business when this
2 person's contract expires?

3 A. Yes, because I'm trying to get
4 the business to be profitable..

5 96 Q. Who has signing authority in the
6 accounts since Clayton has taken off. You do
7 obviously, and anybody else?

8 A. I do. My accountant pays
9 payroll, so she has access to our bank account.
10 She'll pay payroll and bills and stuff like that. But
11 if there are cheques that need to be signed, I'll sign
12 them.

13 97 Q. Do you have any idea of the
14 current running costs of the business?

15 A. Sorry, I don't have it offhand.

16 98 Q. How are your customer numbers
17 now?

18 A. It's better. We've grown. We
19 have probably about 445 members. And we have other
20 people that are not members but still come to my
21 classes. And we also have people who just come in to
22 try the yoga studio.

23 99 Q. When you first started, about how
24 many classes a week was the studio doing?

25 A. I can't remember.

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COMPELLED INTERVIEW OF SHANINE DENNILEY

day of April 2017 20 CONFIDENTIAL
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1 A. I'm not too clued up with the
2 officer and director thing, but he was the CFO. He
3 was doing all of our finances and stuff.

4 108 Q. That role continued until what
5 point?

6 A. Well, we had accountants, but he
7 still had access to the cheques and would write
8 cheques all the way up until I took him off the
9 signing, which was, like I said, December or January
10 after our separation.

11 109 Q. So the separation, the legal
12 separation -- was that a legal separation or that's
13 when you just stopped?

14 A. It was a legal separation,
15 although I was waiting for him to finalize it. We did
16 a draft, but it hasn't been final because I was
17 waiting for him to bring me a loan agreement because
18 he invested money and I still have to repay those
19 loans.

20 110 Q. Do you know how much -- did he
21 make any ongoing investments in the business after his
22 initial investment? You talked about he made a loan
23 just at the time it opened and stuff. Are you aware
24 of any ongoing money he put in the business after it
25 opened?

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 A. Yes. He did put in more money
2 ongoing.

3 111 Q. Do you know the amounts or times
4 when he did that?

5 A. No, I don't.

6 112 Q. Do you know the source of the
7 funds for any of it?

8 A. No, I don't.

9 113 Q. For all of these investments he
10 made, was there any documentation?

11 A. Like a loan agreement?

12 114 Q. A loan agreement, even a
13 promissory note, an IOU or anything?

14 A. No.

15 115 Q. I'm just going to ask you a
16 couple of specific questions, only because we're aware
17 of, we believe, certain transactions that we see going
18 into your account. Let me know if any of this sounds
19 familiar.

20 On February 14, 2014 there was a
21 \$32,000 bank draft to Chrysalis Yoga. Are you aware
22 of that?

23 A. No. I don't know the specifics.

24 116 Q. On April 29, 2014 there was a
25 \$55,000 bank draft to the Chrysalis Yoga account?

COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 A. I don't know the specifics.

2 117 Q. Are you aware of money going in
3 from Mr. Smith at that time?

4 A. I know Clayton had to keep
5 putting money in, yes.

6 118 Q. And the third one was on
7 December 29, 2014. There was a bank draft for
8 \$100,000.

9 A. I don't know.

10 119 Q. You're not aware of those
11 specific transactions?

12 A. No.

13 120 Q. In your bookkeeping is there any
14 way that you can -- do you know if you can see the
15 money he put in as far as the books go? Is there a
16 record of it there?

17 MR. O'TOOLE: Sorry, what do you mean
18 by that? Obviously she had access to her bank
19 account. We can look at the bank account. Do you
20 mean something different?

21 BY MR. ADLER

22 121 Q. Well, you had a bookkeeper for
23 the business?

24 A. Yes.

25 122 Q. I'm saying would the loans from

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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 Mr. Smith or the investments from Mr. Smith be
2 documented in the books of the business?

3 A. Yes, they would be.

4 123 Q. We may ask you for those records
5 at some point.

6 A. Okay.

7 MR. O'TOOLE: You know you have the
8 ability to ask for those. So if you do, just let us
9 know.

10 MR. ADLER: We'll see. We don't want
11 to ask for something just to ask for it.

12 MR. O'TOOLE: I understand.

13 BY MR. ADLER

14 124 Q. On an ongoing basis once the
15 business got off the ground, you mentioned that
16 Mr. Smith taught a couple of classes a week?

17 A. Yes.

18 125 Q. Was that through the time
19 until -- is he still teaching classes?

20 A. No, he stopped. He was very
21 involved in the studio for a while and then he started
22 drifting away from it a little bit. And then he had
23 to give up his classes because he said he was too
24 busy.

25 126 Q. When was that?

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COMPELLED INTERVIEW OF SHANINE DENNILL

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1 in as far as I know.

2 176 Q. Do you know up until what point
3 he was still putting money in?

4 A. No.

5 177 Q. Do you know the amount of money
6 over time that he put in in total?

7 A. The total loan that was on the
8 books when we looked at the separation was about
9 \$2.4 million I think. And in the separation I asked
10 him if we could reduce that, and we reduced it to
11 \$1.2 million.

12 178 Q. So from your understanding he
13 invested \$2.4 million, and the current outstanding
14 debt or at the time of the separation was half of that
15 at \$1.2 million?

16 A. No. At the time of the
17 separation it was \$2.4 million. And then in the
18 negotiation of our separation agreement I said that
19 would be hard for the company to repay back. And he
20 said he would reduce it to \$1.2 million.

21 179 Q. So that \$2.4 million calculation
22 was current at about what date?

23 A. It would be November of 2015. By
24 the time I think it actually got reduced it was
25 probably in January of 2016.

Page 40

Michelle Spain, a Commissioner, etc.,
 Province of Ontario, for the
 Government of Ontario, Ontario Securities Commission.
 Expire March 22, 2018.

This is Exhibit 14 referred to in the
 affidavit of David Adler
 sworn before me, this 24 ~~CONFIDENTIAL~~
 day of April 2017 ~~April 21, 2017~~

COMPELLED INTERVIEW OF SHANINE DENNILL

A COMMISSIONER FOR TAKING AFFIDAVITS

1 167 Q. What about something called The
 2 Naked Sprout?

3 A. Oh, sorry, I forgot about that.
 4 The Naked Sprout was a restaurant that was under the
 5 name of Chrysalis Yoga. It was a restaurant that --
 6 remember I had said we have three yoga rooms?

7 168 Q. Yes.

8 A. Originally, one of the yoga rooms
 9 our intention was to have it as a café, but it ended
 10 up being a restaurant, so that took up a portion of
 11 the area within the Chrysalis Yoga square footage kind
 12 of thing.

13 169 Q. What were the dates of the
 14 operation of The Naked Sprout?

15 A. I don't know the exact dates, but
 16 I think we opened it soon after we opened Chrysalis,
 17 so probably mid-2011, and then we closed it probably
 18 May 2014.

19 170 Q. What was the reason for closing?

20 A. It just wasn't doing well.

21 171 Q. Again, I'll ask you these sorts
 22 of questions: Any idea of the sort of startup -- was
 23 the startup cost of it rolled into the startup cost of
 24 the whole studio or was it a separate thing?

25 A. I don't know the details

Michelle Spain, a Commissioner, etc.,
 Province of Ontario, for the
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 Expiry March 22, 2018.

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 affidavit of David Adler
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April 2017 ²⁸ ~~CONFIDENTIAL~~
Michelle Spain April 21, 2017

COMPELLED INTERVIEW OF SHANINE DENNILL

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 2 documented in the books of the business?
 A COMMISSIONER FOR TAKING AFFIDAVITS

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 5 at some point.

6 A. Okay.

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 8 ability to ask for those. So if you do, just let us
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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 A. Probably in late 2014. And he
2 may have given it up late 2014, early 2015. I can
3 check for that if you need that because that I can
4 easily look in my computers.

5 127 Q. We'll let you know if we want
6 anything like that. Not at the moment. You said the
7 separation was in 2016. When did the relationship
8 start to deteriorate?

9 A. It started to deteriorate
10 probably in June or July 2015. And then we officially
11 called it quits probably the end of August 2015 or
12 early September 2015. And then I moved out
13 October 2015.

14 128 Q. So there was about a year or a
15 little more before you had the legal separation?

16 A. Yes.

17 129 Q. Where were you living at the time
18 with Mr. Smith?

19 A. At Mt. Nemo Crescent.

20 130 Q. Would that be 5043 Mt. Nemo
21 Crescent in Burlington?

22 A. Yes.

23 131 Q. What are the dates that you lived
24 there?

25 A. I think April 2015 to the

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COMPELLED INTERVIEW OF SHANINE DENNILL

1 many customers were you getting?

Michelle Spain
A COMMISSIONER FOR TAKING AFFIDAVITS

2 A. I have no idea. It was very slow
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COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 180 Q. In November 2015 it was
2 \$2.4 million and in January it was \$1.2 million. And
3 then you had the separation agreement actually signed
4 in November 2016, right?

5 A. Yes. And remember it was a draft
6 one. We were waiting for a loan agreement before the
7 final one, like the final, final.

8 181 Q. So November 2016 is a draft?

9 A. Yes.

10 182 Q. When do you anticipate the final,
11 final?

12 A. I was waiting for him to do a
13 loan agreement from his separation lawyer, which in
14 our clause said he had 60 days to do it, but he had
15 lapsed on it, so my lawyer was trying to get back to
16 him on that.

17 183 Q. Do you know offhand what the
18 terms were in that draft agreement?

19 MR. O'TOOLE: We have to be a little
20 bit careful. There's a confidentiality non-disclosure
21 around the material that was provided as part of that.
22 It doesn't have a carve-out that I thought it would
23 have which would usually say "as required by law"
24 because I understand we're required by law to provide
25 this information.

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This is Exhibit 17 referred to in the
affidavit of Dana Adler
sworn before me, this 24
day of April 2017 ~~20~~ April 21, 2017

COMPELLED INTERVIEW OF SHANINE DENNILL

Michelle Spain

A COMMISSIONER FOR TAKING AFFIDAVITS

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Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission,
Expire March 22, 2018.

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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

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23 have which would usually say "as required by law"
24 because I understand we're required by law to provide
25 this information.

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COMPELLED INTERVIEW OF SHANINE DENNILL

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1 I'm just putting that on the table I'm
2 a little bit concerned with that. Can you re-ask the
3 question? And we'll try to answer it as fully and
4 frankly as we can.

5 BY MR. ADLER

6 184 Q. You said the amount is
7 \$1.2 million.

8 A. Yes.

9 185 Q. Do you know the terms and
10 conditions of the repayment?

11 A. Yes. Because the studio isn't
12 break-even yet but it's close to, we had said as soon
13 as the studio makes profit, 50 per cent will come to
14 me and 50 per cent will go to him. I know it's not --
15 that's how it is.

16 186 Q. So there's no specific you're
17 paying this on certain dates. It's just on the basis
18 of he gets 50 per cent of the profits once they are
19 made?

20 A. Yes.

21 187 Q. Is there an interest on that
22 \$1.2 million?

23 A. No.

24 188 Q. So it's \$1.2 million and he keeps
25 getting 50 per cent of the profits until it's paid

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COMPELLED INTERVIEW OF SHANINE DENNILL

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1 off?

2 A. Yes.

3 189 Q. Given what you just said, Bruce,
4 if I were to ask for an undertaking to provide a copy
5 of the loan agreement, what would you say?

6 MR. O'TOOLE: What I've asked you to
7 do is either put it in a summons to me where you
8 specifically mention the loan agreement, and I would
9 say I am compelled by law to provide it to you.

10 MR. ADLER: Okay.

11 MR. O'TOOLE: I would just be
12 concerned about an undertaking because that puts me in
13 the way of it. That's why.

14 MR. ADLER: Okay. If we were to give
15 you a summons today, would it be possible to get it
16 today?

17 MR. O'TOOLE: I believe it would be,
18 if we get a copy of the draft loan agreement -- is
19 there a draft loan agreement?

20 THE WITNESS: It's not a draft loan
21 agreement. It's a draft separation agreement. And
22 within the separation agreement it talks about the
23 loan and says that he needs to do up an official loan
24 agreement. So I can give you a copy of the separation
25 agreement and that will have the loan within it.

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COMPELLED INTERVIEW OF SHANINE DENNILL

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1 MR. O'TOOLE: That's what we can get
2 you today. I would take a quick look at it and
3 potentially redact some things if there's stuff in it,
4 but I just haven't seen it yet, so I just don't know
5 what's there.

6 MR. ADLER: We'll go off the record
7 for a second, please.

8 --- Off-record discussion

9 MR. ADLER: Thank you for telling me
10 the terms of the repayment and the amounts, that's
11 very helpful.

12 I'm going to take a brief break. I
13 just want to review my questions. I think we're
14 pretty well close to done.

15 MR. O'TOOLE: Okay. We're just going
16 to put you on mute and let us know when you're ready
17 to go again.

18 --- Recess taken at 11:02 a.m.

19 --- Upon resuming at 11:03 a.m.

20 BY MR. ADLER

21 190 Q. Just one more question about the
22 debt. That's connected with just Chrysalis, correct?

23 A. Yes.

24 191 Q. There are no other outstanding
25 debts between you and Mr. Smith?

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COMPELLED INTERVIEW OF SHANINE DENNILL

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1 A. No.

2 192 Q. Who receives the money that will
3 eventually be paid back to pay off that loan?

4 A. Hopefully I understand your
5 question, like how we receive money from our students?

6 193 Q. No, sorry. I asked it very
7 poorly. The money, when you're paying off the loan,
8 who are you actually paying?

9 A. We haven't even paid off the
10 loan, so I probably -- I don't know. I didn't even
11 think about that with the separation. I probably have
12 to ask Clayton.

13 194 Q. Would it be Mr. Smith who's
14 the --

15 A. Oh, sorry, yes. On the record
16 it's Mr. Smith who owns the loan.

17 195 Q. Do you know the current
18 residential address or whereabouts of Mr. Smith?

19 A. No, I don't.

20 196 Q. When was the last time you saw
21 him?

22 A. I honestly weirdly enough bumped
23 into him yesterday at the grocery store.

24 197 Q. Okay. I think that's pretty well
25 all our questions. Is there anything else you'd like

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This is Exhibit 18 referred to in the
affidavit of David Adler
sworn before me, this 24
day of April 2017

Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expire March 22, 2018.

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April 21, 2017

COMPULSED INTERVIEW OF SHANINE DENNILL

Michelle Spain
A COMMISSIONER FOR TAKING AFFIDAVITS

2 A. Probably in late 2014. And he
3 may have given it up late 2014, early 2015. I can
4 check for that if you need that because that I can
5 easily look in my computers.

6 127 Q. We'll let you know if we want
7 anything like that. Not at the moment. You said the
8 separation was in 2016. When did the relationship
9 start to deteriorate?

10 A. It started to deteriorate
11 probably in June or July 2015. And then we officially
12 called it quits probably the end of August 2015 or
13 early September 2015. And then I moved out
14 October 2015.

15 128 Q. So there was about a year or a
16 little more before you had the legal separation?

17 A. Yes.

18 129 Q. Where were you living at the time
19 with Mr. Smith?

20 A. At Mt. Nemo Crescent.

21 130 Q. Would that be 5043 Mt. Nemo
22 Crescent in Burlington?

23 A. Yes.

24 131 Q. What are the dates that you lived
25 there?

A. I think April 2015 to the

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April 21, 2017

COMPELLED INTERVIEW OF SHANINE DENNILL

1 beginning of October 2015.

2 132 Q. Were you involved in looking for
3 the property?

4 A. Yes. We both looked for it on
5 MLS and we both went with a realtor to see it.

6 133 Q. Do you remember when you first
7 saw it?

8 A. I don't remember, but it was
9 probably soon before -- I think probably February or
10 March of 2015.

11 134 Q. Was there much of a time lag
12 between the time you saw it and when you moved in?

13 A. Maybe we saw it before because I
14 remember we couldn't move in because we had to do some
15 renovations. He wanted the bathroom renovated before
16 we moved in and some other things in the place. So
17 I'm almost certain we moved in in April. We probably
18 needed a month or two in order to --

19 135 Q. Can you recall specifically when
20 the purchase was made?

21 A. I don't know that because he did
22 all of that.

23 136 Q. Do you know if the property had
24 been on the market for a while?

25 A. Now?

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A.S.A.P Reporting Services Inc.

(613) 564-2727

(416) 861-8720

Michelle Spain, a Commissioner, etc.,
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Expires March 22, 2018.

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COMPULLED INTERVIEW OF SHANINE DENNIE

Michelle Spain
A COMMISSIONER FOR TAKING AFFIDAVITS

- 1 137 Q. No, at the time that you
2 purchased it.
3 A. Yes, it had been, probably like
4 four years, I was told.
5 138 Q. So it had sat vacant for four
6 years?
7 A. Not vacant. The guy was living
8 in it, the owner.
9 139 Q. Sorry, bad assumption on my part.
10 So it was on the market for four years then, you
11 heard?
12 A. I believe I heard it. I don't
13 know for certain.
14 140 Q. Do you know the purchase price of
15 the house?
16 A. I think it was \$2,700,000,
17 somewhere around there.
18 141 Q. Do you know how the purchase was
19 funded?
20 A. I know Clayton -- I was in the
21 car with him sometimes and he was trying to get a
22 mortgage. So I know he was talking, like every time
23 he would answer the phone, and it was mortgage stuff.
24 142 Q. Did you make any financial
25 contributions to the purchase?

COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 A. No, I didn't. He did it because
2 I couldn't afford that at all.

3 143 Q. Do you know the amount of the
4 mortgage he took?

5 A. I have no idea.

6 144 Q. Do you know the name of the
7 mortgage provider?

8 A. I don't know. I thought it was
9 through Spectrum Canada because he knew them or they
10 referred him to a mortgage provider. But I have no
11 idea it who was finally.

12 145 Q. And down payment money, things
13 like that, do you know the source of those funds for
14 that?

15 A. I have no idea.

16 146 Q. What about any idea of the
17 current balance of the mortgage?

18 A. I have no idea.

19 147 Q. In whose name was the property
20 registered?

21 A. I thought it was his. Later, I
22 found out it was CLJ Everest, but I always thought it
23 was under his name.

24 148 Q. You had no interest in it --
25 sorry, no legal ownership in it.

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COMPELLED INTERVIEW OF SHANINE DENNILL

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April 21, 2017

1 A. No.

2 149 Q. Was there any business purpose to
3 the property?

4 A. His intention was to hopefully
5 bring the Crystal Wealth office into the barn that was
6 there. When we separated, he wasn't sure if he was
7 going to do it. When we separated, I don't know what
8 his final decision was.

9 150 Q. Are you aware the property had
10 been put back on the market?

11 A. Yes, I am now.

12 151 Q. When did you become aware of
13 that?

14 A. I think my mom found it on MLS
15 and told me.

16 152 Q. Do you know how long?

17 A. I don't know how long that was,
18 sorry.

19 153 Q. So you don't know when it was
20 listed. Do you know why it was listed?

21 A. Well, I know kind of now through
22 the grapevine and that. I don't know all of the other
23 details.

24 154 Q. What have you heard?

25 MR. O'TOOLE: Sorry, that's not --

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Michelle Spain, a Commissioner, etc.,
Province of Ontario, for the
Government of Ontario, Ontario Securities Commission.
Expire March 22, 2018.

This is Exhibit 20 referred to in the
affidavit of David Adler
sworn before me, this 24
day of April 2017 20 April 21, 2017 CONFIDENTIAL

COMPELLED INTERVIEW OF SHANINE DENNILL

Michelle Spain

A COMMISSIONER FOR TAKING AFFIDAVITS

- 1 A. No. _____
- 2 149 Q. Was there any business purpose to
- 3 the property?
- 4 A. His intention was to hopefully
- 5 bring the Crystal Wealth office into the barn that was
- 6 there. When we separated, he wasn't sure if he was
- 7 going to do it. When we separated, I don't know what
- 8 his final decision was.
- 9 150 Q. Are you aware the property had
- 10 been put back on the market?
- 11 A. Yes, I am now.
- 12 151 Q. When did you become aware of
- 13 that?
- 14 A. I think my mom found it on MLS
- 15 and told me.
- 16 152 Q. Do you know how long?
- 17 A. I don't know how long that was,
- 18 sorry.
- 19 153 Q. So you don't know when it was
- 20 listed. Do you know why it was listed?
- 21 A. Well, I know kind of now through
- 22 the grapevine and that. I don't know all of the other
- 23 details.
- 24 154 Q. What have you heard?
- 25 MR. O'TOOLE: Sorry, that's not --

COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 it's not useful to hear what the grapevine has to say.

2 BY MR. ADLER

3 155 Q. Fair enough. Do you know
4 anything about the listing agent?

5 A. Yes. It's his sister Joanne
6 Smith.

7 156 Q. Were you involved in any way in
8 the listing or the sale or anything like that?

9 A. No.

10 157 Q. Have you met Joanne Smith? Have
11 you met any of her colleagues at -- I think it's
12 called Your Choice Realty; is that correct?

13 MR. O'TOOLE: Which question do you
14 want her to answer? Whether she's met the sister?
15 Why don't we start with that.

16 BY MR. ADLER

17 158 Q. Yes. Have you met Joanne Smith?

18 A. Yes, I have.

19 159 Q. What about any of the people
20 connected with her company?

21 A. No. I've never met any of them.

22 160 Q. Does the name Kim Alvarez ring a
23 bell?

24 A. No.

25 161 Q. What about Paco Alvarez?

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COMPELLED INTERVIEW OF SHANINE DENNILL

CONFIDENTIAL
April 21, 2017

1 A. No. I do remember we had bought
2 a house before Mt. Nemo and we met some lady connected
3 to Joanne, but I don't know who she was.

4 162 Q. You said you bought a house
5 before Mt. Nemo. Did you have any ownership of that?
6 Were you on the deed or anything like that?

7 A. No, I didn't.

8 163 Q. Are you aware of what the current
9 status of the listing is, whether the house has been
10 sold or not?

11 A. I have no idea.

12 164 Q. So you're not aware of a
13 purchaser?

14 A. No, I have no idea.

15 165 Q. Are you familiar with the name of
16 Martin McCready, M-c-C-r-e-a-d-y?

17 A. No.

18 166 Q. Just give me a moment to review
19 my notes and see where we're at. I think you've
20 answered most of the questions about your time with
21 Mr. Smith.

22 Were there any other businesses you
23 had with him aside from having worked at Crystal
24 Wealth and the Chrysalis Yoga studio?

25 A. No.

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A.S.A.P Reporting Services Inc.

(613) 564-2727

(416) 861-8720

CV-17-11769-000L
Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

**CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED,
CLAYTON SMITH, CLJ EVEREST LTD, CHRYSALIS YOGA INC.**

Respondents

**APPLICATION UNDER
Subsections 126(5) and (5.1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended**

NOTICE OF APPLICATION

TO THE RESPONDENT:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following pages.

THIS APPLICATION will come on for a hearing before a judge presiding over the Commercial List at the Superior Court of Justice (Ontario) at 330 University Avenue, Toronto, Ontario on a date to be established at a 9:30 Chambers Appointment on a date to be determined.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance,

serve a copy of the evidence on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: April 18, 2017 Issued by


Local Registrar **C. Irwin**
Registrar

Address of Court Office:
Commercial List Office,
7th Floor, 330 University Avenue,
Toronto, ON M5G 1R7

TO: **Laura Paglia**
Borden Ladner Gervais LLP
Bay Adelaide Centre, East Tower,
22 Adelaide St W,
Toronto, ON, Canada M5H 4E3

**Counsel for Clayton Smith, Crystal Wealth Management System Limited
and CLJ Everest Ltd.**

AND TO: **Chrysalis Yoga Inc.**
c/o Shanine Lee Dennill
4040 Palladium Way
Burlington, ON
L7M 0C2

APPLICATION

1. THE APPLICANT MAKES APPLICATION FOR:

- (a) An order pursuant to subsections 126(5) and 126(5.1) of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “Act”), continuing Freeze Directions (identified below in paragraph 2(z)) issued by the Ontario Securities Commission (the “Commission”) on April 6 and 7, 2017 (the “Freeze Directions”) and continuing a Direction (identified below in paragraph 2(aa)) issued by the Ontario Securities Commission on April 13, 2017 (the “Certificate of Direction”) to the Land Titles Division of the Halton Land Registry Office (No. 20) until further order of this Honourable Court or until the Commission revokes the Certificate of Direction or consents to the release of the property from the Certificate of Direction;
- (b) An order, should it be necessary, abridging time for the serving and filing of this Application;
- (c) An order, should it be necessary, validating service of this Application; and
- (d) Such further and other relief as counsel may request and this Honourable Court deems just.

2. THE GROUNDS FOR THE APPLICATION ARE:

Investigation by the Ontario Securities Commission

- (a) Enforcement Staff of the Ontario Securities Commission (“Staff”) are conducting an investigation into the activities of Crystal Wealth Management System Limited (“Crystal Wealth”) and its principal, Clayton Smith (“Smith”), as well as the

activities of companies connected to Smith, including CLJ Everest Ltd (“CLJ Everest”), for potential breaches of Ontario securities law;

(b) Staff have obtained evidence that demonstrates:

- i. that Smith, Crystal Wealth and CLJ Everest 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 s. 126.1(1)(b) of the Act;
- ii. that Smith and Crystal Wealth may have failed to act fairly, honestly and in good faith with clients, contrary to section 2.1 of Rule 31-505 – *Conditions of Registration*;
- iii. that Smith and Crystal Wealth may have failed to comply with the standard of care expected of an IFM under s. 116 of the Act;
- iv. that 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*; and
- v. that 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*;

(c) Among other things, Staff have reason to believe that Smith and Crystal Wealth may have used investor monies from a fund managed by Crystal Wealth for purposes other than those set out in the offering memorandum. As detailed below, Staff have reason to believe that Smith directed investor monies from the largest of the funds managed by Crystal Wealth to a third party intermediary, and from there, the monies flowed back to Smith and his company CLJ Everest, for uses unconnected with the business of the investment fund. Staff have traced some of these monies to the purchase of a residential property acquired by CLJ Everest

and among other uses, and to Chrysalis Yoga Inc. (“Chrysalis Yoga”), a yoga studio for which Smith is described as the co-founder.

Smith

- (d) Smith is an Ontario resident and the directing mind of Crystal Wealth. Smith holds a controlling interest in the shares of Crystal Wealth and is the sole officer and director of Crystal Wealth;
- (e) Smith is registered in Ontario with the Commission as a dealing representative, an advising representative in the category of portfolio manager, an advising representative in the category of Commodity Trading Manager, and as Crystal Wealth’s Chief Compliance Officer (“CCO”) and Ultimate Designated Person (“UDP”). As CCO and UDP, Smith bears responsibility for the firm’s compliance with Ontario securities laws;

Crystal Wealth

- (f) Crystal Wealth is a Burlington-based Ontario corporation, registered with the Commission in the categories of Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager;
- (g) Crystal Wealth has approximately 1,265 portfolio management clients with assets under management (“AUM”) as at March 31, 2016 in discretionary accounts totalling \$139,524,613.77. Approximately 309 of these clients are located in Ontario. Crystal Wealth’s clients are invested through discretionary accounts, and of those, approximately 94% are invested in investment funds managed by Crystal

Wealth.

The Crystal Wealth Funds

- (h) Crystal Wealth has created and manages the following 15 proprietary investment 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;
 Absolute Sustainable Dividend Fund (the “Sustainable Dividend Fund”);
 Absolute Sustainable Property Fund (the “Sustainable Property Fund”);
 Crystal Wealth Enlightened Hedge Fund (the “Hedge Fund”);
 Crystal Wealth Infrastructure Strategy (the “Infrastructure Fund”);
 Crystal Wealth Conscious Capital Strategy (the “Conscious Capital Fund”); and
 Crystal Wealth Retirement One Fund
 (collectively, the “Crystal Wealth Funds” or the “Funds”);

- (i) The Crystal Wealth Funds are structured as open-ended mutual fund trusts, and distributed on an exempt basis, pursuant to offering memoranda (“OMs”). As the Investment Fund Manager of the Funds, Crystal Wealth manages the day-to day business of the Funds and oversees the Portfolio Manager function. As Portfolio Manager of the Funds, Crystal Wealth is required to make suitable investment

decisions for the Funds' portfolios consistent with the respective Fund's investment objectives. As at January 30, 2017, the total Assets under Management ("AUM") for all of the Crystal Wealth Funds was approximately \$177,237,747;

The Media Fund

(j) The largest of the Crystal Wealth Funds is the Media Fund, which had an AUM of \$53,221,497 as at January 31, 2017. The business of the Media Fund involves the following:

- i. Investors with discretionary managed accounts provide funds to Crystal Wealth to manage on their behalf in accordance with their investment objectives and agreements governing their accounts;
- ii. As Portfolio Manager for the discretionary managed accounts, Crystal Wealth uses its discretionary authority to place investor funds into the proprietary funds it manufactures, such as the Media Fund;
- iii. The Media Fund's investment objective is to earn interest income from loans made for film productions ("Film Loans");
- iv. As PM for the Media Fund, Crystal Wealth decides in which Film Loans the Media Fund will invest;
- v. Media House Capital (Canada) Corp. ("MHC") enters into agreements with film production companies to lend them money so that they can produce a film. The end borrower is the production company;
- vi. MHC then sells those Film Loans to the Media Fund, and receives an up-front 10% fee, which is built into the principal of the Film Loan; and
- vii. By virtue of owning units of the Media Fund, investors indirectly own the value of the Film Loan, which is reflected in the NAV of the Media Fund;

CLJ Everest

(k) Smith's company, CLJ Everest, has its registered office in Burlington, Ontario. Smith is the sole shareholder, officer and director of CLJ Everest, which holds

28.26% of Crystal Wealth's outstanding shares and 100% of the shares of another company, 115 Limited, which holds 63.5% of Crystal Wealth's outstanding shares;

Chrysalis Yoga

- (l) Chrysalis Yoga is a yoga studio in Burlington that was co-founded by Smith;

Transfers of Monies from the Media Fund to Smith and CLJ Everest

- (m) Staff's investigation has revealed that monies from the Media Fund, purportedly for the purchase of Film Loans, have flowed through either MHC or Bron Animation Inc. ("Bron Animation"), a company related to MHC, and ultimately into the accounts of Smith, CLJ Everest, Chrysalis Yoga and a joint account at TD Bank in the name of Smith and Lee Ann Smith;
- (n) Staff's investigation to date has revealed that at least \$9,634,200 was disbursed from the Media Fund's account, transferred to the accounts of MHC or Bron Animation, and from there Staff have traced \$329,930 into the account of Smith, and \$2,307,347.50 into the account of Smith's company, CLJ Everest. Staff have traced further transfers from the accounts of Smith and CLJ Everest totaling \$187,000 to Chrysalis Yoga and at least \$13,000 to a joint account in the name of Smith and Lee Ann Smith;
- (o) Staff are still investigating these and other transfers from the Media Fund's account;

- (p) Staff's investigation has also revealed that CLJ Everest acquired a property at 5043 Mount Nemo Cres. Burlington, Ontario (the "Mount Nemo Property"). CLJ Everest acquired this property through two payments totalling \$1,455,585.13 which were funded largely with monies transferred to CLJ Everest from the Media Fund;
- (q) On Smith's National Registration Database profile, the address for the Mount Nemo Property is listed as Smith's home address;

The Net Asset Value ("NAV") of the Media Fund

- (r) Staff also have concerns about the existence and valuation of the Film Loans acquired by the Media Fund and it appears to Staff that the net asset value ("NAV") of the Media Fund may have been materially overstated. Staff's concerns arise from Staff's review of the audit of the Media Fund's Financial Statements for the year ended December 31, 2015, and from email correspondence in which Smith appeared to acknowledge significant valuation issues with respect to certain Film Loans in the summer and fall of 2016.
- (s) If the Media Fund's NAV were incorrect by being overvalued, investors' purchases and redemptions of the Media Fund's units would have been executed at incorrect, inflated prices. In other words, those investors who redeemed their Media Fund units may have received excess proceeds to the detriment of remaining and new investors. Further, those new investors may have paid too much for their units. In addition, if the Media Fund's NAV were overstated, it would similarly impact Funds that were invested in the Media Fund, and

potentially the NAVs of each of those Funds.

Inter-Fund Investments and Loans

- (t) As at April 7, 2017, there were investments by Crystal Wealth Funds in the units of other Crystal Wealth Funds (“Inter-Fund Investments”) totalling \$22,694,777.01. Of that amount, seven of the Crystal Wealth Funds held \$11,218,727.32 in units of the Media Fund, three of the Crystal Wealth Funds held \$4,894,288.43 in units the Factoring Fund and three Funds held \$4,841,079.30 in units in the Enlightened Hedge Fund. The extent and amount of Inter-Fund Investments is dynamic. As at December 31, 2015, seven Crystal Wealth Funds held \$27,340.975 in units of the Media Fund.

Failure to File Financial Statements for Crystal Wealth and 12 of the 15 Funds

- (u) Crystal Wealth was required to file audited annual financial statements for the year ended December 31, 2016 by March 31, 2017. The Crystal Wealth Funds were required to deliver their audited annual financial statements for the year ended December 31, 2016 by March 31, 2017.
- (v) The 2016 financial statements for Crystal Wealth and the Crystal Wealth Funds were not delivered or filed prior to March 31, 2017. Crystal Wealth’s auditor was unable to complete audits of the 2016 financial statements for the Funds by March 31, 2017 other than for three Funds – the Sustainable Dividend Fund, the Conscious Capital Fund, and the Enlightened Resource Fund. Collectively, these three Funds represented 4.8% of the AUM of the Crystal Wealth Funds at January

31, 2017.

The Commission's Temporary Order

- (w) On April 7, 2016, Staff obtained a temporary order (the "Temporary Order") ceasing trading in units of all of the Crystal Wealth Funds, ceasing trading in securities held by the Crystal Wealth Funds and prohibiting the trading in or acquisition of securities by Smith and Crystal Wealth, with limited exceptions that permit Smith and Crystal Wealth to liquidate exchange-traded securities for the Funds but retain the proceeds;
- (x) The Temporary Order also imposed terms and conditions on Crystal Wealth's registration, including that Crystal Wealth could accept no new clients, open no new client accounts or accept new client monies;

Freeze Directions and Certificate of Direction Issued By the Commission

- (y) As a result of this information, Staff sought and on April 6 and 7, 2017, the Commission issued, the following Freeze Directions:
 - i. Pursuant to s. 126(1)(a) of the Act, that the Bank of Nova Scotia, branch at 4519 Dundas Street, Burlington, Ontario, retain all funds, securities or property on deposit or under the bank's control in the name of or otherwise under the control of Chrysalis Yoga, including in the specified account;
 - ii. Pursuant to s. 126(1)(a) of the Act, that Interactive Brokers Canada Inc. retain all funds, securities or property on deposit or under the brokerage's control 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, including in the specified accounts;

- iii. Pursuant to s. 126(1)(a) of the Act, that NBCN Inc. retain all funds, securities or property on deposit or under the brokerage's control in the name of or otherwise under the control of the Crystal Wealth Funds or Crystal Wealth, including in the specified accounts;
- iv. Pursuant to s. 126(1)(a) of the Act, that the Royal Bank of Canada, 200 Bay Street, Toronto, Ontario branch retain all funds, securities or property on deposit or under the bank's control in the name of or otherwise under the control of Crystal Wealth, including in the specified accounts;
- v. Pursuant to s. 126(1)(a) of the Act, that the TD Bank Group retain all funds, securities or property on deposit or under the bank's control in the name of or otherwise under the control of Smith, including in the specified account;
- vi. Pursuant to s. 126(1)(a) of the Act, that the TD Bank Group retain all funds, securities or property on deposit or under the bank's control in the name of or otherwise under the control of CLJ Everest, Crystal Wealth, Smith and Lee Ann Smith, including in the specified accounts;
- vii. Pursuant to s. 126(1)(a), that the TD Bank Group retain all funds, securities or property on deposit or under the bank's control in the name of or otherwise under the control of Crystal Wealth Mortgage Strategy, including in the specified account;
- viii. Pursuant to s. 126(1)(b) and (c) that Smith refrain from withdrawing any funds, securities or property from the listed institutions, and directing Smith to maintain funds, securities or property and refrain from disposing of transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property;
- ix. Pursuant to s. 126(1)(b) and (c) that Crystal Wealth refrain from withdrawing any funds, securities or property from the listed institutions, and directing Crystal Wealth to maintain funds, securities or property and refrain from disposing of transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property;
- x. Pursuant to s. 126(1)(b) and (c) that CLJ Everest refrain from withdrawing any funds, securities or property from the listed institution, and directing CLJ Everest to maintain funds, securities or property and refrain from disposing of transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property;
- xi. Pursuant to s. 126(1)(b) and (c) that Chrysalis Yoga refrain from withdrawing any funds, securities or property from the listed institution, and directing Chrysalis Yoga to maintain funds, securities or property and refrain from disposing of transferring, dissipating or otherwise dealing with or diminishing the value of those funds, securities or property;

(collectively, the “Freeze Directions”);

- (z) Staff also sought and on April 13, 2017, the Commission issued a Certificate of Direction pursuant to subsections 126(1)(a) and 126(4) of the Act to Land Titles Division of the Halton Land Registry Office (No. 20) to register a Certificate of Direction against the Mount Nemo Property;
- (aa) The Commission issued the Certificate of Direction on the basis that it was expedient for the due administration of Ontario securities law or the regulation of the capital markets in Ontario;
- (bb) Staff are of the view that Smith, Crystal Wealth and CLJ Everest’s conduct has negatively affected the reputation and integrity of Ontario’s capital markets;
- (cc) The continuation of the Freeze Directions and the Certificate of Direction by this Court would be reasonable and expedient in the circumstances, having due regard to the public interest and, (a) the due administration of Ontario securities law, and (b) the regulation of capital markets in Ontario;
- (dd) A continuation of the Freeze Directions and the Certificate of Direction is necessary to preserve available assets, and any equity in the Mount Nemo Property, in the event that that any amounts are determined to have been obtained as a result of a breach of Ontario securities law, and the Commission makes an order for sanctions against Smith, Crystal Wealth or CLJ Everest, following a proceeding, which may include disgorgement, administrative penalties and/or costs;

(ee) Section 126 of the Act; and

(ff) Rules 2.01, 3.02, 14.05(2), 16.08 and 38 of the *Rules of Civil Procedure*.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

(a) The Commission Freeze Directions;

(b) The Certificate of Direction;

(c) The Affidavits of Marcel Tillie and Michael Ho to be sworn and their exhibits;
and

(d) Such further and other materials as counsel may advise and this Honourable Court permits.

Date of Issue: *April 18, 2017*

ONTARIO SECURITIES COMMISSION
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ONTARIO SECURITIES COMMISSION

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, *ET AL.*

Applicant

Respondents

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

APPLICATION RECORD
VOLUME 8 OF 8

ONTARIO SECURITIES COMMISSION
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Plaintiff

-and-

BDO CANADA LLP
Defendant

Court File No. CV-17-579357-00CP

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD OF THE PLAINTIFF
VOLUME 10 OF 20

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