

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1992, c. 27, s.2, AS AMENDED  
AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH  
RESPECT TO BANNERS BROKER INTERNATIONAL LIMITED**

**APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN THEIR  
CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL LIMITED,  
UNDER PART XIII OF THE  
*BANKRUPTCY AND INSOLVENCY ACT* (CROSS-BORDER INSOLVENCIES)**

**MOTION RECORD OF THE RECEIVER AND FOREIGN REPRESENTATIVES**

**(Motion for Continued Restraint of Funds, Returnable January 14, 2015)**

January 12, 2015

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**Tab A**



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1992, c. 27, s.2, AS AMENDED**

**AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH  
RESPECT TO BANNERS BROKER INTERNATIONAL LIMITED**

**APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN  
THEIR CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL  
LIMITED, UNDER PART XIII OF THE  
*BANKRUPTCY AND INSOLVENCY ACT* (CROSS-BORDER INSOLVENCIES)**

**NOTICE OF MOTION**

**(Motion for Continued Restraint of Funds)**

Msi Spergel inc., in its capacity as receiver ("**Receiver**") of Banners Broker International Limited ("**BBIL**"), and Paul Robert Appleton and Miles Andrew Benham in their capacity as Joint Liquidators and Foreign Representative ("**Joint Liquidators**") of BBIL, will make a motion to a Judge presiding over the Commercial List, on Wednesday, January 14, 2015 at 10:00 a.m. or as soon after that time as the motion can be heard, at the Court House, 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

- (a) An order that certain Property, as defined in the *Ex Parte* Restraint Orders issued by the Honourable Justice Kelly on July 18, 2014 and by the Honourable Justice Code on July 29, 2014 in Court File No. 14-00000171-00M0 ("**Restraint Orders**"), be and continue to be held pursuant to the

terms of the Restraint Orders and not released without the written consent of the Receiver or further Order of this Honourable Court made on notice to the Receiver;

- (b) An order, if necessary, abridging the time for and validating service of this notice of motion and the motion record and dispensing with further service thereof; and
- (c) Such further and other relief as this Honourable Court deems just.

#### THE GROUNDS FOR THE MOTION ARE:

##### Overview

- (a) This is a motion by the Receiver for an order restricting the disposition of certain monies and credits ("**Property**" as defined in the Restraint Orders) held by electronic payment processors which are currently frozen pursuant to the Restraint Orders granted in the context of a criminal investigation into the Banners Broker enterprise of which BBIL was a part.
- (b) The Restraint Orders were obtained by the Ontario Ministry of the Attorney General, Crown Law Office – Criminal ("**Crown**") in relation to a criminal investigation regarding certain individuals and corporations involved in Banners Broker. The Restraint Orders have frozen funds held by third party electronic payment processors in connection with Banners Broker.
- (c) The Restraint Orders statutorily expire six months from the date of issuance and, accordingly, will expire on January 18 and 29, 2015. Although it is possible for the Crown to obtain an extension of the Restraint Orders, it is not

clear to the Receiver that such an extension will be pursued. Regardless, the Receiver has an interest in ensuring the Property is not disposed of or otherwise put beyond the reach of proper claimants (including the Receiver) at this time.

- (d) Based on the Receiver's investigations to date, the Receiver believes that the funds currently subject to the Restraint Orders may well be properly due and owing to creditors of BBIL and that a claim will likely be made by the Receiver in respect of those funds.

#### **BBIL and the Isle of Man Proceeding**

- (e) BBIL is an Isle of Man company incorporated pursuant to the Isle of Man *Companies Act, 1931*. BBIL formerly carried on business in the online advertising industry.
- (f) BBIL is subject to ongoing liquidation proceedings supervised by the Isle of Man High Court of Justice ("**Isle of Man Proceeding**"). Pursuant to the Order of His Honour the Deemster Doyle, First Deemster and Clerk of the Rolls of the Isle of Man High Court, dated March 14, 2014, Paul Robert Appleton and Miles Andrew Benham were appointed as Joint Liquidators of BBIL.

#### **Foreign Recognition Order and Appointment of the Receiver**

- (g) On August 22, 2014, the Honourable Madam Justice Matheson of the Ontario Superior Court of Justice (Commercial List) granted the application of the Joint Liquidators, acting as foreign representatives of the Isle of Man Proceeding, for an Order recognizing the Isle of Man Proceeding as a "foreign main proceeding" pursuant to section 270 of the BIA ("**Initial Recognition Order**").

- (h) Justice Matheson issued a further order on August 22, 2014 (the “**Supplemental Order**”), granting additional relief to the Joint Liquidators pursuant to section 272 of the BIA, including:
- (i) The appointment of msi Spergel inc. as Receiver, without security over all of the assets, undertaking, and property of BBIL; and
  - (ii) The granting of investigatory powers to the Receiver, including the ability to compel third parties to produce relevant information and documents concerning the business affairs and dealings of BBIL to the Receiver, and to compel individuals reasonably believed to have knowledge of BBIL’s affairs to be examined under oath by the Receiver.

#### **RCMP Investigation and Restraint Orders in Respect of Banners Broker**

- (i) Following the issuance of the Initial Recognition Order and Supplemental Order, the Receiver was made aware of criminal proceedings brought before the Ontario Superior Court of Justice and arising from an RCMP investigation into Mr. Christopher G. Smith (“**Smith**”) and Mr. Rajiv Dixit (“**Dixit**”) related to Banners Broker (“**RCMP Investigation**”).
- (j) The RCMP Investigation has, to date, resulted in the issuance of three sets of orders by the Ontario Court of Justice, on June 3, June 17 and September 18, 2014 requiring the production of documents relevant to Banners Broker by certain financial institutions and third party electronic payment processors (“**Production Orders**”). Copies of the Production Orders and their supporting Information to Obtain material have been obtained by the Receiver.

- (k) The RCMP Investigation has also resulted in the issuance of the Restraint Orders, made pursuant to section 462.33 of the *Criminal Code of Canada*.
- (l) The Restraint Orders freeze certain funds held by third party electronic payment processors in connection with Banners Broker, namely:
  - (i) All money or credits held by Beanstream Internet Commerce Inc. ("**Beanstream**"), 2695 Douglas Street, Suite 302, Victoria, British Columbia, V8T 4M3, in a merchant account for 7250037 Canada Inc. o/a Banner's Broker Canada for registered account holder Rajiv Dixit, merchant ID 251440000;
  - (ii) All money or credits held by SolidTrust Pay ("**STP**"), 47 William Street, P.O. Box 551, Bobcaygeon, Ontario, K0M 1A0, in a merchant account for 2087360 Ontario Inc. o/a Bannersbroker for registered account holder Chris Smith;
  - (iii) All money or credits held by Mazarine Commerce Inc. o/a Payza.com ("**Payza**"), 100-8255 Mountain Sights, Montreal, Quebec, H4P 2B5, in a merchant account for Banners Broker and a merchant account for Banners Mobile, both for registered account holder Chris Smith, user ID 3809788;
  - (iv) Any and all funds held by 6003061 Canada Inc. operating as UseMyServices, Inc. ("**UseMyServices**"), 1881 Steeles Avenue West, Suite 348, Toronto, Ontario to the credit of Monetize Group Inc. for registered account holder Christopher Smith, Merchant ID SMPDAA (User ID SMPDAA paybannersbroker@gmail.com)

(all of which is referred to herein, as in the Restraint Orders, as the  
“**Property**”)

- (m) The Restraint Orders also compel financial institutions to provide information to the Director of Asset Management – Criminal, regarding restrained accounts held by Smith, Dixit and certain Canadian corporations identified as being closely associated with and under common direction and control as BBIL (“**Associated Corporations**”).
- (n) The Receiver has obtained copies of affidavits sworn by RCMP Constable Katie Judd on July 17 and 28, 2014, which were filed by the Crown in support its application for the Restraint Orders (“**RCMP Affidavits**”).
- (o) The RCMP Affidavits detail the basis for what is asserted – and what has been accepted by the Ontario Superior Court of Justice – as the reasonable belief of the RCMP investigators that Smith and Dixit, through their operation of Banners Broker (which, as noted in the RCMP Affidavits, includes BBIL) may have committed criminal offences related to the operation of a Pyramid Scheme, fraud, possession and laundering of the proceeds of crime and criminal misrepresentations contrary to the *Competition Act*.
- (p) The position of the RCMP investigators, as set out in the RCMP Affidavits, is that Banners Broker was a pyramid scheme that evolved over time into a Ponzi scheme and that Smith and Dixit “set up a host of associated corporations to mask their illegal activities and the flow of money”.

(q) BBIL, specifically, is identified by Constable Judd as one of the Associated Corporations known to be involved in Banners Broker's Canadian operations along with:

- (i) 2087360 Ontario Incorporated o/a Local Management Services (**"LMS"**);
- (ii) Parrot Marketing Inc. (formerly o/a "8264554 Canada Limited") (**"Parrot"**);
- (iii) 2341620 Ontario Corporation (**"234"**), Stellar Point Inc. (formerly o/a "7250037 Canada Inc." and "Bannersbroker Limited") (**"Stellar Point"**), and
- (iv) Dixit Holdings Inc. (formerly o/a "8163871 Canada Limited") (**"Dixit Holdings"**).

(collectively referred to herein, as in the RCMP Affidavits, as **"Associated Corporations"**)

The Joint Liquidators' investigations, made prior to the grant of this foreign recognition application, had identified the same corporate associates.

(r) The RCMP Affidavits assert claims to monies held by Canadian financial institutions and electronic payment processors in relation to Banners Broker, which are believed by the RCMP to be proceeds of crime as defined by section 462.3 of the *Criminal Code*.

### **Receiver's Motion for Additional Investigative Authority**

- (s) In order to fulfill the Receiver's investigatory mandate in respect of BBIL, it was determined that it was appropriate for the Receiver to seek information in respect of the Associated Corporations and the accounts held with Canadian financial institutions and payment processors identified in the RCMP Investigation, including information with respect to the transfer of funds between BBIL and the Associated Corporations.
- (t) Accordingly, on October 15, 2014, based on its investigations to date and the evidence disclosed in the RCMP Affidavits, the Receiver sought an order granting the Receiver the authority to require that information be produced in respect of the Associated Corporations.
- (u) The Honourable Justice Newbould granted the additional investigatory authority sought by the Receiver by order dated October 15, 2014 (**"Expanded Powers Order"**).

### **Receiver's Further Investigations**

- (v) Since the issuance of the Expanded Powers Order, the Receiver has continued to collect information and documents in respect of the Banners Broker enterprise and has sought to interview key individuals involved in the operation of Banners Broker.
- (w) The Receiver is not at this stage of its investigation in a position to conclude that BBIL or Banners Broker was in fact a ponzi scheme, pyramid scheme, or criminal enterprise more generally. The Receiver can, however, report that serious allegations to that effect have been made by the RCMP and others in



respect of BBIL and the Associated Corporations. In the circumstances there is good reason to believe that the Property currently restrained by the Restraint Orders may be properly owing to BBIL creditors. The Receiver intends to complete its investigatory mandate and pursue all claims as may be appropriate in respect of the restrained Property.

- (x) No attempt has been made by any of the Respondents to vary, revoke or set aside the Restraint Orders or otherwise seek any post-restraint relief.
- (y) The Receiver is unaware of any action being taken by the Crown which would have the effect of continuing the Restraint Orders past January 18 and 29, 2015.
- (z) The relief sought herein will preserve the status quo in respect of the currently restrained Property. This will ensure that the Receiver and other claimants will have an opportunity to bring forward such claims as may be appropriate.
- (aa) It is just and appropriate that this Court grant an order that the Property be and continue to be held pursuant to the terms of the Restraint Orders and not released without the written consent of the Receiver or further Order of this Honourable Court made on notice to the Receiver.
- (bb) It is important that the Restrained Property not be put beyond the reach of the Receiver before it can complete its investigation of the Associated Corporations and their connection to BBIL and report to this Honourable Court.

**General**

- (cc) Part XIII of the BIA (sections 267 to 284);
- (dd) Section 101 of the *Courts of Justice Act* R.S.O. 1990, c. C.43;
- (ee) Sections 462.33 and 462.34 of the *Criminal Code of Canada*, R.S.C., 1985, c. C-46;
- (ff) Rule 37, 2.03, 3.02 and 16 of the *Rules of Civil Procedure* R.R.O. 1990 Reg. 194;
- (gg) The grounds set out in the Second Report of the Receiver, to be filed (**"Second Report"**),
- (hh) Such further grounds as counsel may advise.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) The Second Report, and the appendices thereto;
- (b) The Restraint Order of the Honourable Justice Kelly dated July 18, 2014;
- (c) The Restraint Order of the Honourable Justice Code dated July 24, 2014;
- (d) The pleadings and proceedings herein; and
- (e) Such further and other evidence as counsel may advise and this Honourable Court deems just.

January 7, 2015

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IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1992, c. 27, s.2, AS AMENDED

Court File No CV-14-10663-00CL

APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN THEIR  
CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL LIMITED,  
UNDER PART XIII OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CROSS-BORDER  
INSOLVENCIES)

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
(Commercial List)

Proceeding commenced at TORONTO

**NOTICE OF MOTION**

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## Tab B



**SECOND REPORT OF MSI SPERGEL INC.,  
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF  
BANNERS BROKER INTERNATIONAL LIMITED**

January 12, 2015



Court File No. CV-14-10663-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1992, c. 27, s.2, AS AMENDED**

**AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH  
RESPECT TO BANNERS BROKER INTERNATIONAL LIMITED**

**APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN THEIR  
CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL  
LIMITED, UNDER PART XIII OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CROSS-  
BORDER INSOLVENCIES)**

**SECOND REPORT OF THE  
COURT-APPOINTED RECEIVER OF  
BANNERS BROKER INTERNATIONAL LIMITED  
("SECOND REPORT")**

January 12, 2015

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### APPENDICES

1. Initial Recognition Order of The Honourable Madam Justice Matheson made August 22, 2014
2. Supplemental Order of The Honourable Madam Justice Matheson made August 22, 2014
3. Restraint Order of the Honourable Justice Kelly, dated July 18, 2014
4. Restraint Order of the Honourable Justice Code, dated July 29, 2014
5. Affidavit of Constable Katie Judd, sworn July 17, 2014
6. Affidavit of Constable Katie Judd, sworn July 28, 2014
7. First Report of the Receiver, dated October 2, 2014 (without appendices)
8. Further Supplemental Order of the Honourable Justice Newbould, dated October 15, 2014
9. Endorsement of the Honourable Justice Newbould, dated October 15, 2014

## APPOINTMENT AND BACKGROUND

1. On application made by Miles Andrew Benham and Paul Robert Appleton in their capacity as Joint Liquidators (“**Foreign Representatives**”) of Banners Broker International Limited (“**BBIL**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (“**BIA**”) recognition was granted by this Honourable Court to Orders granted by the High Court of Justice of the Isle of Man, Civil Division, Chancery Procedure. Attached hereto as **Appendix “1”** to this Second Report is a copy of the Order of The Honourable Madam Justice Matheson made August 22, 2014 pursuant to section 268 of the BIA (“**Initial Recognition Order**”).

2. On further application made by the Foreign Representatives, msi Spergel inc. was appointed Receiver and Manager (“**Receiver**” or “**MSI**”) of all the assets, undertakings and properties of BBIL. The Receiver was appointed pursuant to a further Order dated August 22, 2014 (“**Supplemental Order**”) issued by the Honourable Justice Matheson of the Ontario Superior Court of Justice, a copy of which is attached as **Appendix “2”** to this Second Report.

3. Prior to being ordered wound up by the Isle of Man court, BBIL was a purported internet advertising business with operations either directly or through related companies around the world. BBIL was central to a corporate network or group of companies around the world in operating the “Banners Broker” online enterprise, a platform whereby registered members known as “affiliates” could advertise their businesses on various websites within the Banners Broker network of publishers while, at the same time, earning revenues as an advertising publisher through specialized and targeted publisher sites created, designed and hosted by BBIL. These former Banners Broker affiliates now make up the vast majority of known creditors of BBIL.

## PURPOSE OF THE REPORT

4. This report (“**Second Report**”) is filed in support of the Receiver’s Motion for an order restricting the disposition of certain monies and credits held by electronic payment processors

which are currently frozen pursuant to *ex parte* Restraint Orders granted in the context of a criminal investigation into the Banners Broker enterprise of which BBIL was a part.

5. The Restraint Orders were obtained by the Ontario Ministry of the Attorney General, Crown Law Office – Criminal (“**Crown**”) in relation to a criminal investigation regarding certain individuals and corporations involved in Banners Broker. The Restraint Orders have frozen funds held by third party electronic payment processors in connection with Banners Broker.

6. The Restraint Orders statutorily expire six months from the date of issuance and, accordingly, will expire on January 18 and 29, 2015. Although it is possible for the Crown to obtain an extension of the Restraint Orders, it is not clear to the Receiver that such an extension will be pursued. Regardless, the Receiver has an interest in ensuring the Property is not disposed of or otherwise put beyond the reach of proper claimants (including the Receiver) at this time.

7. Based on the Receiver’s investigations to date, the Receiver believes that the funds currently subject to the Restraint Orders are claimable by creditors of BBIL and that a claim will likely be made by the Receiver in respect of those funds.

### **ACTIONS OF THE RECEIVER UPON APPOINTMENT**

#### **RCMP Investigation and Restraint Orders in Respect of Banners Broker**

8. On September 4, 2014, the Receiver was made aware of criminal proceedings before the Ontario Superior Court of Justice arising from an RCMP investigation into the principals of Banners Broker, Christopher G. Smith (“**Smith**”) and Rajiv Dixit (“**Dixit**”), related to Banners Broker in Canada (“**RCMP Investigation**”).

9. The RCMP Investigation has, to date, resulted in the issuance of three sets of production orders by the Ontario Court of Justice, on June 3, June 17 and September 18, 2014, respectively, requiring the production of documents relevant to Banners Broker by certain financial institutions and electronic payment processors (“**Production Orders**”). Copies of the Production Orders obtained by the Ministry of the Attorney General, Crown Law Office-Criminal (“**Crown**”) and their supporting Information to Obtain material have been obtained by the Receiver.

10. The RCMP Investigation has also resulted in the issuance of two *ex parte* Restraint Orders by the Ontario Superior Court of Justice, made pursuant to section 462.33 of the *Criminal Code of Canada*, namely:

- a) The order of the Honourable Justice Kelly, dated July 18, 2014; and
- b) The order of the Honourable Justice Code, dated July 29, 2014.

(collectively the “**Restraint Orders**”)

The Receiver has obtained copies of the Restraint Orders and the supporting affidavit material filed by the Crown. Attached hereto as **Appendices “4”** and **“5”** respectively are copies of the Restraint Orders.

11. The Restraint Orders operate to freeze certain funds held by third party electronic payment processors in connection with Banners Broker, specifically:

- (i) All money or credits held by Beanstream Internet Commerce Inc. (“**Beanstream**”), 2695 Douglas Street, Suite 302, Victoria, British Columbia, V8T 4M3, in a merchant account for 7250037 Canada Inc. o/a Banner’s Broker Canada for registered account holder Rajiv Dixit, merchant ID 251440000;
- (ii) All money or credits held by SolidTrust Pay (“**STP**”), 47 William Street, P.O. Box 551, Bobcaygeon, Ontario, K0M 1A0, in a merchant account for 2087360 Ontario Inc. o/a Bannersbroker for registered account holder Chris Smith;
- (iii) All money or credits held by Mazarine Commerce Inc. o/a Payza.com (“**Payza**”), 100-8255 Mountain Sights, Montreal, Quebec, H4P 2B5, in a merchant account for Banners Broker and a merchant account for Banners Mobile, both for registered account holder Chris Smith, user ID 3809788;
- (iv) Any and all funds held by 6003061 Canada Inc. operating as UseMyServices, Inc. (“**UseMyServices**”), 1881 Steeles Avenue West, Suite 348, Toronto, Ontario to

the credit of Monetize Group Inc. for registered account holder Christopher Smith, Merchant ID SMPDAA (User ID SMPDAA paybannersbroker@gmail.com);

(all of which is referred to herein, as in the Restraint Orders, as the “**Property**”).

12. Following the Receiver’s review of the Restraint Orders, it obtained copies of the affidavits sworn by RCMP Constable Katie Judd on July 17, 2014 and July 28, 2014 (“**RCMP Affidavits**”) filed by the Crown in support of its *ex parte* application for the Restraint Orders. Attached hereto as **Appendices “6”** and **“7”** are copies of the RCMP Affidavits.

13. The RCMP Affidavits detail the basis for what is stated to be the reasonable belief of the RCMP investigators that Smith and Dixit, through their operation of Banners Broker, which, as noted in the RCMP Affidavits, includes BBIL, have committed criminal offences related to the operation of a “Pyramid Scheme”, fraud, possession and laundering of the proceeds of crime and criminal misrepresentations contrary to the *Competition Act*.

14. The RCMP Affidavits assert claims to monies held by Canadian financial institutions and electronic payment processors in relation to Banners Broker, which are believed by the RCMP to be proceeds of crime as defined by section 462.3 of the *Criminal Code*.

15. The position of the RCMP investigators is summarized at paragraph 6 of the July 17 RCMP Affidavit:

It is the position of investigators that this business [Banners Broker] was a pyramid scheme that over time evolved into a straight Ponzi scheme in which new victims were recruited to stave off requests for withdrawals and complaints from older ones. As the scheme progressed, Smith recruited another principal wrongdoer named Rajiv Dixit (“Dixit”) and set up a host of associated corporations to mask both their illegal activities and the flow of money. Throughout the scheme, Smith, Dixit and their associated corporations had investors pay their “investment” money to merchant account providers (i.e. legitimate corporations that process credit card payments). Those funds were then diverted by the suspects and their associated corporations to various offshore and other bank accounts controlled by them. [emphasis added]

16. BBIL is specifically identified by Constable Judd as one of the “Associated Corporations” believed to be involved in Banners Broker’s Canadian operations. At paragraph 12.12, Constable Judd describes information obtained from a Competition Bureau interview with John Rock, a former Compliance Officer employed by Banners Broker:

Rock was told by Smith, Dixit and Josun that Smith and Josun were the owners of Banners Broker International [*associated corporation*] and Dixit was the owner of Bannersbroker Limited [*associated corporation*], later named Stellar Point Inc., which was the Canadian reseller;

[...]

Banners Broker International was operated by Smith and was registered in the Isle of Man.

17. Constable Judd also identifies a number of other entities operated by Smith and/or Dixit, most of which are incorporated in Canada, including the following Canadian entities:

- (i) 2087360 Ontario Incorporation o/a Local Management Services;
- (ii) 8264554 Canada Limited o/a Parrot Marketing Inc.;
- (iii) 2341620 Ontario Corporation;
- (iv) 7250037 Canada Inc. o/a Stellar Point Inc. (formerly o/a “Banners Broker Canada”); and
- (v) 8163871 Canada Limited o/a Dixit Holdings Inc.

(referred to herein as “**Associated Corporations**”)

The Joint Liquidators’ independent investigations have also identified certain of the same parties as being associated with BBIL. The results of the Joint Liquidators’ investigations are in part described in the affidavit of Paul Robert Appleton sworn August 6, 2014 (“**Appleton Affidavit**”).



18. The RCMP Affidavits reference funds held by Canadian financial institutions and electronic payment processors in relation to Banners Broker which are currently restrained as a result of the Restraining Orders. In the July 17 RCMP Affidavit, Constable Judd deposes that:

Based on the information contained in this affidavit, I believe that the property is proceeds of crime as defined by section 462.3 of the *Criminal Code* and, therefore, may be subject to an order of forfeiture under section 462.37 of the *Criminal Code*. I believe further that a restraint order under s.462.33 is necessary to prevent the possible disposal of the property and to ensure that the property will be available for forfeiture at trial should the respondents be convicted.

19. The RCMP Affidavits were a sufficient evidentiary basis for Justices of the Ontario Superior Court to grant, on an *ex parte* basis, on two separate occasions, the broad ranging relief in the Restraining Orders requiring accounts connected with the Associated Corporations to be frozen.

20. The allegation that BBIL was integral to a Banners Broker pyramid scheme or Ponzi scheme is not new to the Joint Liquidators or the Receiver. In the course of their investigations, both insolvency representatives have come across numerous references in social and on-line media to fraudulent activity allegedly undertaken by BBIL and Banners Broker.

#### **Receiver's Motion for Additional Investigative Authority**

21. In order to fulfill the Receiver's investigatory mandate in respect of BBIL, it was determined that it was appropriate for the Receiver to seek information in respect of the Associated Corporations and the accounts held with Canadian financial institutions and payment processors identified in the RCMP Investigation, including information with respect to the transfer of funds between BBIL and the Associated Corporations.

22. Accordingly, on October 15, 2014, based on its investigations to date and the evidence disclosed in the RCMP Affidavits, the Receiver sought an order for the authority to require production of information from third parties in respect of the Associated Corporations, as is set out in further detail in the First Report of the Receiver, dated October 2, 2014, a copy of which (without appendices) is attached hereto as **Appendix "7"**.

23. The Honourable Mr. Justice Newbould granted the additional investigatory authority sought by the Receiver by order dated October 15, 2014 (“**Expanded Powers Order**”). A copy of the issued Expanded Powers Order is attached hereto as **Appendix “8”**. A copy of the endorsement of Justice Newbould, dated October 15, 2014 is attached hereto as **Appendix “9”**.

#### **Receiver’s Further Investigations and Necessity for Continued Restraint of Funds**

24. The Receiver’s investigations are underway. Since the issuance of the Expanded Powers Order, the Receiver has continued to collect information and documents in respect of the Banners Broker enterprise and has sought to interview key individuals involved in the operation of Banners Broker.

25. The Receiver is not presently in a position to conclude that BBIL (or the Banners Broker enterprise) was in fact a Ponzi scheme, pyramid scheme, or criminal enterprise more generally. The Receiver can, however, report that serious allegations to that effect have been made by the RCMP and others in respect of BBIL and a small number of Associated Corporations.

26. Significantly, based on a review of all information obtained from financial institutions, the Receiver believes that the source of the restrained Property held in the electronic payment processor accounts at issue very likely derives from deposits made by Banners Broker affiliates.

27. At this stage in its investigation, the Receiver does not have the information necessary to completely understand the flow of funds within the Banners Broker group of companies. It is apparent, however, that there have been significant inter-company transfers of funds contributed by Banners Broker affiliates between BBIL and the Associated Corporations. It would also appear that the majority of monies received by Banners Broker from affiliates were not used to fund withdrawal commitments, resulting in a significant number of outstanding creditors, made up of thousands of Banners Broker affiliates.

28. In the circumstances there is good reason to believe that the Property currently restrained by the Restraint Orders is properly claimable by BBIL and/or Associated Corporation creditors. The Receiver therefore intends to complete its investigatory mandate and pursue all claims as

may be appropriate in respect of the restrained Property. It is necessary and appropriate for the protection of creditors' interests that such Property be preserved while the Receiver's investigation into the affairs of BBIL and the Associated Corporations proceeds.

29. To the Receiver's knowledge, no attempt has been made by any of the Respondents to vary, revoke or set aside the Restraint Orders or otherwise seek any post-restraint relief.

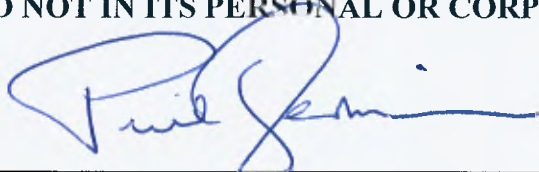
30. The Receiver is unaware of any action being taken by the Crown which would have the effect of continuing the Restraint Orders past January 18 and 29, 2015.

31. The relief sought on this motion is intended to preserve the status quo in respect of the currently restrained Property. This will ensure that the Receiver, and other potential claimants, will have an opportunity to assert an interest in the funds at issue in the fullness of time and in a coordinated manner.

32. Also to this end, should Court authority be granted, the Receiver is prepared to receive and hold the Property, as conservator, in an interest-bearing trust account, separate and apart from the BBIL receivership, not to be released without further court order.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 12th day of January, 2015.

**MSI SPERGEL INC.,  
AS COURT-APPOINTED RECEIVER OF  
BANNERS BROKER INTERNATIONAL LIMITED  
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY**




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Philip H. Gennis, J.D., CIRP

# Tab 1

Court File No: CV-14-10663-00CL

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

THE HONOURABLE MADAM	)	FRIDAY, THE 22nd DAY
	)	
JUSTICE MATHESON	)	OF AUGUST, 2014

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1992, c. 27, s.2, AS AMENDED**

**AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH  
RESPECT TO BANNERS BROKER INTERNATIONAL LIMITED**

**APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN THEIR  
CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL LIMITED,  
UNDER PART XIII OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CROSS-BORDER  
INSOLVENCIES)**

**Order Made After Application  
INITIAL RECOGNITION ORDER  
(FOREIGN MAIN PROCEEDING)**

**THIS APPLICATION** made by Miles Andrew Benham and Paul Robert Appleton, in their capacity as Joint Liquidators ("**Foreign Representative**") of Banners Broker International Limited ("**Debtor**"), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("**BIA**") for an Order substantially in the form attached to the notice of application was heard this day at the Court House, 330 University Avenue, Toronto, Ontario.

**ON READING** the notice of application, the affidavit of Paul Robert Appleton sworn August 6, 2014, the affidavit of Miles Andrew Benham sworn August 6, 2014, the affidavit of service efforts of Christopher Horkins sworn August 21, 2014, the affidavit of attempted service of Frank Temprie sworn August 18, 2014, the two affidavits of attempted service of Norman Ng sworn August 18, 2013, the affidavit of attempted service of Heather Johnson served August 18, 2014, the affidavit of attempted service of Christopher Maniaci sworn August 18, 2014, and the affidavit of attempted service of Mary Carreiro sworn August 21, 2014, filed, and upon being provided with certified copies of the documents required by section 269(2)(a) of the BIA,

**AND UPON BEING ADVISED** by counsel for the Foreign Representative that in addition to this Initial Recognition Order, a Supplemental Order (Foreign Main Proceeding) is being sought,

**AND UPON HEARING** the submissions of counsel for the Foreign Representative, as well as counsel for Christopher Smith.

#### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

#### **FOREIGN REPRESENTATIVE**

2. **THIS COURT DECLARES** that the Foreign Representative is the "foreign representative" of the Debtor for purposes of the BIA in respect of the proceedings brought in the Isle of Man under section 162(6) of the *Companies Act, 1931* ("**Foreign Proceeding**").

#### **CENTRE OF MAIN INTEREST AND RECOGNITION OF FOREIGN PROCEEDING**

3. **THIS COURT ORDERS** that the centre of main interest of the Debtor is in the Isle of Man and that the Foreign Proceeding is hereby recognized as a "foreign main proceeding" as defined in section 268 of the BIA.

#### **STAY OF PROCEEDINGS**

4. **THIS COURT ORDERS** that until otherwise ordered by this Court no person shall commence or continue any action, execution or other proceedings concerning the Debtor's property, debts, liabilities or obligations.

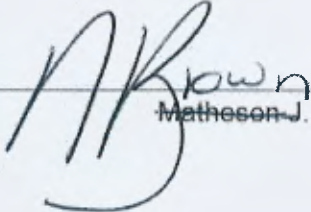
#### **GENERAL**

5. **THIS COURT ORDERS** that the Foreign Representative shall cause to be published a notice substantially in the form attached to this order as **Schedule "A"**, once a week for four consecutive weeks in the Globe and Mail (National Edition) and the National Post.

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6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, to give effect to this Order and to assist the Foreign Representative and its counsel and agents in carrying out the terms of this Order.

7. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days notice to the Foreign Representative and its counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

  
Natasha Brown  
Registrar

**SCHEDULE "A" – MEDIA NOTICE****BANNERS BROKER INTERNATIONAL LIMITED  
("BBIL")****TO ALL CREDITORS AND OTHER AFFECTED PARTIES**

TAKE NOTICE that on August 22, 2014 the Ontario Superior Court of Justice (Commercial List) ordered, pursuant to section 272 of the *Bankruptcy and Insolvency Act*, that the proceeding of BBIL In Liquidation brought before the High Court of Justice in the Isle of Man, Civil Division under section 162(6) of the *Companies Act, 1931* (the "Foreign Proceeding") be recognized as a foreign main proceeding and that msi Spergel inc., be appointed Receiver in respect of the Debtor in Canada.

The contact details for the Receiver in Canada are as follows:

msi Spergel inc.  
505 Consumers Road, Suite 200  
Toronto, ON M2J 4V8  
  
Tel: (416) 498-4325  
Fax: (416) 498-4235  
Email: [bannersbrokerinternational@spergel.ca](mailto:bannersbrokerinternational@spergel.ca)

Attn: Philip H. Gennis

The contact details for the legal counsel for the Joint Liquidators of BBIL and the Receiver are as follows:

Cassels Brock & Blackwell LLP  
Scotia Plaza, Suite 2100  
40 King Street West  
Toronto ON M5H 3C2  
  
Tel: (416) 869-5960  
Fax: (416) 360-8877  
Email: [dward@casselsbrock.com](mailto:dward@casselsbrock.com)

Attn: David Ward

Please communicate all interest in this matter with supporting documentation by email to [bannersbrokerinternational@spergel.ca](mailto:bannersbrokerinternational@spergel.ca)



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1992, c. 27, s.2, AS AMENDED

Court File No CV-14-10663-00CL

APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN THEIR  
CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL LIMITED,  
UNDER PART XIII OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CROSS-BORDER  
INSOLVENCIES)

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(Commercial List)**

Proceeding commenced at TORONTO

**ORDER**

**Cassels Brock & Blackwell LLP**  
2100 Scotia Plaza  
40 King Street West  
Toronto, Ontario M5H 3C2

**David S. Ward LSUC #: 33541W**  
Tel: 416.869.5960  
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dward@casselsbrock.com

**Christopher Horkins LSUC #: 61880R**  
Tel: 416.815.4351  
Fax: 416.642.7129  
chorkins@casselsbrock.com

Lawyers for the Applicants

## Tab 2

Court File No. CV-14-10663-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(Commercial List)**

THE HONOURABLE MADAM	)	FRIDAY,	THE	22nd	DAY
	)				
JUSTICE MATHESON	)	OF AUGUST,		2014	

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1992, c. 27, s.2, AS AMENDED

AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH  
RESPECT TO BANNERS BROKER INTERNATIONAL LIMITED

APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN THEIR  
CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL LIMITED,  
UNDER PART XIII OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CROSS-BORDER  
INSOLVENCIES)

**SUPPLEMENTAL ORDER**  
**(FOREIGN MAIN RECOGNITION)**

**THIS APPLICATION**, made by Miles Andrew Benham and Paul Robert Appleton, in their capacity as Joint Liquidators and as Foreign Representative ("**Foreign Representative**") of Banners Broker International Limited ("**Debtor**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("**BIA**"), for an Order substantially in the form attached to the notice of application, was heard this day at the Court House, 330 University Avenue, Toronto, Ontario.

**ON READING** the notice of application, the affidavit of Paul Robert Appleton sworn August 6, 2014, the affidavit of Miles Andrew Benham sworn August 6, 2014, the affidavit of service efforts of Christopher Horkins sworn August 21, 2014, the affidavit of attempted service of Frank Temprile sworn August 18, 2014, the two affidavits of attempted service of Norman Ng sworn August 18, 2013, the affidavit of attempted service of Heather Johnson served August 18, 2014, the affidavit of attempted service of Christopher Maniaci sworn August 18, 2014, and the affidavit of attempted service of Mary Carreiro sworn August 21, 2014, filed, and on reading the consent of msi Spergel Inc. to act as the proposed receiver.

ON HEARING submissions of counsel for the Applicants, and counsel for Christopher Smith, no one else appearing:

## SERVICE

1. **THIS COURT ORDERS** that the time for service of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

## INITIAL RECOGNITION ORDER

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Initial Recognition Order (Foreign Main Proceeding) dated August 22, 2014 (the "**Recognition Order**").

3. **THIS COURT ORDERS** that the provisions of this Supplemental Order shall be interpreted in a manner complementary and supplementary to the provisions of the Recognition Order, provided that in the event of a conflict between the provisions of this Supplemental Order and the provisions of the Recognition Order, the provisions of the Recognition Order shall govern.

## RECOGNITION OF FOREIGN ORDERS

4. **THIS COURT ORDERS** that the following orders (collectively, the "**Foreign Orders**") of the High Court of Justice of the Isle of Man, Civil Division, Chancery Procedure, made in the Foreign Proceeding are hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 272 of the BIA:

- (a) the Order of His Honour the Deemster Doyle, First Deemster and Clerk of the Rolls, issued February 26, 2014, and
- (b) the Order of His Honour the Deemster Doyle, First Deemster and Clerk of the Rolls, issued March 14, 2014;

Copies of the which Orders are attached as **Schedule "A"** hereto;

provided, however, that in the event of any conflict between the terms of the Foreign Orders and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to Property (as defined below) in Canada.

## APPOINTMENT OF RECEIVER

5. **THIS COURT ORDERS** that pursuant to subsection 272(1)(d) of the BIA and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, MSI Spergel Inc. is hereby appointed receiver ("**Receiver**"), without security, of all of the assets, undertakings and properties of the Debtor, acquired for, or used in relation to the business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**").

## RECEIVER'S POWERS

6. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to access all information relating to the Debtor's accounts at any financial institution, and the Receiver shall have immediate, continuous and unrestricted access to carry out the foregoing;
- (c) to access any and all computer systems and servers, wherever located, related to the business and affairs of the Debtor and or the Property;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
- (e) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Debtor and or the Property, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable; and
- (f) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

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

7. **THIS COURT ORDERS** that: (i) the Debtor; (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control.

8. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, servers, electronic backups, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

9. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including

providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

10. **THIS COURT ORDERS** that the Canadian financial institutions and electronic payment processors listed in **Schedule "B"** to this Order advise the Receiver of the existence of any Property and Records in their possession or control.

#### **EXAMINATION BY RECEIVER OF SMITH AND OTHERS**

11. **THIS COURT ORDERS** that Christopher G. Smith, Rajiv Dixit, Kuldip Josun, and any other person(s) that the Receiver reasonably believes may have knowledge of the Debtor's affairs, attend at an examination under oath before an Official Examiner in Toronto, on a date to be agreed upon or selected by the Receiver, with a minimum of 10 days notice, notice to include a copy of this Order, and answer questions propounded to them by counsel for the Receiver and provide testimony including, but not limited to, the following matters:

- (a) the Debtor's trade, dealings and Property; and
- (b) the matters described in the Foreign Representative's affidavit filed in support of the within application.

#### **NO PROCEEDINGS AGAINST THE RECEIVER OR FOREIGN REPRESENTATIVE**

12. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver or the Foreign Representative except with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

13. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor, or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### NO EXERCISE OF RIGHTS OR REMEDIES

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

#### NO INTERFERENCE WITH THE RECEIVER

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

#### LIMITATION ON THE RECEIVER'S LIABILITY

16. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under subsections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### RECEIVER'S ACCOUNTS

17. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge ("**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory



or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

#### **OTHER PROVISIONS RELATING TO THE RECEIVER**

20. **THIS COURT ORDERS** that the Receiver:

- (a) is hereby authorized to provide such information and assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;
- (b) is hereby authorized to otherwise coordinate the administration and supervision of the Debtor's assets and affairs with the Foreign Representative;
- (c) shall report to this Court at least once every six months with respect to the status of these proceedings and the status of the Foreign Proceedings, which reports may include information relating to the Property, or such other matters as may be relevant to the proceedings herein; and
- (d) in addition to the periodic reports referred to in paragraph 20(c) above, the Receiver may report to this Court at such other times and intervals as the Receiver may deem appropriate with respect to any of the matters referred to in paragraph 20(c) above.

21. **THIS COURT ORDERS** that the Foreign Representative shall (i) advise the Receiver of all material steps taken by the Foreign Representative in these proceedings or in the Foreign Proceedings, (ii) co-operate fully with the Receiver in the exercise of its powers and discharge of

its obligations, and (iii) provide the Receiver with the assistance that is necessary to enable the Receiver to adequately carry out its functions.

22. **THIS COURT ORDERS** that the Receiver (i) shall post on its website all Orders of this Court made in these proceedings, all reports of the Receiver filed herein, and such other materials as this Court may order from time to time, and (ii) may post on its website any other materials that the Receiver deems appropriate.

23. **THIS COURT ORDERS** that the Receiver may provide any creditor of the Debtor with information in response to reasonable requests for information made in writing by such creditor addressed to the Receiver. The Receiver shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Receiver believes to be privileged or confidential, the Receiver shall not provide such information to third parties, other than its counsel, the Joint Liquidators, and their counsel, unless otherwise directed by this Court.

#### **SERVICE AND NOTICE**

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

25. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Foreign Representative and the Receiver are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the applicable Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be

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

#### GENERAL

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

27. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as an interim receiver, receiver, receiver and manager, proposal trustee, or a trustee in bankruptcy of the Debtor.

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

29. **THIS COURT ORDERS** that the Foreign Representative and the Receiver be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

30. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days notice to the Debtors, the Foreign Representative, the Receiver and their respective counsel, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

ENTERED AT / REGISTRÉ À TORONTO  
ON / POUR VOUS  
LE / DATE DE REGISTREMENT

AUG 22 2014

NB

*Rm. Ittleman*

AUG 22 2014

~~Matheson J.~~

R. Ittleman, Registrar  
Superior Court of Justice

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SCHEDULE "A"

**Orders of the Isle of Man High Court,  
dated February 26 and March 14, 2014**

506415  
F10 Perm

BE IT KNOWN THAT I, Manish Kumar Soni, Notary Public, duly authorised, admitted and sworn, practising in London and entitled to practise elsewhere in England and Wales,

**DO HEREBY CERTIFY AND ATTEST:**

THAT **BANNERS BROKER INTERNATIONAL LIMITED** (the "Company"), is a private company, limited by shares and incorporated, registered and existing under the laws of Isle of Man with registration number 124375C and having its registered office at Kissack Court, 29 Parliament Street, Ramsey IM8 1AT, Isle of Man;

AND TO THE **GENUINENESS** of the signature of **Paul Robert APPLETON**, whose identity I attest, a Joint Liquidator of the Company with registered address 26-28 Bedford Row, London, WC1R 4HE.

IN TESTIMONY WHEREOF I have hereunto set my hand and affixed my Seal of Office in London aforesaid, this 11<sup>th</sup> day of June Two Thousand and Fourteen.

Manish Kumar Soni  
Notary Public





APOSTILLE (Convention de La Haye du 5 octobre 1961)	
1. Country: Pays/Pais	United Kingdom of Great Britain and Northern Ireland
This public document Le présent acte public / El presente documento público	
2. Has been signed by a été signé par ha sido firmado por	Manish Kumar Soni
3. Acting in the capacity of agissant en qualité de quien actúa en calidad de	Notary Public
4. Bears the seal/stamp of est revêtu du sceau / timbre de y está revestido del sello / timbre de	The Said Notary Public
Certified Attesté / Certificado	
5. at à / en	London
6. the le / el día	12 June 2014
7. by par / por	Her Majesty's Principal Secretary of State for Foreign and Commonwealth Affairs
8. Number, sous no / bajo el número	K101348
9. Seal / stamp: Sceau / timbre: Sello / timbre:	10. Signature: P. Forbes Signature: Firma:



This Apostille is not to be used in the UK and only confirms the authenticity of the signature, seal or stamp on the attached UK public document. It does not confirm the authenticity of the underlying document. Apostilles attached to documents that have been photocopied and certified in the UK confirm the signature of the UK public official who conducted the certification only. It does not authenticate either the signature on the original document or the contents of the original document in any way.

If this document is to be used in a country which is not party to the Hague Convention of 5th October 1961, it should be presented to the consular section of the mission representing that country.

To verify this apostille go to [www.verifyapostille.service.gov.uk](http://www.verifyapostille.service.gov.uk)

**BANNERS BROKER INTERNATIONAL LIMITED**

I, the undersigned, **PAUL ROBERT APPLETON**, being the Managing Partner in David Rubin & Partners, 26-28 Bedford Row, London WC1R 4HE, and the Joint Liquidator appointed on 14 March 2014 of **BANNERS BROKER INTERNATIONAL LIMITED**, a limited company incorporated in the Isle of Man with company number 124375C ("the Company"),

**HEREBY DECLARE AND CONFIRM** that

1. The attached document at Appendix 'A' is a true copy of the Winding Up Order made on 26 February 2014; and
2. The attached document at Appendix 'B' is a true copy of the Order confirming the appointment of Paul Appleton and Miles Benham as Joint Liquidators of the Company on 14 March 2014.

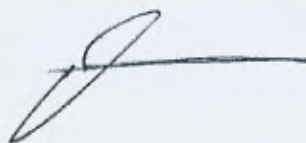
**IN WITNESS** whereof this document is executed in London this 10<sup>th</sup> day of June 2014.

Signed on behalf of }

**Banners Broker International Limited** }

In liquidation by **Paul Robert Appleton,** }

the duly appointed Joint Liquidator }



Witnessed By: **ADAM SMAMA, ACCA**  
 26-28 BEDFORD ROW, LONDON WC1R 4HE  
 10/6/14



*Name of Witness*

A



CHP 14/0008

**IN THE HIGH COURT OF JUSTICE OF THE ISLE OF MAN  
CIVIL DIVISION  
CHANCERY PROCEDURE**

**IN THE MATTER** of the Companies Act 1931

and

**IN THE MATTER** of **BANNERS BROKER INTERNATIONAL LIMITED**

and

**IN THE MATTER** of the Claim of Targus Investments Limited ("Targus") dated the 10 January 2014 ("the Winding Up Claim")

At a Court held on  
26 February 2014

**HIS HONOUR THE DEEMSTER DOYLE  
FIRST DEEMSTER AND CLERK OF THE ROLLS**

Upon hearing the Winding Up Claim this day in the presence of Counsel for Targus and for Ian Driscoll ("Mr Driscoll") and having considered the witness statements of Stephen Porter dated 10 January 2014 Miles Andrew Benham ("Mr Benham") dated 10 January 2014 Timothy Allan Mann dated 10 January 2014 Richard Christopher Curtin dated 24 February 2014 and Kathryn Louise Clough dated the 25 February 2014 and Upon consideration had thereof **IT IS ORDERED THAT:**

1. Banners Broker International Limited ("BBIL") be and hereby is wound up pursuant to the provisions of section 162(6) of the Companies Act 1931 ("the Act");
2. Miles Andrew Benham ("Mr Benham") of MannBenham Advocates, 49 Victoria Street, Douglas, Isle of Man and Paul Robert Appleton ("Mr Appleton") of David Rubin & Partners LLP, 26 – 28 Bedford Row, London, WC1R 4HE be and are hereby appointed Joint Provisional Liquidators and Deemed Joint Official Receivers of BBIL pursuant to section 174 of the Act. Pursuant to section 181(4) of the Act any act by the Act required or authorised to be done by the Joint Provisional Liquidators and Deemed Joint Official Receivers is to be done by both Mr Benham and Mr Appleton save as may be specifically agreed in writing (including e-mail) between them;
3. Mr Benham and Mr Appleton as Joint Provisional Liquidators and Deemed Joint Official Receivers of BBIL shall have the following powers:

- (a) To carry on the business of BBIL, in so far as may be necessary for the beneficial winding up thereof;
  - (b) To open, maintain and operate without the further consent of any other person, such bank accounts as is deemed necessary by Mr Benham and Mr Appleton;
  - (c) To appoint an advocate or such other law agent or legal advisor (whether in the Isle of Man or elsewhere) to assist in the performance of their duties;
  - (d) To pay any classes of creditors in full;
  - (e) To bring or defend any action or other legal proceedings in the name of and on behalf of BBIL;
4. Mr Benham and Mr Appleton as Joint Provisional Liquidators and Deemed Joint Official Receivers of BBIL shall forthwith advertise notice of this order in two newspapers published and circulating in the Isle of Man;
5. Meetings of creditors under section 179 of the Act shall be held within one month of the date of this order;
6. The costs of Targus and of Mr Driscoll of and incidental to the Winding Up Claim shall be payable from the assets of BBIL as an expense of the liquidation of BBIL.



**SEAL OF THE HIGH COURT**

**NOTE** – It will be the duty of such of the persons who are liable under section 175 of the Companies Act 1931 to make out or concur in making out the statement of affairs of BBIL as the Joint Provisional Liquidators and Deemed Joint Official Receivers may require, to attend on the Joint Provisional Liquidators and Deemed Joint Official Receivers at such time and place as they may appoint, and to give them all information they may require.



ISLE OF MAN COURTS  
OF JUSTICE

EXAMINED AND CERTIFIED A  
TRUE COPY

*K. K. K.*

DEPUTY ASSISTANT CHIEF REGISTRAR

27 February 2014

B



CHP 14/0024

**IN THE HIGH COURT OF JUSTICE OF THE ISLE OF MAN  
CIVIL DIVISION  
CHANCERY PROCEDURE**

**IN THE MATTER** of the Companies Act 1931

and

**IN THE MATTER** of **BANNERS BROKER INTERNATIONAL LIMITED (IN LIQUIDATION)**

and

**IN THE MATTER** of the claim form of the Joint Provisional Liquidators and Deemed Official Receivers of Banners Broker International Limited (In Liquidation) dated 14 March 2014

**HIS HONOUR THE DEEMSTER DOYLE  
FIRST DEEMSTER AND CLERK OF THE ROLLS**

Upon considering the claim form of the Joint Provisional Liquidators and Deemed Official Receivers of Banners Broker International Limited (In Liquidation) ("BBIL") dated 14 March 2014 and the supporting witness statements of Miles Andrew Benham and Paul Robert Appleton dated 14 March 2014 and the results of the meetings of creditors and contributories and the request that this matter be dealt with administratively and without a hearing **IT IS ORDERED THAT:**

1. Miles Andrew Benham ("Mr Benham") and Paul Robert Appleton be appointed Joint Liquidators of BBIL.
2. The following persons are appointed a Committee of Inspection to act with the Joint Liquidators, namely:-
  - i. Ian Driscoll of TradeForce Building, Cornwall Place, Bradford, BD7 8JT
  - ii. Michael Bowe of 1 Cartmell Hill, Woodseats, Sheffield, S8 0RH
  - iii. Lyndon Farrington of Tynllwyn, Commins, Llanrhaeadr Ym Mochant, Powys, SY10 0BZ
  - iv. Richard Weals of 9 Oldfields Crescent, Great Haywood, Stafford, ST18 0RS
  - v. Aubrey John Bettinson of 18 Wellington Avenue, Bitterne, Southampton, SO18 5DD

3. Notice of this order is to be advertised in the London Gazette and one Isle of Man newspaper.
4. The costs of and incidental to this application be payable from the assets of BBIL as an expense of the liquidation of BBIL.

Dated 14 March 2014



**SEAL OF THE HIGH COURT**

- 11 -

**SCHEDULE "B"**

Companies:

- a) TD Canada Trust;
- b) CIBC;
- c) HSBC Bank Canada;
- d) Royal Bank of Canada;
- e) 677381 Canada Inc. o/a SolidTrust Pay; and
- f) UseMyServices, Inc;

# Tab 3



14-00000171-00M0

Court File No.

COURT OF ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Toronto Region)

THE HONOURABLE M ) Fri DAY, THE  
JUSTICE ) 1<sup>st</sup> DAY OF  
) July 2014  
)

IN THE MATTER OF an Application by the Attorney General of  
Ontario pursuant to section 462.33 of the *Criminal Code of Canada* for  
an Order restraining certain property

BETWEEN:

HER MAJESTY THE QUEEN

Applicant

- and -

Christopher George SMITH and Rajiv DIXIT

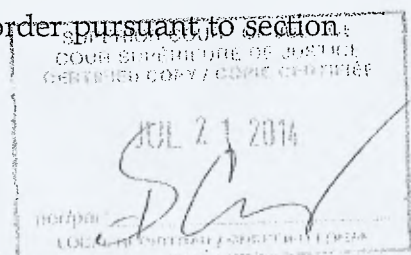
Respondents  
(*ex parte*)

---

*EX PARTE* RESTRAINT ORDER

---

UPON THE EX PARTE APPLICATION in writing made this day by the  
Attorney General for Ontario, through counsel, for an order pursuant to section  
462.33 of the *Criminal Code*;



AND UPON READING the Application and the Affidavit of Katie Judd, peace officer, sworn July 17, 2014 which Affidavit accompanies the Application;

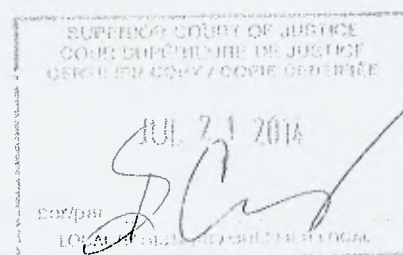
AND UPON the Attorney General for Ontario undertaking to pay any damages or costs that may be ordered by a court of competent jurisdiction in relation to the execution and making of this Order;

AND UPON BEING SATISFIED that there is no requirement of notice of this Application as giving notice may result in the disappearance, dissipation or reduction of value of the property sought to be restrained or otherwise affect the property so that all or part thereof could not be subject to an order of forfeiture under either subsection 462.37(1) or 462.38(2) of the *Criminal Code*;

AND UPON BEING SATISFIED that there are reasonable grounds to believe that certain property in respect of which an order of forfeiture may be made under subsection 462.37(1) or 462.38(2) of the *Criminal Code*, to wit:

Any and all rights and interests in the following financial accounts:

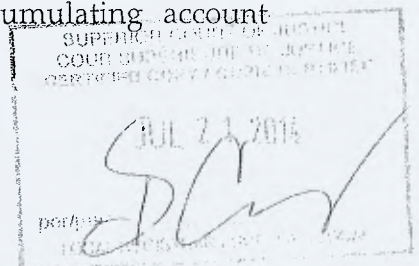
- a) All money or credits held by Beanstream Internet Commerce Inc. ("Beanstream"), 2695 Douglas Street, Suite 302, Victoria, British Columbia V8T 4M3, in a merchant account for 7250037 Canada Inc. o/a Banner's Brokers Canada for registered account holder Rajiv Dixit, merchant ID 251440000;



- b) All money or credits held by SolidTrust Pay, 47 William Street, P.O. Box 551, Bobcraygeon, Ontario K0M 1A0, in a merchant account for 2087360 Ontario Inc. o/a Bannersbroker for registered account holder Christopher Smith and a merchant account for Bannersmobile for registered account holder Chris Smith; and
- c) All money or credits held by Mazarine Commerce Inc. o/a Payza.com ("Payza"), 100 – 8255 Mountain Sights, Montreal, Quebec H4P 2B5, in a merchant account for Banners Broker and a merchant account for Banners Mobile, both for registered account holder Chris Smith, user ID 3809788.

(hereinafter referred to as the "Property")

1. **THIS COURT ORDERS** that all persons are prohibited from disposing of, or otherwise dealing with, in any manner whatsoever, any interest in the Property, except as hereinafter provided.
2. **THIS COURT FURTHER ORDERS** that any named financial institution, officers, employees, servants and agents, as its interests appear, shall continue to hold the Property on deposit and shall continue to pay interest and other amounts to which the accounts would otherwise be entitled.
3. **THIS COURT FURTHER ORDERS** that any named financial institution shall continue to maintain the Property in accordance with its obligations. Interest shall be accumulated and paid into the Property in accordance with usual and ordinary practices of the Bank, with the accumulating account



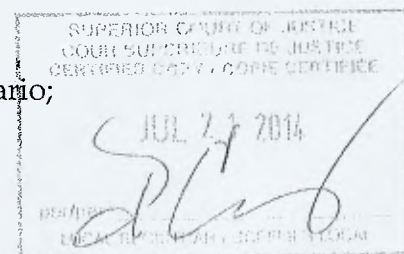
balances to remain subject to the terms of this Order, **PROVIDED THAT** nothing in this Order shall prohibit any payments to the credit of the Property.

4. **THIS COURT FURTHER ORDERS** that any named financial institution shall not withdraw or allow any other person, including the Respondents, to withdraw any funds from any of the Property. However, its officers, employees, servants and agents of the institution may access the Property to withdraw reasonable fees associated with its management of the Property if those fees would normally be withdrawn in the ordinary course of business.

5. **THIS COURT FURTHER ORDERS** that any financial institution shall, upon written request by counsel for the Director of Asset Management – Criminal or his representative, provide said person with reasonable information regarding the status of the Property under its control, including, but not limited to, account balances, account statements and information on the source or destination of funds deposited to or withdrawn from the named accounts.

6. **THIS COURT FURTHER ORDERS** that a copy of this order be served upon the two respondents personally or by substituted service and that the persons in possession of the property may be service by mail in accordance with the *Criminal Proceedings Rules*:

a) Christopher Smith, 503 – 250 Jarvis Street, Toronto, Ontario;

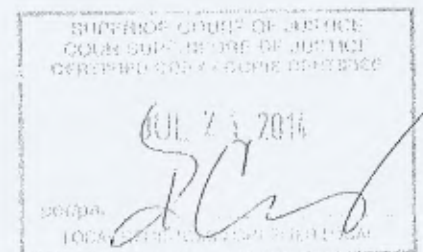


- b) Rajiv Dixit, 1036 Coyston Court, Oshawa, Ontario;
- c) Beanstream Internet Commerce Inc. ("Beanstream"), Legal Department,  
10380 Bren Road West, Minnetonka, MN 55343, United States;
- d) SolidTrust Pay, 47 William Street, P.O. Box 551, Bobcaygeon, Ontario  
K0M 1A0 attention Denise Mahoney; and
- e) Mazarine Commerce Inc., o/a Payza ("Payza"), 8255 av. Mountain Sights,  
Suite 100, Montreal, Quebec H4P 2B5, attention Patel Ferhan.

7. THIS COURT FURTHER ORDERS that service of any documents or notices of any application made in relation to this Order shall be served upon the Attorney General for Ontario at the Crown Law Office – Criminal, 720 Bay Street, 10<sup>th</sup> Floor, Toronto, Ontario, M7A 2S9.

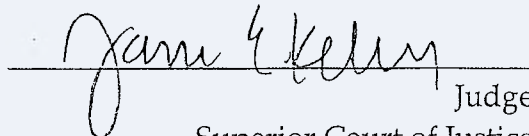
8. THIS COURT FURTHER ORDERS that the Attorney General for Ontario or counsel instructed by her, on three clear days notice to the Respondents, may apply to a Judge of this Court for a variation, amendment to or addition of any term of this Order.

9. FOR GREATER CERTAINTY as provided by subsections 462.35(2) & (3) of the *Criminal Code*, this Order may continue in force for a period in excess of six



months from the date of this order if proceedings have already been instituted in respect of which the Property restrained may be forfeited.

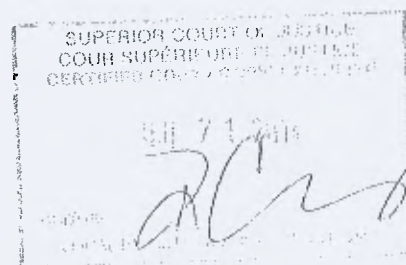
Dated at Toronto, Ontario, this 18 day of July, 2014.

  
Judge  
Superior Court of Justice

TAKE NOTICE

*Section 462.33(11) of the Criminal Code provides as follows:*

*Any person on whom a restraint order made under subsection (3) is served in accordance with this section and who, while the order is in force, acts in contravention of or fails to comply with the order is guilty of an indictable offence or an offence punishable on summary conviction.*



Court File No.

COURT OF ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Toronto Region)

IN THE MATTER OF an application by  
the Attorney General of Ontario pursuant  
to section 462.33 of the *Criminal Code of  
Canada* for an Order restraining certain  
property

B E T W E E N:

HER MAJESTY THE QUEEN

Applicant

-and-

Christopher George SMITH  
and Rajiv DIXIT

Respondents  
(*ex parte*)

---

*Ex Parte* RESTRAINT ORDER

---

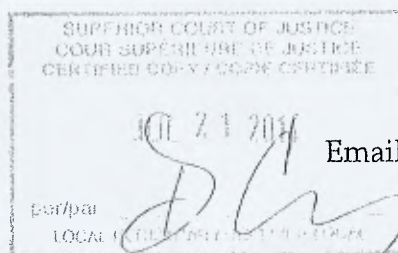
Brian McNeely  
Counsel for the Applicant  
Ministry of the Attorney General  
Crown Law Office – Criminal  
10th Floor, 720 Bay Street  
Toronto, Ontario

M7A 2S9

Phone: (416) 326-4600

Fax: (416) 326-4656

Email: [brian.mcneely@ontario.ca](mailto:brian.mcneely@ontario.ca)



# Tab 4



Court File No.

COURT OF ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Toronto Region)

THE HONOURABLE MR. ) TUES DAY, THE  
JUSTICE M. A. CODE ) 29<sup>TH</sup> DAY OF  
) JULY, 2014  
)  
)

IN THE MATTER OF an Application by the Attorney General of  
Ontario pursuant to section 462.33 of the *Criminal Code of Canada* for  
an Order restraining certain property

BETWEEN:

HER MAJESTY THE QUEEN

Applicant

- and -

Christopher George SMITH and Rajiv DIXIT

Respondents  
(*ex parte*)

---

EX PARTE RESTRAINT ORDER

---

UPON THE EX PARTE APPLICATION in writing made this day by the  
Attorney General for Ontario, through counsel, for an order pursuant to section  
462.33 of the *Criminal Code*;

JUL 30 2014  
*SCJ*

AND UPON READING the Application and the Affidavit of Katie Judd, peace officer, sworn July 28, 2014 which Affidavit accompanies the Application;

AND UPON the Attorney General for Ontario undertaking to pay any damages or costs that may be ordered by a court of competent jurisdiction in relation to the execution and making of this Order;

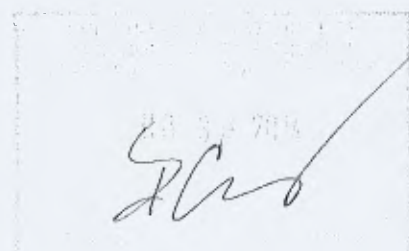
AND UPON BEING SATISFIED that there is no requirement of notice of this Application as giving notice may result in the disappearance, dissipation or reduction of value of the property sought to be restrained or otherwise affect the property so that all or part thereof could not be subject to an order of forfeiture under either subsection 462.37(1) or 462.38(2) of the *Criminal Code*;

AND UPON BEING SATISFIED that there are reasonable grounds to believe that certain property in respect of which an order of forfeiture may be made under subsection 462.37(1) or 462.38(2) of the *Criminal Code*, to wit:

Any and all rights and interests in the following financial accounts:

- a) Any and all funds held by 6003061 Canada Inc. operating as UseMyServices, Inc. 1881 Steeles Avenue West, Suite 348, Toronto, Ontario to the credit of Monetize Group Inc. for registered account holder Christopher Smith, Merchant ID SMPDAA (User ID SMPDAA [paybannersbroker@gmail.com](mailto:paybannersbroker@gmail.com)).

(hereinafter referred to as the "Property")

A handwritten signature, possibly "SG", is written over a rectangular stamp. The stamp contains some faint, illegible text and a date that appears to be "2014 07 28".

1. **THIS COURT ORDERS** that all persons are prohibited from disposing of, or otherwise dealing with, in any manner whatsoever, any interest in the Property, except as hereinafter provided.

2. **THIS COURT FURTHER ORDERS** that any named financial institution, officers, employees, servants and agents, as its interests appear, shall continue to hold the Property on deposit and shall continue to pay interest and other amounts to which the Property would otherwise be entitled.

3. **THIS COURT FURTHER ORDERS** that any named financial institution shall continue to maintain the Property in accordance with its obligations. Interest shall be accumulated and paid on the Property in accordance with usual and ordinary practices of the institution, with the accumulating balances to remain subject to the terms of this Order, **PROVIDED THAT** nothing in this Order shall prohibit any payments to the credit of the Property.

4. **THIS COURT FURTHER ORDERS** that any named financial institution shall not withdraw or allow any other person, including the Respondents, to withdraw the Property. However, its officers, employees, servants and agents of the institution may access the Property to withdraw reasonable fees associated with its management of the Property if those fees would normally be withdrawn in the ordinary course of business.

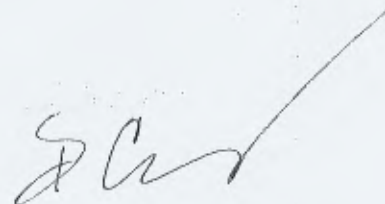
A handwritten signature in dark ink, appearing to be 'J. C. S.', is located in the bottom right corner of the page. The signature is written in a cursive, flowing style.

5. **THIS COURT FURTHER ORDERS** that any financial institution shall, upon written request by counsel for the Director of Asset Management – Criminal or his representative, provide said person with reasonable information regarding the status of the Property under its control, including, but not limited to, account balances, account statements and information on the source or destination of funds deposited to or withdrawn from the Property.

6. **THIS COURT FURTHER ORDERS** that a copy of this order be served upon the two respondents personally or by substituted service and that the persons in possession of the property may be service by mail in accordance with the *Criminal Proceedings Rules*:

- a) Christopher Smith, 503 – 250 Jarvis Street, Toronto, Ontario;
- b) Rajiv Dixit, 1036 Coyston Court, Oshawa, Ontario; and
- c) 6003061 Canada Inc. operating as UseMyServices, Inc. 1881 Steeles Avenue West, Suite 348, Toronto, Ontario.

7. **THIS COURT FURTHER ORDERS** that service of any documents or notices of any application made in relation to this Order shall be served upon the Attorney General for Ontario at the Crown Law Office – Criminal, 720 Bay Street, 10<sup>th</sup> Floor, Toronto, Ontario, M7A 2S9.

A handwritten signature in dark ink, appearing to be 'J. C.', is located in the bottom right corner of the page.

8. THIS COURT FURTHER ORDERS that the Attorney General for Ontario or counsel instructed by her, on three clear days notice to the Respondents, may apply to a Judge of this Court for a variation, amendment to or addition of any term of this Order.

9. FOR GREATER CERTAINTY as provided by subsections 462.35(2) & (3) of the *Criminal Code*, this Order may continue in force for a period in excess of six months from the date of this order if proceedings have already been instituted in respect of which the Property restrained may be forfeited.

Dated at Toronto, Ontario, this 29<sup>th</sup> day of July, 2014.

M. A. G. de J.

Judge  
Superior Court of Justice

TAKE NOTICE

*Section 462.33(11) of the Criminal Code provides as follows:*

*Any person on whom a restraint order made under subsection (3) is served in accordance with this section and who, while the order is in force, acts in contravention of or fails to comply with the order is guilty of an indictable offence or an offence punishable on summary conviction.*

*[Signature]*

Court File No.

COURT OF ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Toronto Region)

IN THE MATTER OF an application by  
the Attorney General of Ontario pursuant  
to section 462.33 of the *Criminal Code of  
Canada* for an Order restraining certain  
property

B E T W E E N:

HER MAJESTY THE QUEEN

Applicant

-and-

Christopher George SMITH  
and Rajiv DIXIT

Respondents  
(*ex parte*)

---

*Ex Parte* RESTRAINT ORDER

---

Brian McNeely  
Counsel for the Applicant  
Ministry of the Attorney General  
Crown Law Office – Criminal  
10th Floor, 720 Bay Street  
Toronto, Ontario  
M7A 2S9  
Phone: (416) 326-4600  
Fax: (416) 326-4656  
Email: [brian.mcneely@ontario.ca](mailto:brian.mcneely@ontario.ca)



# Tab 5

Police File Number: RCMP 2014-1863297  
Registry file number:

CANADA  
PROVINCE OF ONTARIO  
CITY OF TORONTO

**AFFIDAVIT IN SUPPORT OF AN APPLICATION  
FOR RESTRAINT ORDER**

This is the information of:

Constable Katie Judd

a member of the Royal Canadian Mounted Police, Peace Officer, of the City of Toronto in the Province of Ontario, now called the "Informant", taken before me.

The Informant says there are reasonable grounds to believe, and does believe, that Christopher George Smith (Date of Birth: 1970-08-28), Rajiv Dixit (Date of Birth: 1970-09-23), and others known or unknown, using associated companies, have committed sometime between October 2010 to present day the following offences:

Pyramid Scheme, contrary to Section 206(1)(e) of the *Criminal Code*;

Fraud, contrary to Section 380(1) of the *Criminal Code*;

Possession of Property Obtained by Crime, contrary to Section 354(1) of the *Criminal Code*;

Laundering the Proceeds of Crime, contrary to Section 462.31 of the *Criminal Code*;

Making False or Misleading Representations, contrary to Section 52(1) of the *Competition Act*;



(the "Offences").

And that the following property or monetary funds (amounting to roughly \$700,000 CAD) are believed to be proceeds of crime related to the Offences:

Money held by Beanstream Internet Commerce Inc. ("Beanstream"), 2659 Douglas Street, Suite 302, Victoria, British Columbia V8T4M3, in a merchant account for 7250037 Canada Inc. o/a Banner's Brokers Canada for registered account holder Rajiv Dixit, merchant ID 251440000;

Money held by SolidTrust Pay, 47 William Street, P.O. Box 551, Bobcaygeon, Ontario K0M1A0, in a merchant account for 2087360 Ontario Inc. o/a Bannersbroker for registered account holder Christopher Smith and a merchant account for Bannersmobile for registered account holder Chris Smith;

Money held by Mazarine Commerce Inc. o/a Payza.com ("Payza"), 100-8255 Mountain Sights, Montreal, Quebec H4P 2B5, in a merchant account for Banners Broker and a merchant account for Banners Mobile, both for registered account holder Chris Smith, user ID 3809788.

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## **INTRODUCTION**

I, Constable Katie Judd of the City of Toronto, in the Province of Ontario, a member of the Royal Canadian Mounted Police ("RCMP"), make oath and say:

1. I am a peace officer and have been a member of the RCMP since April 22, 2003. My current duties are with the Toronto Strategic Partnership, which is a joint law enforcement operation formed in response to cross border fraudulent mass marketing schemes and based out of the Toronto Police Services Financial Crime Unit.
2. I am an investigator in this case and I either have personal knowledge of these matters or I have received information from others. I believe the information in this document to be true, unless I state otherwise.
3. I have used parentheses () in this information to abbreviate names or titles.

4. From time to time in this information, I will provide my interpretation of witness statements or documents or I will insert a commentary if I need to draw a conclusion to support my reasons for belief. These interpretations, commentaries and conclusions are either enclosed in sections which are identified as summary sections, or they will be enclosed in square brackets [ ] and italicized.

#### **Definitions**

5. The following references and abbreviations used in this information include the following:

- 5.1. The following are “associated corporations” to Christopher Smith and Rajiv Dixit which mean that one or both of those respondents had effective control of the corporations at the relevant times:

- Banners Broker International Limited (also known as Bannersbroker, Banners Broker, Bannersbroker Limited, Bannersmobile, Banners Mobile, Banners Broker Belize);
- 2087360 Ontario Incorporated o/a Local Management Services;
- 8264554 Canada Limited o/a Parrot Marketing Inc.;
- 2341620 Ontario Corporation;
- Monetize Group Incorporated;
- 7250037 Canada Limited o/a Stellar Point Inc. (previously Bannersbroker Limited and also known as 7250037 Canada Inc., Banners Broker Limited, Banners Broker Canada, Banner’s Brokers Canada, Banners Broker International and Bannersbroker);
- 8163871 Canada Limited o/a Dixit Holdings Inc.

- 5.2. Unless otherwise stated, all places referred to in this information are

places within the Province of Ontario ("ON");

5.3. U.S. represents the United States of America;

5.4. All references within my information to currency or other monetary instruments are references to Canadian funds unless otherwise noted;

5.5. USD represents U.S. currency;

### Overview

6. The main target of what is an ongoing police investigation in the Bannersbroker operation is Christopher George Smith ("Smith"). Bannersbroker is still up and running and no arrests have yet been made. In October of 2010, Smith set up a website called bannersbroker.com that promised visitors a doubling of their money if they would recruit others in a multi-level marketing scheme involving the sale of online advertising. It is the position of investigators that this business was a pyramid scheme that over time evolved into a straight Ponzi scheme in which new victims were recruited to stave off requests for withdrawals and complaints from older ones. As the scheme progressed, Smith recruited another principal wrongdoer named Rajiv Dixit ("Dixit") and set up a host of associated corporations to mask both their illegal activities and the flow of money. Throughout the scheme, Smith, Dixit and their associated corporations had investors pay their "investment" money to merchant account providers (i.e. legitimate corporations that process credit card payments). Those funds were then diverted by the suspects and their associated corporations to various offshore and other bank accounts controlled by them. Except for limited window dressing to promote the fraudulent scheme, there was no *bona fide* advertising publishing operation and the investors were being misled as to the source and nature of their "profits". Police have recently identified about \$537,576 USD on deposit at a Vancouver merchant account provider, \$21,739.00 USD and \$9,230.00 USD [*on reserve*] on deposit with an Ontario merchant account provider, and \$61,731.29 USD, 10,646.22 Euros, 16,632.55 Great British Pounds, \$1,833.11 CAD,

\$10,543.28 Australian Dollars and \$586.15 New Zealand Dollars on deposit at another Ontario merchant account provider, standing to the credit of the suspects' various associated corporations. As there are grounds to believe that the money is proceeds of the crimes now under investigation, the Attorney General of Ontario brings this application to restrain the property.

*The Investor's Perspective*

7. Obtaining an overview of the police allegations requires an understanding of the typical investor's perspective on the representations being made on Bannersbroker's website generally, through its employees, in its customer service manual and in the investor's unique account statement that could be accessed by the investor through the Bannersbroker website.
8. A visitor to the Bannersbroker website (Ex. "A") during the relevant period would be told of a an operation that would allow the viewer to advertise their product or services online, themselves become an online publisher (in partnership with Bannersbroker) or, in a "unique" operation, both buy and sell advertising space in a way that would allow the profits from selling advertising space to third parties offset (and then some) the cost of buying advertising from Bannersbroker for the investor's own product or service.
9. Although Bannersbroker sold advertising to visitors to its website (claiming that was its "core" product) and also offered to pay for advertising on the visitor's own website, its main activity was to recruit investors to advance money to become "publishers" in partnership with Bannersbroker. More specifically, investors were assigned blank advertising space on "blind" websites supposedly controlled by Bannersbroker and were told they would reap a portion of the supposedly strong and steady revenue generated from those ad spaces. Because the advertising spaces (or "banners") were said to be so profitable, Bannersbroker placed a "revenue cap" on the banner which prevented an investor from more than doubling their original investment in that banner. Once such a doubling occurred, the investor lost all revenue rights to that banner and so had to buy a new banner.

As explained in one of Bannersbroker's customer support manuals (Ex. "B"), any additional revenue over the assigned revenue cap went to Bannersbroker "which allows us [i.e. Bannersbroker] to stay profitable" [Note: In the manual there is a reference to a Prepaid MasterCard which Bannersbroker used for a period of time through Vector Card Services, however, MasterCard cancelled that option.]

10. In standard online advertising practice, the owner or renter of a website space on which advertising is placed would typically be paid a fixed rate from the advertiser based on an audited number of "impressions" or page views the website generated. Bannersbroker's earnings model for investors incorporated this concept but was convoluted to a point where it lacked any real clarity. It was further obscured by the fact that third party advertisers and products, and the websites the banners supposedly appeared on were known only to Bannersbroker. The investors had to trust that Bannersbroker was generating strong and steady revenue from the publishing sites it was assigning to the investor. The Bannersbroker earnings model for investors had the following characteristics which, the police allege, are also the hallmarks of a pyramid scheme of the type prohibited by s.206(1)(e) of the *Criminal Code*.

- Although an investor could, in theory, become only an advertiser or publisher, the main investment vehicle promoted by Bannersbroker was the "Ad-Pub Combo" which made the investor both a seller of advertising (in partnership with Bannersbroker) and a direct purchaser of advertising from Bannersbroker. Moreover, what was earned by an investor as a publisher was, in part, a function of what the investor spent on advertising and so paid to Bannersbroker;
- The blank advertising spaces (i.e. the "banners") that investors purchased through Bannersbroker on the "blind" or anonymous websites were classed by Bannersbroker in a hierarchy of graduated and colour-coded "panels". The better the grade of banner, the more it cost investors to rent that panel and the higher the revenue the investor was allowed to earn



that panel and the higher the revenue the investor was allowed to earn through the banner the investor bought;

- Unlike in most online advertising ventures, the Bannersbroker investor did not just rent a fixed space on a website and then earn revenue from the audited internet traffic the hosting website generated. Instead, before a banner could start to earn money for an investor, Bannersbroker insisted the investor had to take steps to “qualify” the banner. This required a minimum number of “traffic hits” to be earned depending on the panel category the banner belonged to. Those “traffic hits” could be earned by the investor making referrals to Bannersbroker or by directly purchasing the “traffic hits”, which was in essence paying for the banner to start generating revenue. The first banner a novice investor could typically purchase was through a package that consisted of “panels”. The panels in these initial packages did not need to be “qualified” which allowed the investor to double their money. Thus, for every \$10 in advertising the first-time investor bought from Bannersbroker, he soon found he had earned \$20 through his rented banner as “a publisher” which was visually represented by a panel. The scheme required the investor to reinvest automatically half of their money to buy the same amount of panels that were in the package. Alternatively, they could reinvest all of it to get twice the amount of panels. For first time investors, this second group of panels also did not need to be “qualified” and so the novice investor would double their money again. After these two “complimentary” rounds of not being required to “qualify” the panels, the investor then needed to “qualify” any further panels purchased before they could start generating revenue from the banners or online ad space. Needless to say, with such a seemingly profitable scheme, many early investors saw the advantage of fully reinvesting their money, adding new money, upgrading to a more expensive panel of banners and referring other investors to the program;

- Once an investor took the plunge and began investing in Bannersbroker (beyond the first complimentary rounds), they would continue to have access to their own personal investment account by logging on to it through the Bannersbroker website. When they did so, they would be shown an account summary which conveyed a strong sense that their publishing investment was doing very well. A typical summary (Ex. "C") would show seemingly impressive "earnings", bonus sales credits the investor could use to buy more banners, and an e-wallet of "available to withdraw" dollars. An investor who wanted to increase his virtual earnings and credits (as shown in the summary) as a "publisher" could always do so by sending real money to Bannersbroker wearing his "advertiser" hat;
- As the investor got deeper into the publisher scheme, however, the qualifying got more difficult. Fortunately, Bannersbroker provided other means to qualify a banner which included recruiting on behalf of Bannersbroker through direct referrals, earning sales credits to qualify a panel through the continued panel purchases made by referrals or internet referrals,\* buying "traffic packs" that supposedly sent internet traffic to the rented space for it to start earning revenue, or by using social media or word of mouth to talk up Bannersbroker websites. The investor could also hasten the banner reaching its "revenue cap" (by which point the investor had already doubled their investment) by purchasing a "traffic booster" which supposedly increased the speed at which the investor's rented space received online "impressions" or views. Once hooked, Bannersbroker's earnings structure thus encouraged investors to pay more in real money to Bannersbroker and recruit more investors or customers who, in turn, could be lured onto the same treadmill.

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\* As many individual investors in the Ad-Pub Combo owned no businesses and had nothing to advertise, their advertising dollars supposedly went (and, in part, did go) to advertising the Bannersbroker site itself.



*A Working Theory of Criminal Liability*

11. It is the position of the police that the Bannersbroker operation was dishonest and that said dishonesty misled many investors causing them to part with funds that, had they known the truth about Bannersbroker, they would not have parted with. Although secondary or other forms of dishonesty may be advanced at a future prosecution, the core dishonesty that rendered Bannersbroker's pyramid scheme illegal and fraudulent had three aspects:

- a) Contrary to Bannersbroker's explicit and implicit representations, investors did not acquire an interest in any real world advertising revenue. Except for token sites created as window dressing or to promote the scheme itself, Bannersbroker had no access to a strong and steadily profitable flow of third party advertising revenue. An investor's "earnings" were not determined by real internet users viewing real advertising on real websites. In fact, as recently admitted by a programmer hired by the respondent Smith, Bannersbroker's computer program did not even track traffic to the investor's supposed banners [*para. 14.60*];
- b) Contrary to the representation contained in the investor's account statement, the "money available for withdrawal" could not be easily withdrawn by investors. Contrary to normal business practice, withdrawal requests were not automated or processed in the ordinary course of business. Instead, says another programmer hired by the respondent Smith, Smith always wanted to do the payouts himself and would not let that programmer automate the process [*paras. 16.31-16.32*]. A number of individuals, who later complained to the police, will say that they attempted to make withdrawals of funds supposedly "available to withdraw" but that their requests were delayed or ignored; and
- c) Contrary to Bannersbroker's explicit and implicit representations, it was not a legitimate business venture but operated as a pyramid scheme in

which the real “advertising” dollars paid to Bannersbroker by a newer investor wearing his “advertiser” hat went to pay out – irregularly and after a fashion – the supposed earnings of older investors wearing their “publisher” hats: para 15.1.

It is the position of the police that a trier of fact could be satisfied beyond a reasonable doubt that the respondents, using the vehicle of the Bannersbroker website, were running a pyramid scheme, were making misleading statements contrary to s.52(1) of the *Competition Act* and were guilty of Fraud Over \$5,000. It is the police’s further position that, in the course of running their scheme, the respondents committed the further offences of possessing and laundering the proceeds of crime.

### Employee Interviews

#### **John Rock**

12. I watched a video interview of John Rock (“Rock”) taken by investigators with the Competition Bureau of Canada on April 3, 2013. I learned the following:
  - 12.1. Rock wrote a letter to the Commissioner of the Competition Bureau back in November [2012] about Bannersbroker [*associated corporation*];
  - 12.2. Rock had worked in the network marketing industry for approximately 35 years and he had made a point of studying the Competition Act for which he was a consultant;
  - 12.3. Companies would hire Rock to look at their business plan and advise if Rock felt that their company would be approved by the Competition Bureau [*to operate in Canada*];
  - 12.4. Rock was called by Dixit, who he had known for 6 years, to meet with people from Bannersbroker;
  - 12.5. Rock met with Dixit, Smith and Kuldip Josun (“Josun”) to discuss their

marketing plan for Bannersbroker, however, Rock found it confusing as none of them could explain the marketing plan to him;

- 12.6. Josun's daughter, Tara Josun, finally explained the plan to Rock which was that Bannersbroker was selling advertising;
- 12.7. Rock asked for Bannersbroker's marketing plan in writing which he was provided and Rock signed a contract with Dixit for Bannersbroker around May 2012;
- 12.8. Rock's role as a consultant was to review the Bannersbroker plan and to apply to the Competition Bureau for a favorable Letter of Opinion and to register and get Bannersbroker licenced in Canada for provincial and direct sales;
- 12.9. Rock was also asked to write policy and procedures and to do drafts and templates of Cease and Desist for people that were breaking Bannersbroker rules;
- 12.10. Rock was told by Smith, Dixit and Josun that Smith and Josun were the owners of Banners Broker International [*associated corporation*] and Dixit was the owner of Bannersbroker Limited [*associated corporation*], later named Stellar Point Inc., which was the Canadian reseller;
- 12.11. Rock found out as time went on that Josun, though a co-founder of Bannersbroker, did not have ownership in any of the companies;
- 12.12. Banners Broker International was operated by Smith and was registered in the Isle of Man;
- 12.13. Smith was an IT developer and he looked after the payouts and the tracking;
- 12.14. Dixit ran the companies;

- 12.15. From what Rock understood, Bannersbroker had been operating six or seven months before Dixit was brought in as the marketing guy and Dixit had done an excellent job of becoming the top guy in the company;
- 12.16. Rock explained that Bannersbroker devised a system where people that they called "affiliates" would purchase different coloured panels worth different amounts of money and these panels would have advertising attached to them;
- 12.17. The colour of the panel determined how much an affiliate had to pay for it and how much the panel would return to the affiliate;
- 12.18. Bannersbroker had a "blind network" that supplied advertising but Rock did not know what the blind network was and he never saw the blind network;
- 12.19. Bannersbroker also developed the "choice network" which was their own advertising for Bannersbroker where they talked about being a brokerage that brokered advertising on the internet;
- 12.20. Bannersbroker said that they had advertisers but Rock never saw any of them;
- 12.21. The majority of any advertising that Rock saw was Bannersbroker affiliates promoting Bannersbroker;
- 12.22. Rock told Bannersbroker that they did not have a chance of getting approved by the Competition Bureau;
- 12.23. Rock did not feel that Bannersbroker had a real product, that Bannersbroker was forcing people to purchase a product as a condition of participation and forcing people to buy an unreasonable amount of product as a condition of participation;
- 12.24. Bannersbroker had accounts in Oshawa, an account in Cyprus, an account

in the Seychelles' Islands and an account in Belize;

12.25. Bannersbroker relied on Independent Contractors or Resellers in other countries to do the work and find out the rules in their countries;

12.26. One of the reasons Rock went to a Bannersbroker convention in Portugal was to talk to the Independent Contractors to make sure that they understood it was their responsibility to make sure they were legal in their countries;

12.27. On July 12 [2012], during the Portugal convention, Rock received an email from Dixit saying that he was terminated;

12.28. Dixit and Smith also fired Josun at the Bannersbroker convention in Portugal;

12.29. Josun was fired because he tried to introduce a joint venture with another network marketing company that had a Letter of Compliance in Canada and had real products and distributors;

12.30. When Dixit terminated Rock, Dixit hired Rock's best friend, Grant D'Eall ("D'Eall"), and there was now a rift in their relationship;

12.31. Rock's opinion was that no matter how Bannersbroker camouflaged it people were only getting paid for recruiting other people to put money in;

12.32. Dixit had told Rock at one point that Bannersbroker was doing \$300,000.00 a day on average.

### *Kuldip Josun*

13. I watched a video interview of Kuldip Josun taken by investigators with the Competition Bureau of Canada on April 9, 2013. I learned the following:

13.1. Josun had worked in marketing and sales for most of his life;

- 13.2. Three years ago Josun had met Smith through an online work from home program and he made an appointment to meet Smith because Smith was in Toronto;
- 13.3. Smith was launching a program called Silverline [*Josun could not remember the full name*] which was a multi-level marketing concept on travel programs and was a copycat program of TVI – Travel Ventures International where Josun had lost money;
- 13.4. When Josun met with Smith he asked Smith why people lost money in these programs and Smith said it was what the programs were designed for, they bring people in, make some money and then they shut down and people move on to the next one;
- 13.5. Josun told Smith that there were so many other programs that could be legalized to make money, like Facebook, which made millions on the internet by drawing traffic and making money on advertising;
- 13.6. Josun and Smith came up with a concept, Bannersbroker, which Smith said that he could design because Josun was a sales person and not an IT person;
- 13.7. Bannersbroker was to provide members the purchasing of advertising through banners on the internet;
- 13.8. It was in October 2010 when they launched;
- 13.9. Josun and Smith never had any documentation that they were partners, owners or employees as it was just based on good faith;
- 13.10. The bank account was set up at the TD Bank and was called Local Management Group [*associated corporation – actual name is Local Management Services*];
- 13.11. Smith had full control of that bank account;



- 13.12. Bannersbroker never really had its own bank account as it was in name only and was run by Local Management Services in Canada;
- 13.13. The TD Bank account was shut down because people were walking in and putting cash into the account;
- 13.14. Smith had no access to any other accounts at that time so he used his cousin Peter's account in the U.S. under the company name GQ [*this is actually G Cube Media LLC which is owned by Peter Williams in Florida*] to take in money for Bannersbroker;
- 13.15. Josun gave Smith a copy of his passport, a copy of his driver's licence, a copy of a bill and a digital signature to be created a partner in one of the bank accounts and Josun did receive something from Cyprus but the balance was zero and another one from Seychelles or Switzerland but he had no access;
- 13.16. Smith created the Bannersbroker program on what knowledge and programming experience he had and then two programmers, Matt and Harris, were hired to assist;
- 13.17. The programmers said that the old system would not sustain the growth of the company and that they needed to create a new program;
- 13.18. Matt and Harris created the programming language and Smith was lost so the programmers controlled Smith;
- 13.19. Smith hired Dixit eight months after the business was up and running and Dixit was a broker in Canada and the company he opened up was Banners Broker Canada [*associated corporation*];
- 13.20. Dixit said that he would be the Independent Contractor for Canada and that he wanted full control of the bank accounts, the funds, the salaries and hiring people for customer support which Smith agreed to;

- 13.21. Dixit tried to put everyone on salaries but some of the employees refused because they said they did not work for Banners Broker Canada, they worked for Banners Broker International where Smith was in charge;
- 13.22. During that period Dixit used a lot of the funds for his own personal use;
- 13.23. When Dixit was hired he was broke and then he was in control of millions of dollars;
- 13.24. Methods of payment for Bannersbroker were SolidTrust Pay, Beebstream, Aroma and Erectacards [*These payment processors are Beanstream, Aramor and Vector Cards, however, at the time I reviewed the video statement I documented the names as shown*].
- 13.25. Josun told Smith and Dixit to hire a compliance officer;
- 13.26. Dixit knew Rock and he was hired;
- 13.27. Rock started asking a lot of questions about how the company worked, where was the revenue coming from, was there book keeping, how much revenue was earned so that people were paid twice the money;
- 13.28. Rock opened up Josun's eyes because Josun could never see beyond what he was told because he did not have access to the money and all the members were happy because they were getting paid;
- 13.29. There were people who bought a \$500.00 package and they had \$100,000.00 in the back office but they were not withdrawing the money because they were happy to just look at the virtual money;
- 13.30. It was all virtual money;
- 13.31. When people saw the panels move there was just an engine running based on a time frame so when it was complete it showed the account at a certain level and then to re-qualify the panels to start the process again a person



- had to either bring in more people or purchase more advertising;
- 13.32. It was Smith's theory that no one was going to withdraw money fast enough because it was human nature to make more money;
- 13.33. Josun started fighting with Smith and Dixit to start listening to Rock and to make the company 100% legit;
- 13.34. When they went to Portugal for the Bannersbroker convention, Josun told Smith and Dixit that if it was not fixed by the time they got there then he was going to announce to the public that they were not 100% compliant but that they would work towards it because Rock was on the payroll for that;
- 13.35. Josun and Rock were fired because Smith and Dixit were scared that Josun was going to talk to the public;
- 13.36. Josun believed he was set up by Smith and Dixit to look as though he stole money from the company;
- 13.37. About a month before Portugal, Dixit told Josun that they owed him some money and asked what they could get him;
- 13.38. Josun told Dixit that his daughter, Tara Josun, needed her own car as they were sharing one;
- 13.39. Dixit bought Tara Josun a \$70,000.00 Audi;
- 13.40. Josun asked Dixit where the money was coming from and Dixit said not to worry because Josun deserved some payback;
- 13.41. Before they went to Portugal, Rock was doing some work for a company called NWA which was a health product company that had a Compliance Letter and Josun wanted to be his partner but did not have the money;
- 13.42. Dixit told Josun that the company would give him the money and Dixit

wrote Rock a \$40,000.00 cheque on Josun's behalf;

13.43. Then when Josun went to Portugal, Smith said Josun had bought a car without approval so he stole the money and Smith had to let him go;

13.44. The \$40,000.00, the \$70,000.00, travel expenses and Josun's six month salary were all put on a [2012] T4 that he received from Stellar Point Inc.;

13.45. Josun felt humiliated and used when he was fired;

*Ian Harris Snyder*

14. On March 19, 2014, I obtained a video witness statement from Ian Harris Snyder ("Snyder") who was a programmer hired by Smith. I learned the following:

14.1. Snyder was a student at the University of Toronto;

14.2. Snyder was 23 years old and was hoping to graduate school and get a PHD;

14.3. Snyder had no work experience before Bannersbroker other than working on a farm during the summers;

14.4. Bannersbroker was Snyder's first real job and it allowed him to pay for his education;

14.5. Snyder had just finished first year university and he was looking for a summer job [in 2010] when he was introduced to Smith through his friend Alexander who had done some graphic work for Smith;

14.6. Snyder met with Smith over Skype and then over the telephone before he met Smith and Josun at a Starbucks located at Yonge and Eglinton;

14.7. Smith asked Snyder a lot of questions about what he could do code wise and Snyder told Smith that he could do a lot as he had done quite a bit of programming;

- 14.8. Snyder was contacted a couple of days later and told that they had a project they wanted him to work on and Smith hired Snyder on contract to a company that Smith held privately, Parrot Marketing [*associated corporation*];
- 14.9. The project that Snyder first worked on was 150Fast which was a copy of another multi-level marketing program;
- 14.10. As Snyder understood the program it was a way for people to make a \$150.00 quickly by buying a membership and what they were paying for was the membership and a set of marketing tools such as email addresses to contact other people and to try to resell that marketing product to more people to get a commission;
- 14.11. Bannersbroker came after that and when it first started it was not trying to be an ad service, it was a straight up multi-level marketing program where someone came in and their job was to recruit more people;
- 14.12. Smith explained multi-level marketing to Snyder and the way that Snyder understood multi-level marketing was that someone paid money for the right and ability to make money from recruiting other people;
- 14.13. The justification that was given to Snyder to make that okay was that Bannersbroker was selling people a product that would help them succeed in starting up as a marketer;
- 14.14. Smith gave Snyder some design documents and Snyder started programming the website for him using an old code called visual basics script;
- 14.15. On the first version of Bannersbroker, Smith did a lot of the back office work in terms of the visual layout and then Smith hired people that were more graphically inclined;
- 14.16. Over time, Snyder ended up replacing the program piece by piece and then

re-writing the Bannersbroker program;

- 14.17. Bannerbroker started getting pretty popular and Smith talked about hiring other people and establishing a formal corporation because at the time it was all done under the name Parrot Marketing [*associated corporation*];
- 14.18. It was in late 2011 when Bannersbroker made the switch to try and be an advertising network because before that there was no ad traffic and people could not be advertisers or publishers;
- 14.19. The product for Bannersbroker was advertising panels and the theory was that a person was buying ad space on a website and rather than advertising in that space themselves they were letting someone else advertise in that space for a small commission;
- 14.20. Bannersbroker's goal was to offer both the advertising and publisher services to their people;
- 14.21. The side of it that Snyder did not think added up was the publisher's side of it because Bannersbroker was offering publisher services to people who did not have a website and generally a publisher had a website to make money from advertisements;
- 14.22. Bannersbroker did not sell the ad space themselves but used a network partner called Yesup E-Commerce Solutions Inc. whose product, Clicksor, had an already established advertising network with publishers and advertisers for reselling the ads;
- 14.23. Clicksor was what Bannersbroker called their "blind network";
- 14.24. The theory was that the money that was coming in from those advertisements [*from Clicksor*] would be paid out to affiliates, however, the two databases were never connected;
- 14.25. Bannersbroker hired people as a temporary measure to take the

information from people's ad campaigns on Bannersbroker and move the information over and create the ad campaigns on Clicksor;

- 14.26. That started to become a huge task and that was when the idea came up for Bannersbroker to have its own publisher sites;
- 14.27. Smith hired people to make those publishing sites and Snyder was involved in writing a program that was to monitor the traffic on those websites, however, it was around the time Snyder was going to quit so he was not careful when he wrote the program and it had a few bugs in it;
- 14.28. Snyder left Bannersbroker around July 2012, so prior to that all of the money [*to be paid out to affiliates*] was supposed to be coming from Clicksor [*Snyder later corrected this statement and confirmed that the money came from new recruits*];
- 14.29. Josun was sent all around the world as the face of Bannersbroker and Snyder thought that was how the company got a lot of trust;
- 14.30. Josun spread a lot of misinformation about Bannersbroker and said things that he may have believed but that were not yet true about Bannersbroker like the fact that Bannersbroker owned publisher sites;
- 14.31. Josun did not understand how realistic a given technical challenge would be so he would have unrealistic expectations and would promise unrealistic things to the people that he was marketing to;
- 14.32. It did not last very long and Josun was kicked out of Bannersbroker in the summer when Snyder quit;
- 14.33. Snyder thought that was part of the reason that Smith started making publisher sites and these websites were called the "choice network";
- 14.34. Snyder only saw a couple of the websites but they were not very good;

- 14.35. One of Snyder's friends, Matthew Lynn ("Lynn"), started working with them because Snyder could not get everything done on his own;
- 14.36. Smith had an acquaintance, Rajiv Dixit, who he had set up the corporate side of Bannersbroker because that was not Smith's specialty;
- 14.37. Dixit's name showed up on Snyder's pay cheques under the name Banners Broker Canada Limited [*associated corporation*];
- 14.38. Banners Broker Canada Limited was supposed to be a support company and Bannersbroker sold services to them but it was the same guys running the thing;
- 14.39. When Smith brought Dixit on, that was when Snyder started hearing things about offshore bank accounts;
- 14.40. Smith was in control of Bannersbroker but in practice Dixit and Josun bled into it;
- 14.41. Snyder thought that Smith and Dixit probably made most of their decisions by phone and they were the decision makers on the business and financial sides;
- 14.42. Snyder had a confrontation with Dixit where Snyder told him that at the end of the day Snyder wrote the program and that if he went home for a few months they were screwed;
- 14.43. Snyder said he was not serious about doing that but he wanted more information about what was going on and after that he was brought into meetings but nothing was ever decided at the meetings;
- 14.44. Snyder heard from Smith, Dixit and Josun that Bannersbroker was set up in Belize;
- 14.45. Snyder was told that there were companies in Belize that offered the



service of owning companies so if someone did not want the legal responsibility or liability of owning a company then they could pay a Belizean guy to own it;

- 14.46. Smith repeatedly said he did not own Bannersbroker and Snyder believed that because Banners Broker International was probably legally owned by some person in Belize who had their name on a piece of paper but they had nothing to do with the company;
- 14.47. Smith, Dixit and Josun called the shots for Bannersbroker;
- 14.48. Monetize Group Inc. [*associated corporation*] was a name that Smith or Dixit came up with for a company that owned Banners Broker International [*associated corporation*];
- 14.49. Smith's plan was to use some of the money made from Bannersbroker to start up other companies under the Monetize Group Inc.;
- 14.50. Snyder was hoping to get his own company and the Monetize Group was going to be the parent company;
- 14.51. Bannersbroker had local bank accounts in Toronto but they were supposedly just for Banners Broker Canada [*associated corporation*] and that money was from Canadian affiliates and used to pay employees;
- 14.52. There was a bank account in Switzerland and a bank account in Belize;
- 14.53. Snyder worked on the Bannersbroker database related to how that information was stored and they had a piece of code that they called "the engine" that ran behind the scenes and went through the whole database;
- 14.54. The database consisted of a bunch of tables, with headers and rows, so when someone bought something it went into a transaction record;
- 14.55. That record was separate from the database table for the amount of money

for distribution which had to be manually adjusted;

- 14.56. Snyder, Smith, or one of the other programmers had to enter the amount of money that Bannersbroker had for distribution and that number would come from Smith;
- 14.57. There were six panel colours; yellow, purple, blue, green, red and black;
- 14.58. Snyder's program moved the panels;
- 14.59. It worked like a group buy so if a number of people had purchased a certain amount of ad space and the company made a certain amount of money then it was redistributed to that number of people;
- 14.60. There was nothing in Snyder's program [*the Bannersbroker program referred to as "the engine" and that moved the panels that visually represented the advertisements where the revenue was generated*] that kept track of traffic related to the advertisements;
- 14.61. The program basically took the amount provided by Smith to distribute and it automatically looked at who was first and how high their panels were and then gave out the money for distribution;
- 14.62. The program operated from the database it was provided so it would do calculations and give Smith instructions on who to pay and the amount;
- 14.63. The actual money someone might get paid was not in the database;
- 14.64. There may have been a flag in the program for marking it as paid but that just meant that someone went into the program and marked it as paid;
- 14.65. Snyder remembered Smith sitting and doing payouts and it was a multi hour process to make sure everyone got them;
- 14.66. When Snyder questioned Smith about why people were calling support because they were not getting paid Smith would blame it on the payment



processors;

- 14.67. Snyder thought that a lot of the delays in payments were genuinely due to other people's mistakes because it was multi-level marketing and not the kind of thing that everyone wanted to get involved with;
- 14.68. Snyder noticed that when the table with the purchases in Bannersbroker increased, that was when the pool of money for distribution was being increased;
- 14.69. Snyder started to realize that the rate of growth of people paying into Bannersbroker was not at all equal to the increase of traffic they were having from Clicksor;
- 14.70. It was almost like a Ponzi scheme because Bannersbroker had a huge influx of purchases and all of a sudden they were putting out a lot of money for distribution but Snyder was pretty sure the information from Clicksor had not changed;
- 14.71. Snyder and Smith would have a lot of arguments about that because Snyder thought multi-level marketing was okay but that Ponzi schemes were not;
- 14.72. What Snyder thought of a Ponzi scheme was people investing money and then using the invested money to pay off old investors;
- 14.73. Snyder thought that Bannersbroker was technically not a Ponzi scheme but it was in some grey area;
- 14.74. The database of people's payments to Bannersbroker grew slow and steady in 2011 and then in 2012 it increased rapidly;
- 14.75. Their whole banking situation sounded so complicated because Snyder remembered that they started with TD Bank and then that account got closed by the bank because they were getting wires from different

countries and that looked suspicious;

- 14.76. Snyder heard about different accounts, offshore accounts, and wires but Smith never gave him access to any of the actual numbers;
- 14.77. Back in the beginning of 2012, Snyder could see a couple million a month coming in that was pure revenue, purchases being made;
- 14.78. Smith would tell Snyder to give someone 30 panels because they had sent a wire transfer but that purchase was not logged into the database so Snyder could not keep track of those payments;
- 14.79. At one point around March 2012, Snyder calculated that there was \$27 million worth of panels or a \$27 million discrepancy between the transaction records Bannersbroker had from people signing onto the website and purchasing panels and the amount of panels they had given to people;
- 14.80. That money was all supposed to be coming from wire transfers but Snyder never saw the accounts;
- 14.81. Bannersbroker used Alertpay which changed to Payza, it was a Montreal company, and then they used another payment processor called Allied Wallet [*this payment processor is located in the U.S.*]
- 14.82. Snyder wrote little integration scripts for Allied Wallet so that when people would sign onto the Bannersbroker website and click on the Allied Wallet link they would get taken over to the Allied Wallet site where they could make their payment;
- 14.83. Allied Wallet's computer would then send a message to their computer saying that the person had paid money and that would put a record in the Bannersbroker database which would then give that person the product, or panels, in the Bannersbroker database;

- 14.84. For the actual financial transactions, Smith had to sign on to whatever payment processor he was using and then actually move money between real accounts;
- 14.85. Snyder left on amicable terms and he still talked to Smith occasionally;
15. On July 14, 2014, I spoke to Snyder on the telephone. I learned the following:
- 15.1. Snyder clarified that Bannersbroker had tried to work towards using Clicksor as a way to cover their expenses but it was not where the Bannersbroker revenue was generated from, it was generated from new recruits.

*Matthew Lynn*

16. On March 20, 2014, I obtained a video witness statement from Matthew Lynn, a programmer hired by Smith. I learned the following:
- 16.1. Lynn was 22 years old;
- 16.2. Snyder introduced Lynn to Smith and Lynn was hired by Smith in February or March of 2011;
- 16.3. Lynn started part time as a programmer and the first thing he worked on was integration with Clicksor which was an advertising partner;
- 16.4. There were just four people at that time which was Lynn, Snyder, Smith and Josun;
- 16.5. In September Smith started bringing on more people and that was when Dixit came on;
- 16.6. Lynn was a PHP programmer and he did back end code for the Bannersbroker website;
- 16.7. In January 2012, Bannersbroker launched with version 2 because the

version 1 code was getting clunky so they re-wrote it;

- 16.8. Bannersbroker hired on a lot more people including a few more programmers and a few more designers and Dixit moved to a Whitby operation where support staff were hired;
- 16.9. Lynn's roll moved into managing the programmer team;
- 16.10. Lynn and Snyder always had a lot of friction with Smith so Snyder quit in the summer of 2012 to continue with university but for Lynn it was a full time job so he stayed on until he left Bannersbroker around March 2013.
- 16.11. Lynn signed a contract with Smith under the company Local Management Services [*associated corporation*];
- 16.12. Originally Bannersbroker started as multi-level marketing where people had to sign up and get ad impressions but Lynn did not think it mattered if they used the ad impressions;
- 16.13. Lynn believed Bannersbroker had ad impressions but they were just on one webpage that Bannersbroker set up and was not something that was publicly accessible;
- 16.14. A person would get sales credits for inviting someone to the program and that would qualify their panels [*activate the movement of the panel to double*] and then after a period of time a person could get the money out;
- 16.15. Bannersbroker wanted to integrate Clicksor as a more professional option to give the members the advertising and banner display;
- 16.16. Clicksor was very much a company like what Bannersbroker was where Bannersbroker just took Clicksor's functionality and integrated it into their site for a fee paid to Clicksor;
- 16.17. It was called white-labeling and white-labeling was branding Clicksor's

- product as Bannersbroker's product but really just running it on Clicksor's network for a monthly fixed fee;
- 16.18. Bannersbroker made money because people signed up for advertising and paid Bannersbroker more than what Bannersbroker had to pay to Clicksor for that advertising;
- 16.19. Snyder wrote a program called "the engine" and what it did was distribute the money from the publisher sites to the people who bought the panels;
- 16.20. Smith would put in a certain amount of money to payout which was presumably from the publisher income and that would be distributed to the people from the program depending on their panel purchases and the times stamped;
- 16.21. The engine was based on time stamps so whoever was waiting the longest got paid first and then it would go down the list;
- 16.22. The Bannersbroker program did not gather any information on incoming money except for the payments for the advertisements when people bought packages [*for the Ad-Pub Combo*];
- 16.23. The Bannersbroker program did not use the information received from Clicksor related to the clicks and views stats to calculate anything;
- 16.24. Lynn's role after Clicksor was moving over to Bannersbroker version 2 which was re-writing the whole code in PHP which was a more modern programming language;
- 16.25. It did not change how anything worked;
- 16.26. There were a lot of problems working with Clicksor and they moved to a different company that Lynn thought was called Open X;
- 16.27. Bannersbroker used Payza and later on they used a credit card with

Beanstream;

- 16.28. Lynn did think that Bannersbroker had a product, the advertising impressions, but he did not think it was a very good product;
- 16.29. Dixit tried to mandate the use of the impressions in 2012 so that people would not make any money if they did not use their advertising impressions from their campaign [*this is the advertising side of the Ad-Pub Combo which supports that people who signed up did not care to advertise they simply wanted to make money on the publishing side*];
- 16.30. Lynn did feel that Bannersbroker was doing something illegal, like maybe a pyramid scheme, but without the bank information he could not prove anything;
- 16.31. Smith always wanted to do the financial stuff himself and when it came to doing payouts Smith would print off a long excel sheet and then he would do something with it and then Smith would upload who had been paid back into the database;
- 16.32. Lynn offered a few times to automate that for Smith because it took Smith a lot of time but Smith liked to manually check over things;
- 16.33. The company structure changed a lot but there was Banners Broker International [*associated corporation*] which was in the Isle of Man and that was owned by Monetize Group [*associated corporation*] which was in Belize;
- 16.34. There was a numbered company which became Banners Broker Canada and then became Stellar Point [*associated corporation*];
- 16.35. Stellar Point had a contract with Banners Broker International to supply support services and Lynn believed everyone working for Bannersbroker got paid by Stellar Point or by a card supplied by Vector Cards;



- 16.36. There was Parrot Marketing [*associated corporation*] which was run by Smith and that company handled the choice network, the people who were hired to make websites;
- 16.37. The choice network came along in mid to late 2012 so Bannersbroker would have their own websites for banner ads and the blind network was through Clicksor;
- 16.38. Smith ran Bannersbroker but Lynn did not think Smith's name would be on any of the papers for the different companies;
- 16.39. Lynn believed Stellar Point had a Canadian bank account;
- 16.40. Lynn believed there was a bank account in Belize and he also heard the Cayman Isles but he was not sure;
- 16.41. Lynn also heard that Josun had a bank account in Switzerland;
- 16.42. Dixit had been the C.O.O. of Bannersbroker but then he resigned to work at Stellar Point but Lynn did not think that it changed anything;
- 16.43. Smith had the final say but if Dixit told them to do something, unless Smith told them otherwise, they did what Dixit told them to do;
- 16.44. Lynn started with Bannersbroker at \$14.00 an hour and in the end was paid \$120,000.00 a year.

***Terence Stern***

17. I monitored an interview of Terence Stern ("Stern") taken by Det. Spratt with the Toronto Police Service on June 10, 2014. I learned the following:
- 17.1. Stern was originally hired as a consultant to write Bannersbroker compliance documents;
- 17.2. Stern was then offered a job as a marketing director with Stellar Point

[associated corporation] which he took but two weeks later he was thrown into an International Public Relations role for Bannersbroker;

- 17.3. Bannersbroker was plagued with payment issues throughout the whole thing;
  - 17.4. People were not getting paid and the company's position was that people were not following instructions or were in violation of their conditions;
  - 17.5. At one point, Stern was standing in the office with David Hooker ("Hooker") while Hooker was on a phone call with Smith and Stern heard Hooker ask why they were not paying people and Smith's response was that he did not have enough money;
  - 17.6. Stern resigned from Stellar Point on July 13, 2013;
  - 17.7. While Stern was working with Bannersbroker he responded to questions about Bannersbroker asked by a man from a website called Finch Sells;
  - 17.8. Stern provided Det. Spratt a printout copy of the questions and answers that were put on finchsells.com and advised Det. Spratt that the answers he wrote in the document came directly from Dixit;
  - 17.9. Dixit gave Stern the answers to the Finch Sells questions and Stern wrote them down.
18. I read the finchsells.com questions and answers that were provided by Stern and dated January 29, 2013. I learned the following:
- 18.1. Finch wrote, "Banners Broker regularly claims that money paid out to its affiliates is not derived from advertisers signing up on Bannersbroker.com, but rather it comes from advertisers being recruited externally on The Blind Network. Can you explain what the company means by this?";



18.2. Stern responded, "It's very simple really. The Blind Networks [*this is how Bannersbroker refers to Clicksor*] offer low pricing to direct marketers in exchange for those marketers relinquishing control over where their ads will run. Blind Networks achieve their low pricing through large bulk buys of typically remnant inventory combined with campaign optimization and ad targeting technology. "Blind" networks do not allow advertisers to know which site their message will appear on. Most general ad networks offer some transparency related to which sites are a part of a network, or allow for editorial guardians to prevent an ad from appearing on a certain type of site. Where Banners Broker International comes in, is that they purchase ad space that these ads will appear on in bulk, and the Blind Networks service those spaces through providing ads with the advertisers paying the network for doing so. There are a substantial number of websites that allow for advertising to be placed on them, and those sites are paid based on the number of impressions they boast. Since each site that's a part of the network is required by the network to have a specific traffic flow-through, the networks are able to sell those impressions and space to resellers. BBI comes in at this point. BBI purchases the ad space on the websites that are looking for ads through the Ad Network, then the ad network services those spaces with ads. BBI generates an income through the difference between what the Ad Network charges the advertiser, and what it costs to pay the publishers. When an affiliate purchases a package from BBI, they are purchasing a pre-packaged amount of ad space, with different propagation time-frames. As the panels run, they symbolize an ad space on a website in the network, and the traffic that's viewing that ad space [*Snyder said that the Bannersbroker program did not track this traffic*]. The rate the affiliate pays is more than BBI pays for the ad space, and the amount BBI pays the affiliate is less than it earns for the network [*Bannersbroker did not earn any revenue from Clicksor which it refers to as the blind network as seen in production order results*]. This is how BBI generates the bulk of its revenue. Some

have said that they don't see their panels moving regularly, this is because the panels don't move in real-time, and were never advertised to do so.”;

- 18.3. Finch wrote, “You say you purchase ad space in bulk. Well, that makes Bannersbroker an advertiser (regardless of whether it resells the space). You are purchasing ad space on a publisher's site. Advertiser. You are in direct competition with other large advertisers who want to purchase that same ad space, and are also willing to buy in bulk. The only difference is that they don't have to pay any affiliates, which gives them a competitive advantage and allows them to price you out of the market. Your mark-up is unrealistic and impossible to sustain. It is an inevitability of using a model like this: advertiser – broker – broker – network – publisher. Instead of the tried and tested streamlined model: advertiser – network – publisher. So I ask again, how is this a sustainable business model?”;
- 18.4. Finch wrote, “No further comment from Terry”;
- 18.5. Finch wrote, “Can you detail the nature of the past relationship between Banners Broker and Clicksor? Is it not correct that until recently, the company used the Clicksor Reseller Network to serve ads?”;
- 18.6. Stern responded, “This is actually correct. You must keep in mind that the arrangement BBI has with the Ad Networks it does business with is not a typical ‘reseller’ relationship. Clicksor in itself is a small piece of the whole, but still capable of meeting the demands of BBI. With the addition of another ad Network, we're now capable of meeting the growing demands and offer new products, and it's only a matter of time now before other Ad Networks come aboard.” [*This suggests that Clicksor was the only ad Network used by Bannersbroker prior to these answers – January 29, 2013. Lynn identified Open X as the second (para 16.26). Open X is located in the U.S. and we have not obtained records from them.*];
- 18.7. Finch wrote, “The Clicksor Reseller Network specifically states that it will

only grant the third party access to its publishers, not its advertisers. So, if Banners Broker used this network, can you explain how the model works without having to recruit advertisers through Bannersbroker.com?";

- 18.8. Stern responded, "As I previously mentioned, we have an atypical relationship with Clicksor due to the nature of the initial proposal we made to them. Unfortunately, I am unable to give additional details regarding that relationship as its proprietary information regarding our business model [*production order results provided by Clicksor show a standard business agreement and no funds were paid from Clicksor to Bannersbroker*].

#### **The Limited Advertising at Clicksor**

19. I read an email sent to me on July 11, 2014, from YesUp eCommerce Solutions Inc. [*Clicksor*] employee Babar Jhumra in response to my request for the amounts paid to and from Bannersbroker from his company [*identified as Bannersbroker's "blind network" by Snyder and Lynn*]. YesUp eCommerce Solutions Inc. was served with a Production Order authorized by a Justice of the Peace on June 17, 2014, for their records relating to Bannersbroker. I learned the following:

19.1. The total amount of money Bannersbroker paid YesUp eCommerce Solutions Inc. was \$197,826.05;

19.2. YesUp eCommerce Solutions Inc did not pay any money to Bannersbroker [*this company is the "blind network" where Bannersbroker's third party revenue was supposedly coming from*].

20. I read an Ad Serving System Agreement provided by YesUp eCommerce Solutions Inc. for Bannersbroker. I learned the following:

20.1. The company name was documented as 2087360 Ontario Incorporated [*associated company*] dba Banners Broker;

20.2. The address for Bannersbroker was 110 Cumberland Street, Suite 201,

Toronto, ON, M5R 3V5 [*this is also the address provided for the associated corporation registered in Belize, Monetize Group Inc., on wire payments received to the Bannersbroker SolidTrust Pay account. para 40.2-40.3*];

20.3. The agreement was digitally signed by Chris Smith on February 23, 2011;

**The Bannersbroker Website**

21. Using the website "Internet Archive Wayback Machine" at <http://archive.org/web> I viewed the front page of the website [bannersbroker.com](http://bannersbroker.com) captured by this website on different dates. I learned the following:

21.1. The first snapshot of the website bannersbroker.com was taken on October 24, 2010, at 19:26:55 hours;

21.2. The front page of the Bannersbroker website said, "Bannersbroker A new way to double your money" and "Pre-Launch begins Monday October 25, 2010 Opt-in today and get your team ready!";

21.3. There was a Caucasian man dressed in business attire with two big buttons that said "buy" and "sell";

21.4. At the bottom of the web page it said, "Free Opt-in" and "This is a private Marketplace and you must be invited to participate. Please contact the person who sent you to this site for their specific invitation link";

21.5. A snapshot of the Bannersbroker website taken on January 10, 2011, at 17:52:27 hours, showed the same front page of the website with the following information, "We have fully Launched the Doubler! Many have already doubled Opt-in TODAY and receive 200 FREE Text Ad Impressions! Promote any program you wish, and we blast out your affiliate link."

21.6. A snapshot of the Bannersbroker website taken on January 29, 2011, at

06:12:55 hours, showed a change in the layout of the front page of the Bannersbroker website;

- 21.7. The Bannersbroker website said, "Banners Broker is a new concept to advertise your banners ads, increase your branding and sales, and earn money by selling advertising inventory. How are we different than other banner impression offerings? We do the selling on your behalf! You will be paid on your impressions, and will be able to choose how best to monetize all of your remaining impressions. Register today and receive 200 FREE Banner Impressions. Promote any business you wish, and we blast out your banners";
- 21.8. The Bannersbroker website had a button at the top that said, "Banner Impressions Sold to Date: 64,131,000";
- 21.9. The webpage still said, "This is a private Marketplace and you must be invited to participate. Please contact the person who sent you to this site for their specific invitation link";
- 21.10. A snapshot of the Bannersbroker website taken on December 22, 2011, at 12:59:52 hours, showed the same front webpage as before except the banner impressions sold to date changed to 5,804,103,000 and there were now 1000 Free Banner Impressions when someone registered;
- 21.11. A snapshot of the Bannersbroker website taken on December 20, 2012, at 20:33:39 hours, showed an entirely different front webpage with three columns for "Advertiser", "Ad-Pub Combo" and "Publisher";
- 21.12. The Ad-Pub Combo column said, "Six ways to earn more through both services. Ad-Pub Combo Packages are uniquely designed for online marketers interested in displaying content and earning revenue simultaneously. With six different packages to choose from, your ads get up and running quickly – along with your revenue."



- 21.13. A snapshot of the Bannersbroker website taken on March 11, 2014, showed a change to the front webpage;
- 21.14. The website said that Banners Broker v3 was launching in 7 days and that, "Banners Broker v3 represents an investment on the part of Banners Broker to create a website that is stable, easy to use and a great way to make money online. Right now information is being transferred from the old system to the new and improved platform";
- 21.15. At the bottom of the webpage it said, "Banners Mobile. The Opt-In period will be end on March 18<sup>th</sup>. This will be your last chance to purchase your Banners Mobile Orange package and retain your Banners Broker team. If you decide not to Opt-In, you will lose any of your referrals that have already chosen to Opt-In. If you Opt-In now, you will also have a chance to win a new iPad or one of five new SmartPhones. There are also prizes of millions of impressions being given away. You will have the ability to purchase your Orange package at any time but after the Opt-In period, you will require an inviter";
22. I looked at the website [www.bannersbroker.com](http://www.bannersbroker.com) that was captured by Luc Bourgeois from the Competition Bureau of Canada on October 19, 2012. I learned the following:
- 22.1. The website explained the Banners Broker Ad-Pub Combo Package was a way for entrepreneurs to advertise their businesses while earning ad revenue at the same time [*many of the complainants advised they did not have a business that they wanted to advertise when they joined Bannersbroker*];
- 22.2. The website said the concept [*of the Ad-Pub Combo*] was simple. On the advertising side, a person signed up for the campaign of their choice and on the publishing side they [*Bannersbroker*] hosted specialized publisher sites from which the person earned attractive advertising commissions;

- 22.3. The Bannersbroker website said, "Unlocking the secret to turnkey publishing. Until now, distinguished publishers were required to have fully functional websites that generated significant traffic. Luckily, the Combo Package is a rebel that defies the rules and regulations for revenue earners in the online advertising industry. Now all you need is a desire to earn revenue through one of the most lucrative advertising mediums in today's market. No website or traffic stats necessary. How it works: We supply you with inventory (online ad space) on various websites owned and operated by Banners Broker – think of it as your own profitable online real estate. Each of these sites already has a sizeable amount of existing traffic. So each time your ad space produces impressions for selected banners on the site, you earn a commission [*Snyder said that the Bannersbroker program did not keep track of traffic related to the advertisements*];
- 22.4. At the end of the Ad-Pub Combo page was a disclosure that said a typical income of a typical Banners Broker member was \$567.57 USD per year.
23. I read a Bannersbroker Training Manual Customer Support that was given to employee, Michael Lilley. I learned the following:
- 23.1. The training manual had a version date of January 2, 2012;
- 23.2. The training manual said, "How Ad-Pub Combo Packs Earn Revenue. The purpose of this document is to give you a thorough understanding of how the revenue is earned in the Ad-Pub Combo. It is crucial that this process is explained correctly and clearly. Publisher sites are where all Ad-Pub Combo member's revenue is generated in this program. The uniqueness of this product is that whatever is spent on the Ad-Pub Package, you earn twice that amount from the revenue of the Ad Inventory that is included".

### Some Complainants

24. The Toronto Strategic Partnership has received over 50 online complaints about Bannersbroker from different agencies which included the Canadian Anti-Fraud Centre, The Competition Bureau, Ontario Securities Commission and Consumer Sentinel [*a fraud database operated by the Federal Trade Commission in the U.S.*]. The complainants were from many different parts of the world including Canada, the U.S., and the United Kingdom.

### *Garel Nugent*

25. I read a written complaint completed by Garel Nugent ("Nugent") of Kelowna, British Columbia, on March 27, 2014. I learned the following:
- 25.1. Nugent joined Bannersbroker in 2011;
  - 25.2. Nugent accessed Bannersbroker at [www.bannersbroker.com](http://www.bannersbroker.com);
  - 25.3. Nugent was a part of the Ad-Pub Combo with Bannersbroker and he put \$50.00 into Bannersbroker through a third party;
  - 25.4. Nugent set up an account with SolidTrust Pay;
  - 25.5. Nugent received withdrawals from Bannersbroker;
  - 25.6. Nugent had friends that made deposits to Bannersbroker but they did not receive any money back;
26. I reviewed an excel spreadsheet provided by SolidTrust Pay after service of a Production Order authorized by Justice of the Peace Angelo Cremisio on June 3, 2014, for Bannersbroker transactions. I learned the following:
- 26.1. There were 42 transaction records located for Nugent in the Bannersbroker SolidTrust Pay account between November 26, 2011, and June 6, 2013;
  - 26.2. One of the transactions was a credit [*payment to Bannersbroker*] in the



amount of \$15.00 USD on May 27, 2012;

- 26.3. The remaining transactions were debits [*payments from Bannersbroker*] to Nugent totalling \$4,963.48 USD;
27. I reviewed an excel spreadsheet provided by Payza after service of a Production Order authorized by Justice of the Peace Angelo Cremisio on June 3, 2014, for Bannersbroker transactions. I learned the following:
  - 27.1. There was 1 transaction record located for Nugent in the Bannersbroker Payza account;
  - 27.2. Nugent received a transfer on October 20, 2011, from the Bannersbroker Payza account for \$68.00 USD.
28. I spoke to Nugent on the telephone on July 8, 2014. I learned the following:
  - 28.1. Nugent confirmed that he made a complaint about Bannersbroker because he thought the company should be shut down;
  - 28.2. Nugent felt bad for referring people to Bannersbroker because they had lost money;
  - 28.3. Nugent referred approximately 110 people who made accounts with Bannersbroker but only 10 actively participated in the program;
  - 28.4. Nugent confirmed he put \$50 into Bannersbroker which he thought may have been paid through AlertPay [*I cannot locate the original payment made by Nugent to Bannersbroker in the Payza (also known as AlertPay) or SolidTrust Pay records*];
  - 28.5. Nugent confirmed that he made around \$5,000.00 from the Bannersbroker program from only putting in \$50.00.

*Gemma Laszlo*

29. I read a complaint made by Gemma Laszlo ("Laszlo") from Lloydminster, Alberta, to the Canadian Anti-Fraud Centre on September 2, 2013. I learned the following:
  - 29.1. Laszlo paid \$8,500.00 to Bannersbroker on August 25, 2013 [*the payments totalling \$8,500.00 occurred in August and October, 2012*];
  - 29.2. Laszlo received one payout of \$1,000.00 from Bannersbroker and then nothing else.
30. I reviewed an excel spreadsheet provided by SolidTrust Pay after service of a Production Order authorized by Justice of the Peace Angelo Cremisio on June 3, 2014, for Bannersbroker transactions. I learned the following:
  - 30.1. Laszlo received a payment from the Bannersbroker SolidTrust Pay account in the amount of \$985.00 USD on May 20, 2013.
31. I spoke to Laszlo on the telephone on July 11, 2014. I learned the following:
  - 31.1. Laszlo made a complaint about Bannersbroker because she thought it was a fraud;
  - 31.2. Laszlo paid Bannersbroker \$4,200.00 in August of 2012 to open her account;
  - 31.3. Laszlo's husband, Csaba Laszlo, opened an account with Bannersbroker in October 2012 because he counted as a referral for Laszlo;
  - 31.4. The Laszlos paid another \$4,200.00 and then \$100.00 to Bannersbroker for Csaba Laszlo's account;
  - 31.5. Laszlo made multiple withdrawal requests to Bannersbroker and only received one payment;

- 31.6. That request was for \$1,000.00 USD of which Laszlo received \$985.00 USD because Bannersbroker took a \$15.00 USD fee;
- 31.7. Laszlo's husband made multiple withdrawal requests and never received anything.
- 32. I read a written complaint completed by Laszlo on July 12, 2014. I learned the following:
  - 32.1. The Laszlos were no longer a part of Bannersbroker because they were asked to pay another fee to keep their accounts open in version 3.0 and they chose not to pay as they had not received any money for over a year.
  - 32.2. The Laszlos were a part of the Ad-Pub Combo and had been referred by Laszlo's parents;
  - 32.3. The Laszlos did not have a business to advertise or a website for publishing;
  - 32.4. Laszlo sent two emails to Bannersbroker for each of their accounts asking for refunds and threatening legal action but she only ever received an automated response from them;
  - 32.5. The following were the amounts showing in Laszlo's Bannersbroker account on February 1, 2014:
    - 32.5.1. \$6,350.00 USD in Laszlo's "eWallet – Available to Withdraw";
    - 32.5.2. \$6,350.00 USD in Laszlo's "Advertising Credits";
    - 32.5.3. \$42,367 96 USD in Laszlo's "My total Earnings";
    - 32.5.4. \$59,300.00 USD in Laszlo's "Including Unfinished Panels";
  - 32.6. The following were the amounts showing in Csaba Laszlo's account on February 1, 2014:

32.6.1. \$3,350.00 USD in Csaba Laszlo's "eWallet – Available to Withdraw";

32.6.2. \$3,350.00 USD in Csaba Laszlo's "Advertising Credits";

32.6.3. \$31,127.34 USD in Csaba Laszlo's "My Total Earnings";

32.6.4. \$43,880.00 USD in Csaba Laszlo's "Including Unfinished Panels";

32.7. Laszlo believed that the balance in the "Available to Withdraw" was money that they had earned from Bannersbroker.

***Matthias Becker***

33. I read a written complaint completed by Matthias Becker ("Becker") of Toronto, Ontario, on March 22, 2014. I learned the following:

33.1. Becker was referred to Bannersbroker by someone he met online, Mark Ghobril, and he paid Bannersbroker a total of \$600.00;

33.2. Becker made the two payments totalling \$600.00 on January 31, 2012, to Bannersbroker through SolidTrust Pay [*this is confirmed in the SolidTrust Pay production order results*];

33.3. Becker was a part of the Ad/Pub Combo;

33.4. Becker's understanding of what Bannersbroker did was sell banner advertising on high ranking, high traffic websites;

33.5. Becker was told that he could make money as a publisher and all he had to do was fund an account and pay for panels which represented the banner real estate and he would get a cut from the company from the ads running;

33.6. This was represented by the panel doubling at the end of its run;

33.7. For each panel purchased there were also a certain number of impressions

that Becker received that he could use as views to ads he posted as an advertiser;

- 33.8. Becker was told that these banner ads were run on a “blind network”;
- 33.9. At some point Becker tried making banners and advertising for himself but it seemed the ads would never run and Becker’s impression bank never depleted;
- 33.10. Becker consulted the Bannersbroker helpdesk on the issue and he was told to redo the ads and run them again;
- 33.11. Becker believed it worked for a short time but despite the supposed 10,000 impression he used, nobody ever signed up under his name or contacted him regarding his ads.
- 33.12. Becker did have websites of his own that he was working on but Bannersbroker never showed any opportunity to host their banner ads on one of his websites;
- 33.13. Becker imagined that the publishing end of Bannersbroker must have been under development;
- 33.14. Becker thought that Bannersbroker was an investment because they talked about panels doubling and that it was run by a management team and Becker would not have to do anything until he wanted to take money out;
- 33.15. Bannersbroker did, however, warn Becker never to refer to it as an investment as legally it was not one because there were no shares and they did not want to comply with investment regulations. Instead, Becker was told to refer to it as a business;
- 33.16. Becker never made any withdrawal requests because his Bannersbroker eWallet account only went over \$600.00 once;

- 33.17. Bannersbroker had a MasterCard debit card where a person could request a payment but that program was cancelled and Becker no longer trusted Bannersbroker to give them his bank account information;
- 33.18. As of January 20, 2014, Becker's Bannersbroker account showed the following balances:
- 33.18.1. -\$224.20 [USD] in Becker's "eWallet-Available to Withdraw";
  - 33.18.2. \$32,320.00 USD in Becker's "My Total Earnings";
  - 33.18.3. \$46,220.00 USD in Becker's "Including Unfinished Panels";
- 33.19. Becker was told that the money in his Bannersbroker account "My Total Earnings" was money that he had earned from the panels which allegedly represented real ads;
- 33.20. Becker did not believe that this advertising [*where the revenue was generated*] ever happened.
- 33.21. Becker believed that Bannersbroker was a combination of a Pyramid and Ponzi scheme.

#### ***Antonio Caporrino***

34. I read a written complaint completed by Antonio Caporrino ("Caporrino") of Italy, on March 19, 2014. I learned the following:
- 34.1. Caporrino was referred to Bannersbroker by his brother, Daniele Caporrino;
  - 34.2. Caporrino was a part of the Ad/Pub Combo;
  - 34.3. Caporrino paid Bannersbroker [*\$1,405.00 USD*] through Allied Wallet;
  - 34.4. Caporrino received a partial payment of \$700.00 from Bannersbroker through Payza [*the Payza records show two payments made to*

*Caporimmo on April 21, 2013, and September 9, 2013, totalling \$688.00 USD];*

- 34.5. Caporimmo was still involved with Bannersbroker because he was still waiting to get his original money back;
- 34.6. Caporimmo had written directly to Smith and to Bannersbroker support to try and get his original money back and then close his account but he never received an answer;
- 34.7. Caporrimo's understanding of Bannersbroker was that he was paying to rent ad spaces and when other people clicked on them he earned more money than what he had spent;
- 34.8. Caporrimo believed he was investing in Bannersbroker because he believed Bannersbroker used the money to buy ad spaces at a reduced price and then resell them at a higher price for a profit;
- 34.9. Caporrimo did not have a business to advertise or a website to publish advertisements on;
- 34.10. Caporimmo did not believe that the amount in his Bannersbroker Account "My Total Earnings" was the money he had earned from Bannersbroker because he thought that amount showed the growth of the virtual money where half had to be used to buy the panels;
- 34.11. Caporrimo sent attachments with his written complaint;
- 34.12. The attachments included screen shots of Caporrimo's Bannersbroker account where 8 payments were made to Bannersbroker through Allied Wallet from September 18, 2012, to November 15, 2012, which totalled \$1,405.00 USD;
- 34.13. A screen shot of Caporrimo's Bannersbroker account withdrawal requests showed 10 pending withdrawal requests from September 2, 2013, to



February 9, 2014;

34.14. A screen shot of Caporrimo's Bannersbroker account balances showed the following:

34.14.1. \$493.57 USD in Caporrimo's "eWallet -- Available to Withdraw";

34.14.2. \$688.00 USD in Caporrimo's "My Withdrawal History";

34.14.3. \$493.57 in Caporrimo's "Advertising Credits (Available to Spend)";

34.14.4. \$24,265.54 USD in Caporrimo's "My Total Earnings";

34.14.5. \$27,300.00 USD in Caporrimo's "Including Unfinished Panels";

*Terrence Chambers*

35. I read a written complaint completed by Terrence Chambers ("Chambers") of Lenexa, Kansas, on March 19, 2014. I learned the following:

35.1. Chambers joined Bannersbroker on September 13, 2012, and was referred by Kris Darty who he had met online;

35.2. Chambers paid Bannersbroker \$436.00 [USD] through Allied Wallet;

35.3. Chambers made two withdrawal requests to Bannersbroker and never received any payments;

35.4. Chambers was a part of the Ad-Pub Combo and he accessed his account at bannersbroker.com;

35.5. Chambers understood that Bannersbroker was involved in advertising and they placed ads on the internet and would also allow affiliates to place ads on their websites to make money like Google Adsense;



- 35.6. Chambers believed he was purchasing a digital product from Bannersbroker;
- 35.7. Chambers did want to advertise with Bannersbroker and he set up an ad and submitted it to Bannersbroker;
- 35.8. The ad ran for several months on the “blind network” and the Bannersbroker stats said that it only received 30-60 views which was barely anything;
- 35.9. Bannersbroker set up a “choice network” where the affiliate could choose the site they were going to advertise on;
- 35.10. Chambers looked at the websites online and thought they were crappy websites that someone threw together and Chambers did not think that they were real websites;
- 35.11. Chambers thought it looked like Bannersbroker threw them together to charge people to advertise on them;
- 35.12. Chambers had a website that he had used with Google Adsense previously and he wanted to give the Bannersbroker publisher side a try to see if it would generate any money;
- 35.13. Chambers submitted his website to Bannersbroker but it was always in the waiting for approval status;
- 35.14. Chambers contacted Bannersbroker about his website and they were supposed to look at his website but it never moved from waiting for approval;
- 35.15. Chambers tried to close his Bannersbroker account and he received an email that said if he wanted to close his account he would have to contact Stellar [*associated company*] in Canada but the email made it sound like he would lose everything so he did not close his account;

- 35.16. Chambers no longer had access to his Bannersbroker account unless he wanted to pay Bannersbroker another \$10.00 plus a fee to reactivate it.

***Jason Clark***

36. I read a written complaint completed by Jason Clark of England on March 24, 2014. I learned the following:

- 36.1. Clark joined Bannersbroker in June 2012 and paid approximately \$240.00 to Bannersbroker;
- 36.2. Clark was referred by Ross Wild;
- 36.3. Clark thought Bannersbroker was a business investment;
- 36.4. The website that Clark used was [www.bannersbroker.com](http://www.bannersbroker.com);
- 36.5. Clark was a part of the Ad-Pub Combo and he had been told that was the only way to make money;
- 36.6. Initially, Clark thought Bannersbroker was a great thing and then changed his mind two weeks later when he realized he had been suckered into a scam;
- 36.7. Clark never made any complaints to Bannersbroker because he knew it was a Ponzi scheme.

***Darren Cundy***

37. I read a written complaint completed by Darren Cundy ("Cundy") of England on March 23, 2014. I learned the following:

- 37.1. Cundy joined Bannersbroker on October 29, 2012, and paid \$5,000.00 [USD] to Bannersbroker;
- 37.2. The payment to Bannersbroker was made on his bank debit card and showed up as EW Banners [*I believe this payment would have been made*

*through Allied Wallet*;

- 37.3. Cundy made over 10 withdrawal requests but only received one payment from Bannersbroker in the amount of \$100.00 on April 11, 2013, through SolidTrust Pay [*the production order results from SolidTrust Pay confirm this payment*];
- 37.4. Cundy still had an account with Bannersbroker but Bannersbroker was going to close everybody's accounts that did not pay them \$10.00 to keep their accounts going;
- 37.5. Cundy was not going to pay Bannersbroker any more money because he felt it was totally criminal as he had over \$9,000.00 in his Bannersbroker eWallet and it showed he had earned over \$80,000.00;
- 37.6. Cundy got his father involved in Bannersbroker but they were able to get his father's money back through a charge back because his father had paid with his credit card;

#### ***Terence Denham***

38. I read a written complaint from Terence Denham ("Denham") of Japan, completed on March 20, 2014. I learned the following:
  - 38.1. Denham joined Bannersbroker on August 22, 2012, and paid \$550.00 USD through Allied Wallet;
  - 38.2. Denham believed Bannersbroker was a broker for online advertising and that he was purchasing the right to a share of the company's revenue;
  - 38.3. Denham was a part of the Ad-Pub Combo;
  - 38.4. Denham did not have a business to advertise or a website for publishing;
  - 38.5. Denham accessed his account at bannersbroker.com;

- 38.6. Denham received one payment from Bannersbroker through SolidTrust Pay;
- 38.7. Denham provided attachments with his written complaint which included a copy of the payment he received from SolidTrust Pay for \$99.00 USD on April 11, 2013 [*this is confirmed in the SolidTrust Pay production order records*];
- 38.8. Denham's Bannersbroker account showed the following balances on February 20, 2014:
  - 38.8.1. -\$195.00 USD in Denham's "eWallet – Available to Withdraw";
  - 38.8.2. -\$195.00 in Denham's "Advertising Credits";
  - 38.8.3. \$6,400.00 USD in Denham's "My Total Earnings";
  - 38.8.4. \$8,500.00 USD in Denham's "Including Unfinished Panels";
- 38.9. Denham was a part of a liquidation case being brought in the Isle of Man against Banners Broker International Limited [*associated corporation*] by the law firm [www.drpartners.com](http://www.drpartners.com) [*this is David Rubin & Partners in England*].

***Robert Ferman***

39. I read a written complaint from Robert Ferman ("Ferman") of England that was completed on March 24, 2014. I learned the following:
  - 39.1. Ferman joined Bannersbroker on July 5, 2012, and paid a total of \$1,040.49 to Bannersbroker through Payza and Allied Wallet [*the records received from Payza confirmed that Ferman paid a total of \$468.49 USD to Bannersbroker*];
  - 39.2. Ferman was a part of the Ad-Pub Combo;

- 39.3. Ferman did not want to advertise or publish any ads but wanted to earn money through the Bannersbroker brokering concept;
- 39.4. Ferman used the “campaigns” part of the Bannersbroker website to promote clickbank.com in order to use up the impressions he earned from buying panels;
- 39.5. Ferman noticed that the campaigns that he ran did not seem to work as the impressions were not being used;
- 39.6. Ferman made 16 withdrawal requests from Bannersbroker and never received any money;
- 39.7. Ferman did try to close his Bannersbroker account but they told him that he would lose everything;
- 39.8. Ferman’s Bannersbroker account showed the following balances on February 11, 2014:
  - 39.8.1. \$2,500.00 USD in Ferman’s “eWallet – Available to Withdraw”;
  - 39.8.2. \$2,500.00 in Ferman’s “Available Credits”;
  - 39.8.3. \$26,590.09 USD in Ferman’s “My Total Earnings”;
  - 39.8.4. \$32,360.00 USD in Ferman’s “Including Unfinished Panels”;
- 39.9. Ferman believed that the money in his “My Total Earnings” was money that he had earned from Bannersbroker, however, after non-payment Ferman believed that the figure was probably fictitious;
- 39.10. Ferman registered as a creditor with David Rubin & Partners.

**Persons Holding the Property**

***SolidTrust Pay***

40. I reviewed excel spreadsheets provided by SolidTrust Pay upon service of a production order for records related to Bannersbroker. I learned the following:
- 40.1. Credits to the Bannersbroker SolidTrust Pay account totalled \$26,038,368.06 USD;
- 40.2. There were 13 wire transfer from the Monetize Group Incorporated [associated corporation] totalling \$10,717,197.42 from October 26, 2012 to December 3, 2013 into the Bannersbroker SolidTrust Pay account [*I believe this money from the Monetize Group Incorporated was the money Smith determined could be paid out to the affiliates. I believe the bulk of the investors' money being taken in by Bannersbroker goes through the U.S. payment processor Allied Wallet which in turn sends it to Monetize Group Inc. We have not obtained records from this payment processor, however, a Safe Web request has been made to the U.S. Federal Trade Commission to obtain them.*];
- 40.3. The address for the Monetize Group Incorporated was 110 Cumberland St, Suite 201, Toronto, M5R 3V5 [*this is the same address provided by Smith for Bannersbroker on the Clicksor agreement*];
- 40.4. Credits to the Bannersmobile SolidTrust Pay account totalled \$75,175.02 USD;
41. I reviewed screen shots of the SolidTrust Pay accounts for Bannersbroker and Bannersmobile. I learned the following:
- 41.1. The following was Bannersbroker bank account information:
- 41.1.1. Account holder name was Monetize Group Inc. [*associated corporation*] with Choice Bank Limited, account number

102104, in Belize City, Belize;

- 41.1.2. Account holder name was 2087360 Ontario Incorporated [*associated corporation*] with TD Canada Trust, account number 05125234643, branch number 11042004, in Toronto, Canada;
- 41.2. One of the accounts was in the name of Bannersbroker – 2087360 Ont. Inc Christopher Smith;
- 41.3. The other account was in the name of Bannersmobile – Chris Smith;
- 41.4. The Bannersbroker SolidTrust Pay balances were \$16,602.15 USD, 10,646.22 Euros, 16,632.55 Great British Pounds, \$1,833.11 CAD, \$10,543.28 Australian Dollars and \$586.15 New Zealand Dollars;
- 41.5. The Bannersmobile balance was \$45,129.14 USD,
- 41.6. There were 119,250 transactions in the Bannersbroker account;
- 41.7. There were 373 transactions in the Bannersmobile account.
42. I reviewed the SolidTrust Pay Canadian EFT [*electronic funds transfers*] Authorization Forms for Bannersbroker. I learned the following:
  - 42.1. There were two EFT forms signed by Smith on January 12, 2011;
  - 42.2. The account holder information was 2087360 Ontario Incorporated o/a Local Management Services with a username of bannersbroker;
  - 42.3. The email address was paybannersbroker@gmail.com;
  - 42.4. The address provided was 110 Cumberland Street, Suite 201, Toronto, M5R3V5 [*the same address for the Monetize Group Incorporated whose bank account is in Belize*];
  - 42.5. The financial institution information was for Canada Trust, 77 Bloor



Street W., Toronto, USD account number 0512 – 7313130 and CAD account number 0512-5234643;

43. I reviewed a photocopy of an Ontario driver's licence on top of a TD Canada bank statement for 2087360 Ontario Incorporated [*associated corporation*]. I learned the following:
- 43.1. The Ontario driver's licence was in the name of Christopher G. Smith, Date of Birth August 28, 1970, 250 Jarvis St., Apt. 503, Toronto, M5B 2L2;
- 43.2. The driver's licence number was S5778-12447-00828;
- 43.3. The TD Canada Trust bank statement was for account 0512-7313130 from August 31, 2010, to September 30, 2010, and had a balance of \$64.79.

***Payza***

44. I reviewed an excel spreadsheet provided by Payza upon service of a production order for records related to Bannersbroker. I learned the following:
- 44.1. Payza used multiple transaction names in the excel spreadsheet which made it difficult to determine the credits and debits;
- 44.2. I narrowed down the credits in the excel spreadsheet to determine that there was approximately \$15,479,045.96 USD credited to the Bannersbroker account from October 31, 2010, to June 5, 2014;
- 44.3. The Bannersbroker account had approximately 149,095 transactions;
- 44.4. There were multiple descriptions under the "Details" column that included Banner Ad Panel Package, Banner AdPub Combo Package, Banners Broker Commission Payment and BannersBroker.com subscription.
45. I reviewed documents that Payza had received for the Bannersbroker account. I learned the following:



- 45.1. There was a Certificate of Incorporation for Banners Broker International Limited [*associated corporation*] incorporated in Belize on July 23, 2013;
- 45.2. There was a Memorandum and Articles of Association of Banners Broker International Limited which was signed on July 18<sup>th</sup>, 2013, by Paulino Quiros and Erin Alexis Quiros for a share each of the company;
- 45.3. There were two "Declaration of Trust" documents which were signed by Paulino Quiros and Erin Alexis Quiros, of Belize, on July 18, 2013, for share certificate number 1 and number 2 for one ordinary share of BZD 1.00 each in the name of Banners Broker International Limited which was incorporated under the laws of Belize and registered in their names as nominees and trustees for the Monetize Group Incorporated (the "Owner");
- 45.4. There was another "Declaration of Trust" for Banners Broker International Limited which was incorporated under the laws of the Isle of Man;
- 45.5. The Declaration of Trust said, "We, Targus Investments Limited of 303 Aarti Chambers, Victoria, Mahe, Republic of Seychelles HEREBY DECLARE AND ACKNOWLEDGE that we hold Share Certificate number 2 for One ordinary share of GBP1.00 each (hereinafter "the said share"), in the name of Banners Broker International Limited a company incorporated under the laws of the Isle of Man registered in our name as nominee and trustee for Monetize Group Incorporated of No. 35 New Road, Belize City, Belize (hereinafter "the Owner") and we undertake and agree not to transfer deal with or dispose of the said share save as the Owner shall from time to time direct and we irrevocably assign to the Owner the rights to all profits accruing thereon and we further agree and undertake to exercise our voting powers as the holder of the said share as the Owner may from time to time direct. Dated this 11<sup>th</sup> Day of April, 2012";

- 45.6. The Declaration of Trust was signed by Mr. Stephen Mark Eppleston on behalf of Targus Investments Limited;
- 45.7. There was an "Appointment of First Director(s)" for the Monetize Group Incorporated where Denia Dougal, being the Sole Subscriber to the Memorandum and Articles of Association for the Monetize Group Incorporated appointed Christopher George Smith as the First Director of the Company on July 26, 2011;
- 45.8. It was documented that the Monetize Group Incorporated was incorporated in Belize on July 26, 2011, and that the Registered Agent for the company was Belize Offshore Formation Limited;
- 45.9. A Register of Shareholders for Monetize Group showed 50,000 shares held by Smith at \$1.00 USD a share and a certificate for 50,000 shares from the Monetize Group Incorporated was made out to Smith and digitally signed by Smith as the Director;
- 45.10. A letter sent to Payza dated February 6, 2014, from Via Bank Ltd in Saint Lucia, referenced the Monetize Group Incorporated and advised that the company was a holder of a premium business account, number 1141260, which was opened on July 2013 and was in good standing.
- 45.11. A Via Bank statement as of January 31, 2014, for the Monetize Group Incorporated bank account showed a balance of \$4,885,439.08 USD with total credits of \$7,272,080.92 USD and total debits of \$2,386,641.84 USD;
46. Payza provided a colour photocopy of Smith's Ontario driver's licence, S5778-12447-00828.
47. Payza provided a colour photocopy of Smith's Canadian passport, number QA928106.
48. I received an email from Payza employee Ferhan Patel on July 15, 2014. I learned the following:

- 48.1. The merchant account holder's name was Chris Smith and the business names on the account were Banner Broker and Banners Mobile;
- 48.2. The account User ID was 3809788;
- 48.3. The available balance in the account was \$21,739.00 USD;
- 48.4. There was another \$9,230.00 USD being held on reserve by Payza for this account that had not released to the available balance due to credit card transactions, fraudulent transactions or disputed transactions.

#### ***Beanstream***

- 49. I read a draft flowchart of funds prepared by Forensic Accountant Scott McBride of the production order results received from CIBC for Stellar Point Inc. [associated corporation] USD account 07542 0215619, between March 2012 and August 2013. I learned the following:
  - 49.1. Total credits to the Stellar Point Inc. USD account were \$10,972,982.01 USD;
  - 49.2. \$8,614,524.42 USD was from Monetize Group Inc. [associated corporation];
  - 49.3. \$1,350,000.00 was from Banners Broker Canada [associated corporation - these funds are from their RBC USD account 09847 4001194];
  - 49.4. \$300,000.00 USD was from LML Payment Systems [this company was amalgamated into Beanstream Internet Commerce Inc. on November 1, 2013<sup>†</sup> and is one of the payment processors who have funds];
  - 49.5. \$280,000.00 USD was from 1587803 Ontario Limited [this is Aramor which was identified as another payment processor];

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<sup>†</sup> OD7S

- 49.6. \$189,916.12 USD was from Parrot Marketing Inc. [*associated corporation*];
- 49.7. \$9,615,721.28 USD was transferred from their CIBC USD account to their CIBC CAD account 07542 7133715.
50. I read an email from Craig Thomson ("Thomson"), Vice-President Strategy and Channel Development for Beanstream, to Competition Bureau Investigator Kathleen McCoy dated June 17, 2014. I learned the following:
- 50.1. Beanstream ceased doing business with Bannersbroker in May 2012;
- 50.2. Beanstream terminated their business with Bannersbroker when Bannersbroker changed their business model and website as the change was deemed by Beanstream to violate their terms and conditions of service;
- 50.3. Beanstream was never made aware of any complaints of fraud regarding Bannersbroker;
51. I spoke with Thomson on the telephone on June 26, 2014. I learned the following:
- 51.1. The Bannersbroker merchant account was opened from March 2012 to May 2012;
- 51.2. When the Bannersbroker merchant account was closed by Beanstream there was a lapse of time where the bank account continued to receive money for Bannersbroker before it was closed;
- 51.3. This money was not discovered by Beanstream until a recent audit;
52. I read an email from Thomson sent to me on June 26, 2014. I learned the following:
- 52.1. The total amount held by Beanstream from the Bannersbroker merchant

account was \$537,576.31 USD;

52.2. The Bannersbroker merchant ID was 251440000.

**Statutory Requirements for a Restraint Order**

53. Subsection 462.33(2) of the *Criminal Code* states that an application for a restraint order may be made *ex parte* and shall be made in writing to a judge, accompanied by an affidavit sworn on information and belief, deposing to the following matters:
  - a) The offence or matter under investigation;
  - b) The person who is believed to be in possession of the property;
  - c) The grounds for the belief that an order for forfeiture may be made under subsections 462.37(1) or 462.37(2.01) or 462.38(2) in respect of the property;
  - d) A description of the property; and
  - e) Whether any previous applications have been made under this section with respect to the property.
54. Subsection 462.33(3) of the *Criminal Code* states that a judge may make an order prohibiting any person from disposing of, or otherwise dealing with any interest in, the property specified in the order if the judge is satisfied that there are reasonable grounds to believe that the property may be made subject to an order of forfeiture under subsection 462.37(1) or 462.37(2.01) or 462.38 of the *Criminal Code*.
55. Subsection 462.33(7) of the *Criminal Code* states that before a judge makes an order under subsection 462.33(3), the judge shall require the Attorney General to give an undertaking with respect to the payment of damages and/or costs in relation to the making of the restraint order and the execution of the restraint order. It is my understanding that such an undertaking will be provided in this case.

***Offence or Matter Under Investigation***

56. The suspects will or could soon be charged with the following offences:

- Running a pyramid scheme, contrary to s.206(1)(e) of the *Criminal Code*;
- Fraud over \$5,000.00, contrary to s.380(1) of the *Criminal Code*;
- Possession of property obtained by crime, contrary to s.354(1) of the *Criminal Code*;
- Laundering the proceeds of crime, contrary to s.462.31 of the *Criminal Code*;
- and
- Making false and misleading representations, contrary to s.52(1) of the *Competition Act*.

***Persons Believed to be in Possession***

57. Beanstream Internet Commerce Inc., 2659 Douglas Street, Suite 302, Victoria, British Columbia, is the merchant account provider that is in possession of the property and that holds the property for the benefit of, and at the direction of Rajiv Dixit and the associated corporation known as 7250037 Canada Inc. o/a Banner's Brokers Canada. Rajiv Dixit is the registered account holder of the merchant account.
58. SolidTrust Pay, 47 William Street, P.O. Box 551, Bobcaygeon, Ontario, is the merchant account provider that is in possession of property and that holds the property for the benefit of, and at the direction of Christopher Smith and/or Chris Smith and the associated corporations known as 2087360 Ontario Inc. o/a Bannersbroker and Bannersmobile. Christopher Smith and/or Chris Smith (Date of Birth 1970-08-28) is the registered account holder of these merchant accounts.
59. Mazarine Commerce Inc. o/a Payza.com, 100-8255 Mountain Sights, Montreal, Quebec, is the merchant account provider that is in possession of the property and that holds the property for the benefit of, and at the direction of Chris Smith and associated corporations known as Banners Broker and Banners Mobile. Chris



Smith is the registered account holder of these merchant accounts.

***Description of the Property***

60. On June 26, 2014, I spoke with Craig Thompson ("Thompson"), Vice-President, Strategy and Channel Development at Beanstream Internet Commerce Inc. I learned from Thompson that the balance of the account that is the subject matter of this application is as follows:

- Merchant ID 251440000 - \$537,576.31 USD

61. On July 10, 2014, I received an email from Denise Mahoney, Verifications Manager and Compliance Officer, from SolidTrust Pay. I learned that the balances provided in the production order results were accurate. The balances of the accounts that are the subject matter of this application are as follows:

- Bannersbroker - \$16,602.15 USD, 10,646.22 Euros, 16,632.55 Great British Pounds, \$1,833.11 CAD, \$10,543.28 Australian Dollars and \$586.15 New Zealand Dollars
- Bannersmobile - \$45,129.14 USD

62. On July 15, 2014, I received an email from Payza employee Ferhan Patel. I learned from Patel that the balance of the account that is the matter of this application was as follows:

- User ID 3809788 - \$21,739.00 USD and \$9,230.00 USD [on reserve].

***Grounds for Believing Property is Proceeds of Crime***

63. A trier of fact, based on the circumstances described in the foregoing paragraphs, would be entitled to find that the respondents' dealings were objectively and subjectively dishonest and that, as a consequence of that dishonesty, the victims of their pyramid/Ponzi scheme were deprived of an amount exceeding \$5,000. That being so, I believe that a trier of fact could find the respondents guilty of fraud over \$5,000. I also believe, based on essentially the same evidence, that a



trier of fact could find the respondents guilty of the other offences listed in paragraph 56. Specifically:

- a) In 2010, the respondent Smith explained his view of multi-level marketing to Kuldip Josun. People lost money in such schemes, explained Smith, because that is what the schemes were designed for; they bring people in, make some money and shut down: para. 13.4.
- b) As the respondent Smith explained Bannersbroker to his programmer, Ian Snyder, the operation was a multi-level marketing scheme where someone paid money for the right to make money from recruiting other people (ie. pyramid): para. 14.12.
- c) In late 2011, said Ian Snyder, Bannersbroker shifted from a straight multi-marketing scheme to one that allowed investors to become publishers by buying ad space ("banners") on websites that Bannersbroker would then supposedly sell to third party advertisers in a blind network: para. 14.11, 14.18-14.19.
- d) Visitors to the Bannersbroker website, including those who decided to invest under the favoured Ad-Pub Combo, were told that the cost of the advertising they were purchasing with real money paid into Bannersbroker would be offset by the advertising revenue the investor earned from the "banners" and "panels" they controlled.
- e) Novice investors in Bannersbroker Ad-Pub Combo experienced a quick "doubling" of their initial commitment and were further led to believe that this was the result of the strong and steady advertising revenue stream associated with the banners they were acquiring from Bannersbroker as publishers from this blind network:
- f) Investors in Bannersbroker's Ad-Pub Option had access to individual account statements that had summary boxes that encouraged the average investor's belief in strong and steady advertising revenues and a corresponding growth in actual cash credits that were available to be withdrawn. As a result of these account statements, investors believed they had ready access to real profits whenever they decided to make withdrawals: Ex. "C".

g) A trier of fact would be entitled to conclude that Bannersbroker had no blind network that supplied advertising revenue for the investors' banners. Specifically:

- The compliance officer Rock was told a blind network existed but never saw it and came to believe Bannersbroker did not have a real product but was forcing investors to purchase advertising promoting Bannersbroker as a condition for participating in the seemingly profitable publishing side of the business: paras. 12.18 to 12.23.
- The programmer Snyder explains that Bannersbroker's computer program had no way to track the publishing side of the business and that the supposed earnings from that revenue stream were determined manually by the respondent Smith: paras. 14.58 to 14.61.
- The programmer Snyder explains that the real determinant of revenue on the publishing side of the business was the growth in money paid by new or fresh investors on the advertising side of the business: para. 15.1.
- Contrary to the explanation offered by the respondent Dixit, Clicksor (the named "blind network") provided no revenue to Bannersbroker: paras. 18 to 20.
- Snyder came to think of Bannersbroker's model as being almost like a Ponzi scheme: paras. 14.68 to 14.73.

- h) If the money accessible to Bannersbroker did not come from a blind network, then a trier of fact could conclude that all its revenue was derived from recruiting new customers and getting existing customers to increase their investments by buying more advertising from Bannersbroker. If this was the only revenue source Bannersbroker had, then any money paid to investors wearing their "publisher" hats would have to come from that revenue stream.
- i) The conclusion in h) is bolstered by the fact that the respondent Smith controlled the distributions to the account statements – which were "virtual" – and approved or rejected actual withdrawal requests from investors in an opaque manner that breached the representation in the investor's account

statements that their accounts had funds “available for withdrawal.”: paras. 13.29 to 13.30 and 14.61 to 14.67.

- j) The conclusion in h) is further bolstered by the comparatively meagre amount that Bannersbroker actually spent on advertising compared to the millions of dollars it took in from investors who believed they were purchasing such advertising. Although Bannersbroker was taking in upwards of two million dollars a month as early as 2012, the total paid for actual advertising to Clicksor was less than \$200,000. A trier of fact could conclude that most of the balance was used to pay salaries, pacify older investors with (irregular) real money account withdrawals (in addition to generous “virtual” profits) and line the pockets of those, like Smith and Dixit, who controlled the real money: paras. 14.77 and 19.1.
  - k) The pyramid-style imbalance between Bannersbroker’s revenue flow as compared to its virtual commitments to investors (as shown on account statements) was glimpsed in or around March 2012 when the programmer Snyder calculated what appeared to be a \$27 million discrepancy between the number of advertising panels paid for and the value of panels distributed virtually to investors: para. 14.79; and
  - l) Bannersbroker had an overly elaborate ring of associated corporations (all controlled by the respondents and at some point perhaps by Josun), an anonymous ownership structure located in Belize, and foreign (including Swiss, Belize and St. Lucia) bank accounts which attributes were consistent with efforts to obscure responsibility for criminal activities and hide proceeds of crime: para. 13.5, 14.52, 16.33 to 16.36, 41.1.1, 45.1 to 45.11.
64. If the trier of fact were to find the respondent guilty of fraud over \$5,000 (and/or the other offences listed in paragraph 57), I believe that a sentencing court, acting under s.462.37(1) of the *Criminal Code* and for the reasons described in paragraphs 57 to 63, could be satisfied, on a balance of probabilities, that said fraud was committed in relation to the property now sought to be restrained. Specifically:

- \$537,576.31 USD held by Beanstream Internet Commerce Inc. ("Beanstream"), 2659 Douglas Street, Suite 302, Victoria, British Columbia V8T4M3, in a merchant account for 7250037 Canada Inc. o/a Banner's Brokers Canada for registered account holder Rajiv Dixit, merchant ID 251440000;
- \$16,602.15 USD, 10,646.22 Euros, 16,632.55 Great British Pounds, \$1,833.11 CAD, \$10,543.28 Australian Dollars and \$586.15 New Zealand Dollars, held by SolidTrust Pay, 47 William Street, P.O. Box 551, Bobcaygeon, Ontario K0M1A0, in a merchant account for 2087360 Ontario Inc. o/a Bannersbroker for registered account holder Christopher Smith and a merchant account for Bannersmobile for registered account holder Chris Smith;
- \$21,739.00 USD and \$9,230.00 USD [*on reserve*] held by Mazarine Commerce Inc. o/a Payza.com ("Payza"), 100-8255 Mountain Sights, Montreal, Quebec H4P 2B5, in a merchant account for Banners Broker and a merchant account for Banners Mobile, both for registered account holder Chris Smith, user ID 3809788.

#### *Previous Applications*

65. To my knowledge, there have not been any previous applications for a restraint order in respect of the property.

#### *Persons Who Should Receive Notice*

66. If the restraint order sought in this application is made, I believe the following persons should receive notice of that order:
- a) Christopher Smith, 503 – 250 Jarvis Street, Toronto, Ontario;
  - b) Rajiv Dixit, 1036 Coyston Court, Oshawa, Ontario;
  - c) Beanstream Internet Commerce Inc. ("Beanstream"), Legal Department,

10380 Bren Road West, Minnetonka, MN 55343, United States;

d) SolidTrust Pay, 47 William Street, P.O. Box 551, Bobcaygeon, Ontario, K0M 1A0, attention Denise Mahoney; and

e) Mazarine Commerce Inc., o/a Payza.com ("Payza"), 100-8255 Mountain Sights, Montreal, Quebec H4P 2B5, attention Patel Ferhan.

### **Conclusion on the Merits**

#### ***The Presumed Defence Position***

67. The respondents have not yet been charged with the present offences. For the purposes of this application, the Crown is assuming that the respondents will plead not guilty, will vigorously contest any and all criminal charges laid and will further deny that the property sought to be restrained is proceeds of crime.

#### ***The Ex Parte Nature of This Application***

68. Notwithstanding that this application may be brought *ex parte* as of right, a judge hearing it may, in accordance with s.462.33(5) of the *Criminal Code*, require that prior notice be given to any person who appears to have a valid interest in the property. In this regard, Crown counsel with carriage of the present applicant wishes this Honourable Court to be aware that counsel for one of the respondents' associated companies has, in the very recent past, sought access to some of the property now sought to be restrained.

69. Crown counsel has not spoken to any of the respondents or to their counsel or their corporations' counsel but is prepared to assume that the respondents will take the position stated above.

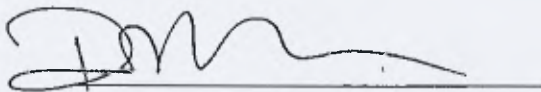
70. I do not know what efforts are being or could be made by the respondents or their agents should no restraint order be put in place on an *ex parte* basis. Nor can the police predict what position those in possession of the property might take if no order is made soon. In this respect, Crown counsel notes that it would always be open to the respondents to seek post-restraint relief under s.462.34 of the *Criminal*



*Code*. It is the Crown's position, in light of the uncertainty about prospective sequestration efforts by the respondents, that the criminal courts should assert immediate control over the property by means of an *ex parte* order. Any competing interests of the respondents or others can then be accommodated in the context of a later s.462.34 hearing should any person who receives notice of the restraint order object to it or seek to have it revoked or modified. Should any such s.462.34 applicant be brought, the Crown will state its position on such an application at that time.

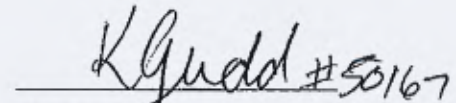
71. Based on the information contained in this affidavit, I believe that the property is proceeds of crime as defined by section 462.3 of the *Criminal Code* and, therefore, may be subject to an order of forfeiture under section 462.37 of the *Criminal Code*. I believe further that a restraint order under s.462.33 is necessary to prevent the possible disposal of the property and to ensure that the property will be available for forfeiture at trial should the respondents be convicted.

SWORN before me this 17<sup>th</sup> day of  
July, 2014, at the City of Toronto, in  
the Province of Ontario



A Commissioner etc.

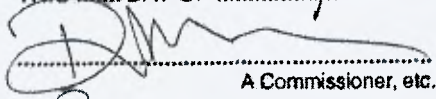
Rina Shambler

 #50167  
Katie Judd

THIS IS EXHIBIT A TO THE  
AFFIDAVIT OF Katie Judd

SWORN BEFORE ME

THIS 17 DAY OF July 20 14

  
A Commissioner, etc.

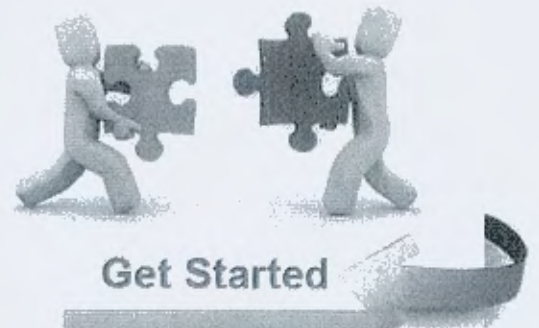
Rinn Shauler




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[Ad-Coordinator](#)
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[Media](#)
[FAQ](#)
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## Advertising and publishing – together at last.

Unlike other online marketing techniques, our unique Ad-Pub Combo Package allows entrepreneurs to advertise their businesses while earning ad revenue simultaneously. The concept is simple: on the advertising side, you sign up for the campaign of your choice. On the publishing side, we host specialized publisher sites from which you earn attractive advertising commissions.



**Get Started**  
Click Here and  
Sign Up Now!

## An entrepreneur's lifesaver.

Ad-Pub Combos are designed to get your ads up and running quickly in a simple and straightforward approach. If you haven't mastered the inner workings of the online ad industry yet, this option is for you. The only details we require are:

- The name of your campaign
- Your industry target (pick the right package with keywords, tags and channels)
- Number of impressions
- Country and/or city to display your ads
- Banners you want to advertise

[Upcoming Events](#)

**Eventbrite**



Name



Target



How much



Location



Banners

## WEBINARS

### Monday

#### Training

Mondays - 3:00pm EST

Presenter: Robert

[Register](#)

#### Information Session in POLISH

Mondays - 2:00pm EST

Presenter: Monika Guzda

[Register](#)

### Tuesday

### Wednesday

### Thursday

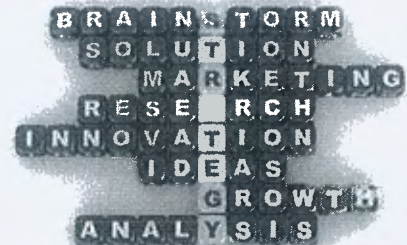
### Friday

## Make the most of your campaign.

With our new Advertising Coordinator.

Banners Broker is proud to announce a new, more personable way we can help manage the effectiveness and productivity of your campaign. Our experts will provide professional guidance on how to maximize your advertising within our extended network of publishing sites – using targeted keywords, search engine optimization, efficient tracking tools, and increased visibility.

Together we can create a marketing solution that works specifically for you.

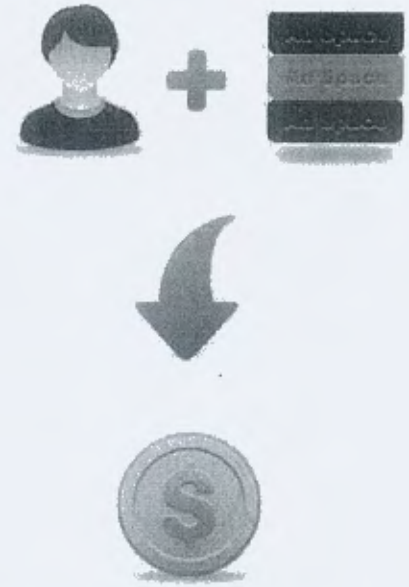


[Click here for more info](#)

## Unlocking the secret to turnkey publishing.

Until now, distinguished publishers were required to have fully functional websites that generated significant traffic. Luckily, the Combo Package is a rebel that defies the rules and regulations for revenue earners in the online advertising industry. Now all you need is a desire to earn revenue through one of the most lucrative advertising mediums in today's market. No website or traffic stats necessary.

**How it works:** We supply you with inventory (online ad space) on various websites owned and operated by Banners Broker – think of it as your own profitable online real estate. Each of these sites already has a sizeable amount of existing traffic. So each time your ad space produces impressions for selected banners on the site, you earn a commission.



## Your commission potential.

We offer six different Combo Packages, which are outlined below. Your commission potential depends on the type of package you choose. For a set price, each package gives you a certain number of impressions (for advertised banners) and a specific amount of earning potential (traffic cap).

In order to choose the most optimal Combo Package, consider your needs as both an advertiser and as a publisher. How much marketing does your business require? How much commission do you want to earn from online advertising? Choose from \$25–\$3655 packages that cater to your individual objectives.



## Using Your Earnings

One of the most appealing features of the Combo Package is the way in which your advertising revenues are used. The packages are designed to offset your advertising costs. Once you reach your designated revenue for a particular package, half of your earnings are used to obtain additional ad impressions and the other half is yours to keep. Banners Broker gives you the ability to participate in your chosen Combo Package twice in a row, reaching your designated earnings each time. Your final result is triple the amount of ad impressions you started with, and two rounds of complimentary advertising revenue.

Combo Packages build additional revenue streams and help you grow your existing business.

Packages	Price	Includes
----------	-------	----------



	<b>\$25</b>	First Month Admin Fee \$15 Yellow Panel (\$10) 1,000 Impressions
	<b>\$55</b>	First Month Admin Fee \$15 Yellow Panel (\$10) Purple Panel (\$30) 4,000 Impressions
	<b>\$145</b>	First Month Admin Fee \$15 Yellow Panel (\$10) Purple Panel (\$30) Blue Panel (\$90) 13,000 Impressions
	<b>\$415</b>	First Month Admin Fee \$15 Yellow Panel (\$10) Purple Panel (\$30) Blue Panel (\$90) Green Panel (\$270) 40,000 Impressions
	<b>\$1225</b>	First Month Admin Fee \$15 Yellow Panel (\$10) Purple Panel (\$30) Blue Panel (\$90) Green Panel (\$270) Red Panel (\$810) 121,000 Impressions
	<b>\$3655</b>	First Month Admin Fee \$15 Yellow Panel (\$10) Purple Panel (\$30) Blue Panel (\$90) Green Panel (\$270) Red Panel (\$810) Black Panel (\$2430) 364,000 Impressions

## Get Started

The signup process is quick and easy. Simply click on the Register link below to choose your preferred Combo Package.

Click Here and  
Sign Up Now!

- Typical income of a typical Banners Broker member: USD \$567.57/year

\*All prices shown in USD currency.



#### Social Scene

Tweet with us, join our Facebook page, or comment on our blog. It's where all the action is.

[Click here to learn more](#)



#### Testimonials

Tell us about your experience with us, share stories, or have a laugh. We're all ears.

[Click here to learn more](#)



#### Register

Let's start our journey together developing your online campaign. The first step is right here.

[Click here to learn more](#)



#### Contact Us

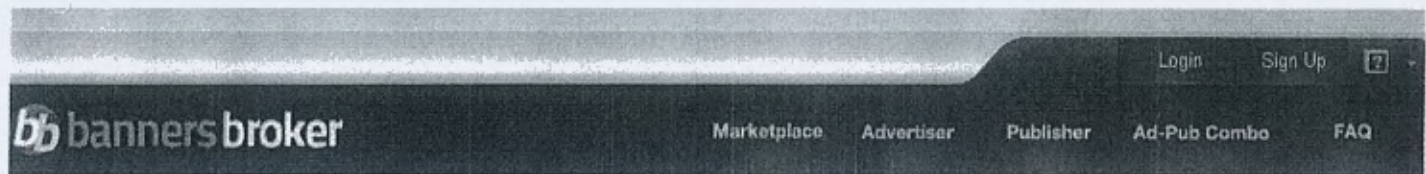
We're approachable. Any questions or comments you have for us are gladly received.

[Click here to learn more](#)

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## Advertiser

The ultimate online marketplace.

Our globally renowned network matches your ads with the most suitable publishing sites available in order to attract optimal traffic. Plus, we assist you in targeting and monitoring your campaign daily using the advertiser package that's specified for you.

**Banners Broker. Your place to advertise.**



## Ad-Pub Combo

Six ways to earn more through both services.

Ad-Pub Combo Packages are uniquely designed for online marketers interested in displaying content and earning revenue simultaneously. With six different packages to choose from, your ads get up and running quickly – along with your revenue.

**Banners Broker. Get in on the action, we can get you started.**



## Publisher

Display ads and boost your website revenue.

As a valued publisher on our network, you'll display carefully selected ads from our expanding database that are relevant to your industry and website theme. The page views say it all, and your online notability will prosper.

**Banners Broker. A new way to increase your site generated revenue.**

## Testimonials

Feedback from our affiliate is essential for us to continue to provide the best in customer service and improve what we do.

Take a look at what our affiliate are saying right now...

[Read Testimonials](#)



## We're Social



## Let us introduce ourselves.

[Click here to learn more](#)

Banners Broker is a new approach to online advertising that's intent on increasing your sales revenue while promoting your brand. What differentiates us from other banner impression sites is our initiative to

sell on your behalf – you get paid for your impressions, while maintaining full control over the monetization of your campaign.

Plus, register today and receive 1000 FREE banner impressions. It's our way of welcoming you to the team.

Check out the  
upcoming events on

Eventbrite

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Home

For sales related questions, please contact the sales department at (905) 233 4475 (p).

Marketplace

Advertiser

Publisher

Ad-Pub Combo

Testimonials

Media

FAQ

Support

Sign Up

Contact Us

## Register with us now in just 3 easy steps!



Referred By:

Invalid Username

No user found.

First Name:

Last Name:

Username:

Password:

Confirm Password:

Primary Email:

Phone:

Your Country:

Select a country.

Upcoming Events

Eventbrite

WEBINARS

Monday

**Training**

Mondays - 3:00pm EST

Presenter: Sabina

[Register](#)**Information Session in****POLISH**

Mondays - 2:00pm EST

Presenter: Mateusz Gudda

[Register](#)**Tuesday****Wednesday****Thursday****Friday****Social Scene**

Twit with us, join our Facebook page, or comment on our blog - it's where all the action is.

[Click here to learn more](#)**Testimonials**

Tell us about your experience with us, share stories, or have a laugh. We're all ears.

[Click here to learn more](#)**Register**

Let's start our journey together developing your online campaign. The first step is right here.

[Click here to learn more](#)**Contact Us**

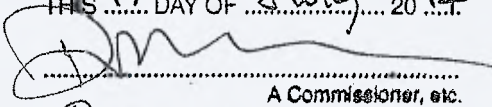
We're approachable. Any questions or comments you have for us are gladly received.

[Click here to learn more](#)

THIS IS EXHIBIT .....B..... TO THE  
AFFIDAVIT OF Katie Judd

SWORN BEFORE ME

THIS 17 DAY OF July 20 14

  
.....  
A Commissioner, etc.

Rina Shandler



# Banners Broker Success Manual



## CUSTOMER SUPPORT

### NOVEMBER 2012

CONFIDENTIAL

## **BANNERS BROKER SUCCESS MANUAL.**

### *Everything You Need To Know To Be Successful With US*

To be successful and have a pleasant experience with any product you purchase, you need to know how to use it and as well develop reasonable expectations of your product. The purpose of "Banners Broker Success Manual" is to equip you with the knowledge needed to maximize your success.

Please note that this is a living document, meaning that as the need arises, adjustments will be made to ensure that Banners Broker (BB) is always viable and able to provide world class service and products. There will always be a version number and date at the beginning of the BB Success Manual which will be your way of knowing if you are reading the most current and up to date version

### **About Us**

Banners Broker has a revolutionary way to enhance your web presence. We have not re-invented the wheel, but rather have taken existing technology and enhanced it. The Executives of Banners Broker International have all been either in the I.T. Field, Management or Direct Sales Industry (or a combination all fields) for over 20 years each.

The team brings fresh, innovative ideas and technology with the sole purpose of making sure that, YOU, our customer are able to take our product and services and have them help you increase your revenue in your current endeavours.

Over the past 24 months banners Broker has grown at an exceptional rate, generating revenue for thousands of people. We are extremely proud to announce that we have surpassed 200 000 affiliates and are growing rapidly.

### **Purpose and Mission**

Banners Broker's purpose is to provide easy, innovative new ways to help the average person give their business a presence on the Internet.

Our mission is to revolutionize how Advertisers and Publishers function on the Internet to ensure that the average person can make a good living, and not just the giant conglomerates.

### **How Our Product and Services Work**

Banners Broker offers everyone a chance to try out our system first hand and see the results for themselves. When a potential customer comes to our site, all he/she has to do is register for a free membership. Once you have done that, you will have access to our complete marketing campaign software and be able to try it first hand.

With Banners Broker we offer three services, which are as follows:



### Advertiser

Traditional forms of marketing tend to lack the focus and direction of those more current. One of today's biggest and most successful marketing mediums is online banner advertising. When compared to television, radio or print, it is less expensive, more specific and greater in scope. The Banners Broker program offers all the benefits listed above and provides you with an efficient and effective way to capitalize on this opportunity.

We take the guesswork out of finding the right places to advertise online. You tell us what you need. We find it, publish it and track it.

### Publisher

You own a website. Your website generates a significant amount of traffic each month. Yes, you make money but you're looking for a way to boost your online revenues. Banners Broker has the answer. It's time to take advantage of the website traffic that's taken you years of hard work to build. Banners Broker presents you with an opportunity to create an additional revenue stream for your business.

### Ad-Pub Combo

Unlike any other online marketing opportunity available, Banners Broker offers its Combo Package to entrepreneurs who want to advertise their businesses and earn advertising revenue. The concept is simple. On the advertising side, you sign up for the campaign of your choice. On the publisher side, Banners Broker designs and hosts your very own virtual online store from which you earn attractive advertising commissions.

### Products

To be clear, we currently offer Ad Impressions as our core product. We have developed several other products all meant to make your website stand out from the rest. An Ad Impression is one appearance or view of an advertisement on a Publisher's site.

We offer this product as a stand-alone item in our Advertiser option or in our Ad-Pub Combo option. Whichever option you choose, we know you will be pleased with the results of your campaign. We are so confident with our product and services that we offer a 30 day money back guarantee.

### Service

We offer an amazing service for owners of websites that have significant traffic. We call you a "Publisher" and offer a very unique opportunity for you to take your current traffic and turn it into additional revenue.

Banners Broker can help you grow your business through a new revenue stream. As a Banners Broker Publisher, your website is included in our database of viable advertising space. When we make a match,

advertisements are placed on your website. For every ad impression generated by your website, you earn a pre-set amount of money. Through our program, Banners Broker publishers are able to grow their corporate revenues by taking full advantage of their web traffic.

## FREE ACCOUNT

Banners Broker is so confident that our program works and that we will exceed your expectations, we are willing to put our money where our mouth is. You do not have to spend a dime to try our product, which allows you, worry free, to see the results.

To receive 1000 Complimentary Ad Impressions and access to our Marketing Campaign Software, please follow these simple steps:

- Go to [www.bannersbroker.com](http://www.bannersbroker.com) and register
- Have a banner created (see Banner Specifications for guidelines)
- To begin your campaign, simply click on "Campaigns"
- Manage Campaigns (use the tutorial if you need additional help)
- Create your campaign
- Select whether you are going to use the Blind or Choice Network
- Select the type of websites you want your ad to be on (Contextual Targeting)
- Select the geographic location (country, city : Geo-targeting)
- Check your stats and tweak your campaign as needed

Once you have used the 1000 Complimentary Ad Impressions, we are confident you will want to purchase more and keep benefiting from the use of our software and products. If you have questions and would like to speak to one of our sales representative, please give us a call at 905-233-2351.

## Blind or Choice Network

In this option, you get the best of both worlds. Ad Impressions for personal use, as well Ad Inventory that is purchased across our Publisher Network (over 200,000 sites).

*What makes this unique is whatever you spend on Ad Impressions: you will earn twice that amount from the revenue you earn as a Publisher. That is right! Twice!*

This is what makes our program so effective and unique, you get to take advantage of the Ad Impressions to increase your web presence, while at the same time earn revenue from Publisher sites that you have rented space on. This is why Banners Broker is one of the fastest growing online advertising companies on the web today.

## 1. ACCOUNTS TYPE

-  1.1. Standard Account
-  1.2. Premium Account

If you choose a Standard account you can upgrade to a Premium Account at any given time.  
However, if your initial choice is a Premium Account you cannot downgrade.



## STANDARD vs. PREMIUM

Description	Standard Account	Premium Account
Monthly Subscription	\$ 15	\$ 100
Traffic Booster Price	\$ 8	\$ 5
Traffic Booster Usability	Sales Credited panels only	All Panel Colors
Traffic Pack Allowance	Only one per month	Unlimited
Traffic Pack Usability	Yellow, Purple, Blue and Green Panels	All Panel Colors

\* PLEASE NOTE : Banners Broker allows you to have only 1 personal account

You may have more than one business account if you have several businesses and can prove this through documentation.

The Affiliate has to be the age of majority (18 years):

o o If any Affiliate is found to have more than 1 account, all the accounts of that Affiliate will be erased and he/she will be blocked from joining Banners Broker indefinitely

\* Active Affiliate: One who has an active subscription and pays monthly fees towards their account.

## \* 2. PRODUCT (AD IMPRESSIONS) - AD-PUB COMBO

Ad-Pub Combo Banners Broker offers its Combo Package to entrepreneurs who want to advertise their businesses and earn advertising revenue. The concept is simple. On the Advertising side, you sign up for the campaign of your choice. On the publishing side, Banners Broker designs and hosts your very own virtual online store from which you earn attractive advertising commissions.

In this option you get the best of both worlds: Ad-Impressions for personal use as well Ad- Inventory (Panels) that is purchased across our Publisher network (200,000 websites).

What makes this unique, is whatever you spend on Ad-Impressions, you will earn twice that amount from the revenue you earn as a Publisher. THAT IS RIGHT!! TWICE.

This is what makes our program so effective and unique. you get to take advantage of the Ad-Impressions to increase your web presence, while at the same time earn revenue from Publisher sites that you have rented space on. This is why Banners Broker is one of the fastest growing on-line advertising companies on the web today.

The Publisher is where all the revenue is generated in this program. It is NOT based on sales from new affiliates, which we use to payout existing members, as the math would not work and it would make us illegal.

The uniqueness of this product is, that whatever you spend on the Ad-Pub Combo Package, you earn twice that amount from the revenue of your Ad-Inventory (Panels) - which are included in the package of your choice.

- \* 2.1. New Affiliates: Are allowed to purchase only 1 Ad-Pub Combo + Panels up to the maximum amount of \$5000. above which will be considered as a "Corporate Sale";
- \* 2.2. Existing Affiliates: Are allowed to buy only Panels (as they already have 1 Ad-Pub Combo in their account), up to the maximum amount of \$5000.

Are allowed to use money generated from the program to purchase additional packages and transfer them to New Affiliates.

- \* 2.3. Corporate Sale: Any Sale above \$5000 is considered to be a Corporate Sale and will be directed to Mr. Rajiv Dixit, COO of Banners Broker International, for approval.

Support will forward the email to [rdixit@bannersbroker.com](mailto:rdixit@bannersbroker.com) (Note: Do not give this email out to the public).

## PACKAGE COST / STANDARD ACCOUNT

Starter Pack	25 USD	First Month Admin Fee \$15 1 Yellow Panel (\$10) <i>305</i> 1,000 Impressions
Basic Pack	55 USD	First Month Admin Fee \$15 1 Yellow Panel (\$10) 1 Purple Panel (\$30) 4,000 Impressions
Business Pack	145 USD	First Month Admin Fee \$15 1 Yellow Panel (\$10) 1 Purple Panel (\$30) 1 Blue Panel (\$90) 13,000 Impressions
Professional Pack	415 USD	First Month Admin Fee \$15 1 Yellow Panel (\$10) 1 Purple Panel (\$30) 1 Blue Panel (\$90) 1 Green Panel (\$270) 40,000 Impressions
Enterprise Pack	1225 USD	First Month Admin Fee \$15 1 Yellow Panel (\$10) 1 Purple Panel (\$30) 1 Blue Panel (\$90) 1 Green Panel (\$270) 1 Red Panel (\$810) 121,000 Impressions
Ultimate Pack	3655 USD	First Month Admin Fee \$15 1 Yellow Panel (\$10) 1 Purple Panel (\$30) 1 Blue Panel (\$90) 1 Green Panel (\$270) 1 Red Panel (\$810) 1 Black Panel (\$2430) 364,000 Impressions



The Panels included in the above Packages are already qualified with 2 complimentary cycles. All you need to do is activate the panels and start earning revenue as a Publisher. When you activate a panel, this means that you've taken possession of that space on the website and are actively earning revenue. If you do not activate the panel, no revenue is earned and the Ad-Inventory you purchased is just sitting there waiting. There is no expiration on the panels as long as you are an Active Affiliate.

#### PACKAGE COST / PREMIUM ACCOUNT

<b>Starter Pack</b>	<b>110 USD</b>	<b>First Month Admin Fee \$100</b> <b>1 Yellow Panel (\$10)</b> <b>1,000 Impressions</b>
<b>Basic Pack</b>	<b>140 USD</b>	<b>First Month Admin Fee \$100</b> <b>1 Yellow Panel (\$10)</b> <b>1 Purple Panel (\$30)</b> <b>4,000 Impressions</b>
<b>Business Pack</b>	<b>230 USD</b>	<b>First Month Admin Fee \$100</b> <b>1 Yellow Panel (\$10)</b> <b>1 Purple Panel (\$30)</b> <b>1 Blue Panel (\$90)</b> <b>13,000 Impressions</b>
<b>Professional Pack</b>	<b>500 USD</b>	<b>First Month Admin Fee \$100</b> <b>1 Yellow Panel (\$10)</b> <b>1 Purple Panel (\$30)</b> <b>1 Blue Panel (\$90)</b> <b>1 Green Panel (\$270)</b> <b>40,000 Impressions</b>
<b>Enterprise Pack</b>	<b>1310 USD</b>	<b>First Month Admin Fee \$100</b> <b>1 Yellow Panel (\$10)</b> <b>1 Purple Panel (\$30)</b> <b>1 Blue Panel (\$90)</b> <b>1 Green Panel (\$270)</b> <b>1 Red Panel (\$810)</b> <b>121,000 Impressions</b>
<b>Ultimate Pack</b>	<b>3740 USD</b>	<b>First Month Admin Fee \$100</b> <b>1 Yellow Panel (\$10)</b> <b>1 Purple Panel (\$30)</b> <b>1 Blue Panel (\$90)</b> <b>1 Green Panel (\$270)</b> <b>1 Red Panel (\$810)</b> <b>1 Black Panel (\$2430)</b> <b>364,000 Impressions</b>

## 2. PANELS COST STANDARD SHEET (TABLE 2.1)

\* Are essentially the gauge for the Ad-Inventory that is included in the Panel. Panels represent the amount of revenue a person can earn from their Ad Inventory.

We have 6 Panels which represent our six bundles of Ad-Inventory. They are as follows:

PANEL COLOR	PRICE	IMPRESSIONS	TRAFFIC REQUIRED	REVENUE CAP
Yellow Panel	10 USD	1,000 Impressions	5,000 Hits	20 USD
Purple Panel	30 USD	3,000 Impressions	15,000 Hits	30 USD
Blue Panel	90 USD	9,000 Impressions	45,000 Hits	180 USD
Green Panel	270 USD	27,000 Impressions	135,000 Hits	540 USD
Red Panel	810 USD	81,000 Impressions	405,000 Hits	1620 USD
<b>Black Panel</b>	<b>2430 USD</b>	<b>243,000 Impressions</b>	<b>1,215,000 Hits</b>	<b>4860 USD</b>

Note: For a Panel to generate revenue it must first be qualified. \*

Ad-Inventory represented by Panels is like rented space on a website. You rent your Ad-Inventory through the space on Publisher sites across our network. The term of the lease for the space is based on the Panel you own. Once that Panel has reached its revenue cap your lease for that space is over. The Company still keeps earning revenue, which always allows us to stay profitable. Another customer may lease that space again at a later date.

NOTE :IMPRESSION BANK: The impression Bank is the amount of impressions that you have to advertise your banners. The Impression Bank should not be confused with the Traffic Bank.

### 3.1. How can an Active Affiliate Qualify Panels?

\* Qualifying Panels: Means you need enough traffic hits on a particular Panel for it to start earning revenue. Each Color Panel has a set amount of traffic hits it needs to begin earning revenue (see above chart)

### ✖ There are 3 Ways to qualify a Panel

- Direct Referrals - Every time you refer a customer who makes a purchase you are given traffic (2 referrals will give you enough traffic to qualify one panel)
- Purchasing Traffic Packs
- Organic Traffic - Sending traffic to specific sites we suggest. You can do this by advertising on your own social media, word of mouth or any other way you choose to drive traffic. (5 traffic hits per click)
- Roll Up Traffic - When your immediate direct referral takes three panels of the same color and rolls them up to the next panel color, you will get traffic for the roll up panels that have not issued traffic yet.

### ✖ TRAFFIC BANK:

Contains the total amount of traffic hits that have been accumulated through:  
Organic Media, Referrals and Traffic Packs.

**\*Use this Bank to Qualify your Panels \***

#### 4. PRODUCT (TRAFFIC PACK):

✖ Description: A Traffic Pack is purchased traffic used to qualify your Panels

✖ For internal use: 50 USD (50.000 hits) If you apply the Traffic Pack to your BB Panels you will get an additional Bonus of 50,000 hits. So the 50 USD = 100.000 Hits

✖ For external use: 50 USD (50.000 hits), you can use this traffic outside Banners Broker program.

✖ Commissions on Traffic Packs: Every time your referral buys a traffic pack, you will get 10 % commission from that purchase.

✖ Note: *The amount of traffic that you can purchase per month will depend on whether your account is Standard or Premium.*

VERY IMPORTANT Before you start purchasing Traffic Packs please be clear of the terms and conditions (which you must agree upon before the purchase). Traffic packs are a monthly obligation and there are penalties if you want to stop using this product.

Example: If you purchase 2 Traffic Packs (2 x 50.00 USD = 100.00 USD) every coming month you are committed to this same purchase.

✖ If you do decide to cancel your monthly Traffic Pack the PENALTY will be: YOU WILL NOT BE ABLE TO PURCHASE ANY MORE TRAFFIC PACKS FOR 6 MONTHS AND ALL THE BONUS TRAFFIC THAT YOU RECEIVED WILL BE DEDUCTED FROM YOUR TRAFFIC BANK.

## TRAFFIC RATIOS

\* **TRAFFIC LIMIT:** Is the amount of traffic that an affiliate can apply to a range of panels. (eg. You can qualify 5 panels of the same color and then your traffic limit has been reached. Complimentary panels do not count as part of the 5.)

\* **THE 2:1 RATIO :** When you have reached your traffic limit you must qualify one panel of the color directly above. This will allow you to qualify two more panels of the color below (previous color panel being activated before the traffic limit was reached).

## \* 5 PRODUCT (TRAFFIC BOOSTER) *On Test*

\* **Description:** The Traffic Booster is a product that will speed up your panels, allowing them to cap 20 % faster than a panel without this product.

\* **Cost:** 8 USD per booster for a (Standard Account) and 5 USD for a (Premium Account)

\* **Quantity:** The number of traffic boosters that you can buy, depends on your account type. (Standard or Premium) please check the table in page 1.

\* **Commissions on Traffic Boosters:** Every time your referral purchases a traffic booster you will receive a 10 % commission.

**Note:** The only Panels that Traffic Boosters cannot be used on are your complimentary panels.

Panel Color Cost	No of Boosters Standard Account	%	Total Amount in USD	No of Boosters Premium Account	Total Amount in USD	%
2430 USD	32 TB x 8 USD	10.5	256.00	32 TB x 5 USD	160.00	0.065
813 USD	16 TB x 8 USD	15.8	128.00	16 TB x 5 USD	80.00	0.098
270 USD	8 TB x 8 USD	23.7	64.00	8 TB x 5 USD	40.00	14.8
90 USD	4 TB x 8 USD	35.5	32.00	4 TB x 5 USD	20.00	22.2
30 USD	2 TB x 8 USD	53.3	16.00	2 TB x 5 USD	10.00	33.3
10 USD	1 TB x 8 USD	80	8.00	1 TB x 5 USD	5.00	50



## COMMISSIONS

Ad-Pub Combo Customers have the ability to earn extra revenue in the form of Commissions. They will earn 10 % Commission on the following items:

- Advertiser: Ad-Impressions
- Publisher Revenue
- Traffic Packs
- Traffic Boosters
- Promo 121 Monthly Subscription

## 7. OPPORTUNITIES

Banners Broker offers an amazing service for owners of websites that have significant traffic. We call you a "Publisher" and offer a very unique opportunity for you to take your current traffic and turn it into additional revenue

**Publisher:** A Publisher is someone who has a website with a significant amount of traffic. With Banners Broker you have the opportunity to create an additional revenue stream for your business. If you want to be one of our Publishers please contact Banners Broker International for approval.

**Advertiser only:** If you wish to be just an advertiser in Banners Broker. The cost of the Ad-Impressions is: 50 USD for 70,000 Ad Impressions. This account is free, no subscriptions fees.

**Free Account:** Banners Broker is confident in our program and we know that we will exceed your expectation. You do not have to purchase anything, just try our product and see for yourself that it really does work.

To receive a 1000 FREE complimentary Ad Impressions and access to our Marketing Campaign Software, please do the following steps:

- Go to [www.bannersbroker.com](http://www.bannersbroker.com) and register
- Have a banner created (see Banner Specifications for guidelines). To begin your campaign, simply click on "campaigns"
- Manage Campaigns (use the tutorial if you need additional help) \* Create your Campaign
- Select if you are going to use the Choice or Blind Network
- Select the type of websites you want your ad to be on (contextual targeting)  
Select geographical location (country, city- geo targeting )
- Check your status and tweak your campaign as needed.

Once you have used your 1000 complimentary Ad Impressions, we are confident that you will purchase more and keep benefiting from the use of our software and products

#### Banner Ads

Banners Broker supports the following sizes in banners

Banners	Size
Leaderboard	728 x 90
Full Banner	468 x 60
Large Rectangle	336 x 280
Skyscraper	120 x 600
Wide Skyscraper	160 x 600
Medium Rectangle	300 x 250
Square Box	250 x 250
Vertical Banner	120 x 240
Button	125 x 125
Small Rectangle	180 x 150

#### BANNERS FORMAT ACCEPTED:

GIF

Animated GIF

JPEG

PNG

## Banners Broker Prepaid MasterCard



Turn your E-Wallet funds into cash easily with our Banners Broker Prepaid MasterCard. Use your Banners Broker Prepaid MasterCard card for all the things you use cash for – shopping, gift-giving, travel or everyday purchases. Available Now

### KEY TERMS / VOCABULARY

#### Online Advertising Network

An online advertising network is a pool of website owners (who we refer to as publishers) and businesses who want to participate in online marketing (who we refer to as advertisers). Together, they form a powerful group of companies that connect with one another. On one side of the equation, advertisers find excellent places to advertise, and on the other, publishers find targeted ads to display on their websites.

#### Banner ad

A banner ad is an online advertisement. It is placed on other companies' websites, and more specifically, on those that relate to the advertiser's business.

#### Ad Impression

An ad impression is one appearance of an advertisement on a particular web page (i.e. a pageview).

#### Advertiser

Someone who wants to advertise their product or business

#### Publisher

Someone that owns a website

#### Ad/Pub Combo

Allows you to advertise your business (advertiser) and earn advertising revenue (publisher). Allows you to be both the advertiser and the publisher. You receive ad impressions for personal use as well as ad inventory (rented Ad Space) that is purchased across BB Publisher Network.

**Active Affiliate**

One who has an active subscription and pays monthly fees towards the account.

**Impression Bank**

Shows you the amount of impressions you have to advertise.

**Panel**

The visual representation of your rented ad space.

**Complimentary Panels**

The panels you have from your package upon activation. They are automatically qualified when you activate the package. (2 complimentary panels per colored panel)

**Re- purchased Panels**

Panels purchased when your initial panel is complete, and according to the settings you choose on your panel (either 50% or 100%) would lead to 1 panel re-purchase or 2 panels re-purchase. Re-purchased panels can be complimentary, when they come from a complimentary panel (and a complimentary panel can bring 2 generations of new complimentary panels)

**Purchased Panels**

Are additional panels that are purchased via your E-Wallet.

**Panel Settings**

When you buy a panel or have a complimentary or re-purchased panel you have to set up the "re-purchase" option to 50% or 100%.

- 50% option: 50% of the money you earned from the panel will be used to re-purchase a new panel and the other 50% will be sent to your E Wallet.
- 100% option: means that the total earnings will be used to buy 2 new panels

**Roll Up**

If a customer has 3 panels of one color, they can be rolled up to form one panel of the next color. You can roll-up panels manually from the "manage inventory" menu.

**Traffic**

People coming to your website

**General Traffic**

The traffic from purchased traffic packs and organic traffic

**Organic Traffic**

Traffic driven from social networks (promo 121, Facebook, twitter etc)

**Traffic Pack**

Purchased traffic

**Traffic Booster**

Is a product that you can purchase that will increase the traffic speed up to 20%, so your panel will reach its completion faster.

**Traffic Limit**

Is the amount of traffic that an affiliate can apply to a range of panels.

Ex: you can only qualify 5 panels of the same color and then your traffic limit has been reached (complimentary panels do not count as part of the 5) -

**2:1 Ratio**

When you have reached your traffic limit you must qualify one panel of the color directly above which will allow you to qualify two more panels of the color below.

above  
below

**Sales Credits**

Credits you receive from referrals

**Campaign**

Your advertisement/ banners you upload

**Blind Network**

Your campaign will be shown on a large network with many different options for getting your ads seen by your targeted demographic. However, you will not be able to select the specific sites you will be advertising on.

Keep this

**Choice Network**

You can choose exactly which websites you would like your campaign to appear on.

### **Contextual targeting**

Match your ad to a relevant site

(ex your campaign for your diet shake will appear on sites that are in the Health/fitness category)

### **Geo targeting**

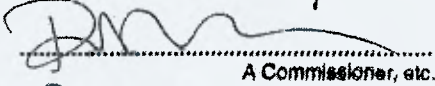
The ability to target a marketing or advertising campaign at a limited set of visitors based on their physical location.



THIS IS EXHIBIT C TO THE  
AFFIDAVIT OF Katie Judd

SWORN BEFORE ME

THIS 17 DAY OF July 20 14



A Commissioner, etc.

Rian Shandler

[Fund eWallet](#)  
[Fund eWallet \(STP assistance\)](#)  
[Funding Logs](#)  
[Withdraw Money](#)  
[Withdrawal Logs](#)  
[Repurchase Logs](#)  
[Revenue Logs](#)  
[Publisher Funds Logs](#)  
[eWallet Tutorials](#)  
[Live Support](#)

[Withdraw Money](#)
[Load Ad Credits](#)
[Purchase Products](#)

Please allow 30 minutes for any changes to your balance to appear on this eWallet page.

eWallet - Available to Withdraw  
**USD 493.57**

My Total Earnings  
**USD 24,265.54**

My Withdrawal History  
**USD 688.00**

Advertising Credits  
(Available to Spend)  
**493.57**

My Total Earnings  
**USD 24,265.54**

(Including Unfinished Panels)  
**USD 27,300.00**

**All Recent Transactions**

Only the last 500 Transactions will be shown.

Posted Date	Account	Description	Debit	Credit	Running Balance
2014-01-28 17:01:12	eWallet	Traffic Pack Subscription #890848	\$ 50.00		493.57
2014-01-26 06:31:49	eWallet	Automatic re-purchase of panel 9004933816669948	\$ 90.00		543.57

Panel 2411816669948 not reached

Court File No.

**COURT OF ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Toronto Region)**

IN THE MATTER OF an application by the  
Attorney General of Ontario pursuant to section  
462.33 of the *Criminal Code of Canada* for an Order  
restraining certain property

B E T W E E N:

**HER MAJESTY THE QUEEN**

Applicant

-and-

**Christopher George SMITH  
and Rajiv DIXIT**

Respondents  
(*ex parte*)

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**A F F I D A V I T**

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Brian McNeely  
Counsel for the Applicant  
Ministry of the Attorney General  
Crown Law Office – Criminal  
10th Floor, 720 Bay Street  
Toronto, ON M7A 2S9  
Phone: (416) 326-4600  
Fax: (416) 326-4656  
Email: [brian.mcneely@ontario.ca](mailto:brian.mcneely@ontario.ca)

# Tab 6

Police File Number: RCMP 2014-1863297  
Registry file number:

CANADA  
PROVINCE OF ONTARIO  
CITY OF TORONTO

**AFFIDAVIT IN SUPPORT OF AN APPLICATION  
FOR A FURTHER RESTRAINT ORDER IN RELATION  
TO AN ADDITIONAL FINANCIAL ACCOUNT**

This is the information of:

Constable Katie Judd

a member of the Royal Canadian Mounted Police, Peace Officer, of the City of Toronto  
in the Province of Ontario, now called the "Informant", taken before me.

**This information incorporates and relies on the contents of an affidavit sworn by me on July 17, 2014 in support of a related application (targeting different proceeds of the same allegedly fraudulent scheme) which application was granted by Madam Justice Kelly on July 18, 2014. If another judge considers this application, they may wish to read the earlier affidavit first.**

The Informant says there are reasonable grounds to believe, and does believe, that Christopher George Smith (Date of Birth: 1970-08-28), Rajiv Dixit (Date of Birth: 1970-09-23), and others known or unknown, using associated companies, have committed sometime between October 2010 to present day the following offences:

Pyramid Scheme, contrary to Section 206(1)(e) of the *Criminal Code*;

Fraud, contrary to Section 380(1) of the *Criminal Code*;

Possession of Property Obtained by Crime, contrary to Section 354(1) of the *Criminal Code*;

Laundering the Proceeds of Crime, contrary to Section 462.31 of the *Criminal Code*;

Making False or Misleading Representations, contrary to Section 52(1) of the *Competition Act*;

(the “Offences”).

And that the following property or monetary funds are believed to be proceeds of crime related to the Offences:

Any and all funds held by 6003061 Canada Inc. o/a UseMyServices, Inc. (“UseMyServices”), 1881 Steeles Avenue West, Ste. 348, Toronto, ON M3H 0A1, to the credit of Monetize Group Incorporated for registered account holder Christopher Smith, Merchant ID SMPDAA and user ID SMPDAA paybannersbroker@gmail.com.

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### Introduction

I, Constable Katie Judd of the City of Toronto, in the Province of Ontario, a member of the Royal Canadian Mounted Police (“RCMP”), make oath and say:



1. I am a peace officer and have been a member of the RCMP since April 22, 2003. My current duties are with the Toronto Strategic Partnership, which is a joint law enforcement operation formed in response to cross border fraudulent mass marketing schemes and based out of the Toronto Police Services Financial Crime Unit.
2. I am an investigator in this case and I either have personal knowledge of these matters or I have received information from others. I believe the information in this document to be true, unless I state otherwise.
3. I have used parentheses () in this information to abbreviate names or titles.
4. From time to time in this information, I will provide my interpretation of witness statements or documents or I will insert a commentary if I need to draw a conclusion to support my reasons for belief. These interpretations, commentaries and conclusions are either enclosed in sections which are identified as summary sections, or they will be enclosed in square brackets [ ] and italicized.

### **Definitions**

5. The following references and abbreviations used in this information include the following:
  - 5.1. The following are “associated corporations” to Christopher Smith and Rajiv Dixit which mean that one or both of those respondents had effective control of the corporations at the relevant times:
    - Banners Broker International Limited (also known as Bannersbroker, Banners Broker, Bannersbroker Limited, Bannersmobile, Banners Mobile, Banners Broker Belize);
    - 2087360 Ontario Incorporated o/a Local Management Services;
    - 8264554 Canada Limited o/a Parrot Marketing Inc.;

- 2341620 Ontario Corporation;
  - Monetize Group Incorporated;
  - 7250037 Canada Limited o/a Stellar Point Inc. (previously Bannersbroker Limited and also known as 7250037 Canada Inc., Banners Broker Limited, Banners Broker Canada, Banner's Brokers Canada, Banners Broker International and Bannersbroker);
  - 8163871 Canada Limited o/a Dixit Holdings Inc.
- 5.2. Unless otherwise stated, all places referred to in this information are places within the Province of Ontario ("ON");
- 5.3. U.S represents the United States of America;
- 5.4 All references within my information to currency or other monetary instruments are references to Canadian funds unless otherwise noted;
- 5.5. USD represents U.S. currency;

### Overview

6. The main target of what is an ongoing police investigation in the Bannersbroker operation is Christopher George Smith ("Smith"). Bannersbroker is still up and running and no arrests have yet been made. In October of 2010, Smith set up a website called bannersbroker.com that promised visitors a doubling of their money if they would recruit others in a multi-level marketing scheme involving the sale of online advertising. It is the position of investigators that this business was a pyramid scheme that over time evolved into a straight Ponzi scheme in which new victims were recruited to stave off requests for withdrawals and complaints from older ones. As the scheme progressed, Smith recruited another principal wrongdoer named Rajiv Dixit ("Dixit") and set up a host of associated corporations to mask both their illegal activities and the flow of money. Throughout the scheme, Smith, Dixit and their associated corporations had

investors pay their “investment” money to merchant account providers (i.e. legitimate corporations that process credit card payments). Those funds were then diverted by the suspects and their associated corporations to various offshore and other bank accounts controlled by them. Except for limited window dressing to promote the fraudulent scheme, there was no *bona fide* advertising publishing operation and the investors were being misled as to the source and nature of their “profits”.

7. Police earlier identified roughly \$700,000.00 CAD located in three Canadian payment processor accounts; Beanstream Internet Commerce Inc., SolidTrust Pay and Mazarine Commerce Inc. o/a Payza.com, and standing to the credit of the suspects’ various associated corporations. Legal counsel for one of the suspects had been in contact with Beanstream Internet Commerce Inc. regarding accessing the funds and so police needed to restrain the funds. An Application for Restraint was made in respect of those funds by the Attorney General of Ontario and a Restraint Order was issued by the Honourable Madam Justice Kelly on July 18, 2014. The three payment processors were provided copies of the Restraint order on July 21, 2014, with hard copies mailed out to them on July 22, 2014. The respondents have not yet been located and served personally but attempts continue to be made to do so.
8. Police have recently identified funds on deposit at another Ontario merchant account provider, standing to the credit of one of the suspects’ various associated corporations. Police are unable to confirm the exact amount from the payment processor so are asking that any and all funds to the credit of Monetize Group Inc. and Christopher Smith be restrained. At the time of the last Application, police were waiting to confirm a balance of the funds held by that merchant account provider and therefore I did not include them in my first sworn Affidavit. As there are grounds to believe that this money exists and is also proceeds of the crimes now under investigation, the Attorney General of Ontario brings this application to restrain the newly discovered property.

**Previous Affidavit in Support of an Application for a Restraint Order**

9. I swore an affidavit in support of an Application for a Restraint Order on July 17, 2014. In addition to the following circumstances, I am relying on the information set out in that affidavit as the grounds for my belief that the respondents, Christopher Smith and Rajiv Dixit, committed the offences and that the property now sought to be restrained may be forfeited as proceeds of crime. A copy of my sworn Affidavit filed in support of the application for the restraint order issued by Madam Justice Kelly on July 8, 2014, is attached to this affidavit and marked as Exhibit "A". I hereby adopt, under oath, the information and beliefs detailed in that earlier affidavit.

**How UseMyServices Was Identified as a Payment Processor**

10. A complainant in our investigation, Karen Harmon, sent me an email on March 21, 2014, with attachments she had captured from the Bannersbroker website. I read the attachments and learned that the Bannersbroker operation was now using a new merchant account provider, namely, UseMyServices. Specifically as a result of reading the attachment I learned that:
- 10.1. The attachments were about a new version of Bannersbroker and they read, "Welcome to BBv3! Your account is on hold right now but once you have paid your first month's admin fee, you will be able to purchase inventory, start campaigns and qualify panels. You have 90 days from the launch of BBv3. If you haven't paid your first month's admin fee within the 90 days, your account will be closed and removed from our system. The reason for this is that there a lot of abandoned accounts in the system and we want to see which accounts are still being managed and which are not. By choosing to pay the first month's admin fee, that is your way of telling us that you wish to be a part of Banners Broker and are going to help us grow into the future. The first month's admin fee is \$10 and needs to be funded from an external source. You can fund through any of our payment gateways that are available in your

country. These include:

- World eWallet
- Payza
- STP
- Allied Wallet
- UseMyFunds [*I was not previously aware of this payment processor used by Bannersbroker. The company name is 6003061 Canada Inc. o/a UseMyServices, Inc.*]

There will be two Wallets that you can withdraw from in BBv3. The BBv3 eWallet will be paid out weekly and you can withdraw the revenue that you have created from BBv3 panels. The second wallet, the Legacy Wallet, is the revenue that you have earned in BBv2.9 and any Legacy panels that you have that cap in BBv3 will continue to add revenue to your Legacy Wallet. They Legacy wallet will be paid out monthly. We're glad to have you with us! Affiliates outside of India will be charged a 5% processing fee to load their eWallet”;

11. On the attachment it provided the total amount the investor was required to pay for the admin fee plus the 5% processing fee which was \$10.53 USD.
12. Cathy McCormick, a Bannersbroker employee who worked for the company from November 2012 until May 2013, was interviewed by Detective Constable Chad Nickels with the Toronto Police Service on May 26, 2014. McCormick provided police documents she still had in her possession from when she worked at Bannersbroker. I read the documents provided by McCormick and learned the following:
  - 12.1. In the attachment that described Bannersbroker's E-Wallet it stated that the E-Wallet had to be funded through secure payment methods that included SolidTrust Pay, Payza, Allied Wallet and UseMyFunds [*which is the payment processor UseMyServices*].

**Person Holding the Property**

***UseMyServices***

13. On July 24, 2014, I reviewed documents provided by UseMyServices upon service of a production order authorized on June 17, 2014, by Justice of the Peace M. Churley, for records related to Bannersbroker and its associated corporations. I learned the following:

13.1. A Payment Service Agreement between UseMyService Inc. and Monetize Group Incorporated [*associated corporation*] was electronically signed by the respondent Smith on August 8, 2012;

13.2. UseMyServices account information [*with the date January 2012 printed at the bottom of each page*] contained the following:

13.2.1. The business name on the account was Monetize Group Incorporated, 35 New Road, Belize City, Belize, with a phone number of 416-519-8948;

13.2.2. Chris Smith was documented as the “Contract Signator Name” with phone number 647-497-9238, email address [csmith@monetizegroup.com](mailto:csmith@monetizegroup.com), Canadian passport number QA928106 and residential address 250 Jarvis Street, Suite 503, Toronto, M5B 2L2;

13.2.3. The “Web Site Information” documented the URL as <http://bannersbroker.com>;

13.2.4. The “Wire Instructions” documented the bank as Choice Bank Ltd., 1 Coney Drive, 3<sup>rd</sup> Floor, Belize City, Belize, and the company name on the bank account as Monetize Group Incorporated, account 102104, routing number 400-871-5740 and IBAN or Swift Code as CHOIBZBZ;



- 13.2.5. The “Payment methods currently accepted online” showed that Visa and MasterCard were accepted with the monthly volume documented as \$5,000,000.00, Bank Wires were accepted with the monthly volume documented as \$300,000.00, and online eWallet, Payza and STP [*these are other payment processors*] were accepted with a monthly volume of \$500,000.00;
- 13.2.6. The primary business was documented as online advertising with the products or services offered as banner impressions and campaign management;
- 13.3. Incorporation documents for Monetize Group Inc. in Belize showed the company was incorporated on July 26, 2011, and Christopher Smith was appointed as the first Director and owner of 50,000 shares of the company on July 26, 2011;
- 13.4. A copy of Smith’s Ontario driver’s licence, S5778-12447-00828, was certified on October 6, 2011, by Asiya Jennifer Hirji, Barrister & Solicitor, with a stamp for Mamann, Sandaluk, Barristers & Solicitors, 82 Richmond Street East, Toronto, Ontario M5C1P1;
- 13.5. A letter from Choice Bank Limited in Belize dated August 30, 2012, was addressed to Mr. Christopher Smith, 250 Jarvis St., Apt. 503, Toronto, Canada, referenced Monetize Group Inc. USD account 102104 and stated that as per Smith’s request they could advise that he had been a valued customer of Choice Bank Ltd. as of November 16, 2011, and that Smith’s relationship with them was by way of a Corporate Demand Deposit Account with a balance in the low seven-figure bracket which had been conducted satisfactorily and was in good standing;
- 13.6. A letter from Royal Bank of Canada dated August 1, 2012, referenced Christopher Smith, 250 Jarvis Street, Suite 503, Toronto, Ontario, and accounts 02112-0055010 CDN, 06742-4518064 USD, 06802-5028436

CDN and 06802-5034632 CDN. The letter stated Smith had been a customer since May 1979 and that the accounts were operating to RBC's satisfaction [*production order results for these accounts showed that they were all personal deposit accounts for Smith*];

13.7. An email dated April 3, 2013, from [csmith@bannersbroker.com](mailto:csmith@bannersbroker.com) to Joseph at UseMyServices documented the following:

13.7.1. Bannersbroker's new ad supplier was Adzerk [*Adzerk is located in the U.S. and was contacted by Cst. Ari Krieger of Toronto Police Service on July 24, 2014. Adzerk confirmed that they would have records available if served with an order. A Safe Web Act request will be made through the U.S. Federal Trade Commission to obtain these records*];

13.7.2. Bannersbroker's advertisers were still on Clicksor until the switchover [*suggesting that Clicksor was the only Ad Network being used by Bannersbroker at the time of the email. As mentioned in my earlier affidavit, the production order results for Clicksor showed less than \$200,000.00 being paid to Clicksor with no money coming back to Bannersbroker*];

13.8. An email dated September 13, 2013, from [csmith@bannersbroker.com](mailto:csmith@bannersbroker.com) to Melody Wigdahl at UseMyServices documented that they were using the following ad partners:

13.8.1. [www.adprudence.com](http://www.adprudence.com);

13.8.2. [www.152media.com](http://www.152media.com);

13.8.3. [www.adzerk.com](http://www.adzerk.com);

13.8.4. [www.clicksor.com](http://www.clicksor.com).

13.9. An excel spreadsheet provided by UseMyServices in compliance with the

production order detailed the transactions in the UseMyServices account for Monetize Group Incorporated and showed 7038 transactions in total, most of which appeared to be regular investor payments, made before March 18, 2014, into the main fraudulent scheme I described in my affidavit sworn July 17, 2014;

13.10. There were also 1929 transactions listed in the UseMyService spreadsheet in the amount of \$10.53 USD with the first transaction in this amount starting on March 18, 2014 *[this was the required admin fee for Bannersbroker version 3 to prevent an investor's Bannersbroker account from being closed and removed from the system (see the anticipated evidence of Karen Harmon described in paragraph 10). It should be noted that investors were required to send outside (i.e. real) money to Bannersbroker instead of using funds that should have been available in their virtual Bannersbroker eWallet];*

13.11. Of those 1929 transactions, 1920 were described under the column "Item Description" as "Virtual Currency for buying advertising inventory on Banners Broker", with the remaining 9 being described as "Virtual";

13.12. The majority of all the transactions in the excel spreadsheet were split into the following two categories under the column "Item Description":

13.12.1. "Virtual Currency for buying advertising inventory on Banners Broker" which totalled approximately \$1,491,412.00 USD;

13.12.2. "Virtual Currency for buying advertising inventory on Banners Mobile" which totalled approximately \$9,362.79 USD;

14. The total amount that was deposited into the suspects' merchant account, as part of the Bannersbroker scheme, was roughly \$1,500,774.79 USD;

15. In my affidavit sworn July 17, 2014, I detailed the grounds for my believing that any money held in accounts at merchant account providers to the credit of the two

suspects or their associated corporations were proceeds of the crimes being investigated. Specifically, I detailed my grounds for believing that the Bannersbroker scheme was a pyramid/Ponzi type scheme that, apart only from the real money paid into it by investors, did not have any appreciable income and, in particular, did not have the advertising revenue that Bannersbroker told investors was the source of the virtual earnings and “money available for withdrawal” shown in the investors’ personal accounts they accessed through the Bannersbroker website. If the Bannersbroker scheme had no appreciable income other than new payments from investors, then it follows that any money held to the credit of the accused (or an associated corporation) at a merchant account provider, and relating to said scheme, must be proceeds of the scheme. The same holds true of the money now being held at UseMyServices.

#### **Statutory Requirements for a Restraint Order**

16. Subsection 462.33(2) of the *Criminal Code* states that an application for a restraint order may be made *ex parte* and shall be made in writing to a judge, accompanied by an affidavit sworn on information and belief, deposing to the following matters:
  - a) The offence or matter under investigation;
  - b) The person who is believed to be in possession of the property;
  - c) The grounds for the belief that an order for forfeiture may be made under subsections 462.37(1) or 462.37(2.01) or 462.38(2) in respect of the property;
  - d) A description of the property; and
  - e) Whether any previous applications have been made under this section with respect to the property.
  
17. Subsection 462.33(3) of the *Criminal Code* states that a judge may make an order prohibiting any person from disposing of, or otherwise dealing with any interest in, the property specified in the order if the judge is satisfied that there are reasonable grounds to believe that the property may be made subject to an order of forfeiture under subsection 462.37(1) or 462.37(2.01) or 462.38 of the

*Criminal Code.*

18. Subsection 462.33(7) of the *Criminal Code* states that before a judge makes an order under subsection 462.33(3), the judge shall require the Attorney General to give an undertaking with respect to the payment of damages and/or costs in relation to the making of the restraint order and the execution of the restraint order. It is my understanding that such an undertaking will be provided in this case.

***Offence or Matter Under Investigation***

19. The suspects will or could soon be charged with the following offences:
- Running a pyramid scheme, contrary to s.206(1)(e) of the *Criminal Code*;
  - Fraud over \$5,000.00, contrary to s.380(1) of the *Criminal Code*;
  - Possession of property obtained by crime, contrary to s.354(1) of the *Criminal Code*;
  - Laundering the proceeds of crime, contrary to s.462.31 of the *Criminal Code*; and
  - Making false and misleading representations, contrary to s.52(1) of the *Competition Act*.

***Persons Believed to be in Possession***

20. 6003061 Canada Inc. o/a UseMyServices, Inc., 1881 Steeles Avenue West, Ste. 348, Toronto, ON M3H 0A1, is the merchant account provider that is in possession of the property and that holds the property for the benefit of, and at the direction of Chris Smith and the associated corporation known as Monetize Group Incorporated. The respondent Chris Smith is the registered account holder of the merchant account.

***Description of the Property***

21. I read an email dated July 23, 2014, from Joseph Iuso (“Iuso”), CEO of UseMyServices, to investigator Kathleen McCoy of the Competition Bureau. Iuso confirmed that Monetize Group Incorporated, CEO Chris Smith has the

following merchant ID:

- Merchant ID SMPDAA (User ID SMPDAA [paybannersbroker@gmail.com](mailto:paybannersbroker@gmail.com)) – and that there are funds to the credit of the named Monetize Group Incorporate C.E.O. Chris Smith.

***Grounds for Believing Property is Proceeds of Crime***

22. A trier of fact, based on the circumstances described in the foregoing paragraphs and in the attached affidavit (Exhibit “A”), would be entitled to find that the respondents’ dealings with investors were objectively and subjectively dishonest and that, as a consequence of that dishonesty, the victims of their pyramid/Ponzi scheme were deprived of an amount exceeding \$5,000. That being so, I believe that a trier of fact could find the respondents guilty of fraud over \$5,000. I also believe, based on essentially the same evidence, that a trier of fact could find the respondents guilty of the other offences listed in paragraph 19.
23. If the money accessible to Bannersbroker did not come from a “blind” advertising network, then a trier of fact could conclude that all its revenue was derived from recruiting new customers and getting existing customers to increase their investments by buying more advertising from Bannersbroker or paying the “admin fees” described in paras. 10, 11 and 13.10. If this was the only revenue source Bannersbroker had, then any money paid to investors wearing their “publisher” hats would have to come from that revenue stream, namely, new investments.
24. If the trier of fact were to find the respondent guilty of fraud over \$5,000 (and/or the other offences listed in paragraph 19), I believe that a sentencing court, acting under s.462.37(1) of the *Criminal Code* and for the reasons described, could be satisfied, on a balance of probabilities, that said fraud was committed in relation to the property now sought to be restrained. Specifically:
  - Funds held by 6003061 Canada Inc. o/a UseMyServices, Inc., 1881 Steeles Avenue West, Ste. 348, Toronto, ON M3H 0A1, in a merchant account for



Monetize Group Inc. for registered account holder Christopher Smith,  
Merchant ID SMPDAA and user ID SMPDAA  
paybannersbroker@gmail.com.

### ***Previous Applications***

25. There has been one other Application for Restraint made by counsel for the Attorney General of Ontario resulting in a Restraint Order authorized by the Honourable M Justice Kelly on July 18, 2014. That restraint order targeted other property. To my knowledge, this is the first restraint order sought in respect of the property.

### ***Persons Who Should Receive Notice***

26. If the restraint order sought in this application is made, I believe the following persons should receive notice of that order:
- a) Christopher Smith, 503 – 250 Jarvis Street, Toronto, Ontario;
  - b) Rajiv Dixit, 1036 Coyston Court, Oshawa, Ontario;
  - c) 6003061 Canada Inc. o/a UseMyServices, Inc., 1881 Steeles Avenue West, Ste. 348, Toronto, ON M3H 0A1, attention Joseph Iuso.

### **Conclusion on the Merits**

#### ***The Presumed Defence Position***

27. The respondents have not yet been charged with the present offences. For the purposes of this application, the Crown is assuming that the respondents will plead not guilty, will vigorously contest any and all criminal charges laid and will further deny that the property sought to be restrained is proceeds of crime.

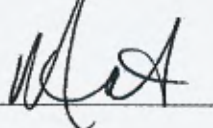
#### ***The Ex Parte Nature of This Application***

28. Notwithstanding that this application may be brought *ex parte* as of right, a judge hearing it may, in accordance with s.462.33(5) of the *Criminal Code*, require that

prior notice be given to any person who appears to have a valid interest in the property. In this regard, Crown counsel with carriage of the present applicant wishes this Honourable Court to be aware that counsel for one of the respondents' associated companies has, in the very recent past, sought access to some of the property restrained by the order of Madam Justice Kelly.

29. Crown counsel has not spoken to any of the respondents or to their counsel or their corporations' counsel but is prepared to assume that the respondents will take the positions stated above.
30. I do not know what efforts are being or could be made by the respondents or their agents should no restraint order be put in place on an *ex parte* basis. Nor can the police predict what position those in possession of the property might take if no order is made soon. In this respect, Crown counsel notes that it would always be open to the respondents to seek post-restraint relief under s.462.34 of the *Criminal Code*. It is the Crown's position, in light of the uncertainty about prospective sequestration efforts by the respondents, that the criminal courts should assert immediate control over the property by means of an *ex parte* order. Any competing interests of the respondents or others can then be accommodated in the context of a later s.462.34 hearing should any person who receives notice of the restraint order object to it or seek to have it revoked or modified. Should any such s.462.34 applicant be brought, the Crown will state its position on such an application at that time.
31. Based on the information contained in this affidavit, I believe that the property is proceeds of crime as defined by section 462.3 of the *Criminal Code* and, therefore, may be subject to an order of forfeiture under section 462.37 of the *Criminal Code*. I believe further that a restraint order under s.462.33 is necessary to prevent the possible disposal of the property and to ensure that the property will be available for forfeiture at trial should the respondents be convicted.

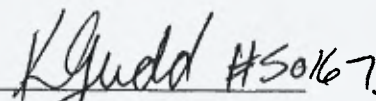
SWORN before me this 28th day of  
July, 2014, at the City of Toronto, in  
the Province of Ontario

  
\_\_\_\_\_

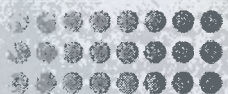
A Commissioner etc.

MELISSA ADAMS.

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Katie Judd

# Tab 7



SPERGEL

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**FIRST REPORT OF MSI SPERGEL INC.,  
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF  
BANNERS BROKER INTERNATIONAL LIMITED**

**October 2, 2014**

**msi Spergel inc.** 505 Consumers Road, Suite 200, Toronto, Ontario M2J 4V8 • Tel 416 497 1660 • Fax 416 494 7199 • [www.spergel.ca](http://www.spergel.ca)  
Barrie 705 722 5090 • Hamilton 905 527 2227 • Mississauga 905 602 4143 • Ottawa 905 721 8251 • Toronto-Central 416 778 8813

*Member - Canadian Association of Insolvency and Restructuring Professionals*

Court File No. CV-14-10663-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)**

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1992, c. 27, s.2, AS AMENDED**

**AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH  
RESPECT TO BANNERS BROKER INTERNATIONAL LIMITED**

**APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN THEIR  
CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL  
LIMITED, UNDER PART XIII OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CROSS-  
BORDER INSOLVENCIES)**

**FIRST REPORT OF THE  
COURT-APPOINTED RECEIVER OF  
BANNERS BROKER INTERNATIONAL LIMITED  
("FIRST REPORT")**

October 2, 2014



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### APPENDICES

1. Order of The Honourable Justice Matheson dated August 22, 2014 (Initial Recognition Order-Foreign Main Proceeding)
2. Order of The Honourable Justice Matheson dated August 22, 2014 (Supplemental Order-Foreign Main Recognition)
3. Media Notice published in the Globe and Mail and National Post
4. Order of The Honourable Justice Kelly dated July 18, 2014
5. Order of The Honourable Justice Code dated July 29, 2014
6. Affidavit of RCMP Constable Katie Judd sworn July 17, 2014
7. Affidavit of RCMP Constable Katie Judd sworn July 28, 2014
8. Screenshot of "Banners Broker Ponzi Scam" Facebook Group page
9. Copy of Irish Examiner Article titled "Fears for investors as suspected pyramid scheme wound up", by Conor Ryan, published February 27, 2014
10. Summary of Corporate Profile and Business Names Search Results in respect of Associated Corporations
11. Correspondence between the Receiver and Counsel to Smith and BBIL
12. Online Property Listing in respect of the Bayview Property
13. Property Search results in respect of the Carlow Property
14. PIN in respect of the Bayview Property

## 1.0 APPOINTMENT AND BACKGROUND

- 1.0.1 On application made by Miles Andrew Benham and Paul Robert Appleton in their capacity as Joint Liquidators ("**Foreign Representatives**") of Banners Broker International Limited ("**BBIL**"), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("**BIA**") recognition was granted by this Honourable Court to Orders granted by the High Court of Justice of the Isle of Man, Civil Division, Chancery Procedure. Attached hereto as **Appendix "1"** to this First Report is a copy of the Order of The Honourable Madam Justice Matheson made August 22, 2014 pursuant to section 268 of the BIA ("**Initial Recognition Order, Foreign Main Proceeding**").
- 1.0.2 On further application made by the Foreign Representatives, msi Spergel inc. was appointed Receiver and Manager ("**Receiver**" or "**MSI**") of all the assets, undertakings and properties of BBIL. The Receiver was appointed pursuant to a further Order dated August 22, 2014 ("**Appointment Order**") issued by the Honourable Justice Matheson of the Ontario Superior Court of Justice, a copy of which is attached as **Appendix "2"** to this First Report.
- 1.0.3 Prior to being ordered wound up by the Isle of Man court, BBIL was a purported internet advertising business with operations either directly or through related companies around the world.

## 2.0 PURPOSE OF THE REPORT

- 2.0.1 This report ("**First Report**") is filed in support of the Receiver's Motion for:
- a) An order granting certain additional investigatory authority to the Receiver pursuant to section 272 of the BIA in respect of five corporations (and six related business names or styles) that are closely associated with BBIL, are under common direction and control as BBIL, and have been identified by the Royal Canadian Mounted Police ("**RCMP**") as being integral to an alleged



“Banners Broker” (“**Banners Broker**”) criminal enterprise in which BBIL was a central part, namely:

- (i) 2087360 Ontario Incorporated o/a Local Management Services;
- (ii) Parrot Marketing Inc. (formerly o/a “8264554 Canada Limited”);
- (iii) 2341620 Ontario Corporation;
- (iv) Stellar Point Inc. (formerly o/a “7250037 Canada Inc.” and “Bannersbroker Limited”);
- (v) Dixit Holdings Inc. (formerly o/a “8163871 Canada Limited”);  
and
- (vi) Any other entity operating under the business names “Bannersbroker”, “Banners Broker”, “Bannersbroker Limited”, “Bannersmobile”, “Banners Mobile” or “Banners Broker Belize”;

(referred to collectively herein, as in the RCMP evidence, as “**Associated Corporations**”)

- b) An order granting leave to amend the Joint Liquidators’ Notice of Application to include the relief of a certificate of pending litigation (“**CPL**”) over a property at 1376 Bayview Avenue in Toronto that is owned by 2341620 Ontario Corporation, one of the Associated Corporations;
- c) An order granting leave to issue a CPL for registration against 1376 Bayview Avenue;
- d) An order approving the actions and activities of the Receiver as described herein; and

e) Such further and other relief as is deemed appropriate.

### **3.0 ACTIONS OF THE RECEIVER UPON APPOINTMENT**

- 3.0.1 Immediately upon its appointment, the Receiver commenced its investigation into the business and affairs of BBIL in Canada. This was preceded by a thorough review of the documentary evidence provided to it by the Joint Liquidators in the Isle of Man Winding up proceedings.
- 3.0.2 In accordance with the Appointment Order, the Receiver established and activated the e-protocol URL, <http://www.spergel.ca/banners>.
- 3.0.3 In addition, the Receiver published the Media Notice approved by the Appointment Order on two occasions in each of The Globe and Mail and The National Post. Attached hereto as **Appendix “3”** is a copy of the advertisement
- 3.0.4 Correspondence has been sent by the Receiver to all relevant Canadian electronic payment processors, as well as to all depository Schedule I, II and III financial institutions in Canada in an effort to obtain information as to the nature and extent of BBIL’s business activities in Canada.
- 3.0.5 The Receiver has also made efforts to coordinate examinations of Christopher G. Smith and Rajiv Dixit in accordance with paragraph 11 of the Appointment Order. Messrs. Smith and Dixit are represented by counsel and are served with this motion. As of the date of this Report examinations have not taken place.

#### **Closure of the Banners Broker Website and Social Media Presence**

- 3.0.6 Shortly after the Receiver’s appointment, on September 4, 2014, the Receiver obtained information confirming that the website formerly maintained by BBIL at <http://www.bannersbroker.com/> was taken down. It appears that Banners Broker Facebook and Twitter accounts were deactivated or ceased activity on the same day.



### Criminal Proceedings in Respect of Banners Broker

- 3.0.7 Also on September 4, 2014, the Receiver was made aware of criminal proceedings before the Ontario Superior Court of Justice arising from an RCMP investigation into Mr. Christopher G. Smith ("**Smith**") and Mr. Rajiv Dixit ("**Dixit**") related to Banners Broker in Canada ("**RCMP Investigation**").
- 3.0.8 Additionally, the Receiver was provided with copies of Ex Parte Restraint Orders obtained by the Ministry of the Attorney General, Crown Law Office-Criminal ("**Crown**"). Attached hereto as **Appendices "4"** and **"5"** respectively are copies of the Order of the Honourable Justice Kelly, dated July 18, 2014, and the Order of the Honourable Justice Code, dated July 29, 2014 (the "**Restraint Orders**").
- 3.0.9 The Restraint Orders, issued pursuant to section 462.33 of the *Criminal Code of Canada*, freeze funds held by third party electronic payment processors in connection with Banners Broker. They also compel financial institutions to provide information to the Director of Asset Management – Criminal, regarding restrained accounts held by certain of the Associated Corporations.
- 3.0.10 Further to its review of the Restraint Orders, the Receiver obtained copies of the affidavit evidence filed by the Crown in support of its *ex parte* application. Counsel for the Receiver obtained copies of affidavits sworn by RCMP Constable Katie Judd on July 17, 2014 and July 28, 2014 ("**RCMP Affidavits**"). Attached hereto as **Appendices "6"** and **"7"** are copies of the RCMP Affidavits.
- 3.0.11 The RCMP Affidavits detail the basis for what is stated to be the reasonable belief of the RCMP investigators that Smith and Dixit, through their operation of Banners Broker, which, as noted in the RCMP Affidavits, includes BBIL, have committed criminal offences related to the operation of a "Pyramid Scheme", fraud, possession and laundering of the proceeds of crime and criminal misrepresentations contrary to the *Competition Act*.

3.0.12 The position of the RCMP investigators is summarized at paragraph 6 of the July 17 RCMP Affidavit:

It is the position of investigators that this business [Banners Broker] was a pyramid scheme that over time evolved into a straight Ponzi scheme in which new victims were recruited to stave off requests for withdrawals and complaints from older ones. As the scheme progressed, Smith recruited another principal wrongdoer named Rajiv Dixit ("Dixit") and set up a host of associated corporations to mask both their illegal activities and the flow of money. Throughout the scheme, Smith, Dixit and their associated corporations had investors pay their "investment" money to merchant account providers (i.e. legitimate corporations that process credit card payments). Those funds were then diverted by the suspects and their associated corporations to various offshore and other bank accounts controlled by them. [emphasis added]

3.0.13 BBIL is specifically identified by Constable Judd as one of Associated Corporations believed to be involved in Banners Broker's Canadian operations. At paragraph 12.12, Constable Judd describes information obtained from a Competition Bureau interview with John Rock, a former Compliance Officer employed by Banners Broker:

Rock was told by Smith, Dixit and Josun that Smith and Josun were the owners of Banners Broker International [*associated corporation*] and Dixit was the owner of Bannersbroker Limited [*associated corporation*], later named Stellar Point Inc., which was the Canadian reseller;

[...]

Banners Broker International was operated by Smith and was registered in the Isle of Man.

3.0.14 Constable Judd also identifies a number of other entities operated by Smith and/or Dixit, most of which are incorporated in Canada, namely:

- (i) 2087360 Ontario Incorporation o/a Local Management Services;
- (ii) 8264554 Canada Limited o/a Parrot Marketing Inc.;

- (iii) 2341620 Ontario Corporation;
- (iv) 7250037 Canada Inc. o/a Stellar Point Inc. (formerly o/a “Banners Broker Canada”); and
- (v) 8163871 Canada Limited o/a Dixit Holdings Inc.

The Joint Liquidators’ independent investigations have also identified certain of the same parties as being associated with BBIL. The results of the Joint Liquidators’ investigations are in part described in the affidavit of Paul Robert Appleton sworn August 6, 2014 and filed in support of this motion (“**Appleton Affidavit**”).

3.0.15 The RCMP Affidavits identify the Associated Corporations in respect of which the Receiver now seeks authorization to make inquiries. Certain of these corporations were previously identified in the Joint Liquidators’ investigations, as described in the Appleton Affidavit.

3.0.16 The RCMP Affidavits also reference funds held by Canadian financial institutions and electronic payment processors in relation to Banners Broker.

3.0.17 The RCMP Affidavits were a sufficient evidentiary basis for Justices of the Ontario Superior Court to grant, on an *ex parte* basis, on two separate occasions, broad ranging relief requiring accounts connected with the Associated Corporations to be frozen. As indicated, the court orders granted also compel third party financial institutions to provide information to the Crown.

3.0.18 The allegation that BBIL was integral to a Banners Broker pyramid scheme or Ponzi scheme is not new to the Joint Liquidators or the Receiver. In the course of their investigations, both insolvency representatives have come across numerous references in social and on-line media to fraudulent activity allegedly undertaken by BBIL and Banners Broker, including:



- a) An active “Banners Broker Ponzi Scam” Facebook group with upwards of 11,000 members. A screenshot of the Banners Broker Ponzi Scam Facebook group page (found at URL: <https://www.facebook.com/pages/Banners-Broker-Ponzi-Scam/398614356881465>) is attached hereto as **Appendix “8”**; and
- b) Several articles in the international media, including a February 27, 2014 article in the Irish Examiner by Conor Ryan, titled “Fears for investors as suspected pyramid scheme wound up” (which can be found online at URL: <http://www.irishexaminer.com/ireland/fears-for-investors-as-suspected-pyramid-scheme-wound-up-260228.html>), a copy of which is attached hereto as **Appendix “9”**.

3.0.19 Paragraphs 103 to 105 of the Joint Liquidators’ affidavit filed in support of the application for recognition of the Isle of Man proceedings are also relevant to the relief sought on this motion in terms of the request that the receiver be empowered to make inquiries in respect of the Associated Corporations. Such paragraphs document the Joint Liquidators’ concern, based on advice received from an electronic payment processor named “Payza”, that certain Associated Corporations may have been set up as e-payment account holder “beneficiaries” designated to receive payments on behalf of BBIL.

#### **Receiver’s Investigations**

3.0.20 The Receiver’s investigations have included requisitioning corporate profile and business names searches in respect of each of the Associated Corporations identified in the RCMP Affidavits. A summary of these search results is attached hereto as **Appendix “10”**.

3.0.21 Corporate search results, together with other documents previously obtained by the Joint Liquidators, confirm that four of the five Associated Corporations in respect of which the Receiver seeks investigative authority are set up such that Smith and/or

Dixit are the sole director and/or officer. The exception is 2087360 Ontario Incorporation o/a Local Management Services (“LMS”), of which Edmund A. Clarke is the sole director and officer. However, based on evidence obtained by the Joint Liquidators in their investigations, it is apparent that LMS was also operated by Smith and maintained various account relationships with payment processors and financial institutions under the Banners Broker name, as described at paragraph 103 of the Appleton Affidavit. Smith also used LMS to register a number of “Banners Broker” related internet domain names, as set out at paragraph 100(d) of the Appleton Affidavit.

- 3.0.22 The Receiver’s inquiries with Canadian financial institutions and payment processors have, to date, been restricted by the fact that the investigatory powers granted in the Appointment Order are limited to BBIL.
- 3.0.23 For example, upon requesting information from an Oshawa branch of the Canadian Imperial Bank of Commerce (“CIBC”), which is known to have held funds on behalf of Banners Broker entities and may have received transfers from BBIL’s Isle of Man bank account, the Receiver was advised that no information could be released without a court order specifically referencing the account holder. Other Canadian financial institutions maintain a similar position. Consequently the Receiver’s inquiries of financial institutions have not, to date, been met with sufficient disclosure of information to advance investigations into BBIL.
- 3.0.24 The Receiver has written to Smith’s counsel as well as other counsel at Aird & Berlis LLP known to have been retained by BBIL in the past requesting relevant information pursuant to the Appointment Order. Copies of this correspondence, and the replies received, are attached hereto at Appendix “11”.
- 3.0.25 To be clear, the Receiver is not at this early stage in its investigation in a position to conclude that BBIL or Banners Broker was in fact a ponzi scheme, pyramid scheme, or criminal enterprise more generally. The Receiver can, however, report that serious

allegations to that effect have been made by the RCMP and others in respect of BBIL and a small number of Associated Corporations. If such allegations are to be further considered, in accordance with the Receiver's mandate to investigate, identify, and preserve assets of BBIL, it is necessary that the Receiver have authority to make inquiries in respect of the Associated Corporations. For the time being, the Receiver is seeking investigatory – as opposed to possessory powers – in respect of the Associated Corporations.

### **Bayview Property**

3.0.26 The Receiver has recently become aware of a mixed use commercial / residential property on Bayview Avenue in Toronto, municipally known as 1376 Bayview Avenue, Toronto, Ontario, M4G 3A1 ("**Bayview Property**"). The Bayview Property was purchased for \$2.9 million on March 19, 2013 by 2341620 Ontario Corporation ("**234**"). 234 is an Associated Corporation identified in the RCMP Affidavits. Smith is the sole officer and director of 234. Based on investigations to date, it is believed that the Bayview Property was at one time intended to become the head office of Banners Broker.

3.0.27 The Bayview Property was very recently listed for sale for \$4.1 million. Attached hereto as **Appendix "12"** is a copy of an online property listing obtained by the Receiver in respect of the Bayview Property.

3.0.28 A property subsearch indicates that the Bayview Property is unencumbered. 234's purchase of the Bayview Property occurred during the time frame in which BBIL was actively involved in the Banners Broker enterprise. In the months prior to the purchase, regular and substantial deposits had been made to the credit of BBIL's Isle of Man bank account (see for example, paragraph 111 of the Appleton Affidavit).

3.0.29 On the basis of its ongoing investigations, including a review of the allegations set out in the RCMP Affidavits, the Receiver and/or the Joint Liquidators claim and intend to



assert a property interest in the Bayview Property. The basis for this assertion is and will be that the Bayview Property was purchased and/or improved with monies properly belonging to, or owing to BBIL. Alternatively, or additionally, it will be alleged that the Bayview Property was acquired in the context of the illegal scheme and diversion of funds to Associated Corporations that is described in the RCMP Affidavits. To the extent available, the Receiver and/or the Joint Liquidators intend to assert constructive trust, tracing, and other proprietary and equitable remedies in respect of the Bayview Property.

- 3.0.30 The Receiver is concerned that the Bayview Property may be sold, and the proceeds of sale put beyond reach of BBIL creditors, if a CPL is not issued.
- 3.0.31 In this regard, as recently as March of this year, 234 sold its interest in another Banners Broker connected real property in Whitby, Ontario.
- 3.0.32 Specifically, on March 27, 2014, 234 and Dixit Holdings Inc., a company controlled by Dixit, sold a jointly owned property municipally known as 5 Carlow Court, Whitby, Ontario. The property was sold for \$1.2 million. The Carlow Court property had been identified as a Banners Broker "Support Center" operated by Stellar Point Inc., an Associated Corporation controlled by Dixit, which formerly operated under the name "Bannersbroker Limited" or "Banners Broker Canada" (see for example, paragraph 42(d) of the Appleton Affidavit). Copies of relevant property subsearch results are attached hereto as **Appendix "13"**.
- 3.0.33 Based on the recent sale of the Carlow Property and the listing for sale of the Bayview Property, the Receiver has reasonable grounds to believe that the status quo will not be preserved if a CPL is not issued. If a CPL is not issued, the Bayview Property will very likely be sold and the proceeds of sale may become unrecoverable to creditors having claims as against 234 and its owners, including the Receiver as representative of creditors of BBIL.

3.0.34 The Bayview Property is legally described as:

PCL 113-3 SEC M5; PT LT 113 W/S BAYVIEW AV PL M5 TORONTO COMM AT THE S ELY ANGLE OF THE SAID LT 1113; THENCE NLY MEASURED ALONG THE ELY LIMIT OF SAID LT, 50 FT MORE OR LESS TO A POINT 102 FT MEASURED SLY FROM THE NE ANGLE OF LT 112 ON SAID PL; THENCE WLY PARALLEL WITH THE SLY LIMIT OF SAID LT 113, 120 FT; THENCE SLY PARALLEL WITH THE ELY LIMIT OF SAID LT, 50 FT MORE OR LESS TO THE SLY LIMIT OF SAID LT 113; THENCE ELY ALONG THE LAST MENTIONED LIMIT 120 FT TO THE POB; TORONTO, CITY OF TORONTO

and bears PIN 21122-0131 (LT). A copy of the PIN in respect of the Bayview Property is attached hereto as **Appendix "14"**.

#### 4.0 RECOMMENDATIONS

4.0.1 Based upon the foregoing, the Receiver respectfully requests:

a) An order granting certain additional investigatory authority to the Receiver pursuant to section 272 of the BIA in respect of five Associated Corporations that are evidently associated with BBIL and have been identified by the Royal Canadian Mounted Police ("RCMP") as being integral to an alleged "Banners Broker" enterprise of which BBIL was a central part ("**Banners Broker**"), including:

- (i) 2087360 Ontario Incorporated o/a Local Management Services;
- (ii) Parrot Marketing Inc. (formerly o/a "8264554 Canada Limited");
- (iii) 2341620 Ontario Corporation;
- (iv) Stellar Point Inc. (formerly o/a "7250037 Canada Inc." and "Bannersbroker Limited");



- (v) Dixit Holdings Inc. (formerly o/a "8163871 Canada Limited");  
and
  - (vi) Any other entity operating under the business names  
"Bannersbroker", "Banners Broker", "Bannersbroker Limited",  
"Bannersmobile", "Banners Mobile" or "Banners Broker  
Belize";
- b) An order granting leave to amend the Joint Liquidators' Notice of Application  
to assert a claim in respect of the Bayview Property and to include the relief of  
a Certificate of Pending Litigation ("CPL") over the Bayview Property;
- c) An order granting leave to issue a CPL for registration against the Bayview  
Property; and
- d) Such further and other relief as is deemed appropriate

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 2nd day of October, 2014.

**MSI SPERGEL INC.,  
AS COURT-APPOINTED RECEIVER OF  
BANNERS BROKER INTERNATIONAL LIMITED  
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY**



---

Philip H. Gennis, J.D., CIRP

# Tab 8



Court File No. CV-14-10663-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
 (Commercial List)

THE HONOURABLE

)

WEDNESDAY, THE

JUSTICE

*N. E. W. S. O. U. C.*

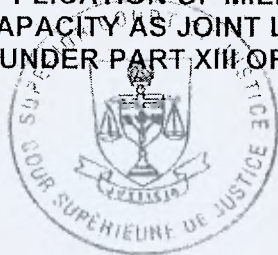
)

15th DAY OF OCTOBER, 2014

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
 R.S.C. 1992, c. 27, s.2, AS AMENDED

AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH  
 RESPECT TO BANNERS BROKER INTERNATIONAL LIMITED

APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN THEIR  
 CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL LIMITED,  
 UNDER PART XIII OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CROSS-BORDER  
 INSOLVENCIES)



**ORDER**

**(FURTHER SUPPLEMENTAL ORDER)**

**THIS MOTION**, made by Miles Andrew Benham and Paul Robert Appleton, in their capacity as Joint Liquidators and as Foreign Representative ("**Foreign Representative**") of Banners Broker International Limited ("**Debtor**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("**BIA**") and msi Spergel inc., in its capacity as receiver and manager of Banners Broker International Limited pursuant to the Order of the Honourable Justice Matheson, issued August 22, 2014 ("**Receiver**"), for an Order substantially in the form attached to the notice of motion, was heard this day at the Court House, 330 University Avenue, Toronto, Ontario.

**ON READING** the Receiver and Foreign Representative's Notice of Motion and the First Report of the Receiver, dated October 2, 2014 ("**First Report**"), and on hearing submissions from counsel for the Receiver and Foreign Representatives, and counsel for Christopher G. Smith:

**SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, Motion Record and Factum of the Foreign Representative and the Receiver is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

**INITIAL RECOGNITION ORDER AND SUPPLEMENTAL ORDER**

2. **THIS COURT ORDERS** that any capitalized terms not otherwise defined herein shall have the meanings given to such terms in the Initial Recognition Order (Foreign Main Proceeding) dated August 22, 2014 (the "**Recognition Order**") and Supplemental Order (Foreign Main Recognition), dated August 22, 2014 ("**Supplemental Order**").

3. **THIS COURT ORDERS** that the provisions of this Further Supplemental Order shall be interpreted in a manner complementary and supplementary to the provisions of the Recognition Order and Supplemental Order, provided that in the event of a conflict between the provisions of this Further Supplemental Order and the provisions of the Recognition Order, the provisions of the Recognition Order shall govern.

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

4. **THIS COURT ORDERS** that the Receiver's powers and authorities as set out in the Recognition Order be expanded to include the authority to make inquiries as set out below in respect of the following corporations:

- (i) 2087360 Ontario Incorporated o/a Local Management Services;
- (i) Parrot Marketing Inc. (formerly o/a "8264554 Canada Limited");
- (ii) 2341620 Ontario Corporation;

- 3 -

- (iii) Stellar Point Inc. (formerly o/a "7250037 Canada Inc." and "Bannersbroker Limited");
- (iv) Dixit Holdings Inc. (formerly o/a "8163871 Canada Limited"); and
- (v) Any other entity operating under the business names "Bannersbroker", "Banners Broker", "Bannersbroker Limited", "Bannersmobile", "Banners Mobile" or "Banners Broker Belize"

(collectively, "**Associated Corporations**").

5. **THIS COURT ORDERS** that all persons having notice of this Order advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Associated Corporations, and any computer programs, computer tapes, computer disks, servers, electronic backups, or other data storage media containing any such information (the foregoing, collectively, "**Records**") in their possession or control in relation to the Associated Corporations and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

- 4 -

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

7. **THIS COURT ORDERS** that the actions and activities of the Receiver as described in the First Report be and are hereby approved.

  
\_\_\_\_\_

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



OCT 15 2014

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1992, c. 27, s.2, AS AMENDED

Court File No CV-14-10663-00CL

APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN THEIR  
CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL LIMITED,  
UNDER PART XIII OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CROSS-BORDER  
INSOLVENCIES)

	<b>ONTARIO</b> <b>SUPERIOR COURT OF JUSTICE</b> (Commercial List)  Proceeding commenced at TORONTO
	<b>ORDER</b>
	<b>Cassels Brock &amp; Blackwell LLP</b> 2100 Scotia Plaza 40 King Street West Toronto, Ontario M5H 3C2  <b>David S. Ward LSUC #: 33541W</b> Tel: 416.869.5960 Fax: 416.640.3154 dward@casselsbrock.com  <b>Christopher Horkins LSUC #: 61880R</b> Tel: 416.815.4351 Fax: 416.642.7129 chorkins@casselsbrock.com  Lawyers for the Receiver and Joint Liquidators

## Tab 9





**SUPERIOR COURT OF JUSTICE**  
**COUR SUPÉRIEURE DE JUSTICE**  
*Commercial List Office*

Telephone: (416) 327-5043 Fax: (416) 327-6228

**FAX COVER SHEET**

Date: OCT 15, 2014

TO: DAVID S. WORD  
CHRISTOPHER HORKINS  
HARRY FOGUL

FAX NO.: 416-640-3154  
416-642-7129  
416-863-1313

FROM: Commercial List Office

TOTAL PAGES (INCLUDING COVER PAGE): 1 OF 11

MESSAGE:

*The information contained in this facsimile message is confidential information. If the person actually receiving this facsimile or any other reader of the facsimile is not the named recipient or the employee or agent responsible to deliver it to the named recipient, any use, dissemination, distribution, or copying of the communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone and return the original message to us at the above address*

Original will NOT follow. If you do not receive all pages, please telephone us immediately at the above

\*\*\*\*\*

Court File Number CV-14-10663-00CLSuperior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

Re: BARRERS BROKERS INTERNATIONAL LIMITED

Plaintiff(s)

AND

Defendant(s)

Case Management ☐ Yes ☐ No by Judge: \_\_\_\_\_

Counsel	Telephone No.	Facsimile No.
D. Ward & Co. for Receivers & Joint Liquidators of BBIL		
H. Fogel, for Christopher Smith and 2341620		Urbanis Corporation

- ☐ Order ☐ Direction for Registrar (No formal order need be taken out)
- ☐ Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
- ☐ Adjourned to: \_\_\_\_\_
- ☐ Time Table approved (as follows): \_\_\_\_\_

October 15, 2014

The receiver applies to expand the receiving order made by Matheson J on August 22, 2014 as a supplemental order in the recognition of the Free Representation in respect of proceedings brought in the 1st of Hon. That order appointed msc Spangol Inc as receiver of Barrers Broker International Limited (BBIL). It also ordered that Mr. Smith and others, attend to

Date

Judge's Signature

☐ Additional Pages 1 of 10

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

So examined under oath on matters, including (i) BBIL's trade, dealings and properties and (ii) matters described in the Foreign Representative's affidavit filed in support of the application.

The receiver wishes to expand the powers granted to it to include the authority to make enquiries in respect of five specified corporations and any other entity operating under the names "Bannockburn" and like names.

The background to the receiver order of August 22, 2014 was contained in an affidavit of Mr. Paul Appleton, one of the joint liquidators of BBIL in the proceedings in the Isle of Man. He swore that a review of the transfer for corruption associated with BBIL was essential to the proper investigation of BBIL's affairs and that there was a concern that money may have been redirected from

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsement Continued

BBIL associated corporations.

The current motion is supported by the first page of the receive which attaches two sworn affidavits of a RCMP officer obtained by the receiver after its appointment. These affidavits of the RCMP officer had been used by the Crown to obtain ex parte restraint orders pursuant to section 462.33 of the Criminal Code. These affidavits detail the basis of what is stated to be reasonable belief of the RCMP investigators that Mr. Christopher Smith & Mr. Rajiv Dixit through their operation of Banner Business, which includes BBIL, have committed criminal offences related to a pyramid scheme, fraud, possession and laundering of the proceeds of crime and criminal misrepresentation contrary to the Competition Act.

Mr. Tegel, counsel for Mr. Smith, objects to the relief sought. Mr. Dixit takes no

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

position on the matter, i.e. he does not object to the relief sought.

Mr. Tognol contends that the two sworn affidavits of the RCMP Officer should not be admitted. He relies on R.v. C.D. (2005), 194 C.C.C. (3d) 321 and a statement of Justice I.A. at para 85 dealing with a fresh evidence application ~~in the~~ <sup>in this case</sup> C.D.A. I do not think that case is applicable. The material he relied on <sup>in this case</sup> was in the next part sworn, inadmissible hearsay. Moreover, the affidavits of the RCMP Officer were prepared and sworn for precisely the purpose sought by the receiver on this matter - to establish a possible use of a number of electronic computers to commit a fraud.

The receiver does not assert any evidence that there was any criminality. It merely reports that serious allegations have been



Court File Number. \_\_\_\_\_

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsement Continued

made by the RCMP and others in respect  
of BIL and some associated corporations.

There would be purpose in cross-examining  
the RCMP officer, as the affidavits are not  
being proffered by the receiver to prove  
the allegations, but only to raise the  
allegations of a suspect for a further  
investigation by seeking documents relating  
to the associated corporations. If such  
documents may or may not disclose  
matters of interest to the receiver and  
joint liquidators of BIL.

It makes perfect sense for the documents  
to be obtained before any ~~exam~~ examination  
of Mr. Smith or Mr. Dixit. Mr. Fogel says  
he has been advised by criminal counsel for  
Mr. Smith that documents should be compelled  
rather than voluntarily disclosed in order  
to provide protection to Mr. Smith in the  
criminal investigation. The order sought



Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

by the receiver would compel such production.

Mr. Toul also contends that there is no evidence of a connection between BBIL and the ~~other~~ corporations from which the receiver wishes to obtain information. I do not agree. The first report of the receiver and the RCMP affidavits contains plenty of information ~~of~~ of such a connection, certainly sufficient to support the order sought.

Mr. Toul also contends that the period of time for which documents should be produced should be limited to the period of time when R. Bell Bank account operated. ~~that~~ Mr. Ward for receiver pointed out that just because the bank account ~~was~~ closed no longer, he used does not mean BBIL <sup>did not</sup> operate afterwards through other ~~companies~~ bank accounts. Moreover, if there are grounds to think

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

that a fraud of some type has been committed or may have been committed, I would not restrict the order as sought on behalf of Mr. Smith. Concealing the debt is not always an easy matter.

In my view, it is just that the order now sought to expand the receiver's powers should be granted.

The receiver also requests an order that a CPL be granted with respect to properties owned in the name of 2341620 Ontario Corporation. It is listed for sale.

The reasons for the CPL are contained in the receiver's first report at pp. 9-10.

The numbered company is one identified in the RCMP affidavits as being operated by Mr. Smith and/or Mr. Dixit.

Mr. Fugère understands that there is no direct evidence that any of the money used to buy

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsement Continued

The property in March 19, 2013 came from BBL & that is not contested. However, the RCMP affidavit discloses a belief that Mann Smith and his firm set up a host of associated corporations to mask their illegal activities and flow of funds. The purchase of Bayview was a criminal when BBL was actually involved in the Sanders Brothers enterprise. In the months prior to his purchase, regular and substantial deposits had been made to the credit of BBL's Isle of Man bank account.

The receiver asserts a proprietary interest in the Bayview property and a constructive trust and then equitable remedies on the basis that the property was purchased and/or improved with money belonging or owing to BBL.

The threshold to be met in respect to an interest in land on a CPL motion is whether there

Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List(view, the threshold test  
has been made out.)

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

is a trial issue as to such interest, not  
whether the plaintiff will likely succeed.

See Perrone v Spetno 2010 ONSC 841  
at para 20 (per Master Giesbrecht). No

weight of the evidence must be looked at. In re

Knoxville Village Inc. v. Seimens v. Rolle (2010),  
100 C.P.C. (6th) 176 (per Master Giesbrecht).

The balance of convenience favours the granting  
of the CPL. 234 recently sold another property  
in Whitby owned by it jointly with Dixit Holdings  
Inc, controlled by Mr. Dixit. If the Bayview Ave  
property is sold, it is likely that the proceeds  
will not be available.

Order to go granting leave to issue a CPL  
against the title to the Bayview property,  
and granting leave to amend the Application  
to add 234 as a party respondent.

The receiver was written to find & herkin  
and to others, including Mr. Smith, requesting  
documents relating to matters as requested in the



Court File Number: \_\_\_\_\_

Superior Court of Justice  
Commercial List

## FILE/DIRECTION/ORDER

## Judges Endorsment Continued

order of August 22, 2014. Nothing has been provided. Mr. Fagan said that is because of the concern of Mr. Smith's criminal ~~conviction~~ <sup>criminal</sup> record not interesting information, and that the document request should be made at the examination of Mr. Smith. I do not agree with this approach. The order of August 22, 2014 requires Mr. Smith and his legal advisors to advise the receiver of the existence of properties and books and records relating to the affairs of BBL and to provide copies to the receiver (excluding printed documents). This is a mandatory order and production of documents pursuant to it is not a voluntary matter. The request by the receiver should be complied with forthwith.

I have signed the order handed to me this morning.  
J. M. T.

The first part of the paper discusses the importance of understanding the local context in which a project is implemented. This includes a thorough analysis of the social, economic, and cultural factors that may influence the success or failure of the intervention. It is essential to engage with the community from the outset, ensuring that their voices are heard and their needs are addressed.

The second part of the paper explores the challenges faced by researchers and practitioners in the field. These challenges often stem from limited resources, lack of access to data, and the complexity of the issues being studied. Despite these obstacles, it is crucial to maintain a commitment to rigorous research and ethical standards.

The third part of the paper presents a series of case studies that illustrate the application of the principles discussed in the previous sections. These examples demonstrate how a deep understanding of the local context can lead to more effective and sustainable interventions.

In conclusion, the paper emphasizes the need for a holistic and participatory approach to development work. By prioritizing the voices of the community and ensuring that interventions are grounded in a thorough understanding of the local context, we can increase the likelihood of achieving positive and lasting outcomes.



Court File No: CV-14-10663-00CL

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

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1992, c. 27, s.2, AS AMENDED**

**AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH  
RESPECT TO BANNERS BROKER INTERNATIONAL LIMITED**

**APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT APPLETON, IN THEIR  
CAPACITY AS JOINT LIQUIDATORS OF BANNERS BROKER INTERNATIONAL LIMITED,  
UNDER PART XIII OF THE *BANKRUPTCY AND INSOLVENCY ACT* (CROSS-BORDER  
INSOLVENCIES)**

**TRANSCRIBED ENDORSEMENT  
(UNOFFICIAL)**

Counsel:

David S. Ward and Christopher Horkins for the Foreign Representative and the Receiver  
Harry Fogul for Christopher G. Smith and 2341620 Ontario Corporation

Newbould J.:

The receiver applies to expand the receiving order made by Matheson J. on August 22, 2014 as a supplemental order in the recognition of the Foreign Representatives in respect of proceedings brought in the Isle of Man. That order appointed msi Spergel inc. as receiver of Banners Broker International Limited (BBIL). It also ordered that Mr. Smith and others attend to be examined under oath on matters, including (i) BBIL's trade, dealings and properties and (ii) matters described in the Foreign Representative's affidavit filed in support of the application.

The receiver wishes to expand the powers granted to it to include the authority to make enquiries in respect of five specified corporations and any other entity operating under the

names "Banners Broker" and the like names. The background to the receiver order of August 22, 2014 was contained in an affidavit of Mr. Paul Appleton, one of the joint liquidators of BBIL in the proceedings in the Isle of Man. He swore that a review of the transfer from corporations associated with BBIL was essential to the proper investigation of BBIL's affairs and that there was a concern that money may have been redirected from BBIL to bank accounts held by other BBIL associated corporations.

The current motion is supported by the first report of the receiver which attaches two sworn affidavits of a RCMP officer obtained by the receiver after its appointment. These affidavits of the RCMP officer had been used by the Crown to obtain *ex parte* restraint orders pursuant to section 462.33 of the *Criminal Code*. These affidavits detail the basis of what is stated to be reasonable belief of the RCMP investigators that Mr. Christopher Smith and Mr. Rajiv Dixit, through their operation of Banners Broker, which includes BBIL, have committed criminal offences related to a pyramid scheme, fraud, possession and laundering of the proceeds of crime and criminal misrepresentations contrary to the *Competition Act*.

Mr. Fogul, counsel for Mr. Smith, objects to the relief sought. Mr. Dixit takes no position on the position, i.e. he does not object to the relief sought.

Mr. Fogul contends that the two sworn affidavits of the RCMP officer should not be admitted. He relies on *R. v. C.D.*, (2005), 194 C.C.C. (3d) 321 and a statement of Sharpe J.A. at para. 85 dealing with a fresh evidence application in the Court of Appeal. I do not think that case is applicable. The material relied on in that case was for the most part unsworn, inadmissible hearsay. Moreover, the affidavits of the RCMP officer were prepared and sworn for precisely the purpose sought by the receiver on their position - to establish a possible use of a number of associated corporations to commit a fraud.

The receiver does not assert any conclusion that there was any criminality. It merely reports that serious allegations have been made by the RCMP and others in respect of BBIL and some associated corporations. There would be no purpose in cross-examining the RCMP officer, as the affidavits are not being proffered by the receiver to prove the allegations, but only to raise the allegations as support for a further investigation by seeking documents relating to the associated corporations. Such documents may or may not disclose matters of interest to the receiver and joint liquidators of BBIL.

It makes perfect sense for the documents to be obtained before any examination of Mr. Smith or Mr. Dixit. Mr. Fogul says he has been advised by criminal counsel for Mr. Smith that documents should be compelled rather than voluntarily disclosed in order to provide protection to Mr. Smith in the criminal investigation. The order sought by the receiver would compel such production.

Mr. Fogul also contends that there is no evidence of a connection between BBIL and the corporations from which the receiver wishes to obtain information. I do not agree. The first report of the receiver and the RCMP affidavits contains plenty of information of such a connection, certainty sufficient to support the order sought.

Mr. Fogul also contends that the period of time for which documents should be produced should be limited to the period of time when the BBIL bank account operated. Mr. Ward for the receiver points out that just because the bank account could no longer be used does not mean BBIL did not operate afterwards through other corporations' bank accounts. Moreover, if there are grounds to think that a fraud of some type has been committed or may have been committed, I would not restrict the order as sought on behalf of Mr. Smith. Connecting the dots is not always an easy matter.

In my view, it is just that the order now sought to expand the receiver's powers should be granted.

The receiver also requests an order that a CPL be granted with respect to property owned in the name of 2341620 Ontario Corporation. It is listed for sale. The reasons for the CPL are contained in the receiver's first report at pp. 9-10. The numbered company is one identified by the RCMP affidavits as being operated by Mr. Smith and/or Mr. Dixit.

Mr. Fogul contends that there is no such evidence that any of the money used to buy the property on March 19, 2013 came from BBIL. That is not contested. However, the RCMP affidavit discloses a belief that Messrs. Smith and Dixit set up a host of associated corporations to mask their illegal acquisition and flow of funds. The property on Bayview was acquired when BBIL was actively involved in the Banners Broker enterprise. In the months prior to the purchase, regular and substantial deposits had been made to the credit of BBIL's Isle of Man bank account.

The receiver asserts a proprietary interest in the Bayview property and a constructive trust and other equitable remedies on the basis that the property was purchased and/or improved with money belonging or owing to BBIL.

The threshold test in respect to an interest in land on a CPL motion is whether there is a triable issue to such interest, not whether the plaintiff will likely succeed. See *Perruzza v. Spatone*, 2010 ONSC 841 at para. 20 (per Master Glustein). The whole of the evidence must be looked at. In my review, the threshold test has been made out. *Roseglen Village for Seniors v. Noble* (2010), 100 C.P.C. (6th), 176 (per Master Muir).

The balance of convenience favours the granting of the CPL. 234 recently sold another property in Whitby owned by it jointly with Dixit Holdings Inc., controlled by Mr. Dixit. If the Bayview Ave. property is sold, it is likely that the proceeds will not be available.

Order to go granting leave to issue a CPL against the title to the Bayview property, and granting leave to amend the Application to add 234 as a respondent.

The receiver has written to Aird & Berlis and to others, including Mr. Smith, requesting documents relating to matters as permitted in the order of August 22, 2014. Nothing has been provided. Mr. Fogul said that is because of the concern of Mr. Smith's criminal counsel about not volunteering information, and that the document request should be made at the examination of Mr. Smith. I do not agree with this approach. The order of August 22, 2014 requires Mr. Smith and his legal advisors to advise the receiver of the existence of property and books and records relating to the affairs of BBIL and to provide copies to the receiver (excluding privileged documents). This is a mandatory order and production of documents pursuant to it is not a voluntary matter. The request by the receiver should be complied with forthwith.

I have signed the order handed to me this morning.

Newbould J.

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT,  
R.S.C. 1992, c. 27, s.2, AS AMENDED**

Court File No.  
CV-14-10663-00CL

**APPLICATION OF MILES ANDREW BENHAM AND PAUL ROBERT  
APPLETON, IN THEIR CAPACITY AS JOINT LIQUIDATORS OF BANNERS  
BROKER INTERNATIONAL LIMITED, UNDER PART XIII OF THE  
BANKRUPTCY AND INSOLVENCY ACT (CROSS-BORDER INSOLVENCIES)**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT  
TORONTO**

**MOTION RECORD OF THE RECEIVER AND FOREIGN  
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