

**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 SECTION 101 OF THE COURTS OF JUSTICE ACT,  
R.S.O. 1990, C. c-43**

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

**AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.**

**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**

**(Authorizing Administration of Restrained Funds, Compelling Answers to  
Undertakings, and Approval of the Receiver's Activities, Fees and  
Disbursements)**

**Returnable March 3, 2017**

February 27, 2017

**CASSELS BROCK & BLACKWELL LLP**  
2100 Scotia Plaza  
40 King Street West  
Toronto, ON M5H 3C2

**Larry Ellis LSUC#: 49313K**  
Tel: 416.869.5406  
Fax: 416.640.3004  
lellis@casselsbrock.com

**Erin Craddock LSUC #: 62828J**  
Tel: 416.860.6480  
Fax: 416.644.9324  
ecraddock@casselsbrock.com

Lawyers for msi Spergel inc., in its capacity  
as court appointed receiver of Banners Broker  
International Limited and Stellar Point Inc.

TO: **ATTACHED SERVICE LIST**

## SERVICE LIST

AND TO: **AIRD & BERLIS LLP**  
Brookfield Place, 181 Bay Street  
Suite 1800, Box 754  
Toronto, ON M5J 2T9  
Canada

**Harry Fogul**  
Tel: 416.865.7773  
Fax: 416.863.1515  
hfogul@airdberlis.com

Counsel to Christopher G. Smith and 2341620 Ontario Corporation

AND TO: **MEHRABI LAW OFFICE**  
150 York Street, Suite 800  
Toronto, Ontario  
M5H 3S5

**Esmail Mehrabi**  
Tel: 416.862.2502  
mehrabi@mehrabilawoffice.com

Counsel to Rajiv Dixit

AND TO: **8136645 Canada Limited**  
637 Merlin Court  
Oshawa, ON L1K 1M3

**Kelly Stinson**  
Tel: 905.723.5839  
kellystinson66@gmail.com

Director of 8136645 Canada Limited

AND TO: **Ministry of Finance**  
Collection Branch, Collections Support Operations  
33 King Street West, 6th Floor  
Oshawa, ON L1H 8H5

collectionsoperationsoshawa@ontario.ca

AND TO: **Department of Justice Canada**  
130 King Street West  
Suite 3400, Box 36  
The Exchange Tower  
Toronto, ON M5X 1K6

**Diane Winters**  
Diane.winters@justice.gc.ca

AND TO: **Maxwell Morgan**  
583 Fleetwood Drive  
Oshawa, ON L1K 2V7

mdmorgan@aramorpayments.com

**(Courtesy copies of motion materials where delivery can be effected):**

AND TO: Kuldip Josun  
11 Lanebrook Drive  
Brampton ON L6P 2H4

Kul1@hush.com

AND TO: **ONTARIO MINISTRY OF THE ATTORNEY GENERAL**  
Crown Law Office – Criminal  
10-720 Bay Street  
Toronto, Ontario  
M7A 2S9

**Brian McNeely**  
Tel: 416 326 4654  
Brian.McNeely@ontario.ca

# INDEX

## I N D E X

TAB	APPENDIX	DOCUMENT
1		Notice of Motion returnable March 3, 2017
2		Ninth Report of the Receiver, dated February 27, 2017
	A.	Schedule of Banners Broker Group Entities
	B	Sixth Report of the Receiver, dated May 19, 2016 (without appendices)
	C	Affidavit of Paul Appleton, sworn May 26, 2016 (without exhibits)
	D	Order of Newbould, J., dated May 26, 2016
	E	Receiver's First Report to the Isle of Man Court, dated July 13, 2016 (without appendices)
	F	Order of the Deemster Doyle, dated October 6, 2016
	G	Receiver's Second Report to the Isle of Man Court, dated October 20, 2016 (without appendices)
	H	Reasons for Decision of Deemster Doyle, dated December 9, 2016
	I	Order of the Deemster Doyle, dated December 9, 2016
	J	Restraint of Funds Order, dated January 14, 2015
	K	Letter from counsel for the Receiver to counsel for Maxwell Morgan, dated January 28, 2016
	L	Letter from counsel for the Receiver to counsel for Maxwell Morgan, dated February 24, 2016
	M	June 1, 2016 email from counsel for Maxwell Morgan to counsel for the Receiver
	N	Letter from counsel for the Receiver to Maxwell Morgan, dated August 30, 2016
	O	September 6, 2016 email exchange between counsel for the Receiver and Maxwell Morgan
	P	September 19, 2016 email from Morgan to counsel for the Receiver

TAB	APPENDIX	DOCUMENT
	Q	Undertakings and Refusals Chart from the April 13, 2015 and May 29, 2016 Examination Under Oath of Maxwell Morgan
	R	Receiver's Seventh Report to Court, dated May 30, 2016 (without appendices)
	S	Affidavit of Philip H. Gennis, sworn February 27, 2017
	T	Affidavit of David Ward, sworn February 27, 2017
	U	Receiver's Interim Statement of Receipts and Disbursements, as at January 12, 2017
3		Draft Order

## TAB 1



**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 SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O.  
1990, C. c-43**

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

**AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.**

**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**

**(Authorizing Administration of Restrained Funds, Compelling Answers to  
Undertakings, and Approval of the Receiver's Activities, Fees and Disbursements)**

msi Spergel inc., in its capacity as court-appointed receiver ("**Receiver**") of Banners Broker International Limited ("**BBIL**") and Stellar Point Inc. ("**Stellar Point**") and investigatory receiver of (i) 2087360 Ontario Incorporated o/a Local Management Services; (ii) Parrot Marketing Inc. (formerly o/a "8264554 Canada Limited"); (iii) 2341620 Ontario Corporation; (iv) Dixit Holdings Inc. (formerly o/a "8163871 Canada Limited"); (v) 8643989 Canada Inc. o/a Dixit Consortium Inc.; (vi) Dreamscape Ventures Ltd.; and (vii) any other entity operating under the business names "Bannersbroker", "Banners Broker", "Bannersbroker Limited", "Bannersmobile", "BannersMobile" or "Banners Broker Belize", will make a Motion to a Judge presiding over the Commercial List on Friday March 3,

2017 at 10:00 a.m., or as soon after that time as the Motion can be heard at the court house, 330 University Avenue, 7th Floor, Toronto, Ontario, M5G 1R7.

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

**THE MOTION IS FOR** an order:

- (a) if necessary, abridging the time for and validating service of this notice of motion and motion record and dispensing with further service thereof;
- (b) declaring that the Receiver may administer the funds held in trust by msi Spergel inc. pursuant to the January 14, 2015 order of this Court ("**Restrained Funds**") in accordance with the terms of the Supplemental Order of this Court dated August 22, 2014, as amended ("**Receivership Order**");
- (c) compelling Maxwell Morgan ("**Morgan**") to deliver to the Receiver by March 17, 2017, answers to the undertakings provided by Morgan at his examination under oath on April 13, 2015 and May 29, 2015;
- (d) approving the Receiver's Seventh Report, dated May 30, 2016 and Ninth Report, dated February 27, 2017, and the Receiver's conduct and activities as described in those reports, as well as the Receiver's conduct and activities from May 1, 2016 to August 31, 2016;
- (e) declaring that the Receiver, in its capacity as Receiver of BBIL, shall in its sole discretion, be authorized to fund any and all expenses of the Receiver of Stellar Point;

- (f) approving the Receiver's interim statement of receipts and disbursements as at January 12, 2017;
- (g) approving the fees and disbursements of the Receiver and its counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), for services rendered from April 30, 2016 to August 31, 2016, as particularized in the affidavits of Phillip Gennis sworn February 27, 2017, and David Ward sworn February 27, 2017, (collectively, the "**Fee Affidavits**"); and
- (h) such further and other relief as this Honourable Court may deem just.

## THE GROUNDS FOR THE MOTION ARE

### Overview

- (a) This is a foreign recognition and cross-border insolvency proceeding involving Canada and the Isle of Man. Banners Broker was an Internet advertising business that operated through related entities and agents around the world ("**Banners Broker Group**"). The Banners Broker Group has over 100,000 individual unsecured creditors located around the world;
- (b) Winding up proceedings in respect of BBIL commenced in the Isle of Man in January 2014. Seven months later, in August 2014, the Isle of Man proceedings were recognized in Canada as a "foreign main proceeding" for the purposes of Part XIII of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("**BIA**");

- (c) The Receiver was appointed receiver of BBIL in Canada pursuant to section 272(1)(d) of the BIA on August 22, 2014;
- (d) The Receiver's mandate was expanded in October 2014 to include certain investigatory authority in respect of five corporations believed to be associated with the Banners Broker Group, including Stellar Point;
- (e) The Receiver's mandate was further expanded in August 2015 to include certain investigatory authority in respect of two additional corporations believed to be associated with the Banners Broker Group;
- (f) On April 8, 2016, the investigatory receivership of Stellar Point was converted to a possessory receivership and msi Spergel inc. was appointed receiver of Stellar Point;
- (g) Since August 22, 2014 the Receiver has administered the receivership proceedings and reported to this Court on a regular basis;

#### **Restrained Funds**

- (h) On July 18, 2014, and July 29, 2014 the Ministry of the Attorney General, Crown Law Office-Criminal obtained *ex parte* restraint orders freezing funds held by third party electronic payment processors for accounts associated with the Banners Broker Group ("**Criminal Restraint Orders**");
- (i) The Criminal Restraint Orders expired six months after issuance;

- (j) On January 14, 2015, the Receiver obtained an order directing that all monies held pursuant to the terms of the Criminal Restraint Orders continue to be held pursuant to the terms of the Criminal Restraint Orders (**"Restraint of Funds Order"**);
- (k) The Restraint of Funds Order further provides that effective as of the expiry date of each of the Criminal Restraint Orders, all money or credits held pursuant to such orders be transferred to msi Spergel inc., in its capacity as court officer, to be held in an interest-bearing trust account, separate and apart from the receivership proceedings, pending further order of the Court;
- (l) The Receiver respectfully requests an order declaring that the Receiver may administer the Restrained Funds in accordance with the terms of the Receivership Order;

### **Compelling Answers to Undertakings**

- (m) Since its appointment in August 2014, the Receiver has conducted interviews and/or examinations under oath with several individuals closely associated with and believed to have knowledge of the Banners Broker Group business including Morgan, the CEO of Aramor Payments. Aramor Payments provided payment processing services to the Banners Broker Group;
- (n) The Receiver examined Morgan on April 13, 2015 and May 29, 2015. During his examination, Morgan gave undertakings to provide certain

information and documents to the Receiver. The majority of these undertakings remain outstanding;

- (o) Morgan's responses to his undertakings are integral to the Receiver's ability to complete a flow of funds analysis to understand how affiliate contributions were received and distributed by the Banners Broker Group;
- (p) The Receiver respectfully requests an order directing Morgan to provide answers to his undertakings;

#### **Funding the Stellar Point Receivership**

- (q) Stellar Point is a company within the Banners Broker Group and provided customer support for Banners Broker Group affiliates and resellers;
- (r) Stellar Point was at all times reliant on funds received from the Banner Broker Group business;
- (s) In completing its administration of Stellar Point, the Receiver of Stellar Point is acting pursuant to the April 8, 2016 order of this court which order converted the investigatory receivership of Stellar Point into a standard possessory receivership;
- (t) All of the funds generated by the Banners Broker Group were from creditors of the Banners Broker Group. As such, any recovery made by the Receiver of either of BBIL or Stellar Point will ultimately be for the benefit of the creditors of the Banners Broker Group;

- (u) As such, the Receiver of BBIL respectfully recommends that it be authorized to fund the Receiver of Stellar Point for the primary reason that the costs associated with such funding ultimately benefit the same pool of creditors, being the creditors of the Banners Broker Group;

**Approval of Seventh and Ninth Reports and the Receiver's Activities from May to August 2016**

- (v) The Seventh Report was filed in support of the Receiver's *ex parte* motion for a *Mareva* order. As such, the Receiver did not seek approval of the Seventh Report, or provide an update on its activities;
- (w) Among other things, the Ninth Report provides a summary of the Receiver's conduct and activities from May 1, 2016 to August 31, 2016;
- (x) The Receiver seeks approval of the Seventh and Ninth Reports, its conduct and activities as described in those reports and the Receiver's conduct as well as its activities from May 1, 2016 to August 31, 2016;

**Approval of Fees and Disbursements of the Receiver and its Counsel**

- (y) As set out in the Fee Affidavits, the Receiver and its counsel have incurred fees in the course of their respective duties as Receiver and as counsel, and such fees ought to be approved;

**General**

- (z) Part XIII of the BIA (sections 267 to 284), which govern cross-border insolvencies;

- (aa) Sections 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43;
- (bb) Rules 2.03, 3.02, 16, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990 Reg. 194;
- (cc) The grounds set out in the Ninth Report and the appendices thereto; and
- (dd) Such further and other grounds as the lawyers may advise.

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

- (ee) The Ninth Report and the appendices thereto;
- (ff) The Affidavit of Philip Gennis, sworn February 27, 2017;
- (gg) The Affidavit of David Ward, sworn February 27, 2017;



(hh) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

February 27, 2017

**CASSELS BROCK & BLACKWELL LLP**

2100 Scotia Plaza  
40 King Street West  
Toronto, ON M5H 3C2

**Larry Ellis LSUC#: 49313K**

Tel: 416.869.5406  
Fax: 416.640.3004  
lellis@casselsbrock.com

**Erin Craddock LSUC #: 62828J**

Tel: 416.860.6480  
Fax: 416.644.9324  
ecraddock@casselsbrock.com

Lawyers for msi Spergel inc., in its capacity as  
court-appointed receiver of Banners Broker  
International Limited and Stellar Point Inc.

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1992, c. 27, s.2, AS AMENDED  
AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C-43  
AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH RESPECT TO BANNERS BROKER INTERNATIONAL LIMITED  
AND IN THE MATTER OF STELLAR POINT INC.  
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)

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**NOTICE OF MOTION**

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

**Larry Ellis LSUC#: 49313K**  
Tel: 416.869.5406  
Fax: 416.640.3004  
lellis@casselsbrock.com

**Erin Craddock LSUC #: 62828J**  
Tel: 416.860.6480  
Fax: 416.644.9324  
ecraddock@casselsbrock.com

Lawyers for msi Spergel inc., in its capacity as court-appointed receiver of Banners Broker International Limited and Stellar Point Inc.

## TAB 2

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

**February 27, 2017**

**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 SECTION 101 OF THE *COURTS OF JUSTICE ACT*,  
R.S.O. 1990, c. C-43**

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

**AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.  
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)**

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

**February 27, 2017**

## **TABLE OF CONTENTS**

I.	Overview .....	1
II.	Background.....	5
III.	Transition of Banners Broker Group Insolvency Administration Matters from the Joint Liquidators to the Receiver.....	8
IV.	Relief Sought.....	11
A.	Declaration that the Receiver may Administer the Restrained Funds .....	11
B.	Compelling Maxwell Morgan to Provide Answers to Undertakings.....	14
C.	Receiver of BBIL Authorized to Fund Receiver of Stellar Point .....	18
D.	Approval of Receiver's Seventh and Ninth Reports and the Receiver's Activities from May to August 2016.....	19
D.	Approval of Receiver's Fees and Disbursements .....	25
V.	Recommendation.....	27

## **TABLE OF APPENDICES**

- A. Schedule of Banners Broker Group Entities
- B. Sixth Report of the Receiver, dated May 19, 2016 (without appendices)
- C. Affidavit of Paul Appleton, sworn May 26, 2016 (without exhibits)
- D. Order of Newbould, J., dated May 26, 2016
- E. Receiver's First Report to the Isle of Man Court, dated July 13, 2016 (without appendices)
- F. Order of the Deemster Doyle, dated October 6, 2016
- G. Receiver's Second Report to the Isle of Man Court, dated October 20, 2016 (without appendices)
- H. Reasons for Decision of Deemster Doyle, dated December 9, 2016
- I. Order of the Deemster Doyle, dated December 9, 2016
- J. Restraint of Funds Order, dated January 14, 2015
- K. Letter from counsel for the Receiver to counsel for Maxwell Morgan, dated January 28, 2016
- L. Letter from counsel for the Receiver to counsel for Maxwell Morgan, dated February 24, 2016
- M. June 1, 2016 email from counsel for Maxwell Morgan to counsel for the Receiver
- N. Letter from counsel for the Receiver to Maxwell Morgan, dated August 30, 2016
- O. September 6, 2016 email exchange between counsel for the Receiver and Maxwell Morgan
- P. September 19, 2016 email from Morgan to counsel for the Receiver
- Q. Undertakings and Refusals Chart from the April 13, 2015 and May 29, 2016 Examination Under Oath of Maxwell Morgan
- R. Receiver's Seventh Report to Court, dated May 30, 2016 (without appendices)
- S. Affidavit of Philip H. Gennis, sworn February 27, 2017
- T. Affidavit of David Ward, sworn February 27, 2017
- U. Receiver's Interim Statement of Receipts and Disbursements, as at January 12, 2017

## **I. Overview**

1. This is a foreign recognition and cross-border insolvency proceeding involving Canada and the Isle of Man. The debtor, Banners Broker International Limited ("**BBIL**") was one of the active companies within the Banners Broker Group (as defined below). The Banners Broker Group operated the "Banners Broker" online enterprise, a platform whereby registered members known as "affiliates" could advertise their businesses on websites within the Banners Broker Group network of publishers while, at the same time, earn revenues as an advertising publisher through specialized and targeted publisher sites created, designed and hosted by a variety of active companies within the Banners Broker Group.

2. Winding up proceedings in respect of BBIL commenced in the Isle of Man in January 2014. Six months later, on August 22, 2014, the Isle of Man proceedings were recognized in Canada as a "foreign main proceeding" for the purposes of Part XIII of the *Bankruptcy and Insolvency Act*, R.S.C. 1992, c. 27, s.2 ("**BIA**").

3. msi Spergel inc. was appointed receiver of BBIL in Canada on August 22, 2014, and receiver of another Banners Broker Group entity called Stellar Point Inc. ("**Stellar Point**") on April 8, 2016 (in such capacities, the "**Receiver**"). The Receiver's mandate also includes certain investigatory authority in respect of six corporations (and six business names/styles) believed to be closely associated with the Banners Broker Group.

4. Reference is made in this Report to the "**Banners Broker Group**", which means any and all entities that were involved in or benefited from, either directly or indirectly, the business enterprise of the online advertising and publishing platform that sold



"banners broker" to customers and shall include without limitation those entities referenced at **Appendix "A"** to this Report.

5. Reference is made in this Report to the "**Banners Broker Business**", which means the business operations of the Banners Broker Group.

6. This is the ninth report to court ("**Ninth Report**") of msi Spergel inc. in its capacity as Receiver. This Ninth Report is filed in support of the Receiver's motion ("**Motion**") for an order:

- (a) declaring that the Receiver may administer the Restrained Funds (as defined below) in accordance with the terms of the Receivership Order (as defined below);
- (b) compelling Maxwell Morgan ("**Morgan**") to deliver to the Receiver by March 17, 2017, answers to the undertakings provided by Morgan at his examination under oath on April 13, 2015 and May 29, 2015;
- (c) declaring that the Receiver, in its capacity as Receiver of BBIL, shall in its sole discretion, be authorized to fund any and all expenses of the Receiver of Stellar Point;
- (d) approving the Receiver's Ninth and Seventh Reports and the Receiver's conduct and activities as described in those reports as well as the Receiver's conduct and activities from May 1, 2016 to August 31, 2016;
- (e) approving the Receiver's interim statement of receipts and disbursements as at January 12, 2017; and
- (f) approving the fees and disbursements of the Receiver and its counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), for services rendered from

April 30, 2016 to August 31, 2016, as particularized in the affidavits of Phillip Gennis sworn February 27, 2017, and David Ward sworn February 27, 2017, (collectively, the "**Fee Affidavits**").

7. This Ninth Report also provides an update on both the transition of certain insolvency administration activities from the Joint Liquidators (defined below) to the Receiver pursuant to the May 26, 2016 order of this Court, as well as the Receiver's activities from May 1, 2016 to August 31, 2016. The Receiver intends to provide a further report to Court on its activities since September 1, 2016, in the next several weeks.

8. This Ninth Report follows and may be read in conjunction with the Receiver's prior reports to court:

(a) **Receiver's First Report** (dated October 2, 2014)

This report described the Receiver's actions upon appointment, including initial inquiries and the discovery of a criminal investigation in respect of the Banners Broker Group. The report was filed in support of the Receiver's request for additional investigatory powers extending to certain specifically identified associated corporations.

(b) **Receiver's Second Report** (dated January 12, 2015)

This report was 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 monies were then frozen by *ex parte* restraint orders granted in the context of the criminal investigation.

(c) **Receiver's Third Report** (dated July 30, 2015)

This report was filed in support of the Receiver's motion for approval of a settlement agreement with one of the Banners Broker Group companies, and for the grant of certain limited investigatory authority in respect of certain Banners Broker Group companies. The report also provided an update on the activities of the Receiver since its First Report.

(d) **Receiver's Fourth Report** (dated January 8, 2016)

This report was filed in support of the Receiver's motion for the production of certain banking records from the Royal Bank of Canada and the Canadian Imperial Bank of Commerce ("**CIBC**").

(e) **Receiver's Fifth Report** (dated April 4, 2016)

This report was filed in support of the Receiver's motion for the conversion of the investigatory receivership of Stellar Point into a standard possessory receivership and a declaration that certain funds held by an off-shore financial institution were property of the BBIL estate. The Fifth Report also provided an update on the Receiver's activities since the Third Report.

(f) **Receiver's Sixth Report** (dated May 19, 2016)

This report was filed in support of the Receiver's motion for an order in furtherance of the transition of certain BBIL insolvency administration matters from the Joint Liquidators in the Isle of Man Proceedings (defined below) to the Receiver.

(g) **Receiver's Seventh Report** (dated May 30, 2016)

This report was filed in support of the Receiver's *ex parte* motion for an interim and interlocutory *Mareva* order restraining Banners Broker Group principals Rajiv Dixit ("**Dixit**") and Kuldip Josun ("**Josun**"), as well as BBIL-affiliated corporations Dreamscape Ventures Ltd. ("**Dreamscape**"), 8643989 Canada Inc. o/a Dixit Consortium Inc. ("**Dixit Consortium**"), and Dixit Holdings Inc. ("**Dixit Holdings**", with Dixit, Josun, Dreamscape and Dixit Consortium, collectively, the "**Defendants**") from selling, removing, dissipating, alienating, transferring, assigning encumbering, or similarly dealing with any assets pending the final disposition of the Receiver's action against those parties for recovery of funds that were fraudulently misappropriated from the Banners Broker Group.

(h) **Receiver's Eighth Report** (dated December 9, 2016)

This report was filed in support of the Receiver's *ex parte* motion for an order freezing two bank accounts that received funds transferred in violation of the *Mareva* order granted by the court on May 31, 2016, and continued on June 7, 2016.

9. All court materials filed, including previous Receiver's reports and court orders and endorsements issued in these proceedings, are available on the Receiver's websites at: [www.spergel.ca/banners](http://www.spergel.ca/banners) (for BBIL) and <http://www.spergel.ca/StellarPoint> (for Stellar Point).

## II. Background

10. BBIL is incorporated in the Isle of Man. BBIL was placed into liquidation under section 174 of the *Companies Act 1931* of the Isle of Man on February 26, 2014 pursuant to an Order of His Honour the Deemster Doyle, First Deemster and Clerk of the Rolls of the High Court of Justice of the Isle of Man ("**Isle of Man Court**"). Miles Andrew Benham and Paul Robert Appleton were appointed as joint liquidators ("**Joint Liquidators**") of BBIL ("**Isle of Man Proceedings**"). On August 22, 2014, on application of the Joint Liquidators, the Honorable Madam Justice Matheson, of the Ontario Superior Court of Justice (Commercial List) granted an order:

- (a) recognizing the Isle of Man Proceedings as a "foreign main proceeding" for the purposes of section 268 of the BIA;
- (b) recognizing the Joint Liquidators as the "foreign representatives" ("**Foreign Representatives**") of BBIL for the purposes of section 268 of the BIA; and
- (c) granting a stay of proceedings in respect of actions concerning BBIL's property, debts, liabilities or obligations.

10. Also on August 22, 2014, Justice Matheson issued a supplemental order (foreign main recognition) ("**Supplemental Order**"):

- (a) appointing msi Spergel inc. as receiver of BBIL's assets, undertakings and properties, including the proceeds thereof ("**Property**");
- (b) empowering the Receiver to identify and realize upon the Property, including taking steps to access all information relating to BBIL's accounts at any financial institution;
- (c) authorizing the Receiver to conduct examinations of the former principals of BBIL, as well as any other persons that the Receiver reasonably believes may have knowledge of BBIL's trade, dealings and Property;
- (d) authorizing the Receiver to provide such information and assistance to the Foreign Representatives in the performance of their duties as the Foreign Representatives may reasonably request; and
- (e) authorizing the Receiver to coordinate the administration and supervision of BBIL's assets and affairs with the Joint Liquidators as Foreign Representatives of the Isle of Man Proceeding.

11. The Supplemental Order provides the Receiver with the mandate to assist the Foreign Representative in the wind-up of BBIL, including the identification of and realization upon BBIL assets for the benefit of the Banners Broker Group's creditors. The Receiver's powers in respect of BBIL extend to accessing all manner of relevant information, and the taking of possession of assets.

12. The Supplemental Order was amended by the August 7, 2015 order of this Court to provide the Receiver with additional authority consistent with the Model Receivership

Order (“**Additional Authority Order**”, with the Supplemental Order, the “**Receivership Order**”).

13. A few months later, in October 2014, the Receiver was granted certain investigatory authority over several additional BBIL associated entities (“**Further Supplemental Order**”):

- (a) 2087360 Ontario Incorporated o/a Local Management Services (“**LMS**”);
- (b) Parrot Marketing Inc. (formerly o/a 8264554 Canada Limited) (“**Parrot Marketing**”);
- (c) 2341620 Ontario Corporation;
- (d) Stellar Point;
- (e) Dixit Holdings; and
- (f) any other entity operating under the business names “Bannersbroker”, “Banners Broker”, “Bannersbroker Limited”, “Bannersmobile”, “BannersMobile” or “Banners Broker Belize”

14. On August 7, 2015, the Receiver’s investigatory authority was further expanded by the Additional Authority Order to include two additional companies that had significant involvement in the Banners Broker Group: Dixit Consortium and Dreamscape.

15. On April 8, 2016, the investigatory receivership of Stellar Point was converted to a standard possessory receivership and msi Spergel inc. was appointed receiver of Stellar Point (“**Stellar Point Receivership Order**”).

**III. Transition of Banners Broker Group Insolvency Administration Matters from the Joint Liquidators to the Receiver**

16. For grounds detailed in the Receiver's Sixth Report, the Receiver brought a motion in late May 2016 for an order, among other things, approving the transition of certain insolvency administration functions from the Joint Liquidators to the Receiver ("**Transition Motion**"). In this regard, more specifically, the Receiver and the Joint Liquidators had concluded that there would be cost savings and efficiencies to be gained if the residual insolvency administration of the BBIL estate could be completed by a single creditor representative. A copy of the Sixth Report (without appendices) is attached as **Appendix "B"**.

17. As indicated, the Joint Liquidators supported the Receiver's motion to transition residual BBIL insolvency administration functions from the Isle of Man to Canada. The Joint Liquidators' approval of this approach is evidenced by an affidavit of Joint Liquidator Paul Robert Appleton sworn May 26, 2016, and filed with this Court by way of supplementary motion record dated May 24, 2016. A copy of Mr. Appleton's affidavit sworn May 26, 2016 (without exhibits) is attached as **Appendix "C"**.

18. The relief sought on the Transition Motion was granted by Order of the Honourable Mr. Justice Newbould made May 26, 2016. A copy of the Order, which is entitled "Order – Transition of Certain Insolvency Administration Matters from the Joint Liquidators to the Receiver", is attached as **Appendix "D"**.

19. The transition proposed by the Receiver and approved by this Court in May 2016 was structured so as to be conditional upon the Isle of Man Court similarly approving the completion of the BBIL insolvency proceedings by the Receiver. Accordingly,

following the grant of the Canadian order, the Joint Liquidators prepared and filed a companion motion for approval of the transition (“**Isle of Man Motion**”) with the Isle of Man Court. In support of the Isle of Man Motion, the Receiver filed a short written report to the Isle of Man Court dated July 13, 2016. A copy of this report, titled the “Receiver’s First Report to the Isle of Man Court” (without appendices) is attached as **Appendix “E”**.

20. Due to the fact that the Isle of Man is not a signatory to the model law, and because several other aspects of the Isle of Man Motion were novel as a matter of Isle of Man law, the Joint Liquidators considered it appropriate to fully brief the motion. Creditors were also noticed by means of advertising and publication of the relief sought on the Receiver’s and the Joint Liquidators’ respective websites.

21. The Isle of Man Motion first came on for a substantive hearing on October 6, 2016. On that day, His Honour Deemster Doyle, First Deemster and Clerk of the Rolls, issued an order directing that the matter be adjourned to November 14, 2016, and that the Joint Liquidators make further written submissions by October 23, 2016. Such additional written submissions were requested as a means of assisting Deemster Doyle in determining certain jurisdictional and other issues raised by the relevant Isle of Man liquidation statute, the *Companies Act*, 1931. A copy of the Order of Deemster Doyle dated October 6, 2016 is attached as **Appendix “F”**.

22. In advance of the November 14, 2016 hearing in the Isle of Man, the Receiver was asked to file a second report with the Isle of Man Court specifically addressing the Receiver’s mandates and powers such as would be employed to complete the Banners



Broker Group wind-up in Canada. A copy of this report, titled the "Receiver's Second Report to the Isle of Man Court" (without appendices) is attached as **Appendix "G"**.

23. The Isle of Man Motion ultimately proceeded to a half day hearing before Deemster Doyle on November 14, 2016. Receiver's counsel attended the hearing and addressed the Court's questions in conjunction with counsel for the Joint Liquidators. Deemster Doyle presided. The motion was not opposed. At the conclusion of the hearing His Honour reserved.

24. On the basis of written reasons delivered on December 9, 2016, Deemster Doyle granted the Isle of Man Motion and directed, among other things, that the liquidation of BBIL in the Isle of Man be stayed and that the Joint Liquidators be released.

25. With the Receiver's consent, the December 9, 2016 order authorized the Receiver (by way of Manx advocates) to make any required filings with the Isle of Man Court, including those necessary to complete the formal winding-up of the affairs of BBIL at the conclusion of the receivership in Canada. A copy of the Reasons for Decision of Deemster Doyle are attached as **Appendix "H"**. A copy of the Order of Deemster Doyle dated December 9, 2016 is attached as **Appendix "I"**.

26. It is appropriate to draw this court's attention to the following findings and reasons of Deemster Doyle:

15. It was initially the view of the Joint Liquidators that the centre of main interests was the Isle of Man. However, as matters have progressed it has become apparent that the centre of main interests is in reality and substance Canada.

...

17. It makes a great deal of commercial and practical sense for the Receiver to progress matters in Canada and for the Joint

Liquidators in the Isle of Man to stand down. The Committee of Inspection can see this sense and did not opposing the making of the Orders. No creditor objected to the making of the Orders. Indeed, no one has opposed the making of the Orders. It is just and convenient for the Manx liquidation to be stayed and for the Canadian receivership to continue. This will avoid unnecessary duplication and should save a significant amount of time and money.

18. The Orders will cause no undue prejudice to anyone and the Orders do not offend against "commercial morality" or "the interests of the public at large". The Receiver will remain in existence and in control over the assets and affairs of BBIL until the receivership is concluded.

27. Since the date of Deemster Doyle's Order, the Joint Liquidators and the Receiver have begun the process of transiting the insolvency administration functions from the Isle of Man to Canada. Accordingly, the receivership of BBIL, an Isle of Man entity, will proceed to its conclusion in Canada, by the Receiver and under the supervision of this Court.

#### **IV. Relief Sought**

##### **A. Declaration that the Receiver may Administer the Restrained Funds**

28. As detailed in the Receiver's Fifth Report, in September 2014, the Receiver was made aware of criminal proceedings before the Ontario Court of Justice arising from a Toronto Police Services Financial Crime Unit investigation into Banners Broker Group's operations in Canada and Banners Broker Group's principals Christopher Smith ("**Smith**") and Dixit.

29. Specifically, the Receiver obtained copies of several *ex parte* restraint orders ("**Criminal Restraint Orders**") obtained by the Ministry of the Attorney General, Crown Law Office-Criminal. The orders, issued pursuant to section 462.33 of the *Criminal*

*Code*, R.S.C. 1985, c. C-46, froze funds held by third party electronic payment processors for accounts associated with the Banners Broker Group.

30. The Criminal Restraint Orders statutorily expired six months after issuance.

31. By early January 2015, the Receiver had formed the view that the source of the restrained funds held in the payment processor accounts derived from deposits/investments made by creditors of the Banners Broker Group. The Receiver further believed, and continues to believe, that there has been significant inter-company transfers of affiliate-contributed funds between the Banners Broker Group companies. Moreover, and as discussed in the Receiver's Second Report, approximately half the funds received by the Banners Broker Group of companies from creditors were not used to fund withdrawal requests by creditors, resulting in tens of thousands of individual Banners Broker Group creditors.

32. The Receiver concluded in its Second Report that the monies restrained by the Criminal Restraint Orders were properly claimable by creditors of the Banners Broker Group. The basis for the Receiver's conclusion is that the funds frozen by the Criminal Restraint Order were entirely sourced from creditors that purchased or invested in "product" from the Banners Broker Group.

33. By motion returnable January 14, 2015, the Receiver sought an order directing that all monies held pursuant to the terms of the Criminal Restraint Orders continue to be held pursuant to the terms of the orders, and not be released without the written consent of the Receiver or further order of the court on notice to the Receiver. The motion was granted by the order of the Honourable Mr. Justice Newbould made

January 14, 2015 (**"Restraint of Funds Order"**). A copy of the Restraint of Funds Order is attached as **Appendix "J"**.

34. The Restraint of Funds Order provides that, effective as of the expiry date of each underlying Criminal Restraint Order, all money or credits held pursuant to such Criminal Restraint Order(s), be transferred to msi Spergel inc., in its capacity as court officer, to be held in an interest-bearing trust account, separate and apart from the receivership of the Banners Broker Group, pending further order of this Court.

35. Pursuant to the terms of the Restraint of Funds Order, the following payment processors transferred the following funds to msi Spergel inc., in its capacity as court officer:

- (a) Beanstream Internet Commerce Inc. (**"Beanstream"**): US\$537,576.31;
- (b) SolidTrust Pay (**"STP"**): US\$104,260.51;
- (c) Mazarine Commerce Inc. o/a Payza.com (**"Payza"**): \$33,374.80; and
- (d) 6003061 Canada Inc. o/a UseMyServices (**"UMS"**): \$93,336.70.

(Beanstream, STP, Payza and UMS are collectively referred to herein as the **"Payment Processors"**)

36. msi Spergel inc. has accordingly received a total of CAD\$126,711.50 and US\$641,836.92 from the Payment Processors, which monies are held in a separate interest-bearing trust account pending further order of this court (**"Restrained Funds"**).

37. The Receiver's investigation of the Banners Broker Group has progressed to the point that the Receiver can confirm its initial conclusion in the Second Report that the Restrained Funds are properly claimable by the creditors of the Banners Broker Group.

38. The Receiver's conclusion regarding the Restrained Funds is supported by counsel for Smith who confirms that the Restrained Funds were monies generated by the Banners Broker Business for the benefit of the Banners Broker Group creditors.

39. Accordingly, the Receiver respectfully requests that this Court make an order declaring that the Receiver may administer the Restrained Funds in accordance with the terms of the Receivership Order.

**B. Compelling Maxwell Morgan to Provide Answers to Undertakings**

40. As noted in the Receiver's Third Report to Court, the Receiver has conducted interviews and/or examinations under oath with not only the principals of the Banners Broker Group, but individuals closely associated with and believed to have knowledge of Banners Broker Business. One of the individuals that the Receiver has examined is Morgan. Morgan is the CEO of Aramor Payments, a payment processor solutions company that was engaged by certain companies within the Banners Broker Group. Aramor Payments received at least US\$3.34 million in funds from the Banners Broker Business, of which more than US\$2.95 million remains unaccounted for. These numbers are not exact because, as further explained below, Aramor Payments has not provided a complete set of Banners Broker Group account statements to the Receiver.

41. The Receiver first contacted Morgan in his capacity as CEO of Aramor Payments in or around October 2014 and requested production of documents related to the Banners Broker Group. Morgan provided certain emails and bank account statements responsive to the Receiver's request in December 2014 and January 2015, respectively.

42. After reviewing and analyzing the documents produced by Morgan, the Receiver determined that the documents were incomplete and that it required Aramor Payments' complete accounting records in connection with its provision of payment processing services to certain companies within the Banners Broker Group. The Receiver also determined that it required Morgan's evidence regarding the same.

43. The Receiver's examination of Morgan occurred on April 13, 2015 and May 29, 2015. During his examination, Morgan provided certain undertakings to the Receiver.

44. Following the examination, on January 28, 2016, counsel for the Receiver wrote to counsel for Morgan and requested responses to the undertakings given by Morgan at his examination. Neither Morgan nor his counsel responded to the letter. A copy of the January 28, 2016 letter is attached as **Appendix "K"**.

45. Counsel for the Receiver again wrote to counsel for Morgan on February 24, 2016, and requested a response to Morgan's undertakings. Neither Morgan nor his counsel responded to the letter. A copy of the February 24, 2016 letter is attached as **Appendix "L"**.

46. Despite the fact that counsel for the Receiver had sent several letters to counsel for Morgan, it was not until June 1, 2016, that counsel for Morgan advised counsel for the Receiver that he no longer acted for Morgan and had not acted for him since mid-2015. Attached as **Appendix "M"** is a copy of the email from the former counsel for Morgan confirming the same.

47. On August 30, 2016, counsel for the Receiver wrote directly to Morgan and reiterated the Receiver's request for responses to the undertakings given by Morgan at

his examination for discovery. Counsel for the Receiver advised that the Receiver intended to commence a motion to compel Morgan's answers to undertakings if he did not provide responses by September 7, 2016. Attached as **Appendix "N"** is a copy of the August 30, 2016 letter from counsel for the Receiver.

48. On September 2, 2016, Morgan called counsel for the Receiver in response to the August 30, 2016 letter and left a voicemail requesting addition time to provide answers to his undertakings. Counsel for the Receiver responded via email on September 6, 2016, and advised that the Receiver would provide Morgan with additional time to respond, but requested that Morgan provide answers to the majority of his undertakings by September 19, 2016. Morgan replied that he would attempt to comply with the Receiver's request. Attached hereto as **Appendix "O"** is a copy of the September 6, 2016 email exchange between counsel for the Receiver and Morgan.

49. On September 19, 2016, Morgan provided the Receiver with numerous emails purportedly to provide answers to his undertakings. These emails were largely duplicative of documents Morgan had provided to the Receiver in December 2014. Morgan also emailed counsel for the Receiver and advised that he would send Aramor Payments' CIBC account statements to counsel for the Receiver the following day, and that additional documents responsive to his undertakings would be forthcoming once Aramor Payments received copies of the same. The Receiver understands that the CIBC account statements would reflect either receipts of disbursements by Aramor Payments on behalf of certain companies within the Banners Broker Group. Attached hereto as **Appendix "P"** is a copy of the September 19, 2016 email from Morgan.

50. On September 21, 2016, Morgan provided the Receiver with copies of Aramor Payments' CIBC bank account statements. However, Morgan had previously provided these account statements to the Receiver in January 2015 and the statements were not responsive to Morgan's outstanding undertakings.

51. Although Morgan has provided documents to the Receiver that Morgan purports are responsive to his undertakings, the vast majority of Morgan's undertakings remain unanswered or the responses are incomplete. Attached hereto as **Appendix "Q"** is a copy of the undertakings and refusals chart from Morgan's examination that indicates which undertaking responses are incomplete or remain outstanding.

52. Given that Aramor Payments was a payment processor for certain companies within the Banners Broker Group and received US\$2.95 million in Banners Broker Business related funds that remain unaccounted for, Morgan's answers to undertakings are integral to the Receiver's ability to complete a flow of funds analysis to understand how affiliate contributions were received and disbursed over the period of the Banners Broker Group's global operations ("**Flow of Funds Analysis**"). To date, and as detailed in the Receiver's prior reports to Court, the Flow of Funds Analysis has also assisted and continues to assist the Receiver in identifying additional Banners Broker Group assets or claims that may be appropriate for realization.

53. So that the Receiver can further advance the Flow of Funds and continue to fulfill its court ordered mandate, the Receiver respectfully requests an order compelling Morgan to provide answers to the undertakings given by him at his examination by March 17, 2017.



**C. Receiver of BBIL Authorized to Fund Receiver of Stellar Point**

54. As noted above, msi Spergel inc. is the Receiver of both BBIL and Stellar Point.

55. Stellar Point is a company within the Banners Broker Group and provided customer support for Banners Broker affiliates and resellers. Further details regarding Stellar Point's operations were detailed by the Receiver in its Fifth Report.

56. Stellar Point was at all times reliant on funds received from the Banners Broker Business both directly and indirectly from creditors of the Banners Broker Group.

57. As of the date of the Ninth Report, the Receiver does not hold any Stellar Point assets.

58. The Receiver of Stellar Point is acting pursuant to the Stellar Point Receivership Order in completing its administration of Stellar Point. In this regard, the Receiver of Stellar Point is a plaintiff to the Litigation. Additionally, the Receiver has identified a number of potential recoveries that require the Receiver of Stellar Point to intervene, including litigation commenced against recipients of funds from the Banners Broker Group.

59. As previously concluded above, all of the funds generated by the Banners Broker Group were from creditors of the Banners Broker Group and the Banners Broker Business. As such, any recovery made by the Receiver of either of BBIL or Stellar Point will ultimately be for the benefit of the creditors of the Banners Broker Group.

60. Accordingly, the Receiver of BBIL respectfully recommends that it be authorized to fund the Receiver of Stellar Point for the primary reason that the costs associated

with such funding ultimately benefit the same pool of creditors, being the creditors of the Banners Broker Group.

**D. Approval of Receiver's Seventh and Ninth Reports and the Receiver's Activities from May to August 2016**

61. As noted above, the Seventh Report was filed in connection with the Receiver's motion for a *Mareva* order restraining the Defendants from selling, removing, dissipating, alienating, transferring, assigning, encumbering, or similarly dealing with any assets pending the final disposition of the Receiver's action against those parties for recovery of funds that were fraudulently misappropriated from the Banners Broker Group ("**Mareva Order**"). A copy of the Seventh Report, without appendices, is attached as **Appendix "R"**. The Receiver did not seek approval of the Seventh Report and the activities described therein at the time of the motion because the motion was *ex parte*.

62. Similarly, as the Seventh Report was filed in support of a motion made without notice, the Receiver did not provide an update of its activities since the date of the Sixth Report, or seek approval of the same.

63. As this Motion is made with notice, the Receiver respectfully requests an order approving both this Ninth Report and the Seventh Report and the Receiver's activities as described in these reports as well as the Receiver's activities from May 1, 2016 to August 31, 2016. The Receiver will provide an update to the Court on its activities since September 1, 2016, in the next several weeks.

64. By way of summary, the Receiver's activities from May 1, 2016 to August 31, 2016 include:

- (a) commencing a \$100 million action against the Defendants, World Web Media Inc. and Real Profit Limited for negligent/fraudulent misrepresentation, conspiracy, conversion, breach of fiduciary duties, breach of contract, negligence and oppression contrary to the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as well as punitive damages, disgorgement and restitutionary remedies arising from their alleged misappropriation of millions of dollars in Banners Broker Group funds ("**Litigation**");
- (b) serving the Defendants, World Web Media Inc. and Real Profit Limited with the statement of claim in the Litigation;
- (c) bringing the motion for the *Mareva* Order against the Defendants;
- (d) serving the Defendants and financial institutions, both within Canada and internationally ("**Financial Institutions**"), with the *Mareva* Order;
- (e) implementing the *Mareva* Order by ensuring that the Financial Institutions freeze any and all assets held by them on behalf of the Defendants and requesting that the Financial Institutions produce to the Receiver any and all documents, papers, books or records in their possession or control that relate to the assets frozen by the *Mareva* Order ("**Records**");
- (f) reviewing and analyzing all Records received from the Financial Institutions in response to the *Mareva* Order and pursuing further

inquiries of the Financial Institutions with respect to the Records as appropriate;

- (g) meeting and negotiating with Dixit and Josun and their respective counsel regarding potential carve-outs from the *Mareva* Order and the disclosure necessary for such carve-outs, as well as settlement of the Litigation;
- (h) working with the Joint Liquidators to develop a strategy to transition certain insolvency administration activities from the Isle of Man to Canada ("**Transition**"), including the negotiation of an agreement to provide for the same;
- (i) meeting with the Committee of Inspection in the Isle of Man Proceedings via conference call to discuss the Transition and address any and all concerns raised by the committee with respect to the proposed Transition;
- (j) preparing a report to the Isle of Man Court to provide an overview of the receivership proceedings in Canada and the Receiver's court-ordered authority in these proceedings;
- (k) commencing five separate recovery actions against 18 individual and corporate defendants that received approximately US\$4 million from the Banners Broker Group;

- (l) undertaking real property, corporate profile, internet and other public record searches so as to better understand the trade, dealings and property of the Banners Broker Group companies;
- (m) identifying and considering the appropriateness of certain non-core business and investment activities undertaken by the Banners Broker Group companies and/or the former principals of the Banners Broker Group and the extent to which the former principals used Banners Broker Group funds for such investments;
- (n) corresponding with third parties that received funds from the Banners Broker Group companies in the form of loans or investments, or in exchange for various purported goods and services with a view to recovering the loans or investments and purchased goods;
- (o) meeting with Smith and his counsel regarding fulfillment of Smith's outstanding undertakings, and document production and other requests by the Receiver;
- (p) pursuing unanswered undertakings given at the examinations conducted by the Receiver to date;
- (q) preparing for and attending a meeting, not under oath, with a witness with information and documents related to the Banners Broker Business;
- (r) engaging in settlement discussions with a former Banners Broker Group employee who received significant sums of money from the Banners

Broker Group and/or significant material benefits from the Banners Broker Business;

- (s) ongoing correspondence, meetings and discussion with counsel for Smith and Dixit in relation to, among other issues, the criminal proceedings, document production matters, and undertakings;
- (t) corresponding with counsel for Dixit in relation to Dixit's notices to the Receiver and the Joint Liquidators to cease and desist;
- (u) monitoring public aspects of the ongoing Banners Broker Group criminal investigation, including attending a criminal court hearing;
- (v) corresponding with banks, trust companies, and financial institutions in an effort to locate and secure Banners Broker Group assets and financial information relevant to the Banners Broker Group to the extent permitted by the Supplemental Order, the Further Supplemental Order, and the Additional Authority Order;
- (w) assembling, reviewing and analyzing banking and accounting information, including bank statements provided by Canadian financial institutions for the Banners Broker Group companies, as well as information obtained with the assistance of Smith regarding offshore accounts, with a view of reconstructing the source, inter-company transfers and disposition of all monies contributed by Banners Broker Group' creditors;

- (x) corresponding with, and reviewing and analyzing documents received from, a third party payroll company that provided services to companies within the Banners Broker Group with a view to reconstructing the disposition of all monies contributed by Banners Broker Group affiliates;
- (y) coordinating receivership administration efforts in respect of the Banners Broker Group companies with the Joint Liquidators, including the sharing of information, accounting expertise and resources with the Joint Liquidators;
- (z) reviewing business contracts entered into by companies within the Banners Broker Group, including employment and consulting agreements, account agreements, reseller agreements and releases and indemnities;
- (aa) considering possible claims against individuals who may have received transfers of money, automobiles, gifts and/or payments for services not provided, that could potentially be attacked and set aside as fraudulent transfers;
- (bb) investigating whether or not certain persons associated with the Banners Broker Group may have established bank accounts in foreign jurisdictions in an effort to hide amounts improperly withdrawn from the company; and
- (cc) investigating whether or not persons associated with the Banners Broker Group may have converted monies improperly taken from affiliates by

means of investing, either directly or indirectly, in residential real estate including by paying off and discharging mortgage(s), and/or financing the acquisition of property for no good or valid consideration.

65. Certain of the activities and inquiries of the Receiver are sensitive in nature. This is the case where the work involved is the assembly and assessment of evidence that may be used to pursue Banners Broker Group assets in circumstances where efforts have been made to put such assets beyond the reach of creditors. For this reason, and where appropriate, the Receiver's work in this regard has been described in a more general way with particulars omitted.

**D. Approval of Receiver's Fees and Disbursements**

66. Pursuant to paragraph 18 of the Supplemental Order, the Receiver and its counsel shall pass their accounts from time to time. For this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Commercial List

67. The Receiver seeks to have its fees and disbursements, including those of its legal counsel approved by the court. The Receiver and its counsel have maintained detailed records of their professional time and costs.

68. The total fees and disbursements of the Receiver for services provided during the period of May 1, 2016 to August 31, 2016 is \$97,670 excluding HST. Attached as **Appendix "S"** is an affidavit of Philip H. Gennis sworn February 27, 2017 ("**Gennis Affidavit**") regarding the Receiver's fees and disbursements. Copies of the Receiver's detailed time dockets for the period May 1, 2016 to August 31, 2016 are appended as exhibits to the Gennis Affidavit.



69. Cassels has acted as the Receiver's legal counsel on all matters related to these receivership proceedings. Cassels rendered its accounts to the Receiver for the period April 30, 2016 through to and including August 31, 2016 in the amount of \$656,233.46 including disbursements and HST. Attached as **Appendix "T"** is the affidavit of David Ward sworn February 27, 2017 ("**Ward Affidavit**") regarding counsel's fees and disbursements to the Receiver. Copies of the counsel's detailed time dockets for the period April 30, 2016 to August 31, 2016 are appended as exhibits to the Ward Affidavit. The accounts described in the Ward Affidavit include amounts billed to the Receiver, which were paid directly by the Receiver and approved by the Committee of Inspection in accordance with the laws governing the Isle of Man Proceedings.

70. The Receiver believes that the fees and disbursements of Cassels are fair and reasonable and justified in the circumstances. The Receiver has reviewed the accounts of Cassels in light of the novel, complex, broad ranging and multi-jurisdictional nature of this engagement. The Receiver is of the view that all work set out in the accounts was carried out and was necessary. The hourly rates of the lawyers at Cassels who worked on this matter are considered to be appropriate and reasonable in light of the services required, and the services were carried out by lawyers with the appropriate level of experience. The Receiver accordingly respectfully recommends approval of Cassels' accounts by this Honourable Court.

71. A copy of the Receiver's Interim Statement of Receipts and Disbursements, as at January 12, 2017, is attached hereto as **Appendix "U"**.

**V. Recommendation**

72. Based upon the foregoing, the Receiver respectfully requests that this Honourable Court issue an order:

- (a) declaring that the Receiver may administer the Restrained Funds in accordance with the terms of the Receivership Order;
- (b) compelling Morgan to provide answers to undertakings given at his examination for discovery by March 17, 2017;
- (c) approving the Receiver's Ninth and Seventh Reports and the Receiver's conduct and activities as described in those reports as well as the Receiver's conduct and activities from May 1, 2016 to August 31, 2016;
- (d) approving the Receiver's interim statement of receipts and disbursements as at January 12, 2017;
- (e) approving the fees and disbursements of the Receiver and its counsel, Cassels, for services rendered from April 30, 2016 to August 31, 2016, as particularized in the affidavits of Phillip Gennis sworn February 27, 2017, and David Ward sworn February 27, 2017.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 27th day of February, 2017.

**msi Spergel inc.,**  
Court-appointed Receiver of  
Banners Broker International Limited and  
Stellar Point Inc.



---

Per: Philip H. Gennis, J.D., CIRP, LIT

## **APPENDIX “A”**

**APPENDIX “A”**  
**SCHEDULE OF BANNERS BROKER GROUP ENTITIES**

Any and all entities that were involved in or benefited from, either directly or indirectly, the business enterprise of the “Banners Broker” or “Banners Mobile” online advertising and publishing platform, including without limitation the following:

- (a) Banners Broker International Limited (Isle of Man);
- (b) 2087360 Ontario Incorporated o/a Local Management Services;
- (c) Parrot Marketing Inc. (formerly o/a “8264554 Canada Limited”);
- (d) 2341620 Ontario Corporation;
- (e) Stellar Point Inc. (formerly o/a “7250037 Canada Inc.” and “Bannersbroker Limited”);
- (f) Dixit Holdings Inc. (formerly o/a “8163871 Canada Limited”);
- (g) Monetize Group Inc.;
- (h) 2439748 Ontario Inc. (new business operated by Chris Smith);
- (i) Vault Capital Inc.
- (j) Promo 121 Ltd.;
- (k) DYZ Media Inc.;
- (l) CreateMyBanners;
- (m) Banners Broker International Limited (Belize);
- (n) Banners Broker International Limited (Marshall Islands);
- (o) Banners Broker Portugal Unipessoal LDA;
- (p) Banners Broker UK Limited;
- (q) Banners Broker India Private Limited;
- (r) Banners Broker Ireland Limited;
- (s) G Cube Media LLC;

- (t) Banners Broker USA LLC;
- (u) Stellar Point Inc. Limited;
- (v) Stellar Point Limited;
- (w) Stellar Point Productions Inc.;
- (x) Stellar Point Web Hosting Inc.;
- (y) Stellar Point Consulting India Private Limited;
- (z) Stellar Point Israel Limited;
- (aa) Dreamscape Ventures Limited;
- (bb) Revstar Hosting Inc.;
- (cc) The Dixit Consortium Inc.;
- (dd) Dixit Group PLC;
- (ee) Kibotec Inc.;
- (ff) Reemas Kitchen Ltd.;
- (gg) Reemas Kitchen Inc.;
- (hh) Glenroy Browne Funkional Fitness Inc.;
- (ii) Buzinga.ca LTD.;
- (jj) Jestsetter Dating Ltd.;
- (kk) Dataware Limited;
- (ll) Dataware Management Limited;
- (mm) Kulclub (UK) Limited;
- (nn) Kulroc Marketing Group Inc.;
- (oo) Any entity operating under the business names "Bannersbroker", "Banners Broker", "Bannersbroker Limited", "Bannersmobile", "Banners Mobile" or "Banners Broker Belize";
- (pp) Stellar Point UK (Rajiv Dixit's company);
- (qq) Revstar Global (Rajiv Dixit's company);

- (rr) Paytronicks (Belize - Rajiv Dixit's company);
- (ss) rsgpayments.com (Revstar Global Payment site);
- (tt) Tisochritifaos (Cyprus Independent Contractor);
- (uu) CM Consulting (France Independent Contractor);
- (vv) North Star Support (Nordic Independent Contractor);
- (ww) Maccone Online Marketing (Ireland Independent Contractor, name changed from BB Ireland);
- (xx) Corsuco (Dominican Republic Independent Contractor)
- (yy) Imander Associates (Spain Independent Contractor);
- (zz) Accurate Solutions (Trinidad Independent Contractor);
- (aaa) iPrime Consulting (Poland Independent Contractor);
- (bbb) J.W. Rock & Associate Management and Consulting Services;
- (ccc) Sisel Canada;
- (ddd) Real Profit Limited;
- (eee) Kulclub Portugal;
- (fff) Kul Branding & Promotions Inc.
- (ggg) Silver Line Club;
- (hhh) 1587803 Ontario Limited o/a Aramor Payments;
- (iii) Vector Card Services; and
- (jjj) World eWallet.

## **APPENDIX “B”**

SIXTH REPORT OF MSI SPERGEL INC.,  
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF  
BANNERS BROKER INTERNATIONAL LIMITED AND  
STELLAR POINT INC.

May 19, 2016



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. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*,  
R.S.O. 1990, c. C-43

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

AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.

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)

SIXTH REPORT OF THE  
COURT-APPOINTED RECEIVER OF  
BANNERS BROKER INTERNATIONAL LIMITED AND  
STELLAR POINT INC.  
("SIXTH REPORT")

May 19, 2016

## **TABLE OF CONTENTS**

I.	Overview .....	1
II.	Background .....	4
III.	Developments Since the Receiver's Fifth Report.....	7
	A. Production of Documents from HSBC.....	8
	B. Meetings with Joint Liquidators .....	8
	C. Meeting with Committee of Inspection in Isle of Man Proceedings ..	9
	D. Criminal Proceedings .....	10
IV.	Relief Sought.....	10
	A. Background .....	10
	B. Transition of Receivership Proceedings from the Isle of Man to Canada.....	13
	C. Assignment Agreement .....	14
	D. Additional Limited Authority .....	15
	E. Release of Joint Liquidators .....	16
	F. Funding of Joint Liquidators.....	17
	G. Retention of DRP and MannBenham .....	17
	H. Approval of the Receiver's Fees and Disbursements .....	18
V.	Recommendation .....	19

## **TABLE OF APPENDICES**

- A. Fifth Report of the Receiver, dated April 4, 2016 (without appendices)
- B. Affidavit of Philip H. Gennis sworn May 18, 2016
- C. Affidavit of Larry Ellis sworn May 18, 2016
- D. Interim Statement of Receipts and Disbursements as at May 17, 2016

## I. Overview

1. This is the sixth report to court ("**Sixth Report**") of msi Spergel inc. in its capacity as court-appointed receiver ("**Receiver**") of Banners Broker International Limited ("**BBIL**"), Stellar Point Inc. ("**Bannersbroker Canada**") and five other Banners Broker related entities.

2. The Sixth Report is filed in support of the Receiver's motion ("**Motion**") for an order in furtherance of the transition of certain BBIL insolvency administration matters from the Joint Liquidators (defined below) to the Receiver ("**Transition**");

- (a) authorizing the Receiver to enter into and approving the terms of an assignment agreement ("**Assignment Agreement**") pursuant to which the Joint Liquidators will assign to the Receiver any and all residual property, assets, claims and undertakings of BBIL that have accrued to the Joint Liquidators by virtue of their appointment and activities as Joint Liquidators ("**Assigned Interests**");
- (b) authorizing and empowering the Receiver to pursue, receive, collect, settle, extend or compromise any of the Assigned Interests;
- (c) authorizing and empowering the Receiver to respond to, address, or otherwise deal with BBIL creditors and BBIL creditor inquiries regardless of where such creditors are situate, and regardless of whether such inquiries are directed to the Joint Liquidators or the Receiver;
- (d) reporting to this Court in connection with the Receiver's findings as they relate to BBIL's creditors, their jurisdictional whereabouts and the quantum

of outstanding claims and to make such recommendations on the completion of a potential claims process as the Receiver's sees fit;

- (e) permitting the Receiver to receive and take possession of any BBIL related records, accounts or information in the possession of the Joint Liquidators as the Receiver considers necessary or desirable for the purposes of fulfilling the Receiver's mandate;
- (f) releasing the Joint Liquidators from their role as "Foreign Representatives" of BBIL for purposes of the *Bankruptcy and Insolvency Act*, R.S.C. 1992, c. 27 ("**BIA**") in respect of the proceedings brought in the Isle of Man under section 162(6) of the *Companies Act, 1931*;
- (g) authorizing the Receiver to pay the reasonable fees and disbursements of the Joint Liquidators incurred in relation to the Transition, without further approval of this Court, provided that such fees and disbursements do not exceed \$100,000;
- (h) authorizing and empowering the Receiver to engage David Rubin & Partners Ltd. ("**DRP**") and MannBenham Advocates Ltd. ("**MannBenham**") 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;
- (i) approving the Sixth Report and the conduct and activities of the Receiver as set out herein;

- (j) approving the Receiver's interim statement of receipts and disbursements as at May 17, 2016; and
- (k) approving the fees and disbursements of the Receiver and its counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), for services rendered from March 1, 2016 to April 30, 2016, as particularized in the affidavits of Phillip Gennis sworn May 18, 2016, and Larry Ellis sworn May 18, 2016, (collectively, "**Fee Affidavits**").

3. This Sixth Report follows and may be read in conjunction with the:

- (a) **Receiver's First Report** (dated October 2, 2014)

This report described the Receiver's actions upon appointment, including initial inquiries and the discovery of a criminal investigation in respect of Banners Broker. The report was filed in support of a request for additional investigatory powers extending to certain specifically identified associated corporations.

- (b) **Receiver's Second Report** (dated January 12, 2015)

This report was 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 monies were then frozen by *ex parte* Restraint Orders granted in the context of the criminal investigation.

- (c) **Receiver's Third Report** (dated July 30, 2015)

This report was filed in support of the Receiver's motion for approval of a settlement agreement with a BBIL group entity, and for the grant of certain limited investigatory authority in respect of recently identified BBIL associated companies. The report also provided an update on the activities of the Receiver since its First Report.

- (d) **Receiver's Fourth Report** (dated January 8, 2016)

This report was filed in support of the Receiver's motion for the production of certain banking records from the Royal Bank of Canada ("**RBC**") and the Canadian Imperial Bank of Commerce ("**CIBC**"). The Fourth Report

also provides an update on the Receiver's activities since the Third Report.

(e) **Receiver's Fifth Report** (dated April 4, 2016)

This report was filed in support of the Receiver's motion for the conversion of the investigatory receivership of Bannersbroker Canada into a standard possessory receivership and a declaration that certain funds held by an off-shore financial institution were property of the BBIL estate. The Fifth Report also provides an update on the Receiver's activities since the Third Report.

4. All court materials filed, including previous Receiver's reports and court orders and endorsements issued in these proceedings, are available on the Receiver's websites at: [www.spergel.ca/banners](http://www.spergel.ca/banners) (for BBIL) and <http://www.spergel.ca/StellarPoint> (for Bannersbroker Canada).

## II. **Background**

5. BBIL was central to a group of several related companies and service providers. Together they operated the "Banners Broker" online enterprise, a platform whereby registered members known as "affiliates" could advertise their businesses on websites within the Banners Broker network of publishers while, at the same time, earn revenues as an advertising publisher through specialized and targeted publisher sites created, designed and hosted by BBIL ("**Banners Broker**").

6. Pursuant to an Order of His Honour the Deemster Doyle, First Deemster and Clerk of the Rolls of the High Court of Justice of the Isle of Man, BBIL was placed into liquidation under section 174 of the *Companies Act 1931* of the Isle of Man on February 26, 2014. Miles Andrew Benham and Paul Robert Appleton were appointed as joint liquidators ("**Joint Liquidators**", with the Receiver, the "**Court Officers**") of BBIL ("**Isle**

**of Man Proceedings**"). On August 22, 2014, on application of the Joint Liquidators, the Honorable Madam Justice Matheson, of the Ontario Superior Court of Justice (Commercial List) granted an order:

- (a) recognizing the Isle of Man Proceedings as a "foreign main proceeding" for the purposes of section 268 of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 ("**BIA**");
- (b) recognizing the Joint Liquidators as the "foreign representatives" ("**Foreign Representatives**") of BBIL for the purposes of section 268 of the BIA; and
- (c) granting a stay of proceedings in respect of actions concerning BBIL's property, debts, liabilities or obligations.

7. Also on August 22, 2014, Justice Matheson issued a supplemental order (foreign main recognition) ("**Supplemental Order**");

- (a) appointing msi Spergel inc. as receiver of BBIL's assets, undertakings and properties, including the proceeds thereof ("**Property**");
- (b) empowering the Receiver to identify and realize upon the Property, including taking steps to access all information relating to BBIL's accounts at any financial institution;
- (c) authorizing the Receiver to conduct examinations of the former principals of BBIL, as well as any other persons that the Receiver reasonably believes may have knowledge of BBIL's trade, dealings and Property;



- (d) authorizing the Receiver to provide such information and assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request; and
- (e) authorizing the Receiver to coordinate the administration and supervision of BBIL's assets and affairs with the Joint Liquidators as Foreign Representative of the Isle of Man Proceeding.

8. An important ground for the Canadian foreign recognition application, and the appointment of a Canadian receiver, was that BBIL appeared to have ownership and business connections to Canada, as well as financial dealings tied to Canada, that were deserving of investigation. These Canadian connections, as they were then understood, were detailed in the affidavit of Paul Robert Appleton, in his capacity as Joint Liquidator of BBIL, sworn August 6, 2014, and filed with this court at the time that foreign recognition of the Isle of Man Proceeding was sought.

9. The Supplemental Order that appointed the Receiver provides the Receiver with the mandate to assist the Foreign Representative in the wind-up of BBIL, including the identification of and realization upon BBIL assets for the benefit of creditors. Consistent with the Model Receivership Order, the Receiver's powers in respect of BBIL extend to accessing all manner of relevant information, and the taking of possession of assets.

10. A few months later, in October 2014, the Receiver was granted certain investigatory authority over several other BBIL associated entities:

- (a) 2087360 Ontario Incorporated o/a Local Management Services;

- (b) Parrot Marketing Inc. (formerly o/a 8264554 Canada Limited) ("**Parrot Marketing**");
- (c) 2341620 Ontario Corporation;
- (d) Bannersbroker Canada;
- (e) Dixit Holdings Inc. (formerly o/a "8163871 Canada Limited") ("**Dixit Holdings**");
- (f) any other entity operating under the business names "Bannersbroker", "Banners Broker", "Bannersbroker Limited", "Bannersmobile", "BannersMobile" or "Banners Broker Belize"  
  
(collectively, the "**Associated Corporations**").

11. In August 2015, the Receiver's investigatory authority was further expanded to include two additional companies that had significant Banners Broker related dealings: Dixit Consortium Inc. and Dreamscape Ventures Ltd. (collectively, the "**Additional Dixit Entities**").

12. On April 8, 2016, the investigatory receivership of Bannersbroker Canada was converted to a standard possessory receivership and msi Spergel inc. was appointed receiver of Bannersbroker Canada.

### **III. Developments Since the Receiver's Fifth Report**

13. The Fifth Report was filed on April 4, 2016, and remains relatively current. It provides a comprehensive report on developments in these proceedings. A copy of the Fifth Report (without appendices) is attached as **Appendix "A"**.

**A. Production of Documents From HSBC**

14. The Receiver has sought documentary production relating to BBIL, the Associated Corporations and the Additional Dixit Entities from approximately 100 financial institutions, including HSBC Bank Canada ("**HSBC**").

15. Following on numerous requests, HSBC provided the Receiver with bank account statements for Parrot Marketing's HSBC accounts ("**Parrot HSBC Accounts**") on March 18, 2016. The statements lacked supporting documents for the transactions listed.

16. HSBC provided the Receiver with the majority of the supporting documents for the transactions listed in the Parrott HSBC Accounts on April 7, 2016. Additional documents were delivered to the Receiver by HSBC on April 19, 2016.

17. The Receiver is reviewing the Parrot HSBC Accounts documentation and incorporating relevant information into an overall accounting effort, referred to as the Banners Broker "Flow of Funds Analysis". The Receiver has no further requests of HSBC at this time.

**B. Meetings with Joint Liquidators**

18. The Joint Liquidators, the Receiver, and their counsel met at Cassels' office in Toronto on April 24 and April 25 to discuss the strategic direction of the receivership of BBIL and six associated Banners Broker entities.

19. In respect of BBIL, the outcome of the meetings was that the Court Officers resolved to implement the steps necessary to transition the Joint Liquidators' portable insolvency administration responsibilities to the Receiver.

20. As further explained below, the Court Officers conclude that significant efficiencies are gained if the administration of BBIL's estate is administered by the Receiver alone. The vast majority of BBIL administration work to be completed is domiciled in Canada. Furthermore any work required to be completed in the Isle of Man or any of the other 119 countries where creditors may reside, can appropriately and efficiently be spearheaded from the Canadian proceedings.

**C. Meeting with Committee of Inspection in Isle of Man Proceedings**

21. The Joint Liquidators report regularly to a Committee of Inspection consisting of a group of 5 creditors. The Committee of Inspection, much like inspectors to a Canadian bankrupt estate, instruct the Joint Liquidators to take whatever steps they consider appropriate in order to protect the estate and its creditors.

22. On May 11, 2016, a meeting of the Committee of Inspection was held to consider and seek approval of the proposal to transition portable insolvency administration responsibilities to the Receiver. The Receiver and Cassels attended the meeting for the purpose of providing advice and answers to questions regarding the Canadian receivership process.

23. The meeting consisted of a broad ranging and thoughtful discussion of the future course of these proceedings, with a focus on the efficiencies of shifting portable insolvency administration functions from the Joint Liquidators to the Receiver as a means of centralizing and controlling costs. Consideration was also given as to how best attend to creditor objectives and creditor reporting in circumstances where the Joint Liquidators transition insolvency administration responsibility to the Receiver.

24. The meeting concluded with the Committee of Inspection unanimously resolving to approve of and support the “transition to Canada strategy” and the relief sought on this motion.

#### **D. Criminal Proceedings**

25. The Receiver continues to monitor developments in the criminal proceedings against Christopher Smith (“**Smith**”) and Rajiv Dixit (“**Dixit**”) on the basis that they are relevant parallel proceedings involving common issues and documents.

26. The Receiver understands that a pretrial conference hearing has been scheduled for May 31, 2016. The hearing is not public and the Receiver is not permitted to attend.

### **IV. Relief Sought**

#### **A. Background**

27. As detailed in the Fifth Report, the Receiver and the Joint Liquidators have focused their time, effort and resources on scouring records and compiling information all with a view to recovering as much investor money as possible and with a view to providing parties impacted by BBIL's business with an understanding of BBIL's international business affairs. Through the Court Officers' collective efforts a detailed international flow of funds has been substantially completed and recoveries made in more than six different countries.

28. Through the Court Officers' review of tens of thousands of documents, and interviews of persons having knowledge of the operation, it appears that upwards of 100,000 people in more than 120 countries paid over US\$156 million for Banners Broker “product”. “Product”, which was described as “advertising”, initially offered

parties the opportunity to double their money. The creditors of Banners Broker are the tens of thousands of individuals who bought the product with a view to earning income.

29. Initially, at the time that these proceedings were commenced, it was believed that BBIL had stronger connections to the Isle of Man than to any other jurisdiction. A case was accordingly made that BBIL's centre of main interest was the Isle of Man.

30. The Isle of Man was recognized by this court as BBIL's centre of main interest, and the Isle of Man proceedings were declared to be a "foreign main proceeding". At the same time, the Receiver was appointed and charged with broad ranging responsibilities in relation to all of BBIL's assets, undertakings and properties in Canada.

31. However, as the insolvency administration has progressed, it has become clear that BBIL connections to Canada are far more extensive than initially believed. Indeed they vastly outweigh connections to the Isle of Man, or any other jurisdiction.

32. Perhaps most significantly, the actual business of Banners Broker was at all times conducted from Canada by resident owners, management and employees. In addition to BBIL, the principals directed a collection of related Canadian incorporated entities, some of which companies were used interchangeably with BBIL. Although the Canadian entities employed certain foreign payment processors and off-shore banking arrangements, such activities were coordinated exclusively from Canada.

33. The Banners Broker website, computer program, and back office support function were designed and managed from Toronto. From its inception in 2010, or shortly thereafter, Banners Broker was run out of four condominiums at 167 Church St.,

Toronto, Ontario. As noted in the Fifth Report, starting in October 2012, these condominiums and a commercial property at 5 Carlow Court, Whitby, functioned as the Banners Broker world headquarters.

34. Beginning in late 2011 and continuing until September 2013, Bannersbroker Canada was the primary source of customer support for Banners Broker creditors and resellers. Bannersbroker Canada administered Banners Broker's web presence, including by creating online content for and updating and maintaining the business website. Bannersbroker Canada also planned BBIL conventions and BBIL "World Tour" stops including events in Portugal, England, and Ireland. At its peak Bannersbroker Canada employed approximately 70 people.

35. Conversely, the business' Isle of Man connections now seem relatively limited. BBIL was in the nature of a "letter box company", incorporated to act as holding company in a tax haven jurisdiction. BBIL deposited funds in a bank account on the island for approximately three months, beyond which time the account was effectively left dormant. The Isle of Man operation never employed a local resident and any creditor/customer/investor communication made by any interested party was routed to Canada, with no ability to contact a BBIL employee located in the Isle of Man.

36. The predominant role that Canada and the Ontario receivership proceedings have played - and promise to continue to play - in the wind-up of BBIL and the Banners Broker business is evidenced by the following high level points:

- (a) almost all realizations in the BBIL insolvency proceedings, with the exception of the BBIL bank account in the Isle of Man, have been made by or to the account of the Receiver;

- (b) Banners Broker debtors, contract counter-parties, payment processors, and banks and financial institutions have largely recognized the authority of and cooperated with the Receiver, even in circumstances where such parties are not resident in Canada or otherwise subject to this Honourable Court's jurisdiction;
- (c) the Receiver has, where appropriate, sought and obtained additional receivership powers over seven BBIL associated entities. Certain of these entities, particularly Bannersbroker Canada, were central elements of the business of Banners Broker, arguably as or more central than BBIL. Such entities are subject to receivership proceedings in Canada alone;
- (d) with the exception of contingent litigation claims, all known BBIL assets are currently domiciled in Canada or under the current care of the Receiver. The Receiver's existing authority will allow it to effectively administer these assets together with any contingent litigation claims existing in other jurisdictions; and
- (e) looking forward, the wind-up of BBIL will have to be closely coordinated with the wind-up of Bannersbroker Canada, and perhaps certain other Canada incorporated entities, and it is only the Receiver that has jurisdiction in respect of such companion proceedings

#### **B. Transition of Receivership Proceedings from the Isle of Man to Canada**

37. Given the predominant and growing "Canada focus" of the BBIL receivership proceedings the Receiver and the Joint Liquidators have concluded that it is no longer



economic to administer and maintain these proceedings as a conventional cross-border foreign recognition proceeding with active insolvency representation in both Canada and the Isle of Man.

38. Moreover, there is a potential for significant cost savings should it be possible to complete the wind-up of BBIL (and associated entities such as Bannersbroker Canada), by a single insolvency jurisdiction that is appropriately positioned and empowered to realize upon and deal with residual assets and claims.

39. Accordingly, and subject to the approval of this Honourable Court and the approval of the Isle of Man High Court of Justice, the Receiver and Joint Liquidators propose that the Receiver conclude the administration of BBIL (and BBIL related entity Bannersbroker Canada).

### **C. Assignment Agreement**

40. As an Isle of Man company, BBIL's liquidation is governed by the Part V of the *Companies Act* 1931, together with the Companies (Winding Up) Rules 1934 of the Isle of Man.

41. The relevant legislation accords the Joint Liquidators broad powers that may be exercised with the sanction of either the Isle of Man court or the committee of inspection. Such powers include the ability to "sell" or "transfer" the debtor's property, to "appoint an agent" and "to do all such things as may be necessary for winding-up of the affairs of the company". The Joint Liquidators may also "apply to the court...for directions in respect of any particular matter arising under the winding-up".<sup>1</sup>

---

<sup>1</sup> (*Companies Act*, 1931, s. 184 and 185.

42. To preserve the prospect of realization upon any BBIL property vested in the Joint Liquidators, the Joint Liquidators and the Receiver have concluded that it would be advantageous to enter into a transition services and Assignment Agreement whereby the Joint Liquidators will assign to the Receiver any and all residual property, assets, claims and undertakings of BBIL that have accrued to the Joint Liquidators by virtue of their appointment and activities as Joint Liquidators.

43. To this end the Court Officers are in the process of preparing the Assignment Agreement. The Court Officers are still determining what terms and conditions are necessary for the agreement. Thus, the Court Officers intend to attach the agreement as an appendix to an affidavit of the Joint Liquidators that will be filed with the Court early next week.

44. Although somewhat unique, the Assignment Agreement makes good sense in the circumstances of this case where the debtor's known remaining assets of any value are already in the hands of the Receiver, and the Receiver otherwise has the authority to receive and realize upon the debtor's property. Further, the proposed assignment is supported by the Committee of Inspection. The Receiver respectfully recommends that this Honourable Court approve the terms of the Assignment Agreement and authorize the Receiver to execute the same.

#### **D. Additional Limited Authority**

45. In the interests of international comity, and effectively coordinating these proceedings, including the transition of certain insolvency administration matters from the Joint Liquidators to the Receiver, the Receiver also seeks certain limited additional authorities sufficient to:

- (a) pursue, receive, collect, settle, extend or compromise any of the Assigned Interests;
- (b) respond to, address or otherwise deal with BBIL creditors and BBIL creditor inquiries, regardless of where such creditors reside and regardless of whether or not the inquiries are directed at the Joint Liquidators or the Receiver; and
- (c) receive and take possession of any BBIL related records, accounts or information in the possession of the Joint Liquidators as the Receiver considers necessary or desirable for the purposes of fulfilling the Receiver's mandate.

46. Pursuing claims and dealing with creditors are standard aspects of any receivership. Certainly the Supplemental Order and the Further Supplemental Order already provide the Receiver with certain of the authorities outlined above. It is primarily in recognition of the fact that the Joint Liquidators have been actively involved in this case up until now, that the Receiver considers it appropriate to seek specific revisions to its mandate and powers to address matters in the nature of a transition. This approach will also ensure that all stakeholders having an interest in this proceeding will be on notice of the intention to transition from the Joint Liquidators to the Receiver.

#### **E. Release of Joint Liquidators**

47. In the event that this motion is granted, and a companion motion brought by the Joint Liquidators in the Isle of Man is similarly allowed, the Joint Liquidators will have effectively concluded the *Companies Act*, 1931, wind-up of BBIL. It is anticipated that

the Joint Liquidators would be released and discharged from all liability pursuant to section 190(3) of the *Companies Act*, 1931.

48. The relief sought on this motion would release the Joint Liquidators from their appointment as “foreign representative” for the purposes of these proceedings. Assuming that the Transition can proceed as proposed, the conclusion of the BBIL wind-up will be administered from Canada by the Receiver, and there will be no need for the Joint Liquidators to retain an appointment as “foreign representative”.

#### **F. Funding of Joint Liquidators**

49. To obtain a discharge in the Isle of Man, and to transition the BBIL insolvency proceedings from the Isle of Man to Canada, the Joint Liquidators are required to bring an application before the High Court of Justice of the Isle of Man and have requested funding from the Receiver to do so. The Joint Liquidators have estimated that no more than \$100,000 will be needed to retain and instruct counsel in the Isle of Man to bring this application, and to cover the costs of their professional time.

50. The Receiver believes this is a reasonable estimate of the costs of concluding the Isle of Man Proceedings and is seeking this court’s permission to fund the necessary application to the High Court of Justice of the Isle of Man to conclude the BBIL liquidation process there.

#### **G. Retention of DRP and MannBenham**

51. Given the genesis and history of these proceedings, the Receiver has determined that it may be advantageous to retain DRP and MannBenham as agents

from time to time to assist with the conclusion of the wind-up of BBIL and the exercise of the Receiver's powers and duties.

52. The Receiver accordingly seeks specific authority and approval to retain DRP and/or MannBenham to assist the Receiver as may be appropriate.

#### **H. Approval of the Receiver's Fees and Disbursements**

53. Pursuant to paragraph 18 of the Supplemental Order, the Receiver and its counsel shall pass their accounts from time to time. For this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Commercial List.

54. The Receiver seeks to have its fees and disbursements, including those of its legal counsel approved by the court. The Receiver and its counsel have maintained detailed records of their professional time and costs.

55. The total fees and disbursements of the Receiver for services provided during the period of March 1, 2016 to April 30, 2016 is \$87,527.00 excluding HST. Attached as **Appendix "B"** is an affidavit of Philip H. Gennis sworn May 18, 2016 ("**Gennis Affidavit**") regarding the Receiver's fees and disbursements. Copies of the Receiver's detailed time dockets for the period March 1, 2016 to April 30, 2016 are appended as exhibits to the Gennis Affidavit.

56. Cassels has acted as the Receiver's legal counsel on all matters related to these receivership proceedings. Cassels rendered its accounts to the Receiver for the period March 1, 2016 through to and including April 30, 2016 in the amount of \$431,707.50 including disbursements and HST. Attached as **Appendix "C"** is the affidavit of Larry Ellis sworn May 18, 2016 ("**Ellis Affidavit**") regarding counsel's fees and disbursements

to the Receiver. Copies of the counsel's detailed time dockets for the period March 1, 2016 to April 30, 2016 are appended as exhibits to the Ellis Affidavit. The accounts described in the Ellis Affidavit include amounts billed to the Receiver, which were paid directly by the Receiver and approved by the Committee of Inspection in accordance with the laws governing the Isle of Man Proceedings.

57. The Receiver believes that the fees and disbursements of Cassels are fair and reasonable and justified in the circumstances. The Receiver has reviewed the accounts of Cassels in light of the novel, complex, broad ranging and multi-jurisdictional nature of this engagement. The Receiver is of the view that all work set out in the accounts was carried out and was necessary. The hourly rates of the lawyers at Cassels who worked on this matter are considered to be appropriate and reasonable in light of the services required, and the services were carried out by lawyers with the appropriate level of experience. The Receiver accordingly respectfully recommends approval of Cassels's accounts by this Honourable Court.

58. A copy of the Receiver's Interim Statement of Receipts and Disbursements, as at May 17, 2016, is attached hereto as **Appendix "D"**.

#### **IV. Recommendation**

59. Based upon the foregoing, the Receiver respectfully requests that this Honourable Court issue an order:

- (a) authorizing the Receiver to enter into and approving the terms of the Assignment Agreement, in substantially similar form and substance as is

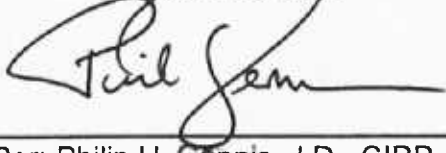
attached to this Sixth Report, pursuant to which the Joint Liquidators will assign to the Receiver the Assigned Interests;

- (b) authorizing and empowering the Receiver to pursue, receive, collect, settle, extend or compromise any of the Assigned Interests;
- (c) authorizing and empowering the Receiver to respond to, address, or otherwise deal with BBIL creditors and BBIL creditor inquiries regardless of where such creditors are situate, and regardless of whether such inquiries are directed to the Joint Liquidators or the Receiver;
- (d) authorizing and empowering the Receiver to administer such creditor claims process as may be appropriate, subject to further order of this Court;
- (e) permitting the Receiver to receive and take possession of any BBIL related records, accounts or information in the possession of the Joint Liquidators as the Receiver considers necessary or desirable for the purposes of fulfilling the Receiver's mandate;
- (f) releasing the Joint Liquidators from their role as "Foreign Representatives" of BBIL 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*;
- (g) authorizing the Receiver to pay the reasonable fees and disbursements of the Joint Liquidators incurred in relation to the Transition, without further approval of this Court, provided that such fees and disbursements do not exceed \$100,000;

- (h) authorizing and empowering the Receiver to engage DRP and MannBenham 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;
- (i) approving the Sixth Report and the conduct and activities of the Receiver as set out herein;
- (j) approving the Receiver's interim statement of receipts and disbursements as at May 17, 2016; and
- (k) approving the fees and disbursements of the Receiver and its counsel, Cassels, for services rendered from March 1, 2016 to April 30, 2016, as particularized in the affidavits of Philip Gennis sworn May 18, 2016, and Larry Ellis sworn May 18, 2016.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 19th day of May, 2016.

**msi Spergel inc.,**  
Court-appointed Receiver of  
Banners Broker International Limited



---

Per: Philip H. Gennis, J.D., CIRP



## **APPENDIX “C”**

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

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990,  
c. C-43**

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

**AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.**

**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)**

**AFFIDAVIT OF PAUL ROBERT APPLETON**

I, PAUL ROBERT APPLETON, of the City of London, United Kingdom, **MAKE OATH**

**AND SAY:**

1. Together with Miles Andrew Benham ("**Benham**"), I am a Joint Liquidator ("**Joint Liquidators**") of Banners Broker International Limited ("**BBIL**") in proceedings before the High Court of Justice in the Isle of Man, Civil Division, pursuant to Part V of the *Companies Act 1931* of the Isle of Man ("**Isle of Man Proceedings**"). I have knowledge of the matters hereinafter deposed, which knowledge is either personal to me, obtained from a review of the documents referred to herein or, where indicated, based on information and belief upon being advised by others, in which case I verily believe such information to be true.

2. The purpose of this affidavit is to evidence the Joint Liquidators' support for the relief sought in the notice of motion dated May 19, 2016 and filed by the Joint Liquidators and the Receiver as co-moving parties.

3. This affidavit may be read in conjunction with my affidavit, sworn August 6, 2014, and filed in connection with the Joint Liquidators' application for foreign recognition of the Isle of Man Proceedings in Canada ("**First Appleton Affidavit**").

**A. Isle of Man Proceedings**

4. On February 26, 2014, His Honour the Deemster Doyle, First Deemster and Clerk of the Rolls of the High Court of Justice of the Isle of Man, ordered that BBIL be wound up pursuant to section 162(6) of the *Companies Act 1931*, which provides for the winding up of a company where the court is of the opinion that it is just and equitable that the company should be wound up, and appointed Benham and myself as Joint Provisional Liquidators and Deemed Joint Official Receivers of BBIL pursuant to section 174 of the *Companies Act 1931*. The Isle of Man Court granted the Joint Liquidators the following powers, among others:

- a. to carry on the business of BBIL, insofar 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 we deem necessary;
- 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 our duties;
- d. to pay any classes of creditors in full; and
- e. to bring or defend any action or other legal proceedings in the name of and on behalf of BBIL.

5. His Honour the Deemster Doyle made a further order on March 14, 2014 that Benham and myself, at that time acting as Joint Provisional Liquidators and Deemed Joint Official Receivers, be appointed as Liquidators. The court also appointed a five person committee of inspection to act with the Joint Liquidators (the "**Committee of Inspection**").

6. Subsequently, on July 2, 2014, pursuant to the authority conferred by the above referenced orders of the Isle of Man High Court and by section 184(1) of the *Companies Act 1931*, the Joint Liquidators sought authorization and instruction of the Committee of Inspection to commence an application for recognition of the Isle of Man Proceeding in Canada as a "foreign proceeding" for the purposes of Part XIII of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

7. The Joint Liquidators' activities, insofar as they relate to the Canadian receivership proceedings, are largely detailed in the six reports that msi Spergel inc., in its capacity as court-appointed receiver of BBIL ("**Receiver**") has filed with this Court.

#### **B. Court Officer Meetings In Toronto**

8. The Joint Liquidators and the Receiver met with their counsel in Toronto on April 24 and 25. The purpose of the meeting was to discuss the strategic direction and economics of the winding up of BBIL in the Isle of Man and the six associated receivership proceedings in Canada<sup>1</sup>

9. For the reasons discussed in the Sixth Report of the Receiver dated May 19, 2016 ("**Sixth Report**"), the Joint Liquidators share the view of the Receiver that there are very likely significant cost savings and efficiencies to be gained if the residual insolvency administration of the BBIL estate can be completed by a single creditor representative.

---

<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Sixth Report.

10. It would appear the Receiver is currently best positioned to resolve the wind-up of BBIL.

This is the case because:

- a. The vast majority, if not all, of BBIL's assets are currently in the hands of the Receiver;
- b. The Receiver's role and authority has been broadly recognized, including by parties outside of Canada who have cooperated with and continue to aid and assist the Receiver;
- c. The Receiver, rather than the JL's, has sought and obtained certain additional receivership powers over a collection of Canadian entities that formed part of the "Banners Broker" business, including, most significantly, Banners Broker Canada. It may be appropriate that certain of these entities be wound up in conjunction with BBIL; and
- d. The Receiver has standard Model Order receivership powers, such as would be suitable for concluding a court supervised wind-up of BBIL and / or any associated Canadian entities.

**C. May 2016 Meeting with the Committee of Inspection**

11. Since our appointment in March 2014, the Joint Liquidators have regularly reported to the Committee of Inspection regarding the ongoing administration of the BBIL estate. The Committee of Inspection has provided oversight of the Joint Liquidators' activities including the motions brought in the Canadian insolvency proceedings of BBIL and approval of the Joint Liquidators' fees and disbursements.

12. A meeting of the Committee of Inspection was held on May 11, 2016 to consider and if deemed advisable seek approval of a proposal to transition insolvency administration functions

from the Joint Liquidators' to the Receiver. The Receiver and Canadian counsel to the Receiver and the Joint Liquidators attended the meeting for the purpose of providing answers and advice on the nature of the Canadian receivership process, and the mechanics of a properly empowered receiver completing the wind-up of BBIL.

13. The meeting involved a broad ranging and considered discussion of the future of the BBIL insolvency proceedings, with a focus on the merits of insolvency administration functions shifting to Canada. Consideration was given as to how the Receiver could attend to ongoing creditor reporting functions currently performed by the Joint Liquidators.

14. At the conclusion of the meeting, the Committee of Inspection unanimously resolved to support the "transition to Canada strategy" and the relief sought on the within motion.

**D. Transition to Canada – Next Steps**

15. Benham and I have reviewed the Notice of Motion for the Transition of Certain Insolvency Administration Matters from the Joint Liquidators to the Receiver ("**Transition Motion**") and the Sixth Report in support thereof. Benham and I support the Receiver's recommendations in the Sixth Report and the relief sought on the Transition Motion.

**Proposed Assignment Agreement**

16. In furtherance of the transition of insolvency administration responsibilities to the Receiver, the Joint Liquidators and the Receiver have prepared a draft transition services and assignment agreement ("**Assignment Agreement**").

17. The Assignment Agreement contemplates, among other things, the Joint Liquidators assigning to the Receiver any and all residual property, assets, claims and undertakings of BBIL that has accrued to the Joint Liquidators by virtue of our appointment and activities as Joint Liquidators.

18. The Joint Liquidators and the Receiver will each seek approval from their respective supervising courts of the transition arrangements contemplated on this motion, including, specifically, an order authorizing them to enter into a transition agreement in substantially the same form as the Assignment Agreement.

19. The key terms of the Assignment Agreement are as follows:

- a. the Joint Liquidators contractually assign to the Receiver their interest in any BBIL assets, undertaking and property that has accrued to the Joint Liquidators by virtue of their appointment and activities as Joint Liquidators;
- b. the Joint Liquidators agree to transfer any Banners Broker related information held by them to the Receiver;
- c. the Receiver undertakes to post a letter on its website ([www.spergel.ca/banners](http://www.spergel.ca/banners)) advising Banners Broker stakeholders of the transition of administration responsibilities from the Joint Liquidators to the Receiver; and
- d. the Receiver agrees to take such steps as are necessary to have the terms of the Assignment Agreement approved by the Ontario court and obtain the Ontario court's authorization to execute the Assignment Agreement.

20. A copy of the Transition Agreement is attached hereto as Exhibit "A".

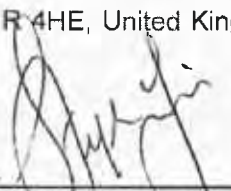
#### **Intended Application to the Isle of Man High Court of Justice**

21. In furtherance of the arrangements contemplated by this motion, the Joint Liquidators are in the process of obtaining a legal opinion from special insolvency counsel qualified to advise on Isle of Man law. The initial opinion of counsel is to the effect that the transition arrangements proposed broadly accord with Isle of Man common law, and that it is appropriate

that the Joint Liquidators proceed to seek any necessary approvals of the Isle of Man High Court of Justice.

22. Accordingly, should the Ontario Superior Court of Justice grant the within motion, the Joint Liquidators intend to apply to the Isle of Man High Court of Justice for an order similarly approving the Transition Agreement and releasing the Joint Liquidators from their office.

SWORN BEFORE ME at 26-28 Bedford Row  
London WC1R 4HE, United Kingdom on 24<sup>th</sup>  
May, 2016.

  
\_\_\_\_\_  
Notary Public in England and Wales

  
\_\_\_\_\_  
Paul Robert Appleton





## **APPENDIX “D”**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)

THE HONOURABLE

)

THURSDAY, THE

JUSTICE *NEUBAUER*

)

)

26th DAY OF MAY, 2016



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.  
C-43

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

AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.

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

(Transition of Certain Insolvency Administration Matters  
from the Joint Liquidators to the Receiver)

**THIS MOTION**, made by Paul Robert Appleton and Miles Andrew Benham in their capacity as Joint Liquidators and Foreign Representatives ("**Joint Liquidators**") of Banners Broker International Limited ("**BBIL**"), and msi Spergel inc., in its capacity as receiver of BBIL and Stellar Point Inc. (formerly o/a "7250037 Canada Inc." and "Bannersbroker Limited") ("**Bannersbroker Canada**") and investigatory receiver of (i) 2087360 Ontario Incorporated o/a Local Management Services; (ii) Parrot Marketing Inc. (formerly o/a "8264554 Canada Limited"); (iii) 2341620 Ontario Corporation; (iv) Dixit Holdings Inc. (formerly o/a "8163871 Canada Limited"); (v) 8643989 Canada Inc. o/a Dixit Consortium Inc.; (vi) Dreamscape Ventures Ltd.; and (vii) any other entity operating under the business names "Bannersbroker", "Banners Broker",

"Bannersbroker Limited", "Bannersmobile", "BannersMobile" or "Banners Broker Belize" (the "**Receiver**") for an Order in furtherance of the transition of certain BBIL insolvency administration matters from the Joint Liquidators to the Receiver ("**Transition**") was heard this day at the Court House at 330 University Avenue, Toronto, Ontario.

**ON READING** the notice of motion of the Receiver and the Joint Liquidators dated May 19, 2016, the Sixth Report of the Receiver dated May 19, 2016 (the "**Sixth Report**"), Affidavit of Paul Robert Appleton sworn May 26, 2016, filed, and on hearing submissions from counsel for the Receiver and the Joint Liquidators, counsel for Christopher Smith, and counsel for Rajiv Dixit:

**Service**

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

**Transition Matters**

2. **THIS COURT ORDERS** that the Assignment Agreement (as described in the Sixth Report and appended to the affidavit of Paul Robert Appleton sworn May 26, 2016) be and is hereby approved.

3. **THIS COURT ORDERS** that the Receiver is hereby authorized and empowered to pursue, receive, collect, settle, extend or compromise any and all residual property, assets, claims and undertakings of BBIL that have accrued to the Joint Liquidators by virtue of their appointment and activities as Joint Liquidators as assigned to the Receiver pursuant to the Assignment Agreement.

4. **THIS COURT ORDERS** that the Receiver is authorized and empowered to respond to, address, or otherwise deal with BBIL creditors and BBIL creditor inquiries regardless of where

such creditors are situate, and regardless of whether such inquiries are directed to the Joint Liquidators or the Receiver.

5. **THIS COURT ORDERS** that the Receiver shall report to this Court in connection with BBIL creditors and claims, including the location of creditors and the quantum of their claims, and make such recommendations on a potential creditor claims process as the Receiver sees fit.

6. **THIS COURT ORDERS** that the Receiver may receive and take possession of any BBIL related records, accounts or information in the possession of the Joint Liquidators as the Receiver considers necessary or desirable for the purposes of fulfilling the Receiver's mandate.

7. **THIS COURT ORDERS** that the Receiver is authorized and empowered to pay the reasonable fees and disbursements of the Joint Liquidators incurred in relation to the Transition, without further approval of this Court, provided that such fees and disbursements do not exceed \$100,000.

8. **THIS COURT ORDERS** that the Receiver is authorized and empowered to engage David Rubin & Partners Ltd. and/or MannBenham Advocates Ltd. 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.

#### **Receiver's Activities, Fees and Disbursements**

9. **THIS COURT ORDERS** that the Sixth Report and the activities of the Receiver described therein be and are hereby approved.

10. **THIS COURT ORDERS** that the Receiver's interim statement of receipts and disbursements, as at May 17, 2016, as appended to the Sixth Report, be and is hereby approved.

11. **THIS COURT FURTHER ORDERS** that the fees and disbursements of the Receiver and its counsel, Cassels Brock and Blackwell LLP, for services rendered from March 1, 2016 to April 30, 2016, as particularized in the affidavits of Philip Gennis, sworn May 18, 2016 and Larry Ellis, sworn May 18, 2016, appended to the Sixth Report, be and are hereby approved.


**Aid and Recognition**

12. **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.



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

MAY 26 2016

PER / PAR: 

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED

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

AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C-43

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

AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.

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, ON M5H 3C2

David S. Ward LSUC #: 33541W  
Tel: 416.869.5960  
Fax: 416.640.3154  
dward@casselsbrock.com

Larry Ellis LSUC#: 49313K  
Tel: 416.869.5406  
Fax: 416.640.3004  
lellis@casselsbrock.com

Erin Craddock LSUC#: 62828J  
Tel: 416.860.6480  
Fax: 416.644.9324  
ecraddock@casselsbrock.com

Lawyers for the Applicants

## **APPENDIX “E”**

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

**TO THE ISLE OF MAN COURT**

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

**July 13, 2016**



## TABLE OF CONTENTS

I. Purpose of this Report.....	1
II. Overview of BBIL .....	1
III. Orders Granted in Respect of the Receivership of BBIL.....	1
IV. The Receiver's Statutory Powers and Obligations .....	2
V. The Transition Agreement .....	3
VI. Summary.....	4

## **TABLE OF APPENDICES**

- A. Order of the Honourable Justice Matheson of the Ontario Superior Court of Justice (Commercial List),, dated August 22, 2014 ("Recognition Order")
- B. Order of the Honourable Justice Matheson of the Ontario Superior Court of Justice (Commercial List),, dated August 22, 2014 ("Supplemental Order")
- C. Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List),, dated August 7, 2015 ("Further Supplemental Order")
- D. Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (Commercial List),, dated May 26, 2016
- E. Report of msi Spergel inc. in its capacity as receiver of Banners Broker International Limited and Stellar Point Inc., dated May 19, 2016
- F. Transition Services and Assignment Agreement
- G. CV of Philip Howard Gennis, LLB, CIRP, Licensed Insolvency Trustee

## **I. Purpose of this Report**

1. This Report is filed by msi Spergel inc., in its capacity as Canadian court-appointed receiver (in such capacity, the “**Receiver**”) of Banners Broker International Limited (“**BBIL**”), to outline the Receiver’s various statutory powers and obligations under Canadian law.

## **II. Overview of BBIL**

2. BBIL was central to a group of at least eight related companies and service providers. Together they were involved in and/or operated the “Banners Broker” online enterprise (“**Banners Broker**”).

3. Now defunct, various of the corporate entities making up the Banners Broker enterprise are currently subject to insolvency proceedings in the Isle of Man (in the case of BBIL), as well as in Canada (in the case of BBIL and others).

4. Although BBIL was legally domiciled in the Isle of Man, its operations were in fact completely controlled by Canadian residents working in Ontario, Canada. Accordingly, and as set out below, the Ontario court accepted there was jurisdiction in Ontario to engage in a receivership of BBIL.

## **III. Canadian Orders Granted in Respect of the Receivership of BBIL**

5. BBIL was ordered into liquidation by the Isle of Man High Court of Justice on February 26, 2014. Miles Andrew Benham and Paul Robert Appleton were appointed as Joint Liquidators of BBIL in the Isle of Man proceedings (“**Joint Liquidators**”).

6. On August 22, 2014, pursuant to an application by the Joint Liquidators, the Isle of Man proceeding was recognized by the Ontario Superior Court of Justice under cross-border provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (“**BIA**”). msi Spergel inc. was appointed as Receiver of BBIL in Canada. Copies of the August 22, 2014 court orders of the Ontario Superior Court of Justice (Commercial List) (“**Commercial List**”), recognizing the

Isle of Man proceeding and appointing the Receiver as receiver of BBIL are attached as **Appendix “A”** and **Appendix “B”**, respectively.

7. Then, on August 7, 2015, the Ontario Superior Court of Justice empowered the Receiver to initiate and prosecute claims on behalf of BBIL for the purpose of completing the administration of the receivership of BBIL (the “**Further Supplemental Order**”). A copy of the Further Supplemental Order of the Commercial List is attached as **Appendix “C”**.

8. On May 26, 2016, the Receiver sought and was granted an order by the Commercial List, approving and facilitating the transition of certain insolvency administration matters from the Joint Liquidators to the Receiver, including the administration of a global claims process. A copy of the May 26, 2016 order by the Commercial List is attached as **Appendix “D”**.

#### **IV. The Receiver’s Statutory Powers and Obligations**

9. The Receiver’s powers are derived from both the federal BIA and orders obtained by the Receiver from the Commercial List.

10. The Receiver’s powers under s.243(1) of the BIA are as follows:

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

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

(b) exercise any control that the court considers advisable over that property and over the insolvent person’s or bankrupt’s business; or

(c) take any other action that the court considers advisable.

11. The Commercial List is a specialized commercial court within the Ontario Superior Court of Justice for hearing certain matters, including insolvency and restructuring proceedings under

the BIA. The Commercial List is comprised of a team of judges that specialize in complex commercial litigation.

12. The Commercial List's judges are authorized to issue receivership orders that grant broad powers to a Canadian receiver in addition to those granted under s.243(1) of the BIA.

13. The Receiver has accordingly been granted comprehensive powers to administer and complete the receivership of BBIL as set out in Paragraph 6 of the Supplemental Order by the Commercial List, appended at **Appendix "B"**, and Paragraph 10 of the Further Supplemental Order by the Commercial List, appended at **Appendix "C"**.

## **V. The Transition Agreement**

14. After extensive and on-going investigation into the Banners Broker business, the Receiver and Joint Liquidators have concluded that Canada, as opposed to the Isle of Man, was/is the centre for Banners Broker business operations.

15. As such, the Receiver and Joint Liquidators have also concluded that the steps required to complete the administration of the BBIL liquidation are most efficiently achieved by the Receiver as set out in the Receiver's May 19, 2016 Report to the Commercial List ("**Sixth Report**"). A copy of the Sixth Report, without exhibits, is attached at **Appendix "E"**.

16. As a result, the Joint Liquidators and Receiver have drafted a Transition Services and Assignment Agreement ("**Assignment Agreement**") that outlines: the Receiver's covenants with respect to the on-going administration of BBIL; the transition steps to be taken to move all on-going administrative matters from the Joint Liquidators to the Receiver; an assignment of the assets of BBIL to the Receiver; and an indemnification of the Joint Liquidators by the Receiver.

17. This Assignment Agreement has been consented to by the Receiver and approved by the Commercial List and is attached as **Appendix "F"** to this report. The May 26, 2016 Order of

the Commercial List approving the Assignment Agreement is attached as **Appendix "D"**. The Receiver will sign the Assignment Agreement once approved by the Isle of Man Court.

## **VI. Summary**

18. The Receiver is advised that the Joint Liquidators have lodged with the Court in the Isle of Man, as exhibits to their Joint Liquidators Reports, the following Receivers Reports No:7,6,5,4,3,2,1 which cover the period 2 October 2014 up to 30 May 2016 which the Receiver had previously lodged with and which have been approved by the Commercial List in Canada.

19. The Receiver relies upon the content of these previous reports to the Commercial List in Canada, which describe in greater detail the Receiver's activities and investigations to date.

20. The Receiver has been granted wide-ranging and comprehensive powers by the Commercial List in Canada through the aforementioned Court Orders and statutory regimes that permit it to complete an orderly and efficient winding up of the BBIL estate.

21. Philip Howard Gennis, who has responsibility for the BBIL Estate in Canada, is a Canadian solicitor and an Insolvency Trustee licensed by the Canadian Superintendent of Bankruptcy with approximately 40 years of insolvency experience. The Receiver is well equipped to assume obligations arising from and necessary to complete the administration of the receivership of BBIL. A copy of Mr. Gennis' CV is attached as **Appendix "G"** to this report.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 13th day of July, 2016.

**msi Spergel inc.,**  
Court-appointed Receiver of  
Banners Broker International Limited



---

Per: Philip H. Gennis, J.D., CIRP, LIT

## **APPENDIX “F”**

**CNP 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 Orders of 26 February 2014 and 14 March 2014

and

**IN THE MATTER** of the Application dated 19 July 2016 and the Order of 5 August 2016

At a Court held on  
6 October 2016

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

**UPON** the calling of the Application dated 19 July 2016 (the "Application") of the Joint Liquidators of Banners Broker International Limited (in liquidation) ("BBIL") Mr Paul Robert Appleton and Mr Miles Andrew Benham (the "Joint Liquidators") and having heard counsel for the Joint Liquidators and having been satisfied as to compliance with the orders made on 5 August 2016 and 15 August 2016 **IT IS ORDERED** that:

1. The Application for;
  - 1.1 The stay of the liquidation of BBIL in the Isle of Man
  - 1.2 The Release of the Joint Liquidators
  - 1.3 The consent of the court for the Joint Liquidators to sign and enter into the document entitled the Transitional Service and Assignment Agreement which assigns, transfers and conveys to msi Spergel inc the Canadian court appointed Receivers of BBIL on an "as is where is" basis all of the Joint Liquidators' right, title, and interest in and to the BBIL estate shall be heard at 2.30pm on Monday 14 November 2016 with half a day allocated
2. The Joint Liquidators do file written submissions and a core bundle by 4pm on 23 October 2016.
3. A copy of this Order shall be placed on the BBIL website operated by msi Spergel inc and the EPIQ website operated by the Joint Liquidators.





## **APPENDIX “G”**



**SPERGEL**

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

**TO THE ISLE OF MAN COURT**

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

**October 20, 2016**

**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 • Oshawa 905 721 8251 • Toronto-Central 416 778 8813

Member **CAIRP** Canadian Association of Insolvency and Restructuring Practitioners

Member **ICIN** The Independent Canadian Insolvency Network

**TABLE OF CONTENTS**

	Page
I. Purpose of this Report	4
II. Overview of BBIL	4
III. Canadian Court Orders Granted in Respect of the Receivership of BBIL	5
IV. Receiver's Statutory and Court Ordered Powers	7
V. Potential Claims Process	11
VI. Summary	12



### TABLE OF APPENDICES

- A. First Report of msi Spergel inc. in its capacity as Court-appointed Receiver of Banners Broker International Limited to the Isle of Man Court, dated July 13, 2016
- B. Order of the Ontario Superior Court of Justice (Commercial List), dated August 22, 2014
- C. Order of the Ontario Superior Court of Justice (Commercial List), dated August 22, 2014
- D. Order of the Ontario Superior Court of Justice (Commercial List), dated October 15, 2014
- E. Order of the Ontario Superior Court of Justice (Commercial List), dated August 7, 2015
- F. Order of the Ontario Superior Court of Justice (Commercial List), dated April 8, 2016
- G. Order of the Ontario Superior Court of Justice (Commercial List), dated May 26, 2016

## I. Purpose of this Report

1. This Report is filed by msi Spergel inc., in its capacity as Canadian court-appointed receiver (in such capacity, the "**Receiver**") of Banners Broker International Limited ("**BBIL**"), to outline the Receiver's various statutory and court-ordered powers and obligations under Canadian law.

2. This is the Receiver's second report to the Isle of Man Court. It follows and may be read in conjunction with the Receiver's First Report to the Isle of Man Court dated July 13, 2016 ("**First Report**"), and the seven reports filed by the Receiver with the Ontario Superior Court of Justice (Commercial List) ("**Ontario Court**"). Attached as **Appendix "A"** is a copy of the First Report. The Receiver understands that its previous seven reports to the Ontario Court have been filed with the Isle of Man Court by the Joint Liquidators (defined below).

## II. Overview of BBIL

3. BBIL was central to a group of at least eight related companies and service providers. Together they were involved in and/or operated the "Banners Broker" online enterprise ("**Banners Broker**").

4. A total of eight companies forming part of the Banners Broker group of companies are subject to ongoing receivership and insolvency proceedings in the Canada. In addition to BBIL, these companies include Stellar Point Inc. ("**Stellar Point**"), Dixit Holdings Inc. ("**Dixit Holdings**"), 2087360 Ontario Incorporated o/a Local Management Services ("**LMS**"), Parrot

Marketing Inc. (formerly o/a “8264554 Canada Limited”) (“**Parrot Marketing**”), 2341620 Ontario Corporation (“**234**”), Dixit Consortium Inc. (“**Dixit Consortium**”) and Dreamscape Ventures Ltd. (“**Dreamscape**”).

5. Although BBIL was incorporated in the Isle of Man, its operations were completely controlled by Canadian residents working in Toronto, Ontario. The Ontario Court accepted that there was jurisdiction in Ontario to appoint a receiver over BBIL in Canada.

### III. Canadian Court Orders Granted in Respect of the Receivership of BBIL

6. BBIL was ordered into liquidation by the Isle of Man High Court of Justice on February 26, 2014. Miles Andrew Benham and Paul Robert Appleton were appointed as Joint Liquidators of BBIL in the Isle of Man proceedings (“**Joint Liquidators**”).

7. On August 22, 2014, pursuant to an application by the Joint Liquidators, the Isle of Man liquidation proceeding was recognized by the Ontario Court under the cross-border provisions of the *Canadian Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (“**BIA**”). That same date, and by further order of the Ontario Court, msi Spergel inc. was appointed Receiver of BBIL in Canada (“**Supplemental Order**”). Copies of the August 22, 2014 order recognizing the Isle of Man proceedings and the Supplemental Order are attached as **Appendices “B” and “C”**, respectively.

8. On October 15, 2014, the Receiver’s investigatory powers were expanded to include certain other BBIL associated corporations identified in the course of the Receiver’s initial investigations, namely:

- a. Stellar Point;



- b. Dixit Holdings;
- c. LMS;
- d. Parrot Marketing;
- e. 234; and
- f. Any other entity operating under the business names “Bannersbroker”, “Banners Broker”, “Bannersbroker Limited”, “Bannersmobile”, “BannersMobile” or “Banners Broker Belize”.

A copy of the October 15, 2014 court order expanding the Receiver's investigatory powers is attached as **Appendix “D”**.

9. On August 7, 2015, the Receiver's investigatory powers were further expanded to include two other BBIL-associated corporations:

- a. Dixit Consortium; and
- b. Dreamscape Ventures.

The August 7, 2015 court order also granted the Receiver additional powers with respect to the BBIL estate, including the ability to initiate and prosecute claims on behalf of BBIL (“**Further Supplemental Order**”). A copy of the Further Supplemental Order is attached as **Appendix “E”**.

10. On April 8, 2016, the investigatory receivership in respect of Stellar Point was converted to a full, possessory receivership and msi Spergel inc. was appointed as Receiver of Stellar Point in addition to BBIL. A copy of the April 8, 2016 court order is attached as **Appendix “F”**.



11. On May 26, 2016, the Receiver with the support of the Joint Liquidators, brought a motion seeking court approval of the transition of certain residual insolvency administration matters from the Joint Liquidators to the Receiver. The motion was granted and an order was made specifically empowering the Receiver to proceed with the proposed transition (“**Transition Order**”, with the Supplemental Order and Further Supplemental Order, collectively, the “**Orders**”). A copy of the Transition Order is attached as **Appendix “G”**.

#### IV. Receiver's Statutory and Court Ordered Powers

12. The Receiver was appointed pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43 (“**Courts of Justice Act**”) and section 272(1)(d) of the BIA. Section 101 of the Courts of Justice Act and section 272 of Part XIII of the BIA provide the Ontario Court with broad discretion to appoint a receiver.

13. Section 101(1) of the Courts of Justice Act provides that the Ontario Court may appoint a receiver “where it appears to a judge of the court to be just or convenient to do so.”

14. Section 272(1)(d) of the BIA states:

If an order recognizing a foreign proceeding is made, the court may, on application by the foreign representative who applied for the order, if the court is satisfied that it is necessary for the protection of the debtor's property or the interests of a creditor or creditors, make any order that it considers appropriate, including an order ...

(d) appointing a trustee as receiver of all or any part of the debtor's property in Canada, for any term that the court considers appropriate and directing the receiver to do all or any of the following, namely,

- (i) to take possession of all or part of the debtor's property specified in the appointment and to exercise the control



over the property and over the debtor's business that the court considers appropriate, and

- (ii) to take any other action that the court considers appropriate....

15. As an officer of the Ontario Court the Receiver owes its duties not only to the Court, but to "all parties interested in the debtor's assets, property and undertakings. This includes competing secured claimants, guarantors, creditors or contingent creditors and shareholders." *Re Ravelston Corp.*, [2007] O.J. No. 414 at para 62 (Ont. Sup. Ct. J. (Commercial List)) (internal citations omitted). The Receiver must carry out its obligations with "reasonable care, ... honest[y] and in good faith". *Re Ravelston Corp.*, [2007] O.J. No. 414 at para 63 (Ont. Sup. Ct. J. (Commercial List)).

16. A receiver's powers and obligations are prescribed by the receivership appointment order, as may be amended from time to time. See *Re Ravelston Corp.*, [2007] O.J. No. 414 at para 60 (Ont. Sup. Ct. J. (Commercial List)). This means that the Receiver's authority and obligations derive from the Orders. In this regard, paragraph 6 of the Supplemental Order grants the Receiver the authority:

- (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.

17. The Supplemental Order also empowers the Receiver to apply to the Ontario Court for advice and directions with respect to the discharge of the Receiver's powers and duties. The Receiver has the right to apply to the court for advice and directions "to ensure proper and timely administration of the estate, as well as to protect itself through court authorization of certain actions it wants to take in the course of the fulfilment of its duties under receivership orders." *Re YBM Magnex International Inc.*, 2000 ABCA 284 at para 32.

18. The powers granted to the Receiver by the Supplemental Order were expanded by the Further Supplemental Order. Paragraph 10 of the Further Supplemental Order grants the Receiver the powers:

- (g) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (h) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business,



cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (i) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (j) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (k) to settle, extend or compromise any indebtedness owing to the Debtor;
- (l) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (m) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (n) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (o) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$100,000 provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;



- (p) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (r) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor; and
- (s) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have....

19. The Receiver's mandate and powers are also defined by the Transition Order. The Transition Order grants the Receiver the authority:

- (a) to pursue, receive, collect, settle, extend or compromise any and all residual property, assets, claims and undertakings of BBIL that have accrued to the Joint Liquidators by virtue of their appointment and activities as Joint Liquidators as assigned to the Receiver pursuant to the Assignment Agreement;
- (b) to respond to, address, or otherwise deal with BBIL creditors and BBIL creditor inquiries regardless of where such creditors are situate, and regardless of whether such inquiries are directed to the Joint Liquidators or the Receiver;
- (c) to receive and take possession of any BBIL related records, accounts or information in the possession of the Joint Liquidators as the Receiver considers necessary or desirable for the purposes of fulfilling the Receiver's mandate; and
- (d) to report to the Ontario Court in connection with BBIL creditors and claims, including the location of creditors and the quantum of their claims, and make such recommendations on a potential claims process as the Receiver sees fit.



## **V. Potential Claims Process and Distributions**

20. As indicated, the Receiver has been directed to report to the Ontario Court in connection with BBIL creditors and claims, including the location of creditors and the quantum of their claims. The Receiver is expected to make recommendations in this regard. Any claims process proposed by the Receiver will accordingly be subject to the requirement of prior authorization and approval by the Ontario Court.

21. In the event that a distribution to creditors appears economic, the Ontario Court will authorize a receiver to make distributions to creditors once the rights and claims of creditors have been finally determined. Such determinations of rights are made in accordance with all applicable principles of private and public international law.

## **VI. Summary**

22. The Receiver is a court officer with a broad court-ordered mandate to effectively wind-up BBIL and its associated entities. The Receiver has comprehensive and specifically defined powers to do so. The receivership proceedings have and will remain court supervised. The reporting and accounting requirements of the administration are clear. Court appointed receivership administrations are transparent to stakeholders. The Ontario Court has and will remain a ready forum for advice and directions on any issues that may arise.

23. In this case, with the exception of some contingent claims, all known BBIL assets of any value are currently in the hands of the Receiver, or are subject to ongoing realization proceedings by the Receiver. Nevertheless, in the interests of comity, and of more effectively

and cost-efficiently coordinating the Ontario proceeding with the Isle of Man proceeding, the Receiver considered it appropriate to seek certain refinements to its mandate to specifically address the transition matters that are the subject of the Transition Agreement (as defined in the Receiver's First Report to the Isle of Man Court). The Transition Order granted by the Ontario Court on May 26, 2016, accomplishes this.


24. Taking into consideration the Receiver's broad mandate and powers as outlined above, the Receiver is confident that it has sufficient authority to move forward with and complete the wind-up of BBIL in a manner that is comparable to that which would be undertaken by liquidators possessing the powers granted in section 184 of the *Companies Act 1931*.

25. The Receiver has extensive experience administering complex receivership estates. Philip Howard Gennis, senior principal with msi Spergel inc., is the person with responsibility for the BBIL estate in Canada. Mr. Gennis is a Canadian solicitor and an Insolvency Trustee licensed by the Canadian Superintendent of Bankruptcy. Mr. Gennis has approximately 40 years of insolvency experience.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 20th day of October, 2016.

**msi Spergel inc.**

Court-appointed Receiver of  
Banners Broker International Ltd.



Per: Philip H. Gennis, J.D., CIRP, LIT

## APPENDIX “H”

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

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

---

**Judgment delivered on 9 December 2016  
by His Honour the Deemster Doyle  
First Deemster and Clerk of the Rolls**

---

*Introduction*

1. Miles Andrew Benham and Paul Robert Appleton are the joint liquidators (the "Joint Liquidators") of Banners Broker International Limited (in liquidation) ("BBIL"). The Joint Liquidators have applied for various Orders. A Canadian court has appointed msi Spergel inc as the Receiver (the "Receiver") of BBIL. I am grateful to Christopher Webb who appeared for the Joint Liquidators and the Receiver for his helpful assistance to the court in respect of this matter.

*Orders*

2. For the reasons specified in this judgment I have been persuaded to grant the following Orders:
  - (1) the liquidation of BBIL in the Isle of Man is hereby stayed until further Order and the Joint Liquidators are, subject to compliance with the following Orders, hereby released;
  - (2) the court hereby sanctions the Joint Liquidators entering into the Transition Service and Assignment Agreement (the "Assignment Agreement") which assigns, transfers and conveys to the Receiver, on an "as is where is" basis all of the Joint Liquidators' rights, titles and interests in and to the BBIL estate and the Joint Liquidators should sign the Assignment Agreement forthwith;
  - (3) the Receiver of BBIL shall via Manx advocates make any appropriate filings with the court, including those necessary to complete in due course the winding up of the affairs of BBIL;
  - (4) notice of the making of these Orders shall be advertised in:
    - (a) The London Gazette;
    - (b) one Isle of Man newspaper; and



(c) on the BBIL website operated by the Receiver and on the EPIQ website;

(5) the costs of and incidental to the application of the Joint Liquidators and their agents shall be payable from the assets of BBIL as an expense of the liquidation of BBIL.

#### *Jurisdiction*

3. I am satisfied that the court has jurisdiction to grant these Orders.
4. Under section 194(1) of the Companies Act 1931 this court has a wide power to make an order staying winding up proceedings:

“... either altogether or for a limited time, on such terms and conditions as the court thinks fit”.
5. Deemster Kerruish in *Navigator Gas Transport plc* (judgment 4 July 2006) did not consider that the permanent stays sought by the Committee of Inspection in that case were detrimental to any creditor. The learned Deemster noted that the continuation of the liquidations would be against the wishes of the secured creditors. The learned Deemster saw no prejudice to anyone in granting permanent stays. The learned Deemster also considered the “commercial morality and the interests of the public at large”.
6. Derek French in *Applications to Wind Up Companies* second edition at page 369 states:

“A stay may be ordered if it is more convenient to wind up the company in another jurisdiction. [Footnote 265: *Re Oriental Bank Corporation* (1884) 10 VLR (E) 154; *Re Stewart and Matthews Ltd* (1916) 26 Man R 277 – in both cases no creditor objected].”
7. At page 1071 of McPherson’s *Law of Company Liquidation* third edition by Andrew R Keay it is stated:

“The effect of an order staying the winding up, if expressed in unlimited terms, is that the winding-up process comes to an end – the whole effect of the winding up ceases, and the company can thereupon resume the conduct of its business and affairs as if no winding up existed. The liquidator is entitled to a discharge.”
8. In this case the affairs of BBIL will still be subject to the Canadian orders made and the powers of the Receiver. Moreover, the winding up in the Isle of Man will not be formally concluded until the receivership is concluded in Canada.
9. Under section 184(2)(h) of the Companies Act 1931 the liquidator in a winding up by the court shall have the power “to do all such other things as may be necessary for winding up the affairs of the company and distributing its assets”. The Joint Liquidators have power to enter into the Assignment Agreement. Moreover, under section 184(3) of the Companies Act 1931 the exercise by the Joint Liquidators of the powers conferred by section 184 is subject to the control of the court.

*Reasons for making the Orders*

10. I am satisfied that it is appropriate to make the Orders for the following reasons.
11. As matters stood prior to the making of the Orders, BBIL had court-appointed Joint Liquidators in the Isle of Man and a Canadian court-appointed Receiver in Canada. There was the risk of a lot of duplication of cost and effort.
12. Chief Justice Kawaley in *Energy Development Group Limited (in provisional liquidation)* [2016] SC (Bda) 89 Com, in a judgment delivered on 4 November 2016, skilfully and pragmatically dealt with concerns over duplication of costs in Hong Kong and Bermuda of a provisional liquidation of a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange, when he directed at paragraph 16 that the division of labour should be guided by the overarching principles that:
  - “(a) the Hong Kong office-holders should have primary carriage of the Hong Kong-based work; and
  - (b) the Bermuda officer-holders should have primary carriage of the Bermuda-based work ...”
13. In the circumstances of the case presently before me it is more appropriate to stay the Manx liquidation in favour of the continuation of the Canadian receivership.
14. I should record that during the hearing I put it to Mr Webb that perhaps a simpler way of avoiding duplication would be for the Joint Liquidators to be substituted by Philip Gennis, the Senior Principal of the Receiver. This suggestion did not find favour and the Joint Liquidators required the court to determine their application for a stay and their release as liquidators.
15. It was initially the view of the Joint Liquidators that the centre of main interests was the Isle of Man. However, as matters have progressed it has become apparent that the centre of main interests is in reality and substance Canada.
16. The Ontario Superior Court of Justice in Canada by various orders appointed the Receiver and requested the assistance of the Manx court.
17. It makes a great deal of commercial and practical sense for the Receiver to progress matters in Canada and for the Joint Liquidators in the Isle of Man to stand down. The Committee of Inspection can see this sense and did not oppose the making of the Orders. No creditor objected to the making of the Orders. Indeed, no one has opposed the making of the Orders. It is just and convenient for the Manx liquidation to be stayed and for the Canadian receivership to continue. This will avoid unnecessary duplication and should save a significant amount of time and money.
18. The Orders will cause no undue prejudice to anyone and the Orders do not offend against “commercial morality” or “the interests of the public at large”. The Receiver will remain in existence and in control over the assets and affairs of BBIL until the receivership is concluded.

*Ancillary matters in respect of dissolution*

19. Under section 212(1) of the Companies Act 1931, when the affairs of BBIL have been completely wound up the court shall make an Order that BBIL be dissolved from the date of the Order and BBIL shall be dissolved accordingly. Under section 212(2) of the Companies Act 1931 the Order shall within 14 days from the date thereof be reported to the relevant department who shall make in its books a minute of the dissolution of BBIL.
20. The Receiver (a member of the Canadian Association of Insolvency and Restructuring Practitioners) by letter dated 25 November 2016 has confirmed:

“... its willingness to undertake all necessary functions and requirements on the conclusion of the winding up to ensure that [BBIL] is removed from the company registry. We will also ensure that the necessary paperwork is filed at the Isle of Man Companies Registry and that all necessary steps under statute and procedure are carried out as soon as possible to effect the dissolution of [BBIL] in the Isle of Man. We confirm that the receivership estate will be responsible for any and all costs associated with the conclusion of the winding up of [BBIL].”
21. It would be useful if a copy of the Receiver’s final report filed with the Canadian court prior to discharge and release could also be filed in the Isle of Man together with a copy of the final Canadian Order. The Manx court may, in compliance with relevant statutory provisions at the appropriate time, make an Order confirming that BBIL is dissolved pursuant to section 212 of the Companies Act 1931.

*Conclusion*

22. In all the circumstances of this case having considered the evidence, the law and the submissions, I was persuaded that it was appropriate to make the Orders which I have made, in effect staying the Manx liquidation in favour of the continuation of the receivership in Canada, releasing the Joint Liquidators, sanctioning the entering into of the Assignment Agreement, requiring the Joint Liquidators to enter into the Assignment Agreement forthwith and providing for filings, notice of the making of the Orders, costs and making comments in respect of certain ancillary matters.



## APPENDIX “I”

**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 Judgment dated 9 December 2016

and

**IN THE MATTER** of the Application dated 19 July 2016

and

**IN THE MATTER** of the Order of the 14 March 2014 and Order of the 26 February 2014

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

**UPON** the above being called in the presence of counsel for the Joint Liquidators of Banners Broker International Limited (in liquidation) ("BBIL") Mr Miles Andrew Benham and Mr Paul Robert Appleton ("the Joint Liquidators") and msi Spergel inc and upon consideration had and for the reasons stated in the judgment delivered this day **IT IS ORDERED** that:

1. The liquidation of BBIL in the Isle of Man is hereby stayed until further Order and the Joint Liquidators are, subject to compliance with the following Orders, hereby released;
2. The court hereby sanctions the Joint Liquidators entering into the Transition Service and Assignment Agreement (the "Assignment Agreement") which assigns, transfers and conveys to msi Spergel inc, the Canadian court appointed Receiver of BBIL (the "Receiver"), on an "as is where is" basis all of the Joint Liquidators' rights, titles and interests in and to the BBIL estate and the Joint Liquidators should sign the Assignment Agreement forthwith;
3. The Receiver of BBIL shall via Manx advocates make any appropriate filings with the court, including those necessary to complete in due course the winding up of the affairs of BBIL;
4. Notice of the making of these Orders shall be advertised in:

- 4.1 The London Gazette;  
4.2 One Isle of Man newspaper; and  
4.3 On the BBIL website operated by the Receiver and on the EPIQ website;

5. The costs of and incidental to the application of the Joint Liquidators and their agents shall be payable from the assets of BBIL as an expense of the liquidation of BBIL.

Dated 9 December 2016



**SEAL OF THE HIGH COURT**

CHP 14/0024

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

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

---

**Judgment delivered on 9 December 2016  
by His Honour the Deemster Doyle  
First Deemster and Clerk of the Rolls**

---

*Introduction*

1. Miles Andrew Benham and Paul Robert Appleton are the joint liquidators (the "Joint Liquidators") of Banners Broker International Limited (in liquidation) ("BBIL"). The Joint Liquidators have applied for various Orders. A Canadian court has appointed msi Spergel inc as the Receiver (the "Receiver") of BBIL. I am grateful to Christopher Webb who appeared for the Joint Liquidators and the Receiver for his helpful assistance to the court in respect of this matter.

*Orders*

2. For the reasons specified in this judgment I have been persuaded to grant the following Orders:
  - (1) the liquidation of BBIL in the Isle of Man is hereby stayed until further Order and the Joint Liquidators are, subject to compliance with the following Orders, hereby released;
  - (2) the court hereby sanctions the Joint Liquidators entering into the Transition Service and Assignment Agreement (the "Assignment Agreement") which assigns, transfers and conveys to the Receiver, on an "as is where is" basis all of the Joint Liquidators' rights, titles and interests in and to the BBIL estate and the Joint Liquidators should sign the Assignment Agreement forthwith;
  - (3) the Receiver of BBIL shall via Manx advocates make any appropriate filings with the court, including those necessary to complete in due course the winding up of the affairs of BBIL;
  - (4) notice of the making of these Orders shall be advertised in:
    - (a) The London Gazette;
    - (b) one Isle of Man newspaper; and

(c) on the BBIL website operated by the Receiver and on the EPIQ website;

(5) the costs of and incidental to the application of the Joint Liquidators and their agents shall be payable from the assets of BBIL as an expense of the liquidation of BBIL.

#### *Jurisdiction*

3. I am satisfied that the court has jurisdiction to grant these Orders.
4. Under section 194(1) of the Companies Act 1931 this court has a wide power to make an order staying winding up proceedings:

"... either altogether or for a limited time, on such terms and conditions as the court thinks fit".
5. Deemster Kerruish in *Navigator Gas Transport plc* (judgment 4 July 2006) did not consider that the permanent stays sought by the Committee of Inspection in that case were detrimental to any creditor. The learned Deemster noted that the continuation of the liquidations would be against the wishes of the secured creditors. The learned Deemster saw no prejudice to anyone in granting permanent stays. The learned Deemster also considered the "commercial morality and the interests of the public at large".
6. Derek French in *Applications to Wind Up Companies* second edition at page 369 states:

"A stay may be ordered if it is more convenient to wind up the company in another jurisdiction. [Footnote 265: *Re Oriental Bank Corporation* (1884) 10 VLR (E) 154; *Re Stewart and Matthews Ltd* (1916) 26 Man R 277 – in both cases no creditor objected]."
7. At page 1071 of McPherson's *Law of Company Liquidation* third edition by Andrew R Keay it is stated:

"The effect of an order staying the winding up, if expressed in unlimited terms, is that the winding-up process comes to an end – the whole effect of the winding up ceases, and the company can thereupon resume the conduct of its business and affairs as if no winding up existed. The liquidator is entitled to a discharge."
8. In this case the affairs of BBIL will still be subject to the Canadian orders made and the powers of the Receiver. Moreover, the winding up in the Isle of Man will not be formally concluded until the receivership is concluded in Canada.
9. Under section 184(2)(h) of the Companies Act 1931 the liquidator in a winding up by the court shall have the power "to do all such other things as may be necessary for winding up the affairs of the company and distributing its assets". The Joint Liquidators have power to enter into the Assignment Agreement. Moreover, under section 184(3) of the Companies Act 1931 the exercise by the Joint Liquidators of the powers conferred by section 184 is subject to the control of the court.



*Reasons for making the Orders*

10. I am satisfied that it is appropriate to make the Orders for the following reasons.
11. As matters stood prior to the making of the Orders, BBIL had court-appointed Joint Liquidators in the Isle of Man and a Canadian court-appointed Receiver in Canada. There was the risk of a lot of duplication of cost and effort.
12. Chief Justice Kawaley in *Energy Development Group Limited (in provisional liquidation)* [2016] SC (Bda) 89 Com, in a judgment delivered on 4 November 2016, skilfully and pragmatically dealt with concerns over duplication of costs in Hong Kong and Bermuda of a provisional liquidation of a company incorporated in Bermuda and listed on the Hong Kong Stock Exchange, when he directed at paragraph 16 that the division of labour should be guided by the overarching principles that:
  - “(a) the Hong Kong office-holders should have primary carriage of the Hong Kong-based work; and
  - (b) the Bermuda officer-holders should have primary carriage of the Bermuda-based work ...”
13. In the circumstances of the case presently before me it is more appropriate to stay the Manx liquidation in favour of the continuation of the Canadian receivership.
14. I should record that during the hearing I put it to Mr Webb that perhaps a simpler way of avoiding duplication would be for the Joint Liquidators to be substituted by Philip Gennis, the Senior Principal of the Receiver. This suggestion did not find favour and the Joint Liquidators required the court to determine their application for a stay and their release as liquidators.
15. It was initially the view of the Joint Liquidators that the centre of main interests was the Isle of Man. However, as matters have progressed it has become apparent that the centre of main interests is in reality and substance Canada.
16. The Ontario Superior Court of Justice in Canada by various orders appointed the Receiver and requested the assistance of the Manx court.
17. It makes a great deal of commercial and practical sense for the Receiver to progress matters in Canada and for the Joint Liquidators in the Isle of Man to stand down. The Committee of Inspection can see this sense and did not oppose the making of the Orders. No creditor objected to the making of the Orders. Indeed, no one has opposed the making of the Orders. It is just and convenient for the Manx liquidation to be stayed and for the Canadian receivership to continue. This will avoid unnecessary duplication and should save a significant amount of time and money.
18. The Orders will cause no undue prejudice to anyone and the Orders do not offend against “commercial morality” or “the interests of the public at large”. The Receiver will remain in existence and in control over the assets and affairs of BBIL until the receivership is concluded.

*Ancillary matters in respect of dissolution*

19. Under section 212(1) of the Companies Act 1931, when the affairs of BBIL have been completely wound up the court shall make an Order that BBIL be dissolved from the date of the Order and BBIL shall be dissolved accordingly. Under section 212(2) of the Companies Act 1931 the Order shall within 14 days from the date thereof be reported to the relevant department who shall make in its books a minute of the dissolution of BBIL.
20. The Receiver (a member of the Canadian Association of Insolvency and Restructuring Practitioners) by letter dated 25 November 2016 has confirmed:

"... its willingness to undertake all necessary functions and requirements on the conclusion of the winding up to ensure that [BBIL] is removed from the company registry. We will also ensure that the necessary paperwork is filed at the Isle of Man Companies Registry and that all necessary steps under statute and procedure are carried out as soon as possible to effect the dissolution of [BBIL] in the Isle of Man. We confirm that the receivership estate will be responsible for any and all costs associated with the conclusion of the winding up of [BBIL]."
21. It would be useful if a copy of the Receiver's final report filed with the Canadian court prior to discharge and release could also be filed in the Isle of Man together with a copy of the final Canadian Order. The Manx court may, in compliance with relevant statutory provisions at the appropriate time, make an Order confirming that BBIL is dissolved pursuant to section 212 of the Companies Act 1931.

*Conclusion*

22. In all the circumstances of this case having considered the evidence, the law and the submissions, I was persuaded that it was appropriate to make the Orders which I have made, in effect staying the Manx liquidation in favour of the continuation of the receivership in Canada, releasing the Joint Liquidators, sanctioning the entering into of the Assignment Agreement, requiring the Joint Liquidators to enter into the Assignment Agreement forthwith and providing for filings, notice of the making of the Orders, costs and making comments in respect of certain ancillary matters.



## **APPENDIX “J”**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial List)

THE HONOURABLE

)

WEDNESDAY, THE

JUSTICE

*Neeraj Patel*

)

14th DAY OF JANUARY, 2015

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

(Continued Restraint of Funds)

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

ON READING the Notice of Motion of the Receiver and Foreign Representative and the Second Report of the Receiver, filed, and on hearing submissions from counsel for the Receiver

and Foreign Representative, counsel for Christopher G. Smith and counsel for the Ministry of the Attorney General, Crown Law Office - Criminal:

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

2. **THIS COURT ORDERS** that the 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**"), 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; and
- (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**")

be transferred, effective as of the expiry date of the relevant Restraint Order pertaining to the Property, to msi Spergel inc., court officer, to be held in a separate interest-bearing trust account, separate and apart from the receivership of the Debtor, pending further Order of this Court.

1/1/14

David 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

**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  
Fax: 416.640.3154  
dward@casselsbrock.com

**Christopher Horkins LSUC #: 61880R**

Tel: 416.815.4351  
Fax: 416.642.7129  
chorkins@casselsbrock.com

Lawyers for the Receiver and Joint Liquidators

## APPENDIX “K”





January 28, 2016

**By Email**

Howard C. Cohen  
Cohen, Sabsay LLP  
Barristers & Solicitors  
357 Bay Street  
Suite 901  
Toronto, ON M5H 2T7

dward@casselsbrock.com  
tel: 416.860.6480  
fax: 416.640.3154

Dear Mr. Cohen:

**Re: Receivership of Banners Broker International Limited  
Court File No. CV-14-10663-00CL**

As you are aware, we are counsel to msi Spergel Inc. in its capacity as receiver of Banners Broker International Limited ("BBIL").

Further to the examination for discovery of your client Maxwell Morgan last year (the "**Examination**"), enclosed please find a list of the undertakings that Mr. Morgan provided during the Examination. Also enclosed is a list of the under advisements and refusals provided at the Examination.

We ask that Mr. Morgan provide responses to the outstanding undertakings, as well as any and all documents responsive thereto, as soon as possible and would be grateful for your confirmation that will be done. We would also request that Mr. Morgan reconsider any refusals given.

If you have any questions, or would like to discuss the undertakings provided, please contact the undersigned at the contact information listed above.

Yours truly,  
Cassels Brock & Blackwell LLP

David S. Ward  
*Services provided through a Professional Corporation*

EC/



**Receivership of Banners Broker International Limited – Court File No. CV-14-10663-00CL**

**Undertakings and Under Advisements from the Examination of Maxwell Morgan, held April 13, 2015 & May 29, 2015**

UNDERTAKINGS				
Undertakings given on the examination of Maxwell Morgan, April 13, 2015				
UT	Pg#	Q#	Specific question	Answer
1.	51	243	To produce all Aramor records in respect of cash payments including records relating to source of cash, remittance instructions and payment confirmations.	
2.	56	259	<p>To produce to the Receiver an Excel spreadsheet which details <u>all funds received from</u> Banners Broker International Limited (“<b>BBIL</b>”), Banners Broker Limited (“<b>BBL</b>”), Stellar Point Inc., Dixit Holdings, Dixit Consortium, Dreamscape Ventures Limited, Monetize Group Inc., Parrot Marketing, G Cube Media, and any other BBIL-related companies (collectively, the “<b>Corporations</b>”), Rajiv Dixit, Christopher Smith, and Kuldip Josun. Such Excel spreadsheet shall include dates of the transfers, the bank account numbers for the sender and recipient of the funds, and the identity of the sender and recipient of the funds.</p> <p>(Tr. q .256 “Tricia provided a list”).</p>	

UNDERTAKINGS				
Undertakings given on the examination of Maxwell Morgan, April 13, 2015				
UT	Pg#	Q#	Specific question	Answer
3.	56	259	To produce to the Receiver an Excel spreadsheet which details <u>all funds sent to</u> the Corporations, Christopher Smith, Rajiv Dixit, Kuldip Josun, and affiliates and/or customers of the Corporation from Aramor Payments, or on behalf of Aramor Payments. Such Excel spreadsheet shall include dates of the transfers, the bank account numbers for the sender and recipient of the funds, and the identity of the sender and recipient of the funds.	
4.	64	301	<p>To provide the Receiver with authorization and direction to make requests of BMO for all account statements in respect of the BMO bank accounts (the "<b>EFT Account</b>") that Aramor Payments may have used to provide to EFT payments to Bannersbroker affiliates.</p> <p>Additionally, to provide all Aramor/2319639 Ontario Limited records in respect of EFT instructions, funding sources and payments.</p> <p>(Also dealt with at p. 35, question 164 – 2319639 Ontario Limited – "back office for EFT Payments").</p>	
5.	70	328	To provide the Receiver with a fully executed copy, including appendices and schedules, of the electronic transaction processing agreement between Aramor Payments and Banners Broker, and any other agreements Aramor Payments may have been a party to with Banners Broker.	

<b>UNDERTAKINGS</b>				
Undertakings given on the examination of Maxwell Morgan, April 13, 2015				
<b>UT</b>	<b>Pg#</b>	<b>Q#</b>	<b>Specific question</b>	<b>Answer</b>
6.	98	458	To provide the Receiver with the fully executed agreements between Aramor Payments and Beanstream and Aramor Payments and Allied Wallet with respect to the services provided by Beanstream and Allied Wallet to the Corporations.	
7.	99	465	To provide the Receiver with all commission statements from Allied Wallet to Aramor Payments in connection with the payment processing services that Allied Wallet provided to Banners Broker.	
8.	99	465	To provide the Receiver, to the extent that they exist, with all commission statements from Beanstream to Aramor Payments in connection with the payment processing services that Beanstream provided to Banners Broker.	
9.	157-58	703	To identify for the Receiver all transactions in the CIBC accounts held by Aramor Payments, specifically account numbers [REDACTED] which relate to the Corporations or Christopher Smith, Rajiv Dixit, and Kuldip Josun.	
10	150	682	To provide account statements for the BMO secondary account established at First Canadian Place in or about November 2012 after CIBC shut Aramor's accounts.	

UNDERTAKINGS				
Undertakings given on the examination of Maxwell Morgan, May 29, 2015				
UT	Pg#	Q#	Specific question	Answer
11	167	734-736	To review records and provide the names of the eKash-related entities that Aramor dealt with to affect cash payments for Mr. Smith. Also, provide the jurisdiction in which each eKash-related entity operated and the contact person at each entity as well as their contact information.	
12	179	790	To provide all Aramor emails from the end of 2011 to mid-2013 that were exchanged with Banners Broker, any of the Corporations, or persons associated therewith.	
13	185	818	To provide all payment instructions that were ever sent to Aramor by Banners Broker, the Corporations or any individuals associated therewith.	
14	187	819	To review Aramor's file management system and produce any information related to Banners Broker or the Corporations, including payout instructions.	
15	200	884	Regarding Tab D of the binder (Exhibit M3) and the Monetize entries, to clarify why there is a discrepancy between the two documents behind that tab: the second item on the document before the blue sheet is for a \$149,000 receipt, whereas the on the document after the blue sheet there is \$29,000.	
16	201	893	To produce a complete statement of all of the EFT (electronic funds transfer) payments that Aramor or 2319639 Ontario Limited affected for Banners Broker or any of the Corporations.	

UNDERTAKINGS				
Undertakings given on the examination of Maxwell Morgan, May 29, 2015				
UT	Pg#	Q#	Specific question	Answer
17	202	895	To produce the account statements for the account held by 2319639 Ontario Limited with BMO, or to provide authorization to the Receiver to request the same of BMO.	
18	206	918	To advise of whether or not Banners Broker, or any of the Corporations, transferred funds to Cambridge Mercantile Corp.'s account with Bank of America and to provide details of those transfers.	
19	209	927	To contact Cambridge Mercantile Corp. to obtain an accounting of what happened to the \$300,000 amount referenced in the document at Tab A of Exhibit M3, and how it was disbursed.	
20	210	935-6	To advise of the disposition and/or disbursement of the \$200,000 transfer from Monetize Group's account with Choice Bank to Aramor's Bank of Montreal account in February 2013, as referenced in the document at Tab B of Exhibit M3.	
21	211	943	To provide additional information regarding the \$299,935 transferred to Aramor's CIBC account on September 3, 2012.	
22	214	958	To include in the revised receipts excel spreadsheet referenced at UT2, the transfer noted at Tab G of Exhibit M3 from GCube Media to Aramor's CIBC bank account.	

<b>UNDERTAKINGS</b>				
Undertakings given on the examination of Maxwell Morgan, May 29, 2015				
<b>UT</b>	<b>Pg#</b>	<b>Q#</b>	<b>Specific question</b>	<b>Answer</b>
23	217	970	To make Tricia Edwards available to answers questions from the Receiver if necessary.	
24	225	1004	To make inquiries of FIRMA regarding the disposition of the €200,000 transfer made to FIRMA on or about January 18, 2012, and as referenced at Tabs 16 and 17 of Exhibit M3.	
25	242	1067	In reference to UT2 an UT3, to include the \$40,000 transfer referenced in the document at Tab 29 of Exhibit M3 in the receipts and disbursements charts to be provided to the Receiver.	
26	258	1128	In reference to UT2 an UT3, to include the \$65,000 transfer referenced in the document at Tab 53 of Exhibit M3 in the receipts and disbursements charts to be provided to the Receiver.	

<b>UNDER ADVISEMENTS</b>				
Under Advisements given on the examination of Maxwell Morgan, April 13, 2015				
<b>UA</b>	<b>Pg#</b>	<b>Q#</b>	<b>Specific question</b>	<b>Answer or Reason for not Answering</b>
1.	145-6	665	To produce account statements for [REDACTED]	

Refusals				
Under Advisements given on the examination of Maxwell Morgan, May 29, 2015				
Refusal	Pg#	Q#	Specific question	Answer or Reason for not Answering
1.	214	962	To provide contact information for Lyndon Burrell.	



## **APPENDIX “L”**



February 24, 2016

By E-mail

Howard C. Cohen  
Cohen, Sabsay LLP  
Barristers & Solicitors  
357 Bay Street  
Suite 901  
Toronto, ON M5H 2T7

dward@casselsbrock.com

tel: 416.869.5960

fax: 416.644.3154

Dear Mr. Cohen:

**Re: Receivership of Banners Broker International Limited  
Court File No. CV-14-10663-00CL  
Answers to Undertakings**

As you are aware, we are counsel to msi Spergel Inc., in its capacity as the receiver (the "**Receiver**") of Banners Broker International Limited (the "**Debtor**") appointed pursuant to the Order of the Ontario Superior Court of Justice, dated August 22, 2014.

We write further to our letter dated January 28, 2016, whereby we requested that Mr. Morgan provide responses to the outstanding undertakings given at his examination for discovery last year. We requested responses to those undertakings, and any and all documents responsive thereto, as soon as possible.

We have yet to receive either a response to our January 28 letter or Mr. Morgan's responses to his outstanding undertakings.

If you have any questions, or would like to discuss Mr. Morgan's undertakings, please contact the undersigned at the contact information listed above.

Please may we hear from you?

Yours truly,

Cassels Brock & Blackwell LLP

David Ward  
*Services provided through a Professional Services Corporation*

EC/  
Legal\*22524089.1

**Cassels Brock & Blackwell LLP**

2100 Scotia Plaza, 40 King Street West, Toronto Canada M5H 3C2  
tel 416 869 5300 fax 416 360 8877 [www.casselsbrock.com](http://www.casselsbrock.com)

## **APPENDIX “M”**

## Hoogenband, Patricia

---

**From:** Howard Cohen [cohen@cohensabsay.com]  
**Sent:** Wednesday, June 01, 2016 5:27 PM  
**To:** Craddock, Erin  
**Subject:** FW: Confirm we do not act for Maxwell Morgan

MS CRADDOCK,

I CONFIRM THAT WE HAVE NOT ACTED FOR MAXWELL MORGAN SINCE MID-2015.

HOWARD COHEN

---

**From:** Laura King  
**Sent:** Wednesday, June 01, 2016 5:22 PM  
**To:** Howard Cohen  
**Subject:** Confirm we do not act for Maxwell Morgan

Mr. Cohen,

Ms. Craddock from Cassels Brock requires confirmation directly from your email that we do not act for Maxwell Morgan. Please email her at [ecraddock@casselsbrock.com](mailto:ecraddock@casselsbrock.com) to confirm same.

Thank you,  
Laura

## APPENDIX “N”



August 30, 2016

**Via Courier**

Maxwell Morgan  
583 Fleetwood Drive  
Oshawa, ON L1K 2V7

dward@casselsbrock.com  
tel: 416.869.5960  
fax: 416.644.3154  
file # 45803-2

Dear Mr. Morgan:

**Re: Receivership of Banners Broker International Limited and Stellar Point Inc.  
Court File No. CV-14-10663-00CL  
Answers to Undertakings**

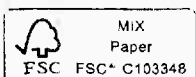
As you are aware, we are counsel to msi Spergel inc., in its capacity as the receiver (the "**Receiver**") of Banners Broker International Limited and Stellar Point Inc. appointed pursuant to the Orders of the Ontario Superior Court of Justice, dated August 22, 2014, and April 8, 2016, respectively.

We are writing to you at this time, and not your former counsel Mr. Howard Cohen, because Mr. Cohen has confirmed he no longer acts for you and has not acted for you since mid-2015.

We write further to our letters to your former counsel dated January 28, 2016, February 24, 2016, and April 21, 2016, whereby we requested that you provide responses to the outstanding undertakings given at your examination for discovery last year. We requested responses to those undertakings, and any and all documents responsive thereto, as soon as possible. Copies of the letters are enclosed for your reference.

We have yet to receive either a response to our letters or your responses to the outstanding undertakings. Please provide us with the responses to the undertakings as soon as possible, but in any event no later than September 7, 2016.

If we do not receive your responses by 5:00 p.m. September 7, 2016, we intend to seek instructions from the Receiver to bring a motion against you forthwith to compel you to respond to the outstanding undertakings and to seek the costs of the motion.





CASSELS BROCK  
LAWYERS

Page 2

If you have any questions, or would like to discuss your undertakings, please contact the undersigned at the contact information listed above.

Yours truly,  
Cassels Brock & Blackwell LLP

*David Ward* Per

David Ward

EC/  
Enclosure



January 28, 2016

By Email

dward@casselsbrock.com

tel: 416.860.6480

fax: 416.640.3154

Howard C. Cohen  
Cohen, Sabsay LLP  
Barristers & Solicitors  
357 Bay Street  
Suite 901  
Toronto, ON M5H 2T7

Dear Mr. Cohen:

**Re: Receivership of Banners Broker International Limited  
Court File No. CV-14-10663-00CL**

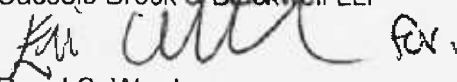
As you are aware, we are counsel to msi Spergel Inc. in its capacity as receiver of Banners Broker International Limited ("BBIL").

Further to the examination for discovery of your client Maxwell Morgan last year (the "Examination"), enclosed please find a list of the undertakings that Mr. Morgan provided during the Examination. Also enclosed is a list of the under advisements and refusals provided at the Examination.

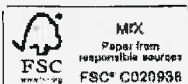
We ask that Mr. Morgan provide responses to the outstanding undertakings, as well as any and all documents responsive thereto, as soon as possible and would be grateful for your confirmation that will be done. We would also request that Mr. Morgan reconsider any refusals given.

If you have any questions, or would like to discuss the undertakings provided, please contact the undersigned at the contact information listed above.

Yours truly,  
Cassels Brock & Blackwell LLP

  
David S. Ward  
*Services provided through a Professional Corporation*

EC/



Cassels Brock & Blackwell LLP

2100 Scotia Plaza, 40 King Street West, Toronto, ON Canada M5H 3C2  
tel 416 869 5300 fax 416 360 8877 www.casselsbrock.com



Receivership of Banners Broker International Limited – Court File No. CV-14-10663-00CL

Undertakings and Under Advisements from the Examination of Maxwell Morgan, held April 13, 2015 & May 29, 2015

UNDERTAKINGS				
Undertakings given on the examination of Maxwell Morgan, April 13, 2015				
UT	Pg#	Q#	Specific question	Answer
1.	51	243	To produce all Aramor records in respect of cash payments including records relating to source of cash, remittance instructions and payment confirmations.	
2.	56	259	<p>To produce to the Receiver an Excel spreadsheet which details <u>all funds received from</u> Banners Broker International Limited ("BBIL"), Banners Broker Limited ("BBL"), Stellar Point Inc., Dixit Holdings, Dixit Consortium, Dreamscape Ventures Limited, Monetize Group Inc., Parrot Marketing, G Cube Media, and any other BBIL-related companies (collectively, the "Corporations"), Rajiv Dixit, Christopher Smith, and Kuldip Josun. Such Excel spreadsheet shall include dates of the transfers, the bank account numbers for the sender and recipient of the funds, and the identity of the sender and recipient of the funds.</p> <p>(Tr. q .256 "Tricia provided a list").</p>	

UNDERTAKINGS				
Undertakings given on the examination of Maxwell Morgan, April 13, 2015				
UT	Pg#	Q#	Specific question	Answer
3.	56	259	To produce to the Receiver an Excel spreadsheet which details <u>all funds sent to</u> the Corporations, Christopher Smith, Rajiv Dixit, Kuldip Josun, and affiliates and/or customers of the Corporation from Aramor Payments, or on behalf of Aramor Payments. Such Excel spreadsheet shall include dates of the transfers, the bank account numbers for the sender and recipient of the funds, and the identity of the sender and recipient of the funds.	
4.	64	301	<p>To provide the Receiver with authorization and direction to make requests of BMO for all account statements in respect of the BMO bank accounts (the "EFT Account") that Aramor Payments may have used to provide to EFT payments to Bannersbroker affiliates.</p> <p>Additionally, to provide all Aramor/2319639 Ontario Limited records in respect of EFT instructions, funding sources and payments.</p> <p>(Also dealt with at p. 35, question 164 – 2319639 Ontario Limited – "back office for EFT Payments").</p>	
5.	70	328	To provide the Receiver with a fully executed copy, including appendices and schedules, of the electronic transaction processing agreement between Aramor Payments and Banners Broker, and any other agreements Aramor Payments may have been a party to with Banners Broker.	

UNDERTAKINGS				
Undertakings given on the examination of Maxwell Morgan, April 13, 2015				
UT	Pg#	Q#	Specific question	Answer
6.	98	458	To provide the Receiver with the fully executed agreements between Aramor Payments and Beanstream and Aramor Payments and Allied Wallet with respect to the services provided by Beanstream and Allied Wallet to the Corporations.	
7.	99	465	To provide the Receiver with all commission statements from Allied Wallet to Aramor Payments in connection with the payment processing services that Allied Wallet provided to Banners Broker.	
8.	99	465	To provide the Receiver, to the extent that they exist, with all commission statements from Beanstream to Aramor Payments in connection with the payment processing services that Beanstream provided to Banners Broker.	
9.	157-58	703	To identify for the Receiver all transactions in the CIBC accounts held by Aramor Payments, specifically account numbers [REDACTED] which relate to the Corporations or Christopher Smith, Rajiv Dixit, and Kuldip Josun.	
10	150	682	To provide account statements for the BMO secondary account established at First Canadian Place in or about November 2012 after CIBC shut Aramor's accounts.	

UNDERTAKINGS				
Undertakings given on the examination of Maxwell Morgan, May 29, 2015				
UT	Pg#	Q#	Specific question	Answer
11	167	734-736	To review records and provide the names of the eKash-related entities that Aramor dealt with to affect cash payments for Mr. Smith. Also, provide the jurisdiction in which each eKash-related entity operated and the contact person at each entity as well as their contact information.	
12	179	790	To provide all Aramor emails from the end of 2011 to mid-2013 that were exchanged with Banners Broker, any of the Corporations, or persons associated therewith.	
13	185	818	To provide all payment instructions that were ever sent to Aramor by Banners Broker, the Corporations or any individuals associated therewith.	
14	187	819	To review Aramor's file management system and produce any information related to Banners Broker or the Corporations, including payout instructions.	
15	200	884	Regarding Tab D of the binder (Exhibit M3) and the Monetize entries, to clarify why there is a discrepancy between the two documents behind that tab: the second item on the document before the blue sheet is for a \$149,000 receipt, whereas the on the document after the blue sheet there is \$29,000.	
16	201	893	To produce a complete statement of all of the EFT (electronic funds transfer) payments that Aramor or 2319639 Ontario Limited affected for Banners Broker or any of the Corporations.	

UNDERTAKINGS				
Undertakings given on the examination of Maxwell Morgan, May 29, 2015				
UT	Pg#	Q#	Specific question	Answer
17	202	895	To produce the account statements for the account held by 2319639 Ontario Limited with BMO, or to provide authorization to the Receiver to request the same of BMO.	
18	206	918	To advise of whether or not Banners Broker, or any of the Corporations, transferred funds to Cambridge Mercantile Corp.'s account with Bank of America and to provide details of those transfers.	
19	209	927	To contact Cambridge Mercantile Corp. to obtain an accounting of what happened to the \$300,000 amount referenced in the document at Tab A of Exhibit M3, and how it was disbursed.	
20	210	935-6	To advise of the disposition and/or disbursement of the \$200,000 transfer from Monetize Group's account with Choice Bank to Aramor's Bank of Montreal account in February 2013, as referenced in the document at Tab B of Exhibit M3.	
21	211	943	To provide additional information regarding the \$299,935 transferred to Aramor's CIBC account on September 3, 2012.	
22	214	958	To include in the revised receipts excel spreadsheet referenced at UT2, the transfer noted at Tab G of Exhibit M3 from GCube Media to Aramor's CIBC bank account.	

UNDERTAKINGS				
Undertakings given on the examination of Maxwell Morgan, May 29, 2015				
UT	Pg#	Q#	Specific question	Answer
23	217	970	To make Tricia Edwards available to answers questions from the Receiver if necessary.	
24	225	1004	To make inquiries of FIRMA regarding the disposition of the €200,000 transfer made to FIRMA on or about January 18, 2012, and as referenced at Tabs 16 and 17 of Exhibit M3.	
25	242	1067	In reference to UT2 an UT3, to include the \$40,000 transfer referenced in the document at Tab 29 of Exhibit M3 in the receipts and disbursements charts to be provided to the Receiver.	
26	258	1128	In reference to UT2 an UT3, to include the \$65,000 transfer referenced in the document at Tab 53 of Exhibit M3 in the receipts and disbursements charts to be provided to the Receiver.	

UNDER ADVISEMENTS				
Under Advisements given on the examination of Maxwell Morgan, April 13, 2015				
UA	Pg#	Q#	Specific question	Answer or Reason for not Answering
1.	145-6	665	To produce account statements for [REDACTED]	

Refusals				
Under Advisements given on the examination of Maxwell Morgan, May 29, 2015				
Refusal	Pg#	Q#	Specific question	Answer or Reason for not Answering
1.	214	962	To provide contact information for Lyndon Burrell.	



February 24, 2016

By E-mail

dward@casselsbrock.com

tel: 416.869.5960

fax: 416.644.3154

Howard C. Cohen  
Cohen, Sabsay LLP  
Barristers & Solicitors  
357 Bay Street  
Suite 901  
Toronto, ON M5H 2T7

Dear Mr. Cohen:

**Re: Receivership of Banners Broker International Limited  
Court File No. CV-14-10663-00CL  
Answers to Undertakings**

As you are aware, we are counsel to msi Spergel inc., in its capacity as the receiver (the "**Receiver**") of Banners Broker International Limited (the "**Debtor**") appointed pursuant to the Order of the Ontario Superior Court of Justice, dated August 22, 2014.

We write further to our letter dated January 28, 2016, whereby we requested that Mr. Morgan provide responses to the outstanding undertakings given at his examination for discovery last year. We requested responses to those undertakings, and any and all documents responsive thereto, as soon as possible.

We have yet to receive either a response to our January 28 letter or Mr. Morgan's responses to his outstanding undertakings.

If you have any questions, or would like to discuss Mr. Morgan's undertakings, please contact the undersigned at the contact information listed above.

Please may we hear from you?

Yours truly,

Cassels Brock & Blackwell LLP

David Ward

*Services provided through a Professional Services Corporation*

EC/

Legal\*22524089.1

**Cassels Brock & Blackwell LLP**

2100 Scotia Plaza, 40 King Street West, Toronto Canada M5H 3C2  
tel 416 869 5300 fax 416 360 8877 www.casselsbrock.com



## APPENDIX “O”

## Craddock, Erin

---

**From:** Maxwell D.Morgan [mdmorgan@aramorpayments.com]  
**Sent:** Tuesday, September 06, 2016 2:43 PM  
**To:** Ward, David  
**Cc:** Liza A; Craddock, Erin  
**Subject:** Re: Receivership of Banners Broker International Ltd. and Stellar Point Inc. [IWOV-Legal.FID1942069]

Hi David,

I will ensure that we get as much as we can get over by the 19th with additional items provided by the 27th of September.

I was just trying to stress that we will comply with your request and didn't want you to be compelled to force action as we are willing to get what you asked for over to you as best as possible - we'd just been dealing with a lot of other pending matters. I will prioritize this.

Sincerely,

On Tue, Sep 6, 2016 at 11:38 AM, Ward, David <[dward@casselsbrock.com](mailto:dward@casselsbrock.com)> wrote:

Max,

I received your voicemail on Friday.

In fairness, most of the requests have been outstanding for a very long time. We have meetings planned in late September and do require whatever information you can provide as soon as possible. Please can we agree that you will have the majority of the information to us by Monday September 19th? Whatever you are waiting for at that point can be provided by September 27<sup>th</sup> as proposed.

Please note that we have instructions to see this through to completion as soon as practicable and we cannot let this go beyond September.

Thanks for your anticipated cooperation.

Regards,

**David Ward**

Direct: +1 416 869 5960 • Fax: +1 416 640 3154 • [dward@casselsbrock.com](mailto:dward@casselsbrock.com)  
2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2  
[www.casselsbrock.com](http://www.casselsbrock.com)  
Services provided through a Professional Corporation

---

**From:** Maxwell D.Morgan [<mailto:mdmorgan@aramorpayments.com>]

**Sent:** Tuesday, September 06, 2016 10:24 AM

**To:** Ward, David; Liza A

**Subject:** Receivership of Banners Broker International Ltd. and Stellar Point Inc.

Good Morning David,

I got your couriered letter on Friday, September 2nd. I left a message on Friday and called again this morning.

The date of September 7th, 2016 is too soon to gather all of the information that you've requested. I can realistically have the information requested to you by September 27th, 2016 and will start compiling this information this afternoon. Once completed by the date above I'll have it delivered in person to your office.

While I can provide Tricia Edwards information prior to that date; I no longer have a phone number or email address for Lyndon Burrell as he moved on quite some time ago.

Please let me know if this is sufficient.

Sincerely,

--  
Maxwell

**Maxwell D. Morgan**

o: 416-915-3192

c: 647-964-7094

skype: md.morgan  
email: [mdmorgan@aramorpayments.com](mailto:mdmorgan@aramorpayments.com)  
[www.aramorpayments.com](http://www.aramorpayments.com)

The information transmitted is intended only for the person or entity to which it is Addressed and may contain confidential, proprietary, and /or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from all computers.

---

This message, including any attachments, is privileged and may contain confidential information intended only for the person(s) named above. Any other distribution, copying or disclosure is strictly prohibited.

Communication by email is not a secure medium and, as part of the transmission process, this message may be copied to servers operated by third parties while in transit. Unless you advise us to the contrary, by accepting communications that may contain your personal information from us via email, you are deemed to provide your consent to our transmission of the contents of this message in this manner. If you are not the intended recipient or have received this message in error, please notify us immediately by reply email and permanently delete the original transmission from us, including any attachments, without making a copy.

---

--  
Maxwell

**Maxwell D. Morgan**

o: 416-915-3192

c: 647-964-7094

skype: md.morgan  
email: [mdmorgan@aramorpayments.com](mailto:mdmorgan@aramorpayments.com)  
**[www.aramorpayments.com](http://www.aramorpayments.com)**

The information transmitted is intended only for the person or entity to which it is Addressed and may contain confidential, proprietary, and /or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from all computers.

## **APPENDIX “P”**

## Hoogenband, Patricia

---

**From:** Maxwell D.Morgan [mdmorgan@aramorpayments.com]  
**Sent:** Monday, September 19, 2016 11:36 AM  
**To:** Ward, David  
**Cc:** Craddock, Erin  
**Subject:** Overview of items sent

Hi David,

I've just completed sending all of them. Statements for the primary CIBC account in question will be sent via courier and will get to your office for tomorrow morning via UPS. (Bear in mind there were other emails that were previously sent to Spergel - that were not resent).

Anything else that involves copies from a third party will also be couriered once we receive them.

Statements, lists of payee's, dates and payment arrangements can be matched up with the statements.

A major part of our operation when it came to sending their disbursements was our file manager. Emails are not as secure and have never been a big part of relaying payment information.

While we have access to a few new file managers and payment gateways, we only had access to one when we were serving Banners Broker. It was external. Branded as Aramor but not owned by us. We had an independent programmer build it and we paid a monthly price for it and paid him to maintain it. His billing methods, choice of hosting options and invoices were inconsistent and we had disputes every month until we chose to abandon it. The risk was minimal as the biggest user on that specific file manager was Banners Broker. The others we could manage in a separate manner until we worked on a home for them. Our other large sized merchants often had their own servers and file managers that we'd integrate into. Much of the payment instructions were on there. The bank statements that we've provided do show some funding for Banners Broker and the entities mentioned in the questions you gave us, but it is uncertain what belongs to them as we had a lot of merchants fund our FX partners. We are not working with any of them in Canada. Our footprint here is very small. And in the business we're in; compliance has been a difficult task. We welcome you to contact them directly to obtain whatever you need as they would have a record of each trade and a book cataloguing the receipt of wires which by law they are required to keep. We don't have records for all of those things as we aren't an FX house. Its the primary reason why I could not answer every question regarding specific transactions as we did hundreds of them regularly for multiple clients. We utilized our banking relationships "creatively", but legally. Fintrac told us we didn't need to register with them after explaining our business model and today we don't use Canadian Banks for such services. We are seen to be in the consulting space with several web fronts for marketing; which within the next 30 days will be modified as we've been planning that transition for a few years now (while not interrupting our day to day operations).

Banners Broker also funded many of our partners directly as instructed by us as it was more efficient for all parties involved. We do not have a record of those transactions. This would include Payoneer, Ekash, NX Systems and others.

Should you have any questions that you think I can answer please feel free to contact me by email or phone.

My coordinates are listed below.

Sincerely,

On Mon, Sep 19, 2016 at 11:01 AM, Ward, David <[dward@casselsbrock.com](mailto:dward@casselsbrock.com)> wrote:

Max,

How many emails are you planning on sending? We may need to make other arrangements.



**David Ward**

Direct: +1 416 869 5960 • Fax: +1 416 640 3154 • [dward@casselsbrock.com](mailto:dward@casselsbrock.com)  
2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2  
[www.casselsbrock.com](http://www.casselsbrock.com)  
Services provided through a Professional Corporation

---

**From:** Maxwell D.Morgan [<mailto:mdmorgan@aramorpayments.com>]

**Sent:** Monday, September 19, 2016 10:56 AM

**To:** Ward, David; Craddock, Erin

**Subject:** Fwd: Chargeback Alert 50+ in 60 minutes

----- Forwarded message -----

**From:** Aramor <[lburrell@aramorpayments.com](mailto:lburrell@aramorpayments.com)>

**Date:** Tue, Feb 5, 2013 at 12:48 PM

**Subject:** Chargeback Alert 50+ in 60 minutes

**To:** Chris Smith <[csmith@bannersbroker.com](mailto:csmith@bannersbroker.com)>

**Cc:** Christy MacRiner <[cmac@aramorpayments.com](mailto:cmac@aramorpayments.com)>, Maxwell Dean Morgan  
<[mdmorgan@aramorpayments.com](mailto:mdmorgan@aramorpayments.com)>

Hi Chris,

Not sure if you are aware. Christy just sent me a note indicating that there have been over 50 chargebacks to the BB AW account in the past hour.

I don't want you to risk account suspension and business disruption for BB with AW and we need the cleanest possible account history in order to secure secondary processing that I could arrange for BB using the Belize incorporation with Telepay and the Cyprus incorporation with Instabill.

It's in BB's best interest to expedite review of the Telepay agreement to process and make the Cyprus incorporation documents available to accompany the Instabill application.



I'm happy to help in whatever way I can to keep your processing running smoothly.

Let me know,

Thanks,

LB

Sent from my iPhone

--

Maxwell

**Maxwell D. Morgan**

o: 416-915-3192

c: 647-964-7094

skype: md.morgan  
email: [mdmorgan@aramorpayments.com](mailto:mdmorgan@aramorpayments.com)  
[www.aramorpayments.com](http://www.aramorpayments.com)

The information transmitted is intended only for the person or entity to which it is Addressed and may contain confidential, proprietary, and /or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient

is prohibited. If you received this in error, please contact the sender and delete the material from all computers.

---

This message, including any attachments, is privileged and may contain confidential information intended only for the person(s) named above. Any other distribution, copying or disclosure is strictly prohibited.

Communication by email is not a secure medium and, as part of the transmission process, this message may be copied to servers operated by third parties while in transit. Unless you advise us to the contrary, by accepting communications that may contain your personal information from us via email, you are deemed to provide your consent to our transmission of the contents of this message in this manner. If you are not the intended recipient or have received this message in error, please notify us immediately by reply email and permanently delete the original transmission from us, including any attachments, without making a copy.

---

Maxwell

**Maxwell D. Morgan**

o: 416-915-3192  
c: 647-964-7094

skype: md.morgan  
email: [mdmorgan@aramorpayments.com](mailto:mdmorgan@aramorpayments.com)  
[www.aramorpayments.com](http://www.aramorpayments.com)

The information transmitted is intended only for the person or entity to which it is Addressed and may contain confidential, proprietary, and /or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon, this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from all computers.

## APPENDIX “Q”

Receivership of Banners Broker International Limited – Court File No. CV-14-10663-00CL

Undertakings and Under Advisements from the Examination of Maxwell Morgan, held April 13, 2015 & May 29, 2015

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, April 13, 2015					
UT	Pg#	Q#	Specific question	Answer	Receiver's Response
1.	51	243	To produce all Aramor records in respect of cash payments including records relating to source of cash, remittance instructions and payment confirmations.	There were only a handful of cash transactions. They were done through a company called Ekash. Also known as Kashmart, Groupo Ekash, and Tigerpay. I will provide physical documentation of the contact info. with the principal owner (Nana Whyte), as well as whatever records we have regarding communication and pickup arrangements for cash. There is a distinct possibility that Chris (who was the primary receiver of any cash) went directly to Ekash as it was a complex arrangement that we soon wanted no part of. Not all of their interactions were done via email. Phone calls, text messages, etc.	Unanswered.

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, April 13, 2015					
UT	Pg#	Q#	Specific question	Answer	Receiver's Response
2.	56	259	<p>To produce to the Receiver an Excel spreadsheet which details <u>all funds received from</u> Banners Broker International Limited ("<b>BBIL</b>"), Banners Broker Limited ("<b>BBL</b>"), Stellar Point Inc., Dixit Holdings, Dixit Consortium, Dreamscape Ventures Limited, Monetize Group Inc., Parrot Marketing, G Cube Media, and any other BBIL-related companies (collectively, the "<b>Corporations</b>"), Rajiv Dixit, Christopher Smith, and Kuldip Josun. Such Excel spreadsheet shall include dates of the transfers, the bank account numbers for the sender and recipient of the funds, and the identity of the sender and recipient of the funds.</p> <p>(Tr. q .256 "Tricia provided a list").</p>	<p>I believe Tricia provided a list of this already. I have compiled CIBC Bank statements that will be hand delivered and I have compiled BMO Bank statements that include the funding from some of these companies (attached to this email).</p>	<p>Unanswered.</p>

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, April 13, 2015					
UT	Pg#	Q#	Specific question	Answer	Receiver's Response
3.	56	259	To produce to the Receiver an Excel spreadsheet which details <u>all funds sent to</u> the Corporations, Christopher Smith, Rajiv Dixit, Kuldip Josun, and affiliates and/or customers of the Corporation from Aramor Payments, or on behalf of Aramor Payments. Such Excel spreadsheet shall include dates of the transfers, the bank account numbers for the sender and recipient of the funds, and the identity of the sender and recipient of the funds.	Wires sent to their business accounts are seen on the statements. Payments to affiliates, cash pickups in India, etc. will be emailed separately.	Unanswered.
4.	64	301	<p>To provide the Receiver with authorization and direction to make requests of BMO for all account statements in respect of the BMO bank accounts (the "<b>EFT Account</b>") that Aramor Payments may have used to provide to EFT payments to Bannersbroker affiliates.</p> <p>Additionally, to provide all Aramor/2319639 Ontario Limited records in respect of EFT instructions, funding sources and payments.</p> <p>(Also dealt with at p. 35, question 164 – 2319639 Ontario Limited – "back office for EFT Payments").</p>	<p>Statements for 2319639 (Hard copies), have been requested from BMO and are being mailed. There was a limited amount of EFT's sent as the Canadian cohort of Banners Broker was small. Because we sent EFT payments for some of our sportsbook merchants, remittance merchants, and Bitcoin merchants, there are a lot of entries. Very few of which belong to Banners Broker. Additionally, some payments were batched and sent to Cambridge Mercantile.</p>	<p>The Bank of Montreal account records for 1587803 Ontario Limited list transactions for other clients. Further to the Receiver's request, Aramor Payments needs to identify those transactions that are Banners Broker related transactions.</p> <p>No statements have been produced for 2319639 Ontario Limited.</p>

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, April 13, 2015					
UT	Pg#	Q#	Specific question	Answer	Receiver's Response
5.	70	328	To provide the Receiver with a fully executed copy, including appendices and schedules, of the electronic transaction processing agreement between Aramor Payments and Banners Broker, and any other agreements Aramor Payments may have been a party to with Banners Broker.	Agreement included in docs physically delivered on Monday, September 19th	Unanswered. The documents produced are not responsive to the Receiver's request.

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, April 13, 2015					
UT	Pg#	Q#	Specific question	Answer	Receiver's Response
6.	98	458	To provide the Receiver with the fully executed agreements between Aramor Payments and Beanstream and Aramor Payments and Allied Wallet with respect to the services provided by Beanstream and Allied Wallet to the Corporations.	<p>Reseller agreement provided for Allied Wallet.</p> <p>Beanstream's agreement is not fully executed. A fully executed version is not in our records. I have a partially executed version that will be included in the folder that I physically drop off. I have contacted Beanstream regarding this and they mentioned they would search and get in touch with me once it was located. Beanstream was purchased by Digital River years after we began our relationship with them. The transition was not that smooth and the owner of Beanstream did not stay on very long. He walked away quickly as did our primary contact at Beanstream. Feel free to reach out to them directly to obtain any more information as needed.</p>	Complete.



UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, April 13, 2015					
UT	Pg#	Q#	Specific question	Answer	Receiver's Response
7.	99	465	To provide the Receiver with all commission statements from Allied Wallet to Aramor Payments in connection with the payment processing services that Allied Wallet provided to Banners Broker.	Commission statements for July 2012 to July 2014 produced.	Incomplete. Aramor Payments has not produced commission statements from January 2014.
8.	99	465	To provide the Receiver, to the extent that they exist, with all commission statements from Beanstream to Aramor Payments in connection with the payment processing services that Beanstream provided to Banners Broker.		Unanswered.
9.	157-58	703	To identify for the Receiver all transactions in the CIBC accounts held by Aramor Payments, specifically account numbers [REDACTED] which relate to the Corporations or Christopher Smith, Rajiv Dixit, and Kuldip Josun.	To be included in docs physically dropped off. Additional account statements at CIBC have been ordered.	Unanswered.
10	150	682	To provide account statements for the BMO secondary account established at First Canadian Place in or about November 2012 after CIBC shut Aramor's accounts.	Included below.	Aramor Payments needs to identify those transactions that relate to Banners Broker. The BMO account was used for other Aramor Payments clients in addition to Banners Broker.

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, May 29, 2015					
UT	Pg#	Q#	Specific question	Answer	Analysis
11	167	734-736	To review records and provide the names of the eKash-related entities that Aramor dealt with to affect cash payments for Mr. Smith. Also, provide the jurisdiction in which each eKash-related entity operated and the contact person at each entity as well as their contact information.	Included in the folder to be dropped off on Monday September 19th.	Unanswered.
12.	179	790	To provide all Aramor emails from the end of 2011 to mid-2013 that were exchanged with Banners Broker, any of the Corporations, or persons associated therewith.	Included in the folder to be dropped off on Monday September 19th.	Unanswered.
13	185	818	To provide all payment instructions that were ever sent to Aramor by Banners Broker, the Corporations or any individuals associated therewith.	Included in emails.	Complete.

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, May 29, 2015					
UT	Pg#	Q#	Specific question	Answer	Analysis
14.	187	819	To review Aramor's file management system and produce any information related to Banners Broker or the Corporations, including payout instructions.	Aramor's file manager from that time period was disabled and taken offline due to a payment dispute with our programmer who was independently contracted. Most of the payment instructions, files, lists, etc. would have been on there. We can provide his contact details should you need to speak to him. He knows nothing about our clients but he may have records available.	Complete.
15.	200	884	Regarding Tab D of the binder (Exhibit M3) and the Monetize entries, to clarify why there is a discrepancy between the two documents behind that tab: the second item on the document before the blue sheet is for a \$149,000 receipt, whereas the on the document after the blue sheet there is \$29,000.	There were many transactions incoming and outgoing over the course of over a year. Unfortunately, I don't have an explanation for this exhibit. What I can assure you of is the fact that any money that came in went back out to either affiliates or to Banners Broker affiliated companies.	Complete.
16.	201	893	To produce a complete statement of all of the EFT (electronic funds transfer) payments that Aramor or 2319639 Ontario Limited affected for Banners Broker or any of the Corporations.	Ordered.	Unanswered.

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, May 29, 2015					
UT	Pg#	Q#	Specific question	Answer	Analysis
17	202	895	To produce the account statements for the account held by 2319639 Ontario Limited with BMO, or to provide authorization to the Receiver to request the same of BMO.	We have no problem providing authorization to the Receiver to request it from BMO.	Unanswered.
18.	206	918	To advise of whether or not Banners Broker, or any of the Corporations, transferred funds to Cambridge Mercantile Corp.'s account with Bank of America and to provide details of those transfers.	Yes they did send some transfers to Cambridge. A handful for a short period of time before we attempted to set them up on their own and their business model was denied. We are looking into the dates and amounts of those transactions.	Unanswered.
19	209	927	To contact Cambridge Mercantile Corp. to obtain an accounting of what happened to the \$300,000 amount referenced in the document at Tab A of Exhibit M3, and how it was disbursed.	Requested from Cambridge Mercantile.	Unanswered.

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, May 29, 2015					
UT	Pg#	Q#	Specific question	Answer	Analysis
20	210	935-6	To advise of the disposition and/or disbursement of the \$200,000 transfer from Monetize Group's account with Choice Bank to Aramor's Bank of Montreal account in February 2013, as referenced in the document at Tab B of Exhibit M3.	Funds from Monetize were likely disbursed to Ekash/Kashmart to facilitate cash pickup by Chris. Again, there were a lot of transfers that happened during that time. But I feel that answer is most likely accurate. And the bank statements might back that up.	Complete.
21	211	943	To provide additional information regarding the \$299,935 transferred to Aramor's CIBC account on September 3, 2012.	This was disbursed for affiliate payouts.	Complete.

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, May 29, 2015					
UT	Pg#	Q#	Specific question	Answer	Analysis
22.	214	958	To include in the revised receipts excel spreadsheet referenced at UT2, the transfer noted at Tab G of Exhibit M3 from GCube Media to Aramor's CIBC bank account.	Not sure what there is to review. All funds coming in from Banners Broker companies to Aramor's account were used for payouts. 100% of them. Cash was used a handful of times by Chris Smith, the remainder was done via Wire, Pay2Card, Cash pickup in India, prepaid cards, SEPA, and additional alternative payout methods. Bank records show this. Wires were sent in bulk to the vendors involved and then the payouts facilitated. A list of payee's will be emailed as well as a list of incoming wires from their companies	Unanswered.
23.	217	970	To make Tricia Edwards available to answers questions from the Receiver if necessary.		Unanswered.
24.	225	1004	To make inquiries of FIRMA regarding the disposition of the €200,000 transfer made to FIRMA on or about January 18, 2012, and as referenced at Tabs 16 and 17 of Exhibit M3.		Unanswered.

UNDERTAKINGS					
Undertakings given on the examination of Maxwell Morgan, May 29, 2015					
UT	Pg#	Q#	Specific question	Answer	Analysis
25.	242	106 7	In reference to UT2 an UT3, to include the \$40,000 transfer referenced in the document at Tab 29 of Exhibit M3 in the receipts and disbursements charts to be provided to the Receiver.		Unanswered.
26.	258	112 8	In reference to UT2 an UT3, to include the \$65,000 transfer referenced in the document at Tab 53 of Exhibit M3 in the receipts and disbursements charts to be provided to the Receiver.		Unanswered.

UNDER ADVISEMENTS					
Under Advisements given on the examination of Maxwell Morgan, April 13, 2015					
R	Pg#	Q#	Specific question	Answer or Reason for not Answering	Receiver's Response
1	145-6	665	To produce account statements for [REDACTED]		Unanswered and not refused.

Refusals					
Under Advisements given on the examination of Maxwell Morgan, May 29, 2015					
R	Pg#	Q#	Specific question	Answer or Reason for not Answering	Receiver's Response
1	214	962	To provide contact information for Lyndon Burrell.		Refused.



## APPENDIX “R”

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 SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990,  
c. C-43**

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

**AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.**

**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)**

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

**May 30, 2016**

## TABLE OF CONTENTS

I. Purpose of this Report .....	1
II. Overview .....	1
III. Receiver's Previous Reports to Court.....	3
IV. Banners Broker.....	5
V. Receivership of BBIL and Stellar Point.....	6
VI. Flow of Funds Analysis.....	7
VII. Criminal Proceedings in Respect of Banners Broker .....	11
VIII. Dixit Defendants .....	12
IX. Dixit's Alleged Misappropriations from Banners Broker.....	13
X. Josun.....	18
XI. Josun's Alleged Misappropriations From Banners Broker .....	19
XII. Known Assets .....	20
XIII. <i>Ex Parte</i> Nature of Motion .....	23
XIV. Full Disclosure.....	24
XV. Timing.....	25
XVI. Undertaking .....	25
XVII. Recommendations.....	26

## TABLE OF APPENDICES

- A. Statement of Claim, issued May 30, 2016
- B. First Report of the Receiver, dated October 2, 2014
- C. Second Report of the Receiver, dated January 12, 2015
- D. Third Report of the Receiver, dated July 30, 2015
- E. Fourth Report of the Receiver, dated January 8, 2016
- F. Fifth Report of the Receiver, dated April 4, 2016
- G. Sixth Report of the Receiver, dated May 26, 2016
- H. Orders of the Honourable Justice Matheson, dated August 22, 2014
- I. Order of the Honourable Justice Newbould, dated October 15, 2014
- J. Order of the Honourable Justice Newbould, dated August 7, 2015
- K. Order of the Honourable Justice Hainey, dated April 8, 2016
- L. Order of the Honourable Justice Newbould, dated May 26, 2016
- M. Transcripts from Examinations of Key Banners Broker Individuals Conducted by the Receiver
- N. Toronto Police Services Press Release, dated December 9, 2015
- O. December 1, 2012 receipt from Weir & Sons and excerpt from Dixit CIBC Visa statements
- P. February 26, 2013 receipt from Selfridges and excerpt from Dixit CIBC Visa statements
- Q. April 18, 2013 receipt from World Duty Free and excerpt from Dixit CIBC Visa statements
- R. May 10, 2013 receipt from Château D'Ivoire and excerpt from Dixit CIBC Visa statements
- S. Stellar Point Cyprus Account statements
- T. December 11, 2012 receipt from Oshawa Jewellery Inc.
- U. March 2, 2013 receipt from Harry Rosen
- V. Excerpt of the Stellar Point Cyprus Account statement evidencing December 27, 2012 purchase from Jim Coleman Automotive

- W. Excerpt of the Stellar Point Cyprus Account statement evidencing December 28, 2012 payment for private chartered flight
- X. Excerpt of the Stellar Point Cyprus Account statement evidencing January 1, 2013 purchase from John Bull of Paradise Island, Bahamas
- Y. Excerpt of the Stellar Point Cyprus Account statement evidencing February 28, 2013 purchase from Tiffany & Co. Ltd., Heathrow Airport

## I. Purpose of this Report

1. This Report is filed in support of an *Ex Parte* motion by msi Spergel inc., in its capacity as court-appointed receiver (in such capacity, the "**Receiver**") of Banners Broker International Limited ("**BBIL**") and Stellar Point Inc. ("**Stellar Point**"), for an interim and interlocutory *Mareva* injunction.

2. The injunction sought is in standard Model Order form. It seeks to restrain Rajiv Dixit ("**Dixit**"), Dreamscape Ventures Limited ("**Dreamscape**"), 8643989 Canada Inc. o/a Dixit Consortium Inc. ("**Dixit Consortium**"), Dixit Holdings Inc. ("**Dixit Holdings**", collectively referred to herein, with Dixit, Dixit Consortium and Dreamscape, as the "**Dixit Defendants**") and Kuldip Josun ("**Josun**") from selling, removing, dissipating, alienating, transferring, assigning, encumbering, or similarly dealing with any assets pending the final disposition of the Receiver's recently issued action against those parties for recovery of funds which were fraudulently misappropriated from the insolvent corporations. Without the relief sought, the Receiver believes it is likely that assets will be dissipated or transferred abroad and that its right of recovery will be irreparably prejudiced.

## II. Overview

3. BBIL was central to a group of at least eight related companies and service providers. Together they were involved in and/or operated the "Banners Broker" online enterprise ("**Banners Broker**"). Banners Broker was a platform whereby registered members known as "affiliates" could advertise their businesses on websites within the Banners Broker network of publishers while, at the same time, earn revenues as an advertising publisher through specialized and targeted publisher sites created, designed and hosted by BBIL.

4. Banners Broker promised affiliates a doubling of their money if they could recruit others in a marketing program purportedly involving the sale of online advertising. In effect, the

Banners Broker "product", which was described as "advertising", offered affiliates the opportunity to double their money.

5. Now defunct, various of the corporate entities making up the Banners Broker enterprise, are currently subject to insolvency proceedings in the Isle of Man (in the case of BBIL), as well as in Canada (in the case of BBIL, Stellar Point and others).

6. Dixit, as well as former Banners Broker principal Christopher G. Smith ("**Smith**"), are also subject to ongoing criminal proceedings in Canada, in which Banners Broker is alleged to have been an illegal pyramid scheme.

7. Contemporaneous with the filing of this report, the Receiver will commence an action in the Ontario Superior Court of Justice (Commercial List) on behalf of the insolvent corporations, BBIL and Stellar Point, and their creditors. The Receiver's action seeks the recovery of over \$100 million in damages for negligent and/or fraudulent misrepresentation, conspiracy, conversion, breach of fiduciary duties, breach of contract, negligence and oppression contrary to the *Canada Business Corporations Act* R.S.C. 1985, c. C-44 (the "**CBCA**"), as well as punitive damages, disgorgement and restitutionary remedies arising from the alleged misappropriation of millions of dollars in affiliate funds by Dixit, Josun and certain Banners Broker associated corporations under their ownership and control. A copy of the Receiver's Statement of Claim, to be issued, is attached as **Appendix "A"**.

8. Since its appointment in August of 2014, the Receiver has had an opportunity to conduct an extensive investigation into Banners Broker's business, operations and financial affairs. Using the investigatory powers granted by this Court, the Receiver has collected and reviewed thousands of documents relevant to the global flow of affiliate contributed funds through the Banners Broker enterprise over the course of its operations. The Receiver has successfully recovered millions of dollars that had been taken from Banners Broker entities by management. In the course of that recovery, the Receiver determined that millions of dollars in affiliate funds

were transferred, without any legitimate business purpose, through the various Banners Broker associated entities, such as BBIL and Stellar Point, and into the possession of Dixit and Josun with no right and virtually no observation of formality.

9. Through its still ongoing investigations, the Receiver has determined that Dixit personally received, either directly or through corporate entities under his ownership and control over approximately USD\$4.8 million in affiliate funds spent by affiliates on Banners Broker advertising products. Josun similarly received over approximately USD\$3.8 million in affiliate funds. Millions more in affiliate funds remain unaccounted for. Based on the substantial amounts the Receiver now believes were misappropriated by Dixit and Josun, and their demonstrated capacity to move funds abroad or otherwise put monies beyond the reach of creditors, the Receiver seeks the *ex parte* relief sought on this motion. The Receiver believes that the grant of a *Mareva* injunction is critical to preserving rights of recovery in respect of affiliate funds.

### III. Receiver's Previous Reports to Court

10. This is the Receiver's Seventh Report to the Court ("**Seventh Report**"). It follows and may be read in conjunction with the following previous reports:

(a) **Receiver's First Report** (dated October 2, 2014)

This report described the Receiver's actions upon appointment, including initial inquiries and the discovery of a criminal investigation in respect of Banners Broker. The report was filed in support of a request for additional investigatory powers extending to certain specifically identified associated corporations.

A copy of the Receiver's First Report, without exhibits, is attached as **Appendix "B"**.

(b) **Receiver's Second Report** (dated January 12, 2015)

This report was 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 monies were then frozen by *ex parte* Restraint Orders granted in the context of the criminal investigation.

A copy of the Receiver's Second Report, without exhibits, is attached as **Appendix "C"**.



(c) **Receiver's Third Report** (dated July 30, 2015)

This report was filed in support of the Receiver's motion for approval of a settlement agreement with a BBIL group entity, and for the grant of certain limited investigatory authority in respect of recently identified BBIL associated companies. The report also provided an update on the activities of the Receiver since its First Report.

A copy of the Receiver's Third Report, without exhibits, is attached as **Appendix "D"**.

(d) **Receiver's Fourth Report** (dated January 8, 2016)

This report was filed in support of the Receiver's motion for the production of certain banking records from the Royal Bank of Canada ("**RBC**") and the Canadian Imperial Bank of Commerce ("**CIBC**"). The Fourth Report also provides an update on the Receiver's activities since the Third Report.

A copy of the Receiver's Fourth Report, without exhibits, is attached as **Appendix "E"**.

(e) **Receiver's Fifth Report** (dated April 4, 2016)

This report was filed in support of the Receiver's motion to convert the investigatory receivership of Stellar Point into standard, possessory receivership proceedings, to declare certain funds identified by the Receiver as BBIL funds, for production of documents from certain financial institutions and for approval of the Receiver's activities and approval of its fees and its counsel's fees to date. The Fifth Report provides an update on the Receiver's activities since the Fourth Report.

A copy of the Receiver's Fifth Report, without exhibits, is attached as **Appendix "F"**.

(f) **Receiver's Sixth Report** (dated May 26, 2016)

This report was filed in support of the Receiver's motion for an order in furtherance of the transition of certain BBIL insolvency administration matters from the Joint Liquidators to the Receiver.

A copy of the Receiver's Sixth Report, without exhibits, is attached as **Appendix "G"**.

11. The Receiver relies upon the content of these previous reports to court, which describe the Receiver's activities and investigations to date, in support of the within motion. Full copies of the previous reports, with exhibits, have been filed with the court previously and will be made available at the hearing of the motion.

#### **IV. Banners Broker**

12. Banners Broker, as it was described to affiliates, was an internet marketing company structured as a “multi-level marketing” program engaged in the sale of ‘banner’ advertisements on the internet. Individual affiliates were told that their money spent on Banners Broker advertising products was contributed towards advertising space on high-traffic websites and gathering advertising revenue based on the traffic to those advertisements.

13. In reality, Banners Broker did not track website traffic, nor did it have access to high-volume websites. It did not have the infrastructure to track an affiliate’s success or lack thereof in investing in online advertising. Banners Broker did not earn revenue, and relied instead on recruitment and investment enticement for cash flow.

14. The Banners Broker enterprise was operated through a variety of entities which were used interchangeably and projected the image of being a singular entity. Creditors and third party service providers believed they were dealing with “Banners Broker” rather than BBIL, Stellar Point or any other individual entity. BBIL and the associated Banners Broker entities making up the Banners Broker enterprise were all managed and controlled by one or both of Smith and Dixit.

15. Although BBIL was legally domiciled in the Isle of Man, its operations were in fact completely controlled by Ontario residents working in Ontario who were nominally employees of Stellar Point, a non-arm’s-length service provider which in turn was majority-owned and unilaterally operated by Dixit. Stellar Point operated as the “face” of Banners Broker to creditors, providing worldwide customer support, IT services and training to Banners Broker affiliates and resellers.

## V. Receivership of BBIL and Stellar Point

16. BBIL was ordered into liquidation by the Isle of Man High Court of Justice on February 26, 2014. Miles Andrew Benham and Paul Robert Appleton were appointed as Joint Liquidators of BBIL in the Isle of Man proceedings ("**Joint Liquidators**").

17. On August 22, 2014, pursuant to an application by the Joint Liquidators, the Isle of Man proceeding was recognized by this Court under the cross-border provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("**BIA**") and msi Spergel inc. was appointed as Receiver of BBIL in Canada. A copy of the August 22, 2014 court orders recognizing the Isle of Man proceeding and appointing the Receiver as Receiver of BBIL is attached as **Appendix "H"**.

18. On October 15, 2014, the Receiver's investigatory powers were expanded to include certain other BBIL associated corporations identified in the course of the Receiver's initial investigations, namely:

- (a) Stellar Point;
- (b) Dixit Holdings;
- (c) 2087360 Ontario Incorporated o/a Local Management Services ("**LMS**");
- (d) Parrot Marketing Inc. (formerly o/a "8264554 Canada Limited") ("**Parrot**");
- (e) 2341620 Ontario Corporation ("**234**"); and
- (f) any other entity operating under the business names "Bannersbroker", "Banners Broker", "Bannersbroker Limited", "Bannersmobile", "BannersMobile" or "Banners Broker Belize".

A copy of the October 15, 2014 court order expanding the Receiver's investigatory powers is attached as **Appendix "I"**.

19. On August 7, 2015, the Receiver's investigatory powers were further expanded to include two other BBIL-associated corporations, owned and controlled by Dixit:

- (a) Dixit Consortium; and
- (b) Dreamscape.

The August 7, 2015 court order also empowered the Receiver to initiate and prosecute claims on behalf of BBIL. A copy of the August 7, 2015 court order is attached as **Appendix "J"**.

20. On April 8, 2016, the investigatory receivership in respect of Stellar Point was converted to a full, possessory receivership and msi Spergel inc. was appointed as Receiver of Stellar Point in addition to BBIL. A copy of the April 8, 2016 court order is attached as **Appendix "K"**.

21. On May 26, 2016, the Receiver sought and was granted an order approving and facilitating the transition of certain insolvency administration matters from the Joint Liquidators to the Receiver, including the administration of a global claims process. A copy of the May 26, 2016 court order is attached as **Appendix "L"**.

## **VI. Flow of Funds Analysis**

22. The Receiver and Joint Liquidators continue to prioritize the preparation of a detailed accounting or "Flow of Funds Analysis" sufficient to understand how global affiliate contributions to the Banner Broker enterprise were received and disbursed over the period of Banners Broker's operations ("**Flow of Funds Analysis**"). The Flow of Funds Analysis provides a best estimate, as at March 31, 2016, of total funds received from creditors, together with information on how such funds were utilized by Banners Broker entities and their principals, including, of particular relevance to this motion, Dixit and Josun.

23. The Flow of Funds Analysis is based primarily on third party provided financial information in addition to information obtained from BBIL and related parties and is designed to

understand how the monies that were contributed by affiliates to Banners Broker were returned to them, invested, expended, diverted or otherwise utilized. A description of the Flow of Funds Analysis, and the Receiver's most recent determinations made on the basis of its work on the Flow of Funds Analysis to date, are set out in the Receiver's Fifth Report, attached hereto as Appendix "F".

24. The Receiver's ongoing work on the Flow of Funds Analysis is intended to serve three primary purposes:

- (a) to provide an overall accounting of Banners Brokers operations to creditors and the courts in Canada and the Isle of Man;
- (b) to allow the Receiver and the Foreign Representative to identify additional BBIL assets or claims that may be appropriate for realization;
- (c) to provide evidence in respect of any claims litigation that the Receiver and/or the Foreign Representative may elect to pursue against persons believed to have benefited improperly from Banners Broker.

25. To date, the Receiver and Joint Liquidators have collected, reviewed and incorporated information obtained from approximately 100 financial institutions, 9 payment processors and 46 other third parties. The following documents, among others, have been reviewed and incorporated into the Flow of Funds Analysis:

- (a) Productions from Canadian and foreign financial institutions used by Banners Broker;
- (b) Documents produced by Stellar Point;
- (c) Transaction details produced by Payza, an electronic payment processor used by Banners Broker;

- (d) Documents produced by Macdonald Sager Manis LLP ("**MSM**"), former corporate counsel to Dixit, Stellar Point, Dixit Holdings and BBIL;
- (e) Documents produced by G Cube Media LLC ("**G Cube**"), a US-based company owned and controlled by Smith's cousin, Peter Williams, which acted as a reseller and payment processor in Banners Broker; and
- (f) Bank statements from accounts maintained by Banners Broker UK, Banners Broker's UK based reseller.

26. The Receiver's investigations supporting the Flow of Funds Analysis are also informed by interviews and examinations conducted by the Receiver of key individuals connected to the Banners Broker enterprise pursuant to its court-ordered investigatory mandate. To date, the Receiver has interviewed or examined 12 key individuals, including Smith, Dixit and Josun. Examinations were conducted under oath and before a court reporter for the following individuals:

- (a) **Lorenzo Guarini:** former Vice President of Stellar Point (Examined on April 21, 2015),
- (b) **Kelly Stinson:** Director of 8136645 Canada Limited (shareholder of Stellar Point) (Examined on April 21, 2015);
- (c) **Stephanie Schlacht:** Executive Assistant to Josun (May 2012 to July 2012); Executive Assistant to Dixit (July 2012 to August 2013), current spouse of Dixit (Examined on April 29 and June 11, 2015),
- (d) **Robert Pirie (a.k.a. "Ron Anderson"):** Executive Assistant to the Director of Human Resources and Training at Stellar Point (Examined on February 25, 2015);

- (e) **Tara Reeves (née Josun):** Customer Service Representative at BBIL and Staff Trainer at Stellar Point (Examined on February 26, 2015); and
- (f) **Maxwell Morgan:** CEO of Aramor Payments, a payment processor solutions company engaged by Stellar Point and/or BBIL (Examined on April 13 and May 29, 2015).

Copies of the transcripts from these examinations are attached hereto as **Appendix "M"**.

27. The Flow of Funds Analysis is continually being updated as better and more complete financial information becomes available. Recently, the Flow of Funds has progressed to the point which allows the Receiver to reach conclusions with respect to the receipt and disposition of funds by Dixit and Josun, including much of what is alleged in the Statement of Claim.

28. By way of overview, it appears that approximately USD\$156.44 million was received from creditors, with approximately USD\$78.93 million of the funds being returned to creditors in the form of "pay-outs". Notable payments made to third parties include:

- (a) USD\$13.88 million paid to and/or at the direction of BBIL principals, Dixit, Josun and Smith;
- (b) USD\$9.23 million in fees paid to payment processors; and
- (c) USD\$9.71 million paid to Banners Broker resellers/independent contractors.

29. Disbursements attributable to operating expenses of the Banners Broker enterprise total approximately USD\$21.98 million.

30. The Receiver has identified at least USD\$4.06 million in unverified disbursements in respect of which the Receiver is unable to identify the recipient.

31. The Flow of Funds Analysis, in its then current state of completion, has been filed with court on a confidential basis on two prior occasions in the context of the ongoing Banners

Broker Canadian insolvency proceedings. The Flow of Funds Analysis is based, in part, on information obtained from Smith in accordance with the terms of the Confidentiality Order of Justice Newbould, granted October 23, 2014 and, in accordance with the terms of that Order, has been filed under seal with the approval of the Court.

## **VII. Criminal Proceedings in Respect of Banners Broker**

32. In September 2014, the Receiver was made aware of criminal proceedings before the Ontario Court of Justice arising from a Toronto Police Services Financial Crimes Unit investigation into Banners Broker's operations in Canada and Banners Broker principals, Smith and Dixit.

33. On December 9, 2015, Dixit and Smith were arrested in Toronto and charged with offences under the *Criminal Code* and the *Competition Act* in relation to fraud, possession of proceeds of crime and money laundering in relation to their operation of and profit from the Banners Broker enterprise, which is alleged by the Crown to have been an illegal pyramid scheme.

34. More specifically, Smith and Dixit were charged under the *Criminal Code* with (i) defrauding the public over \$5,000; (ii) possession of proceeds of crime; and (iii) laundering proceeds of crime. They were also both charged under the *Competition Act* with (i) operating a pyramid scheme; and (ii) making false or misleading statements.

35. The Toronto Police allege, among other things, that:

- (a) "between October 2010 and March 2013, a pyramid scheme known as 'Banners Broker' was operated out of a Church Street address in Toronto";
- (b) "by the end of 2012, over \$93 million US was obtained from thousands of participants, of which approximately \$45 million was paid back to participants in the scheme"; and



- (c) "the remaining funds were funneled to a number of offshore accounts in Belize, St. Lucia, Cyprus, and others."

A copy of the Toronto Police Services press release dated December 9, 2015 is attached hereto as **Appendix "N"**.

36. The Receiver has continued to monitor developments in the criminal proceedings and has attended to observe criminal court attendances on January 14, 2016 and February 16, 2016. The two accused, including Dixit, are currently released on bail.

#### **VIII. Dixit Defendants**

37. Dixit is a former resident of Whitby, Ontario and was a principal and guiding mind of the Banners Broker enterprise generally, holding a controlling position in each of Stellar Point, Dixit Holdings, Dixit Consortium and Dreamscape.

38. The Receiver has been advised through interviews conducted pursuant to its investigatory mandate that Dixit joined Banners Broker in late 2010, initially serving primarily as a seminar host promoting investment in Banners Broker.<sup>1</sup> Over the following two years, his role expanded greatly, becoming one of the principals and guiding minds of the global Banners Broker enterprise. Dixit purported to hold numerous titles within the Banners Broker enterprise, but most often held himself out as the "Chief Operating Officer" of the business.

39. In August 2015, Dixit moved from the Toronto area to Langley, British Columbia. Upon learning that Dixit would be leaving Ontario, the Receiver requisitioned a parcel register for Dixit's former personal residence in Oshawa. The parcel register indicates that Dixit sold his house on July 20, 2015. In response to a broad document production request (i.e. not specific to the residence) made by counsel for the Receiver, Dixit produced information relating to the sale

---

<sup>1</sup> The Receiver has met with and interviewed 12 individuals involved in the Banners Broker enterprise, including Smith, Dixit and Josun. For a more detailed description of the Receiver's interviews of key Banners Broker individuals, please see paragraphs 58-68 of the Receiver's Third Report, attached hereto as Appendix "D".

of the property. The sale proceeds were directed to pay down two mortgages and to satisfy a support order, with the balance of the monies (after transaction costs) paid to Dixit and his wife, Stephanie Schlacht ("**Schlacht**").

**IX. Dixit's Alleged Misappropriations from Banners Broker**

40. The Receiver alleges that, through the apparatus of Stellar Point and Dixit Holdings, Dixit was responsible for the actions of BBIL's staff, including the misrepresentations made to affiliates in respect of Banners Broker's operations and profitability and the handling of their investment funds. In his variously described roles as the *de facto* head of BBIL and controlling director/officer of Stellar Point and Dixit Holdings, Dixit redirected Affiliate funds generally as follows:

- (a) By causing Stellar Point on behalf of BBIL to make misrepresentations to Affiliates to induce them to purchase Banners Broker products;
- (b) By causing Stellar Point to bill BBIL's parent company, Monetize Group Inc. ("**MGI**"), extraordinary amounts for its "services";
- (c) By causing BBIL to pay those amounts;
- (d) By turning Stellar Point's funds to his own personal use; and
- (e) By causing Stellar Point to make misrepresentations to Banners Broker affiliates as to the status of their purchases from BBIL.

41. Using his position of authority within Banners Broker, Dixit misappropriated and/or converted to his own use millions of dollars in affiliate funds held by BBIL and Stellar Point to which he had no right. Through this misappropriation, Dixit was able to live a life of extreme luxury and affluence. The Receiver's knowledge in this regard is based on its review of bank

statements, credit card statements, receipts, invoices and other documents collected and reviewed in the course of preparing the Flow of Funds Analysis.

42. By way of example, during the course of the Receiver's review of bank accounts belonging to Stellar Point and Dixit Holdings, the Receiver identified three Visa card numbers associated with a CIBC Visa card issued to Dixit personally and held in his name ("**Dixit CIBC Visa**").

43. Through its review of documents recently produced to the Receiver from CIBC, the Receiver has determined that the Dixit CIBC Visa received over USD\$2.4 million from Banners Broker bank accounts. (Again, these bank accounts were funded by affiliate contributions). The Receiver has also determined that the Dixit CIBC Visa was frequently used by Dixit to purchase expensive personal items that could not have been for the benefit of BBIL or Stellar Point, including the following notable examples:

- (a) On December 1, 2012 Dixit purchased six watches from Weir & Sons in Dublin, Ireland: three Rolexes and three Breitlings. Two of the watches were women's watches. The total purchase price was €63,355.00 and was funded using six credit cards, including the Dixit CIBC Visa and a Stellar Point Bank of Cyprus debit card. Of the €63,355.00 purchase price, €37,700 (CDN\$50,589.63) was paid for using the Dixit CIBC Visa and €14,775 (USD\$19,971.37) was paid for using the Stellar Point Bank of Cyprus debit card. Attached as **Appendix "O"** are copies of the December 1, 2012 receipt from Weir & Sons and an excerpt from the Dixit CIBC Visa statements reflecting the purchase;
- (b) On February 26, 2013 Dixit purchased two watches, a Breitling Superocean and a Hublot Bigbang, from a Selfridges store in Manchester, England. The watches cost a total of £26,110 and were paid for using two credit cards including the Dixit CIBC Visa. Of the total purchase price, £14,910(CDN\$23,855.41) was paid for

using the Dixit CIBC Visa. Attached as **Appendix "P"** are copies of the February 26, 2013 receipt from Selfridges and an excerpt from the Dixit CIBC Visa statements reflecting the purchase;

(c) On or about April 18, 2013 Dixit purchased a £1,800 (CDN\$2,906.10) bottle of Macallan 1824 Ltd. from a World Duty Free store at Heathrow Airport. The scotch was paid for using the Dixit CIBC Visa. Attached as **Appendix "Q"** are a copy of the April 18, 2013 receipt from World Duty Free and an excerpt from the Dixit CIBC Visa statements reflecting the purchase; and

(d) On May 10, 2013 Dixit purchased two watch winders, a Hublot clock and a Montegrappa pen from the Château D'Ivoire store in Montreal, Quebec for \$21,954.62. This purchase was paid for using the Dixit CIBC Visa. Attached as **Appendix "R"** are a copy of the May 10, 2013 receipt from Château D'Ivoire and an excerpt from the Dixit CIBC Visa statements reflecting the purchase.

44. In the course of its Stellar Point records review, the Receiver also located receipts for several high value items that had been purchased using what appeared to be a credit card ending in "1601" ("**1601 Visa Card**"). The Receiver determined that the 1601 Visa was used to make tens, if not hundreds, of thousands of dollars of purchases of jewelry and other non-business related expenses. However, until very recently, the Receiver had been unable to determine who the 1601 Visa Card belonged to.

45. Upon recent further review of bank account records obtained by the Receiver for a Stellar Point bank account held with the Bank of Cyprus ("**Stellar Point Cyprus Account**"), it became apparent that the 1601 Visa Card is likely a Visa Debit card that was used by Dixit to withdraw funds and/or make payments from the Stellar Point Cyprus Account. Attached as **Appendix "S"** is a copy of the Stellar Point Cyprus Account statements that were produced to the Receiver.

46. For example, on December 11, 2012, the 1601 Visa Card was used to purchase a 2.02 carat diamond from Oshawa Jewellery Inc. for \$19,000. A copy of this receipt is attached as **Appendix "T"**. In reviewing the Stellar Point Cyprus Account statements, there is an entry on December 13, 2012, that states "Card 4\*\*\*1601 2012-12-11 19000.00 CAD... Visa CA OSHAWA Oshawa Jewellery Exchange." The Receiver has determined that the Stellar Point Cyprus Account was used to fund the purchase of the diamond from Oshawa Jewellery Inc.

47. Similarly, on March 2, 2013, the 1601 Visa Card was used to purchase \$19,000 in shoes, and suits from Harry Rosen. A copy of this receipt is attached as **Appendix "U"**. In reviewing the Stellar Point Cyprus Account statements, there is an entry on April 3, 2013, that states "Card 4\*\*\*1601 2013-03-02 19000.00 CAD ... VISA CA TORONTO Harry Rosen...."

48. As further described above, the 1601 Visa Card was also used to fund \$19,981.37 of the December 1, 2012 purchase of six watches from Weir & Sons in Dublin, Ireland.

49. There are dozens of other examples where the Stellar Point Cyprus Account, by means of the 1601 Visa Card, was used to fund what are evidently non-business expenses. These include:

- (a) On December 27, 2012, a \$33,677.00 purchase from Jim Coleman Automotive for Rajkumar Dixit. Jim Coleman is a auto dealership in Maryland. Rajkumar Dixit is Dixit's brother. Attached as **Appendix "V"** is an excerpt of the Stellar Point Cyprus Account statement evidencing the same;
- (b) On December 28, 2012, a \$18,556.70 private chartered flight. Attached as **Appendix "W"** is an excerpt of the Stellar Point Cyprus Account statement evidencing the same;<sup>2</sup>

---

<sup>2</sup> It is possible that this expense was for a private flight to the Bahamas for Dixit, his ex-wife, and his mother. The Receiver has been advised by several witnesses that around this time Dixit took his ex-wife and mother to the Bahamas on vacation (See for example: Transcript from the Examination of Lorenzo

- (c) On January 1, 2013, a \$12,783.51 purchase from John Bull (according to its website, the store sells leather, perfume, cosmetics, jewelry, watches and photography equipment), in Paradise Island, Bahamas. Attached as **Appendix "X"** is an excerpt of the Stellar Point Cyprus Account statement evidencing the same; and
- (d) On February 28, 2013, a \$12,580.19 purchase from Tiffany & Co. Ltd. at Heathrow Airport. Attached as **Appendix "Y"** is an excerpt of the Stellar Point Cyprus Account statement evidencing the same.

50. As further detailed in the Receiver's Fifth Report, the Receiver has concluded through its Flow of Funds Analysis that Dixit personally received approximately USD\$4.8 million over a three to four year period. Such receipts were entirely funded by affiliate contributions. This includes, notably:

- (a) Dixit used funds from the bank accounts of Stellar Point, Dixit Holdings and Dixit Consortium to fund at least USD\$3.3 million in personal expenses, without ever properly accounting for or reimbursing the respective corporations. Among these, approximately USD\$2.95 million received by Stellar Point directly from Banners Broker "affiliates" was used by Dixit for predominantly personal (i.e. non-business) purposes including the purchase of clothing, designer handbags, jewelry, lingerie and personal travel.
- (b) Dixit received a share of the proceeds from the sale of the Banners Broker support centre located at 5 Carlow Court, Whitby, when it was sold in March 2014 for \$1.2 million. Of that, \$252,811.83 was directed and paid to Dixit Holdings.
- (c) At least USD\$1.28 million was transferred to Dreamscape by various Banners Broker entities. Of that, approximately USD\$240,000 remains unaccounted for on the

---

Guarini, April 21, 2015, at 40:4-12, attached at **Appendix "M"**). A review of the Stellar Point Cyprus Account indicates that this account was used to fund several expenses in the Bahamas during this time.

Dreamscape bank statements from its account at the Bank of Cyprus which have been reviewed by the Receiver.

- (d) Non-cash assets were transferred between the Banners Broker entities without any discernible business or contractual reason, and little if any documentation. Dixit appears to have taken advantage of this to purchase five Mercedes-Benz vehicles using funds from Stellar Point bank accounts and later placing the vehicles in the names of Dixit Holdings and other Banners Broker entities.

51. As explained in the Fifth Report, the Receiver is currently unable to locate or account for a significant amount of affiliate funds totalling over USD\$4 million. Given the information set out above regarding Dixit's spending records and diversion of Banners Broker funds, the Receiver's reasonable belief is that Dixit, either directly or indirectly, was a likely recipient of such unverified disbursements.

52. The Receiver also believes, for reasons further detailed below, that given Dixit's history of and demonstrated capacity to dissipate assets and transfer funds beyond the reach of creditors, Dixit will take steps to put assets beyond the Receiver's reach prior to a final judgment being granted if the *Mareva* order sought by the Receiver on this motion is not granted.

#### **X. Josun**

53. Josun is a resident of Brampton, Ontario. Josun is another "founder" of the Banners Broker concept and a former management level employee of the Banners Broker enterprise.

54. As is the case with Dixit, the Receiver's interviews and investigations in respect of Josun, including extensive document review and financial analysis, has recently allowed the Receiver to reach certain conclusions with respect to the nature of Josun's involvement in the

Banners Broker business. Such information informs the allegations set out in the Statement of Claim as well as in this report.

55. Prior to Dixit joining the enterprise in 2010, Josun acted as Banners Broker's primary spokesperson both in Canada and abroad. After Dixit assumed control of much of Banners Broker's Canadian operations, Josun became Banners Broker's main representative among international affiliates, predominantly in Europe.

56. In that role, Josun would travel to meet with international affiliates, or potential affiliates, and conduct conference calls and seminars via videoconferencing. His day-to-day occupation with Banners Broker was to maximize Affiliate investment into the program, as well as to establish an international network Banners Broker Network. That is, he was responsible for encouraging the development of overseas affiliates into 'super-affiliates' (or "**Resellers**"), who would establish their own networks of affiliates.

57. In his role as Banners Broker's international representative, Josun would frequently fly to overseas locations with a significant amount of company funds. Those funds were used to advertise a lifestyle of success and luxury to potential affiliates. Josun spent existing affiliate funds lavishly in maintaining this façade, as he carried out a campaign to woo wealthy new affiliates to the Banners Broker enterprise.

#### **XI. Josun's Alleged Misappropriations From Banners Broker**

58. Josun's spending in his role as Banners Broker's international spokesperson lacked any effective oversight. No budgets were set for Josun's business trips on behalf of Banners Broker, nor was there any control over his expenses.

59. The Receiver asserts that Josun would regularly receive funds from affiliates meant to be spent on Banners Broker products. Rather than remit these funds to the company, Josun



would redirect the funds to his own personal accounts in offshore jurisdictions, intending to place them beyond the reach of creditors.

60. The Receiver believes that by in or around 2012 Josun had directly embezzled at least USD\$3.6 million of affiliate funds, which were deposited in a Swiss bank account held by the defendant, World Web Media Inc. Josun's employment was terminated by Banners Broker in or around July 2012, although the Swiss bank account funds were never recovered. The Receiver believes that Josun has since used the Swiss bank account funds for personal purposes, including the launching of his own MLM program called "KulClub".

61. As with Dixit, the Receiver is of the view that, given Josun's history and demonstrated capacity to put assets beyond the reach of creditors, it is likely that, without the relief sought on this motion, Josun will take further steps to put assets beyond the Receiver's reach prior to a final judgment being granted.

## **XII. Known Assets**

62. The Receiver is aware of a number of known assets held by the Dixit Defendants and/or Josun within the jurisdiction of this Honourable Court. These include:

- (a) Bank accounts at Canadian financial institutions including CIBC, Royal Bank of Canada ("**RBC**"), HSBC Bank Canada ("**HSBC**"), TD Canada Trust ("**TD Bank**") and President's Choice Financial Group ("**President's Choice Financial**");
- (b) Credit card accounts with Canadian financial institutions including CIBC, RBC and HSBC; and
- (c) Bank accounts at foreign financial institutions with Canadian offices, including the Bank of Cyprus.

63. Details of the known bank accounts held by the Dixit Defendants and Josun, which the Receiver is aware of from its investigations, are set out below:

BANK	BRANCH ADDRESS	ACCOUNT HOLDER	ACCOUNT NO.
CIBC	Unknown	Rajiv Dixit	Chequing Account No. [REDACTED]
CIBC	Unknown	Rajiv Dixit	[REDACTED]
CIBC	Unknown	Rajiv Dixit	[REDACTED]
CIBC	Unknown	Rajiv Dixit	[REDACTED]
CIBC	Unknown	Rajiv Dixit	[REDACTED]
CIBC	Unknown	Rajiv Dixit	[REDACTED]
CIBC	Unknown	Dixit Consortium	[REDACTED]
CIBC	Unknown	Dixit Consortium	[REDACTED] 6 (USD Account)
CIBC	Unknown	Dixit Consortium	[REDACTED]
CIBC	Unknown	Dixit Holdings	[REDACTED] 1
CIBC	540 Laval Drive Oshawa, ON L1J 0B5	Kuldip Josun	Unknown
HSBC	Unknown	Rajiv Dixit	[REDACTED]
HSBC	Unknown	Stellarpoint Ltd.	Chequing Account No. [REDACTED]
RBC	Unknown	Rajiv Dixit	[REDACTED]
RBC	Unknown	Rajiv Dixit	[REDACTED]
RBC	10098 McLaughlin Road Brampton, ON L7A 2X6	Kuldip Josun	Unknown
TD Bank	Unknown	Kuldip Josun	[REDACTED]

BANK	BRANCH ADDRESS	ACCOUNT HOLDER	ACCOUNT NO.
TD Bank	4 King Street W, P.O. Box 247 Oshawa, ON L1H 7L3	Rajiv Dixit (held jointly with Stephanie Schlacht)	Chequing Account No. [REDACTED]
President's Choice Financial Group	P.O. Box 603 Station, Agincourt Scarborough, ON M1S 5K9	Kuldip Josun	Unknown
Bank of Cyprus	658 Danforth Ave Toronto, ON M4J 5B9	Dreamscape Ventures Ltd.	[REDACTED]
C.I.M. Banque	Unknown	World Web Media / Kuldip Josun	[REDACTED]

64. Additionally, the Receiver has identified the following bank issued credit card accounts belonging to Dixit:

BANK	CARD HOLDER	CARD NO.
CIBC	Rajiv Dixit	[REDACTED]
CIBC	Rajiv Dixit	[REDACTED]
CIBC	Rajiv Dixit	[REDACTED]
CIBC	Rajiv Dixit	[REDACTED]
CIBC	Rajiv Dixit	[REDACTED]
RBC	Rajiv Dixit	[REDACTED]
RBC	Rajiv Dixit	[REDACTED]
HSBC	Rajiv Dixit	[REDACTED]

The Receiver has been advised by the relevant financial institutions that certain of the credit card numbers listed above relate to re-issued card numbers for the same credit card.

65. Given the magnitude of Banners Broker missing receipts and unaccounted for funds, the Receiver also believes that the Dixit Defendants and Josun may have accounts or assets, in addition to those listed above, which would be subject to the *Mareva* order sought on this motion.

### **XIII. *Ex Parte* Nature of Motion**

66. The Receiver seeks pre-judgment relief on the basis of a strong *prima facie* case of fraud and oppression (and related claims of wrong-doing) committed by the Dixit Defendants and Josun. The total amount for which the Dixit Defendants and Josun may be liable is expected to be in the many millions of dollars.

67. In all of the above circumstances, there is a clear and present threat that the assets of the Dixit Defendants will be dissipated, concealed, transferred, sold for value, or otherwise conveyed within or outside of this jurisdiction for the purposes of evading the recovery of the plaintiff unless this Honourable Court intervenes. This is demonstrated by, among other things:

- (a) The defendants' maintenance of bank accounts in foreign jurisdictions, such as Cyprus and Switzerland; and
- (b) The demonstrated capacity of the defendants to systematically transfer funds abroad, to utilize off-shore bank accounts and payment processors, and to generally structure the business and corporate affairs of the Banners Broker enterprise through entities in foreign jurisdictions (i.e. Isle of Man, Belize, British Virgin Islands, US Marshall Islands, etc.) in such a way as to insulate assets from the reach of creditors.

68. The nature of the motion and the circumstances surround the motion make service of court materials at this time impracticable. This is because it would be genuinely impossible to give notice to the defendants, who are alleged to have perpetrated a significant fraud, without defeating the purpose of the *Mareva* injunction sought.

69. Dixit stands charged of multiple criminal charges including fraud and money laundering. The Toronto Police Service has also alleged that "funds were funneled to a number of offshore accounts in Belize, St. Lucia, Cyprus and others."

70. In these circumstances, the Receiver is concerned that if notice were provided to Josun or the Dixit Defendants of the within motion they would have motive and opportunity to move any funds remaining in Canada beyond the reach of the Receiver and outside of the jurisdiction of this court. The defendants have already demonstrated the capacity and inclination to systematically transfer funds abroad.

#### **XIV. Full Disclosure**

71. The Receiver has made full and frank disclosure of all material facts. The supporting evidence for this motion was collected by the Receiver through the cross-border insolvency proceedings in respect of Banners Broker and the receiverships of BBIL and Stellar Point granted in the context of those proceedings. Dixit and Josun were invited to participate in those proceedings and, in the case of Dixit, he was represented by counsel in those proceedings.

72. The Receiver has appended to this Seventh Report copies of all of its previous reports to the Court, which describe all of the activities and conclusions of the Receiver from its appointment in August 2014 to date. Copies of these materials have been made available to Dixit and Josun and can be publicly accessed from the Receiver's website: <http://www.spergel.ca/banners>.

## **XV. Timing**

73. The Receiver has brought this motion as expeditiously as possible in the circumstances. This is the case considering the time and effort required to investigate and understand the complex Banners Broker enterprise, and the time required to develop a reasonably complete financial and accounting analysis. The Receiver has only recently reached a position in its investigations where it has the information to pursue the action and the relief sought on this motion.

74. Specifically, in January of 2016, the Receiver obtained a court order for the production of important banking records relevant to the claim asserted against Dixit. Those records were not received by the Receiver until February 2016. Since that time the Receiver has worked diligently to review and understand these additional Dixit banking records and incorporate them into the Flow of Funds Analysis. The review and analysis of these important Dixit banking records informs the Receiver's election to proceed with this action and the within motion.

75. Additionally, and as noted above, the Receiver only very recently determined that the 1601 Visa Card transactions noted in the Stellar Point Cyprus Account statements was very likely a Visa Debit card used by Dixit to make substantial, personal purchases using Banners Broker affiliate funds. This recent discovery further informed the Receiver's decision to proceed with its action against Dixit and the within motion.

## **XVI. Undertaking**

76. The Receiver undertakes to abide by any order concerning damages that this Honourable Court may make if it ultimately appears that granting the relief sought on the motion causes damages for which the Receiver ought to compensate the defendants.


**XVII. Recommendations**

77. Based upon the foregoing, the Receiver respectfully requests that this Honourable Court issue an order:

- (a) in the form attached to the Receiver's Notice of Motion as Schedule "A" for an interim and interlocutory *Mareva* Injunction;
- (b) scheduling the return date for the continuation of the *Mareva* Injunction before it expires and appointing a judge to remain seized of these motions; and
- (c) such further and other relief as this Honourable Court may deem just.

**ALL OF WHICH IS RESPECTFULLY SUBMITTED** this 30th day of May, 2016.

**msi Spergel inc.,**  
Court-appointed Receiver of  
Banners Broker International Limited



---

Per: Philip H. Gennis, J.D., CIRP, LIT

## APPENDIX “S”



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

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990,  
c. C-43**

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

**AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.**

**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)**

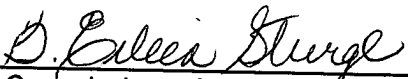
**AFFIDAVIT OF PHILIP H. GENNIS**  
(sworn February 27, 2017)

**I PHILIP H. GENNIS, of the Town of Markham, in the Province of Ontario, MAKE OATH  
AND SAY:**

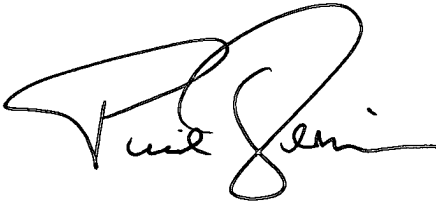
1. I am a licensed Trustee with msi Spergel inc. ("**MSI**"), the court appointed Receiver (the "**Receiver**") in the within proceeding. As such I have knowledge of the matters hereinafter deposed to.
2. MSI was appointed as Receiver by Order of the Honourable Justice Matheson of the Ontario Superior Court of Justice (the "**Court**") dated August 22, 2014.
3. In connection with the receivership for the period from May 1, 2016 to and including August 31, 2016 fees of \$97,670.00 exclusive of sales taxes were charged by MSI as detailed in the Bill of Costs apprehended hereto and marked as **Exhibit "A"** to this my Affidavit. This represents 236.60 hours at an effective hourly rate of \$412.81.
4. To the best of my knowledge the rates charged by MSI in connection with acting as Receiver are comparable to the rates charged by other firms in the Toronto market for the provision of similar services.

5. I make this affidavit for no improper purpose.

SWORN BEFORE ME at the City of  
Toronto, in the Province of Ontario, on  
the 27th day of February, 2017.

  
A Commissioner for Taking Affidavits

Barbara Eileen Sturge, a Commissioner, etc.,  
Province of Ontario, for msi Spergel inc. and  
Spergel & Associates Inc.  
Expires September 21, 2019

  
PHILIP H. GENNIS

This is **Exhibit "A"** referred to in the affidavit  
of **PHILLIP H. GENNIS** sworn before me in  
the City of Toronto, in the Province of  
Ontario, this 27th day of February, 2017.

.....*B. Eileen Sturge*.....  
A Commissioner For Taking Affidavits

Barbara Eileen Sturge, a Commissioner, etc.,  
Province of Ontario, for msi Spergel inc. and  
Spergel & Associates inc.  
Expires September 21, 2019.

## Filters Used:

Time Entry Date: 5/01/2016 to 8/31/2016  
File ID: AABBL-R: to AABBL-R:

## Detailed Time Dockets

Printed on: 2/21/2017

Page 1 of 5

## File Name (ID): Banners Broker International Limited (AABBL-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Eileen Sturge (EST)</b>					
Wed	05/18/2016	Commission affidavits	0.20	\$225.00	\$45.00
		<b>Eileen Sturge (EST)</b>	<b>0.20</b>		<b>\$45.00</b>
<b>Frieda Kanaris (FKA)</b>					
Mon	05/09/2016	Summarizing [REDACTED]	1.00	\$225.00	\$225.00
Tues	05/10/2016	Summarizing [REDACTED]	3.00	\$225.00	\$675.00
Wed	05/11/2016	Summarizing [REDACTED]	3.00	\$225.00	\$675.00
Thur	05/12/2016	Summarizing [REDACTED]	1.00	\$225.00	\$225.00
		<b>Frieda Kanaris (FKA)</b>	<b>8.00</b>		<b>\$1,800.00</b>
<b>Gillian Goldblatt (GGO)</b>					
Mon	05/02/2016	Review of notes from Meeting with JLs last week; draft letter to Ministry of Finance, look into [REDACTED]; draft email to counsel [REDACTED]	1.00	\$300.00	\$300.00
Fri	05/06/2016	T/c with E. Craddock [REDACTED]	1.00	\$300.00	\$300.00
Mon	05/09/2016	Attendance at Criminal court.	2.00	\$300.00	\$600.00
Thur	05/12/2016	review emails from JLs and counsel [REDACTED] discussion with PGE [REDACTED]	0.40	\$300.00	\$120.00
Fri	05/13/2016	review additional emails from JLs and counsel [REDACTED] email to J. Martin [REDACTED]	0.40	\$300.00	\$120.00
Mon	05/16/2016	Review [REDACTED] review draft report, motion record, and Order; t/c with E. Craddock [REDACTED]	3.50	\$300.00	\$1,050.00
Tues	05/17/2016	Review and respond to J. Martin's enquiries [REDACTED] t/c with MB, ECR, LEL, PGE [REDACTED] t/c with PGE and counsel [REDACTED] prepare, review and provide [REDACTED]	4.20	\$300.00	\$1,260.00
Fri	05/20/2016	Review of Epiq site - discussion with PGE [REDACTED] emails to counsel [REDACTED] t/c with E. Craddock [REDACTED]	2.20	\$300.00	\$660.00
Tues	05/24/2016	review revised draft transition to receiver motion; review DRP and MB accrued time costs, email to PGE [REDACTED] review emails from DRP/MB/CBB.	1.20	\$300.00	\$360.00
Wed	05/25/2016	Prepare listing of [REDACTED] [REDACTED] call with counsel [REDACTED]	5.40	\$300.00	\$1,620.00
Thur	05/26/2016	Attend at Court re: Motion to Transition; begin detailed review of [REDACTED]	5.10	\$300.00	\$1,530.00
Fri	05/27/2016	t/c with JLs and counsel [REDACTED] complete detailed review of [REDACTED] provide comments to counsel [REDACTED]	2.20	\$300.00	\$660.00
Sun	05/29/2016	Final Review of Receiver's Report to court, final [REDACTED]	1.20	\$300.00	\$360.00
Mon	05/30/2016	Review of Amended Receiver's Report; emails to counsel [REDACTED] print signature page for PGE; email [REDACTED] emails to counsel [REDACTED] email to counsel [REDACTED]	1.70	\$300.00	\$510.00

Filters Used:

Time Entry Date: 5/01/2016 to 8/31/2016

File ID: AABBI-R: to AABBI-R:

Detailed Time Dockets

Printed on: 2/21/2017

Page 2 of 5

File Name (ID): Banners Broker International Limited (AABBI-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Gillian Goldblatt (GGO)</b>					
Tues	05/31/2016	Attend at Commercial List for Mareva Injunction hearing; emails with counsel [REDACTED] call with counsel [REDACTED] [REDACTED] emails with DRP [REDACTED]	4.10	\$300.00	\$1,230.00
Wed	06/01/2016	Call with DRP [REDACTED] review emails serving banks and parties to mareva injunction; Review [REDACTED] to prepare for Interview with Smith on Friday, lengthy call with counsel [REDACTED]	5.20	\$300.00	\$1,560.00
Thur	06/02/2016	Discussion with PGE [REDACTED] final review of [REDACTED] [REDACTED] lengthy t/c with counsel [REDACTED]	2.70	\$300.00	\$810.00
Fri	06/03/2016	Interview with Smith and counsel (4 Hours); begin drafting [REDACTED] [REDACTED]	6.40	\$300.00	\$1,920.00
Mon	06/06/2016	t/c with counsel and PGE [REDACTED]	0.50	\$300.00	\$150.00
Tues	06/07/2016	Compile listing of [REDACTED] [REDACTED]	5.80	\$300.00	\$1,740.00
Thur	06/09/2016	correspondence with counsel [REDACTED]	0.10	\$300.00	\$30.00
Sat	06/11/2016	correspondence with counsel [REDACTED]	0.10	\$300.00	\$30.00
Wed	06/15/2016	emails to counsel [REDACTED] instructions to IT re:posting redacted documents; begin review of documents received from CIBC, RBC, and HSBC re:mareva orders; email to counsel [REDACTED]	1.80	\$300.00	\$540.00
Fri	06/17/2016	t/c with counsel [REDACTED]	0.60	\$300.00	\$180.00
Tues	06/21/2016	Begin review of bank account documents received from Mareva order.	1.20	\$300.00	\$360.00
Thur	06/23/2016	Continue review of Mareva bank accounts.	1.50	\$300.00	\$450.00
Fri	06/24/2016	t/c with counsel [REDACTED]	0.80	\$300.00	\$240.00
Mon	06/27/2016	Finalize listing of [REDACTED] [REDACTED] send to counsel and PGE.	1.90	\$300.00	\$570.00
Tues	06/28/2016	Begin review of additional TD and RBC documents received in relation to Mareva order; call with counsel [REDACTED]	1.40	\$300.00	\$420.00
Wed	06/29/2016	call with counsel [REDACTED]	0.20	\$300.00	\$60.00
Thur	06/30/2016	Review Choice bank deposits, f/u email to counsel; continue review of new TD and RBC docs received.	1.70	\$300.00	\$510.00
Sun	07/03/2016	Review of MB dockets, email to PGE [REDACTED] continue review of TD and RBC docs, email to ECR [REDACTED]	3.60	\$300.00	\$1,080.00
Mon	07/04/2016	Finish review of RBC and TD docs, t/c with E. Craddock [REDACTED] review of DRP and MB invoices, discussion and email to PGE re:same.	1.10	\$300.00	\$330.00
Tues	07/05/2016	emails to PGE and counsel.	0.80	\$300.00	\$240.00
Wed	07/06/2016	Review IoM affidavits and order; emails to counsel [REDACTED]	1.70	\$300.00	\$510.00
Thur	07/07/2016	call with counsel [REDACTED]	0.60	\$300.00	\$180.00
Fri	07/08/2016	t/c with counsel and JLS [REDACTED] prepare May & June dockets, send to DRP; prepare invoice for May & June; prepare cheque recs for CBB, MB, DRP, and Receiver; review correspondence from Josun's counsel, email to CBB [REDACTED]	3.60	\$300.00	\$1,080.00
Mon	07/11/2016	Prepare and fax S.246(2) report to OR.	0.80	\$300.00	\$240.00

Tues	07/12/2016	Scan notes from July 8, 2016 conference call; review and watermark Sixth & Seventh reporting documents as required per Terms of Confidentiality Agreement; t/c with counsel [REDACTED] [REDACTED] begin drafting Receiver's Report to loM Court	2.40	\$300.00	\$720.00
------	------------	--	------	----------	----------

BillQuick Standard Report Copyright © 2016 BQE Software, Inc.

Filters Used:

- Time Entry Date: 5/01/2016 to 8/31/2016
- File ID: AABIL-R: to AABIL-R:

Detailed Time Dockets

Printed on: 2/21/2017

Page 3 of 5

**File Name (ID): Banners Broker International Limited (AABIL-R:)**

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Gillian Goldblatt (GGO)</b>					
Wed	07/13/2016	continue drafting [REDACTED] discuss with PGE, incorporate PGE changes, send to counsel [REDACTED]	6.90	\$300.00	\$2,070.00
Thur	07/14/2016	[REDACTED] send to JLS for review; incorporate JLS comments, emails with counsel [REDACTED] [REDACTED] send [REDACTED]	4.10	\$300.00	\$1,230.00
Mon	07/25/2016	t/c with counsel [REDACTED]	0.80	\$300.00	\$240.00
Fri	07/29/2016	Meeting with Kuldip Josun and counsel.	2.00	\$300.00	\$600.00
Tues	08/02/2016	Draft R&D for UK; draft cheques to JLS, counsel, and Hilary Stonefrost; to Call with counsel [REDACTED]	3.80	\$300.00	\$1,140.00
Thur	08/04/2016	Complete review of letter to Smith and Counsel, [REDACTED] [REDACTED] review of final additions; continued reconciliation and follow-up with JLS re:May and June costs.	1.20	\$300.00	\$360.00
Fri	08/05/2016	Meeting with H. Fogul and counsel.	2.00	\$300.00	\$600.00
Mon	08/08/2016	Add additional unfunded UK costs to billings; finalize billings to JLS, Receiver, Counsel, and UK special counsel, and process;	2.90	\$300.00	\$870.00
Tues	08/09/2016	Meeting with counsel [REDACTED]; f/u t/c with E. Craddock [REDACTED] review flow of funds [REDACTED] [REDACTED] review and compile [REDACTED] [REDACTED] email to J. Martin [REDACTED]	4.30	\$300.00	\$1,290.00
Wed	08/10/2016	reconcile JL costs to budget; draft email to JLS re:court approval of costs;	2.10	\$300.00	\$630.00
Thur	08/11/2016	emails to JLS re:payments; t/c with counsel [REDACTED] [REDACTED] t/c with PGE re:various matters; banking matters; [REDACTED] based on meetings with Smith's counsel.	3.60	\$300.00	\$1,080.00
Fri	08/12/2016	Prepare all invoices to be transmitted to loM bank account, advise banking; review 3 bank accounts noted in CIBC documents provided; upload CIBC documents from FTP site, begin review,	4.60	\$300.00	\$1,380.00
Mon	08/15/2016	t/c with counsel [REDACTED]	0.60	\$300.00	\$180.00
Wed	08/17/2016	review of Morgan examination documents in preparation for meeting [REDACTED] t/c with counsel [REDACTED] begin review of additional CIBC documents received in connection with Mareva Order.	3.40	\$300.00	\$1,020.00
Thur	08/18/2016	Meeting with [REDACTED] review of Morgan transcripts and Allied Wallet transactional data [REDACTED]	4.20	\$300.00	\$1,260.00
Fri	08/19/2016	Begin review of scotia documents; call with counsel [REDACTED] t/c with PGE re:Aramor claim; draft and send [REDACTED] [REDACTED]	3.80	\$300.00	\$1,140.00
<b>Gillian Goldblatt (GGO)</b>			<b>132.40</b>		<b>\$39,720.00</b>
<b>Harvey S. Lipman (HLI)</b>					
Thur	07/14/2016	To review and execute wire transfer for joint liquidators.	0.20	\$575.00	\$115.00
<b>Harvey S. Lipman (HLI)</b>			<b>0.20</b>		<b>\$115.00</b>

**Haran Sivanathan (HSI)**

Fri	08/12/2016	Deposit, Cheque, Pre-Authorized payment, Review Files, GIC's and Bank reconciliation	1.20	\$75.00	\$90.00
Wed	08/17/2016	Deposit, Cheque, Pre-Authorized payment, Review Files, GIC's and Bank reconciliation	0.80	\$75.00	\$60.00
<b>Haran Sivanathan (HSI)</b>			<b>2.00</b>		<b>\$150.00</b>

**Inga Friptuleac (IFR)**

BillQuick Standard Report Copyright © 2016 BQE Software, Inc.

Filters Used:

- Time Entry Date: 5/01/2016 to 8/31/2016
- File ID: AABIL-R: to AABIL-R:

**Detailed Time Dockets**

Printed on: 2/21/2017

Page 4 of 5

**File Name (ID): Banners Broker International Limited (AABIL-R:)**

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Inga Friptuleac (IFR)</b>					
Mon	05/30/2016	Collapse GIC; Prepare cheques	0.80	\$50.00	\$40.00
<b>Inga Friptuleac (IFR)</b>			<b>0.80</b>		<b>\$40.00</b>
<b>Philip H. Gennis (PGE)</b>					
Mon	05/02/2016	Review of law relating to [REDACTED] telephone discussion with Counsel.	1.25	\$600.00	\$750.00
Tues	05/03/2016	Telephone discussions with Counsel regarding [REDACTED]	1.25	\$600.00	\$750.00
Thur	05/05/2016	Email from Counsel.	0.50	\$600.00	\$300.00
Thur	05/05/2016	Telephone discussion with Counsel.	0.50	\$600.00	\$300.00
Fri	05/06/2016	Conference call with Counsel; Engagement oversight.	2.50	\$600.00	\$1,500.00
Mon	05/09/2016	On-going review of [REDACTED] internal meetings and discussions with Counsel	1.75	\$600.00	\$1,050.00
Tues	05/10/2016	Receipt and review of lengthy email from Carly Stratton (MannBenham); telephone discussion with Counsel;	1.25	\$600.00	\$750.00
Wed	05/11/2016	Review of email exchanges between Counsel and IOM; telephone discussion with Counsel; internal discussion relative to repatriation protocol	1.25	\$600.00	\$750.00
Thur	05/12/2016	Review draft memo from Carly Stratton to UK Counsel; review of emails between JL and Canadian Counsel; telephone discussion with CB [REDACTED]	1.75	\$600.00	\$1,050.00
Fri	05/13/2016	Review Notice of Motion and Draft Order.	2.50	\$600.00	\$1,500.00
Mon	05/16/2016	Receiver's Sixth Report. Email exchanges with JLs and counsel;	2.00	\$600.00	\$1,200.00
Tues	05/17/2016	Conference call with JLs and Counsel; numerous emails regarding sixth report.	0.50	\$600.00	\$300.00
Wed	05/18/2016	Lengthy Email exchange with JL; review further revisions to sixth report.	2.00	\$600.00	\$1,200.00
Thur	05/19/2016	Email exchange with JLs and Counsel; review of Draft Assignment Agreement	1.75	\$600.00	\$1,050.00
Fri	05/20/2016	Email exchange with Counsel and JLs.	1.25	\$600.00	\$750.00
Sun	05/22/2016	Review of Supporting Affidavit; email exchange with Counsel	1.25	\$600.00	\$750.00
Mon	05/23/2016	Lengthy email exchange with Counsel and JLs; review of Supporting Affidavit and Assignment Agreement	2.25	\$600.00	\$1,350.00
Tues	05/24/2016	Lengthy Email exchange with Counsel and JLs; review of estimated costs summary; review of revised supporting affidavit; telephone discussion with Counsel	2.25	\$600.00	\$1,350.00
Wed	05/25/2016	Conference call with Counsel to discuss [REDACTED] review sixth report in preparation for hearing.	1.50	\$600.00	\$900.00
Thur	05/26/2016	Attendance before HHJ Newbould	2.50	\$600.00	\$1,500.00
Thur	05/26/2016	Review of final draft Statement of Claim.	3.50	\$600.00	\$2,100.00
Fri	05/27/2016	Conference Call with UK; review of email exchange with IOM and Receiver's Counsel; review of initial draft of 7th Report to Court.	2.75	\$600.00	\$1,650.00
Mon	05/30/2016	Review final draft Report to Court.	1.25	\$600.00	\$750.00
Tues	05/31/2016	Attend before Justice Newbould; telephone conference with Counsel;	2.75	\$600.00	\$1,650.00



		email exchange with Counsel; email exchange with JL.			
Thur	06/02/2016	Preparatory Meeting [REDACTED]	2.00	\$600.00	\$1,200.00
Fri	06/03/2016	Meeting with Christopher Smith and Counsel [REDACTED] [REDACTED] meeting with Counsel.	4.00	\$600.00	\$2,400.00
Tues	06/07/2016	Attendance before Justice Swinton.	1.50	\$600.00	\$900.00
Tues	06/14/2016	Review of IOM course of action; email exchange with IOM Counsel; discussions with Receiver's Counsel;	2.50	\$600.00	\$1,500.00
Wed	06/15/2016	Email exchange with Counsel; telephone discussion with Counsel; email exchange with IOM and UK Liquidators.	1.00	\$600.00	\$600.00
Thur	06/16/2016	Engagement oversight.	1.25	\$600.00	\$750.00

BillQuick Standard Report Copyright © 2016 BQE Software, Inc.

Filters Used:

- Time Entry Date: 5/01/2016 to 8/31/2016
- File ID: AABBL-R: to AABBL-R:

## Detailed Time Dockets

Printed on: 2/21/2017

Page 5 of 5

### File Name (ID): Banners Broker International Limited (AABBL-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
<b>Phillip H. Gennis (PGE)</b>					
Wed	06/22/2016	Engagement oversight; telephone discussions with Counsel; review email correspondence from UK;	2.50	\$600.00	\$1,500.00
Thur	06/23/2016	Review of IOM Court materials.	2.00	\$600.00	\$1,200.00
Fri	06/24/2016	Review JL supplementary Affidavit.	1.25	\$600.00	\$750.00
Tues	06/28/2016	On-going engagement supervision; miscellaneous emails and telephone calls;	2.25	\$600.00	\$1,350.00
Tues	07/05/2016	Review of accounts and several emails regarding payment; review of draft IOM documents; general engagement oversight.	1.75	\$600.00	\$1,050.00
Wed	07/06/2016	Email exchange with Counsel and GG;	1.25	\$600.00	\$750.00
Wed	07/06/2016	Review final draft materials from IOM;	2.00	\$600.00	\$1,200.00
Thur	07/07/2016	Review of IOM Affidavits in preparation for conference call JULY 8th.	1.25	\$600.00	\$750.00
Fri	07/08/2016	Conference call with UK liquidators; approval of UK invoices; telephone discussion with Counsel.	0.75	\$600.00	\$450.00
Wed	07/13/2016	Review first report of Receiver to IOM Court; receipt and review of emails in this regard.	1.50	\$600.00	\$900.00
Fri	07/15/2016	General	2.50	\$600.00	\$1,500.00
Mon	07/25/2016	Telephone discussion with David Ward regarding [REDACTED] [REDACTED] mail from David Ward.	0.50	\$600.00	\$300.00
Fri	07/29/2016	Meeting with Counsel and Josun.	2.00	\$600.00	\$1,200.00
Tues	08/02/2016	Engagement oversight; telephone discussions with Counsel; on-going review and assessment of actions brought against Rjiv Dixit and Kuldip Josun.	3.00	\$600.00	\$1,800.00
Fri	08/05/2016	Attendance at meeting with Counsel for Receiver and Counsel for Chris Smith.	1.50	\$600.00	\$900.00
Mon	08/08/2016	Processing payables; telephone discussion with Counsel regarding [REDACTED]	0.75	\$600.00	\$450.00
Tues	08/09/2016	Meeting with Counsel	2.00	\$600.00	\$1,200.00
Wed	08/10/2016	Review of email exchanges with Counsel; review payables; internal meetings with respect to file issues.	1.50	\$600.00	\$900.00
Thur	08/11/2016	Meeting with Counsel for Receiver	2.00	\$600.00	\$1,200.00
Fri	08/12/2016	Review payments; telephone discussion with Counsel; brief meeting with GG regarding Kuldip Josun.	0.75	\$600.00	\$450.00
Tues	08/16/2016	Email exchanges with UK; teleconference with Larry Ellis [REDACTED] general engagement oversight.	1.00	\$600.00	\$600.00
Thur	08/18/2016	Meeting at Cassels Brock.	2.50	\$600.00	\$1,500.00
Fri	08/19/2016	Email exchange with Counsel.	0.50	\$600.00	\$300.00
Tues	08/23/2016	Review issued Statements of Claim.	1.75	\$600.00	\$1,050.00
<b>Philip H. Gennis (PGE)</b>			<b>93.00</b>		<b>\$55,800.00</b>
<b>Total for File ID AABBL-R:</b>			<b>236.60</b>		<b>\$97,670.00</b>
<b>Grand Total:</b>			<b>236.60</b>		<b>\$97,670.00</b>



IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED  
AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C-43  
AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH RESPECT TO BANNERS BROKER INTERNATIONAL LIMITED  
AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.  
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)

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

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE -COMMERCIAL LIST**  
PROCEEDING COMMENCED AT TORONTO

**AFFIDAVIT OF PHILIP H. GENNIS**

**Cassels Brock & Blackwell LLP**

2100 Scotia Plaza  
40 King Street West  
Toronto, ON M5H 3C2

Larry Ellis LSUC#: 49313K  
Tel: 416.869.5406  
Fax: 416.640.3004  
lellis@casselsbrock.com

Erin Craddock LSUC#: 62828J  
Tel: 416.860.6480  
Fax: 416.644.9324  
ecraddock@casselsbrock.com

Lawyers for the Applicants

## **APPENDIX “T”**

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

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990,  
c. C-43**

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

**AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.**

**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)**

**AFFIDAVIT OF DAVID WARD  
(sworn February 27, 2017)**

I, David Ward, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a lawyer with Cassels Brock & Blackwell LLP ("**Cassels**"), counsel to the applicant, msi Spergel, inc. in its capacity as court-appointed receiver of Banners Broker International Limited ("**BBIL**") and Stellar Point Inc. ("**Stellar Point**") and court-appointed investigatory receiver of certain entities affiliated with BBIL. As such, I have knowledge of the matters to which I depose except where stated to be on information and belief, and where so stated, I verily believe it to be true.
2. On August 22, 2014, the Honourable Madam Justice Matheson issued an Order appointing msi Spergel inc. as the Receiver of all of the assets, undertakings and property of BBIL.

3. Between April 30, 2016 and August 31, 2016 Cassels charged fees and disbursements in the aggregate amount of \$656,233.46 plus applicable Harmonized Sales Tax. Attached as **Exhibit "A"** are true copies of these invoices.


4. Attached hereto and marked as **Exhibit "B"** is a summary of the lawyers whose services are reflected on the invoices, including year of call, hourly rate, and a summary of the total fees and hours billed.

5. Further, attached as **Exhibit "C"** is a summary of each invoice together with a calculation of the average hourly billing rates for the lawyers whose services are reflected thereon. The average hourly billed rate for this period of the engagement is \$513.27.

6. To the best of my knowledge, the rates charged by Cassels are comparable to the rates charged for the provision of similar services by other legal firms in the Toronto market.

7. This affidavit is made in support of a motion to, among other things, seek approval of the foregoing fees and disbursements as fair and reasonable.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, on the 27<sup>th</sup> day of February, 2017.

  
Commissioner for Taking Affidavits

  
DAVID WARD

This is **Exhibit "A"** referred to in the affidavit  
of **DAVID WARD** sworn before me in the  
City of Toronto, in the Province of Ontario,  
this 27<sup>th</sup> day of February, 2017.

  
.....  
A Commissioner For Taking Affidavits

EXHIBIT "A"

**True Copy of Invoices issued by Cassels to Receiver.**

See attached.



MSI SPERGEL INC.  
ATTN: PHILIP H. GENNIS  
505 CONSUMERS ROAD  
SUITE 200  
TORONTO ON M2J 4V8

Date: 06/15/16  
Our File #: 045803-00002  
Invoice #: 1990168  
HST/GST #: R121379572

---

**Re: 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), Court File No. CV-14-10663-00CL**

**TO PROFESSIONAL SERVICES RENDERED up to and including 05/31/16**

Date		Description	Hours
04/30/16	DSW	Arrangements regarding finalization of motion materials in respect of Mareva including notice of motion, statement of claim, order and factum; correspondence with Commercial List office; telephone discussion with Esmail Mehrabi regarding appointment to see Justice Hainey regarding Cease & Desist Notices; preparation for Mareva injunction motion [REDACTED] [REDACTED]	7.50
05/01/16	ECR	Review Fifth Report regarding [REDACTED] [REDACTED]	0.20
05/01/16	JMARTIN	Preparing [REDACTED]	1.10
05/02/16	CHORKINS	Meet with D. Ward, L. Ellis, E. Craddock and J. Martin [REDACTED] [REDACTED];	2.60

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 1.30 % per annum until paid.

**Cassels Brock & Blackwell LLP**

2100, Scotia Plaza, 40 King Street West, Toronto, Canada M5H 3C2  
Tel: 416.869.5300 Fax: 416.360.8877 www.casselsbrock.com

Date		Description	Hours
05/02/16	JMARTIN	Preparing [REDACTED]; conducting [REDACTED] [REDACTED] various drafts of [REDACTED] [REDACTED]; [REDACTED] [REDACTED] receiving instructions;	4.70
05/02/16	DSW	Review [REDACTED]; emails with Receiver; prepare for and meeting with Cassels team regarding [REDACTED] [REDACTED]; consider [REDACTED] [REDACTED]	1.70
05/02/16	LCE	Review email from David Ward [REDACTED] [REDACTED] [REDACTED] review and respond to various emails from team [REDACTED] [REDACTED] email to client with respect to [REDACTED] [REDACTED] [REDACTED]; review draft documents in preparation for [REDACTED] [REDACTED]	1.30
05/03/16	CHORKINS	Begin review of Fifth Report and [REDACTED] [REDACTED];	3.70
05/03/16	JMARTIN	Developing [REDACTED]; applying [REDACTED] [REDACTED] [REDACTED];	3.30
05/03/16	DSW	Emails to and from Gilliam Goldblatt; discussion with Larry Ellis regarding [REDACTED] [REDACTED]; emails to and from Joint Liquidators;	0.90
05/03/16	ECR	Review and [REDACTED] [REDACTED]; correspondence with Gillian Goldblatt [REDACTED];	1.30



Date		Description	Hours
05/03/16	LCE	Review email communication from Paul Appleton and [REDACTED]; review [REDACTED] meeting with David Ward to discuss [REDACTED] [REDACTED] [REDACTED]	0.80
05/04/16	ECR	Correspondence regarding [REDACTED];	0.20
05/04/16	LCE	Review and respond to emails in connection with [REDACTED]; call with receiver to discuss [REDACTED]	0.40
05/05/16	CHORKINS	TC with D. Ward [REDACTED] [REDACTED] [REDACTED] Continued review of fifth report and draft Dixit claim for preparation of Mareva materials;	2.40
05/05/16	DSW	Receipt and brief review of [REDACTED] [REDACTED] [REDACTED]; telephone discussion with Esmail Mehrabi regarding report to Court on Isle of Man notices;	5.10
05/05/16	LCE	Review communication from Erin Craddock regarding [REDACTED] [REDACTED] [REDACTED]; communications regarding [REDACTED] [REDACTED] work with team to finalize [REDACTED] [REDACTED] continue review of [REDACTED] [REDACTED] review [REDACTED] [REDACTED] consider [REDACTED] [REDACTED]	2.30
05/05/16	LEL	Research and [REDACTED] [REDACTED]	0.70
05/05/16	ECR	Correspondence with counsel's office for Francis Best regarding discovery; research [REDACTED]	2.70

Date		Description	Hours
05/06/16	ECR	Attend team conference call;	2.40
05/06/16	DSW	Correspondence regarding [REDACTED]; preparation for and participate in conference call on [REDACTED] correspondence to Commercial List Office; meeting and discussions with Larry Ellis regarding [REDACTED] preparation for Marvea motion; preparation of notice of motion in receipt of Receiver's Sixth Report;	3.10
05/06/16	LCE	Review email from David Ward in connection [REDACTED]; prepare for and attend on call with all hands to discuss [REDACTED] follow-up call with Paul Appleton to [REDACTED] review case law as it relates to [REDACTED]	2.20
05/09/16	JMARTIN	[REDACTED]	1.50
05/09/16	ECR	Attend criminal court proceeding; conference call with Esmaeil Mehrabi regarding criminal proceedings; report to team [REDACTED]	1.50
05/09/16	DSW	Meeting with Erin Carddock; [REDACTED] correspondence and discussion with Dixit counsel regarding attendance with Justice Hainey regarding notices; discussion with Jeremy Martin regarding [REDACTED]; discussion with Esmaeil Mehrabi regarding criminal proceedings;	1.50
05/09/16	LCE	Review communication from counsel to opposition lawyer and [REDACTED] review emails in connection with [REDACTED]	1.30
05/09/16	CHORKINS	Continued review of draft Dixit Claim and Fifth Report; Begin drafting Notice of Motion for Mareva order;	4.80

Date		Description	Hours
05/10/16	JMARTIN	Finalizing [REDACTED] meeting with D. Ward and R. Kligman [REDACTED] [REDACTED]	6.80
05/10/16	ECR	Draft notice of motion for transition motion;	1.50
05/10/16	DSW	Correspondence with Joint Liquidators regarding [REDACTED]; conference call with Carly Stratton [REDACTED] discussion with Larry Ellis [REDACTED] [REDACTED] correspondence and memorandum from Joint Liquidators regarding [REDACTED] [REDACTED]	3.40
05/10/16	LCE	Continue [REDACTED] [REDACTED] review email communications in connection with [REDACTED] [REDACTED] continue to review caselaw in connection with [REDACTED] [REDACTED]	2.70
05/10/16	CHORKINS	Continue review of Fifth Report and draft claim and drafting Notice of Motion for Mareva order against Dixit;	3.70
05/10/16	RDK	Review and revise revised Statement of Claim; meeting with D. Ward/J. Martin;	3.40
05/11/16	CHORKINS	Continue drafting Notice of Motion re Mareva order; TC with D. Ward [REDACTED]	1.90
05/11/16	JMARTIN	Assigning [REDACTED] [REDACTED] commencing revisions of Statement of Claim;	2.30
05/11/16	RDK	[REDACTED] research including WLN/Justis; meeting and discussion with D. Ward; review research memo;	5.20
05/11/16	ECR	Revise notice of motion for transition order; attend conference call with committee of inspection;	3.20

Date		Description	Hours
05/11/16	DSW	Correspondence with Joint Liquidators and English counsel [REDACTED] [REDACTED] correspondence to and from Commercial List Office; emails and discussion with Esmail Mehrabi; participate in COI meeting; emails and discussion with Esmail Mehrabi; discussion with Rob Kligman and Jeremy Martin and Chris Horkins regarding [REDACTED] [REDACTED] draft and revise transition to Canada motion; meeting with Erin Carddock; emails and discussions with [REDACTED] [REDACTED];	4.30
05/11/16	LCE	Prepare for and attend committee of inspection meeting; follow-up call with Paul Appleton regarding [REDACTED] follow-up meeting with David Ward to [REDACTED] [REDACTED] [REDACTED] review and respond to emails from client in connection with [REDACTED] [REDACTED]	1.20
05/12/16	RDK	Research including WLN; preparation of memorandum to D. Ward/J. Martin; preparation of cases re memo; review and revise memo;	1.80
05/12/16	ECR	Draft and revise notice of motion and draft order;	2.60
05/12/16	JMARTIN	Revising legal claims section of Statement of Claim;	14.60
05/12/16	DSW	Receipt of correspondence from Court office regarding booking date; emails to and from Esmail Mehrabi; receipt and review of Brief to Counsel; [REDACTED] [REDACTED] emails to and from Paul Appleton; emails to and from Carly Stratton; review and revise Dixit/Josun claim and instructions to Jeremy Martin;	3.10

Date		Description	Hours
05/12/16	LCE	Review draft brief to counsel and [REDACTED] [REDACTED] provide [REDACTED] meeting with David Ward to discuss [REDACTED] update call with Phil [REDACTED] to discuss [REDACTED]; review most recent draft of statement of claim in anticipation of timing to file;	3.80
05/13/16	LCE	Review [REDACTED] [REDACTED] review first draft of core material including order and notice of motion [REDACTED] [REDACTED] telephone conversation with client regarding [REDACTED] [REDACTED]; review most recent draft of statement of claim and blackline provided for by Jeremy Martin;	1.90
05/13/16	JMARTIN	Finalizing draft statement of claim; [REDACTED] [REDACTED]	7.20
05/13/16	DSW	Draft and review transition to Canada motion materials; report to Receiver; reporting to Joint Liquidators;	2.50
05/13/16	CHORKINS	Continue work on Mareva notice of motion; Emails with D. Ward [REDACTED]	2.20
05/13/16	RDK	Review and revise revised Draft Statement of Claim;	1.30
05/13/16	ECR	Draft receiver's sixth report in support of transition motion;	2.30
05/14/16	ECR	Draft receiver's sixth report in support of transition motion;	2.30



Date		Description	Hours
05/14/16	LCE	Review revised draft notice of motion and [REDACTED] review working draft of sixth report and [REDACTED] consider [REDACTED]	2.10
05/15/16	ECR	Correspondence regarding [REDACTED]	0.20
05/15/16	DSW	Draft Sixth Report; instructions to Erin Craddock;	4.10
05/15/16	LCE	Review [REDACTED] [REDACTED] commence drafting transition services and assignment agreement;	3.00
05/16/16	CHORKINS	TC with D. Ward [REDACTED];	0.30
05/16/16	JMARTIN	[REDACTED];	2.20
05/16/16	ECR	Revise notice of motion and receiver's report for motion for transition of services from IOM liquidation proceedings;	5.50
05/16/16	DSW	Conference call with Hilary Stone Forest regarding [REDACTED] receipt and review [REDACTED] meeting with Erin Craddock; meeting with Larry Ellis regarding [REDACTED] and fourth conference call with Paul Appleton; correspondence to and from Commercial List Office regarding Dixit appearance before Hainey, J.; correspondence to Esmaeil Mehrabi; work on Marera injunction motion including [REDACTED] [REDACTED] [REDACTED]	3.90

Date		Description	Hours
05/16/16	LCE	Prepare for and attend on call with all hands to consider [REDACTED] [REDACTED] [REDACTED]; review fresh copies of the six report, notice of motion and draft order and [REDACTED] [REDACTED] same to Canadian team and Isle of Man team, including [REDACTED] [REDACTED]; review [REDACTED] [REDACTED] review [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] follow up with client to [REDACTED]; review email correspondence from criminal counsel to [REDACTED] review comments on [REDACTED] [REDACTED] [REDACTED]	7.50
05/17/16	CHORKINS	Drafting Notice of Motion and Draft Order re Mareva;	6.20
05/17/16	JMARTIN	Researching and drafting [REDACTED]	4.70
05/17/16	ECR	Revise notice of motion and receiver's report for transition motion; team conference call to [REDACTED];	6.80

Date		Description	Hours
05/17/16	DSW	Receipt and brief review of correspondence from Paul Appleton and [REDACTED] [REDACTED] brief review of relevant Sixth Report; correspondence from Esmaeil Mehrabi; draft and revise Mareva motion materials; [REDACTED] order; emails with Joint Liquidators; review and revise fee affidavit; meeting with Erin Craddock regarding [REDACTED]; consider preliminary advice of Hilary Stonefrost on [REDACTED]	4.40
05/17/16	LCE	Emails, calls and other efforts throughout day to [REDACTED] work throughout day to [REDACTED]; review May 16 committee of inspection minutes and [REDACTED] meeting to [REDACTED]	5.50
05/18/16	CHORKINS	Continue working on Notice of Motion and Draft Order re Mareva; Preparation for and meet with D. Ward and E. Craddock [REDACTED]	4.70
05/18/16	DSW	Final revisions to Transition Receivers Report and notice of motion; review and revise Fee Affidavits; receipt and brief review of Transition Service and Assignment Agreement; meeting with Chris Horkins [REDACTED] on [REDACTED]	3.20
05/18/16	ECR	Revise Receiver's report; prepare fee affidavits for Cassels and Spergel;	6.20



Date		Description	Hours
05/18/16	LCE	Assistance throughout day to [REDACTED] [REDACTED] assistance throughout day to [REDACTED] [REDACTED] attend on various calls with Isle of Man team to [REDACTED] [REDACTED] consider message from Harry Fogul in connection with [REDACTED] and attend on call with Harry to [REDACTED] continue research [REDACTED];	2.80
05/19/16	ECR	Correspondence and instructions from Larry Ellis and David Ward regarding [REDACTED] finalize, serve and file transition motion;	2.70
05/19/16	DSW	Correspondence and emails to and from Miles Benham, Paul Appleton and Chris Webb regarding [REDACTED]; revise and finalize motion materials; (Transition motion); emails with Joint Liquidators; discussion with Harry Fogul; review [REDACTED] [REDACTED] review and edits to Statement of Claim;	3.60
05/19/16	LCE	Review email communications from Isle of Man in connection with [REDACTED] [REDACTED] review and respond to emails throughout day from Miles in connection with [REDACTED] [REDACTED]; review most recent draft of statement of claim and accompanying court material; various Communications and telephone calls with Isle of Man and receiver to [REDACTED] [REDACTED]	4.40
05/19/16	CHORKINS	Revisions Mareva Notice of Motion and Draft Order;	4.30
05/20/16	CHORKINS	Preparation for and meet with D. Ward and E. Craddock [REDACTED];	1.80

Date		Description	Hours
05/20/16	ECR	Review [REDACTED] correspondence regarding [REDACTED] [REDACTED]	2.30
05/20/16	DSW	Review and revise Transition Services and Assignment Agreement [REDACTED] [REDACTED]; draft and revise Dixit notice of motion and orders on Mareva motion; preparation of Joint Liquidators Report; meeting with Chris Horkins and Erin Craddock; revise Mareva notice of motion; consider model order Mareva motion;	3.60
05/20/16	LCE	Continue work on transition services hearing; calls through the day with Harry Fogul to discuss [REDACTED] [REDACTED]; emails and calls with the joint liquidators in connection with [REDACTED] review revised transition services agreement; begin review of evidence related to upcoming Mareva hearing;	5.00
05/22/16	ECR	Draft and revise Joint Liquidators affidavit; review assignment agreement;	4.50
05/22/16	LCE	Continue to work with David Ward and Erin Craddock to [REDACTED] [REDACTED] telephone call with David Ward [REDACTED]; review draft joint liquidator affidavit [REDACTED];	3.00
05/23/16	ECR	Revise joint liquidator affidavit; correspondence from Miles Benham, Paul Appleton and David Ward [REDACTED]	1.00
05/23/16	DSW	Correspondence, emails and call with Erin Craddock and exchange drafts of Joint Liquidator's affidavit and Transition Sales Agreement throughout the day;	1.00

Date		Description	Hours
05/23/16	LCE	Review and consider [REDACTED] [REDACTED] review revised joint liquidator affidavit and [REDACTED] [REDACTED]; edits to transition services agreement; review enforcement material and recent draft of statement of claim;	3.70
05/24/16	CHORKINS	Revisions Notice of Motion and Draft Order re Mareva;	3.20
05/24/16	JMARTIN	Revisions to Statement of Claim per R. Kligman; meeting with D. Ward, L. Ellis and E. Craddock [REDACTED];	2.70
05/24/16	DSW	Draft and revise Transition Agreement; correspondence to and from Adam Sharma and Hilary Stoneforest and Paul Appleton; telephone discussion with Adam Sharma; arrangements regarding finalizing supplementary affidavit and Toronto Agreement and service and filing same; review Dixit/Josun statement of claim; meeting with Erin Craddock and Jeremy Martin; meeting with Larry Ellis regarding [REDACTED]; receipt and consider draft Legal Opinion of Hilary Stoneforest; emails with Esmail Mehrabi regarding [REDACTED] [REDACTED]	6.30
05/24/16	JMARTIN	Research in respect of [REDACTED] [REDACTED] [REDACTED];	3.10
05/24/16	JMARTIN	Researching [REDACTED] [REDACTED] [REDACTED]	2.90
05/24/16	ECR	Finalize [REDACTED]; serve supplementary motion record; correspondence with Gillian Goldblatt regarding [REDACTED] draft statement of law;	5.70

Date		Description	Hours
05/24/16	LCE	Review numerous emails from Isle of Man team including joint liquidators and London counsel in connection with [REDACTED] [REDACTED] [REDACTED] review draft opinion of [REDACTED] [REDACTED] [REDACTED] assistance throughout day to finalize court material; attend meeting with Harry Fogul to discuss [REDACTED] [REDACTED] attend team meeting to [REDACTED] [REDACTED] [REDACTED]	4.50
05/25/16	CHORKINS	Revisions Notice of Motion and Draft Order re Mareva motion; Meet with D. Ward and E. Craddock to discuss [REDACTED] [REDACTED] Drafting Receiver's Report in support of Mareva motion; Email to Phil Gennis and Gillian Goldblatt [REDACTED] [REDACTED] Attend TC with D. Ward, L. Ellis and Miles Benham; Review and comment on [REDACTED] [REDACTED] Meet with R. Kligman to discuss [REDACTED] [REDACTED];	9.90
05/25/16	RDK	Meeting and discussion with C. Horkins; receive instructions; review Notice of Motion; research re [REDACTED];	1.00
05/25/16	ECR	Assist with preparation of Mareva order materials;	5.70
05/25/16	DSW	Conference call with Larry Ellis and Receiver regarding [REDACTED]; preparation of factum and brief of authorities on transition to Canada; telephone discussion with Miles Benham regarding [REDACTED] [REDACTED] work on Marvea motion materials; preparation for hearing of transition motion including [REDACTED]	6.30

-15-

Date		Description	Hours
05/25/16	LCE	Review email correspondence from team in connection with [REDACTED] [REDACTED] continue review of [REDACTED] [REDACTED] [REDACTED] t [REDACTED] [REDACTED] [REDACTED] draft legal opinion for joint liquidators [REDACTED]	2.70
05/26/16	CHORKINS	Continue drafting Receiver's Report, Draft Order and Notice of Motion re Mareva Injunction; Emails, meetings and TCs [REDACTED];	7.80
05/26/16	JMARTIN	Tracing [REDACTED] [REDACTED] final revisions to Statement of Claim; reformatting Statement of Claim for final version;	5.30
05/26/16	ECR	Finalize and serve sworn supplementary motion record; prepare for court hearing; attend transition motion hearing; obtain and serve issued and entered order; [REDACTED] [REDACTED]	6.30
05/26/16	DSW	Correspondence to and from Esmail Mehrabi; revisions to draft order; preparation for and attendance on Transition motion hearing before Justice Newbould; draft and revise Mareva injunction motion materials; preparation of supplementary affidavit of Erin Craddock [REDACTED]	6.80
05/26/16	LCE	Finalize [REDACTED] [REDACTED] [REDACTED] call with David Ward to receive update regarding [REDACTED] [REDACTED]	1.00
05/26/16	RDK	Meeting and discussion with D. Ward; research including WLN; preparation of Statement of Law;	2.80
05/26/16	JMARTIN	Finalizing memorandum in respect of [REDACTED] [REDACTED];	2.10



Date		Description	Hours
05/27/16	CHORKINS	TC Ward [REDACTED]; Further revisions to Seventh Report and email to D. Ward and CBB team [REDACTED]; Review emails between Spergel and CBB teams [REDACTED];	9.90
05/27/16	ECR	Attend BBIL conference call regarding [REDACTED]; research and draft inserts on Seventh Report of the Receiver; instructions from David Ward [REDACTED] instructions to student [REDACTED]; correspondence with Gillian Goldblatt [REDACTED];	3.80
05/27/16	LCE	Review receivers seventh report in connection with Mareva motion; review draft order and draft notice in connection with same; review updated [REDACTED];	4.00
05/27/16	CL	Find branch addresses for corresponding transit numbers;	0.50
05/27/16	JMARTIN	Reviewing and commenting on [REDACTED];	3.10
05/27/16	RDK	Review and revise Statement of Law; preparation of memorandum to D. Ward/C. Horkins;	2.30
05/27/16	DSW	Review injunction motion materials; discussion with Chris Horkins; review case law for factum and summarize key facts;	3.10
05/28/16	CHORKINS	Emails and TC with D. Ward [REDACTED]; Review and revise Receiver's Report, Notice of Motion, Draft Order and Factum/Statement of Law re Mareva motion; Email to Phil Gennis and Gillian Goldblatt providing revised Mareva materials for final approval and execution;	4.50

Date		Description	Hours
05/28/16	DSW	Draft and revise Mareva motion; draft and revise Statement of Law; [REDACTED]; meeting with and instructions to Chris Horkins; emails to and from Phil Gennis; [REDACTED]; [REDACTED];	3.20
05/28/16	LCE	Continue review of material in connection with Tuesday's court hearing, including [REDACTED]; [REDACTED];	2.00
05/29/16	ECR	Review and revise draft statement of claim;	0.50
05/29/16	LCE	Review [REDACTED]; [REDACTED];	1.00
05/30/16	CHORKINS	Final revisions to Seventh Report of the Receiver (Mareva Motion) and Emails/TCs with D. Ward, E. Craddock and Gillian Goldblatt [REDACTED]; [REDACTED] Compiling Motion Record for Mareva Motion; Finalize Factum and compiling Book of Authorities for Mareva motion; Attend to filing of Mareva materials; Preparation of Draft Orders and Blacklines to Model Order; Meet with D. Ward to discuss [REDACTED]; [REDACTED];	6.40
05/30/16	JMARTIN	Reviewing Report and Mareva materials;	3.60
05/30/16	JMARTIN	Final review and footnote/reference check on Statement of Claim, responding [REDACTED]; [REDACTED];	2.10
05/30/16	RDK	Review and revise Statement of Law;	0.30
05/30/16	DSW	Arrangements regarding [REDACTED]; [REDACTED]; [REDACTED] correspondence with Commercial List office; telephone discussion with Esmail Mehrabi regarding appointment to see Justice Hailey; preparation for Mareva injunction [REDACTED]; [REDACTED];	7.50

Date		Description	Hours
05/30/16	ECR	Prepare for Merva injunction hearing [REDACTED] [REDACTED] [REDACTED]; review documents for [REDACTED] [REDACTED] draft affidavit in [REDACTED] [REDACTED]	5.60
05/30/16	LCE	Lengthy call with Harry Fogul to discuss [REDACTED] [REDACTED]; continue preparation and assist team with respect to [REDACTED] [REDACTED]; review [REDACTED] [REDACTED]; various calls and emails throughout the day to client to [REDACTED] [REDACTED];	3.50
05/31/16	CHORKINS	Prep and attend Commercial List for hearing before Newbould J. to obtain ex parte Mareva injunction order against Dixit, Josun and related companies; Attend to issuing of Mareva order at Commercial List; Draft and send [REDACTED] [REDACTED] [REDACTED]; Attend working lunch meeting with D. Ward, L. Ellis, E. Craddock and J. Martin to discuss [REDACTED] [REDACTED] Preparing Notarized Mareva Orders for service on financial institutions;	9.40
05/31/16	ECR	Serve Mareva motion orders on banks; team meeting to [REDACTED];	7.30
05/31/16	JMARTIN	Attending [REDACTED]; preparing [REDACTED];	2.30



Date		Description	Hours
05/31/16	DSW	Locate and review transcript references regarding [REDACTED] [REDACTED] final preparation for and attend on ex parte motion before the Honourable Mr. Justice Newbould; [REDACTED] [REDACTED]; correspondence and calls to and from financial institutions including follow up with respect to implementation of terms of Mareva order;	6.00
05/31/16	LCE	Finalize preparation and attend court hearing for purpose of obtaining Mareva order; organize agenda and attend team meeting to discuss [REDACTED] [REDACTED] [REDACTED]; follow-up meeting with David Ward to discuss [REDACTED] [REDACTED]	4.50
05/31/16	JMARTIN	Reviewing [REDACTED] [REDACTED]	0.60

**Time Summary**

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Christopher Horkins Advocacy Associate	89.70	390.00	34,983.00
Conrad Lee Student	0.50	125.00	62.50
David S. Ward Financial Services Partner	96.10	755.00	72,555.50
Erin Craddock Financial Services Associate	84.30	480.00	40,464.00
Jeremy Martin Advocacy Associate	76.20	390.00	29,718.00
Larry Ellis Financial Services Partner	78.10	625.00	48,812.50
Leonard Loewith Financial Services Associate	0.70	395.00	276.50
Robert D. Kligman Advocacy Partner	18.10	745.00	13,484.50
			<hr/>
Our Fee			240,356.50
HST on Fees			<u>31,246.35</u>
<b>Total Fees and Tax</b>			<b><u>271,602.85</u></b>

**Taxable Disbursements**

Paid for photocopies, delivery, long distance telephone calls, travel, courier, agency fees and disbursements, Certificate of Status

Total Taxable Disbursements	7,588.96
HST on Disbursements	845.12

<b>Total Taxable Disbursements and Tax</b>	<b><u>7,346.07</u></b>
--	------------------------

**Non-Taxable Disbursements**

Paid for travel, accommodations, administrative filing, searches and delivery fees

Sub-total	768.85
-----------	--------

<b>Total Disbursements and Tax</b>	<b><u>8,114.92</u></b>
------------------------------------	------------------------

<b>Total Fees, Disbursements &amp; Tax</b>	<b><u>\$ 279,717.77</u></b>
--	-----------------------------

This is our account herein  
**Cassels Brock & Blackwell LLP**

---

Larry Ellis  
E&OE





MSI SPERGEL INC.  
ATTN: PHILIP H. GENNIS  
505 CONSUMERS ROAD  
SUITE 200  
TORONTO ON M2J 4V8

Date: 07/15/16  
Our File #: 045803-00002  
Invoice #: 1992295  
HST/GST #: R121379572

---

**Re: 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), Court File No. CV-14-10663-00CL**

**TO PROFESSIONAL SERVICES RENDERED up to and including 06/30/16**

Date		Description	Hours
06/01/16	CHORKINS	Emails and TCs with D. Ward and E. Craddock [REDACTED]; Preparing draft Notice of Motion re comeback hearing;	3.60
06/01/16	ECR	Further service of Mareva order materials on financial institutions and Kuldip Josun; preparation for meeting with Larry Ellis and Christopher Smith regarding [REDACTED];	7.80

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 1.30 % per annum until paid.

**Cassels Brock & Blackwell LLP**

2100, Scotia Plaza, 40 King Street West, Toronto, Canada M5H 3C2  
Tel: 416.869.5300 Fax: 416.360.8877 [www.casselsbrock.com](http://www.casselsbrock.com)

Date		Description	Hours
06/01/16	DSW	Receipt and consider revised Stonefirst opinion; correspondence to Katherine McEachern at RBC regarding Mareva information and Third Party demands; meeting and discussion with Erin Craddock throughout the day regarding [REDACTED] [REDACTED] [REDACTED] correspondence and discussion with Esmail Mehrabi;	4.10

Date		Description	Hours
06/01/16	LCE	<p>General assistance throughout day in connection with work required to advance the Mareva orders; Communications with team in connection with [REDACTED]; meeting with David Ward to discuss various outstanding issues including [REDACTED]; telephone conversation with client to provide advice in connection with [REDACTED]; telephone conversation with joint liquidators in connection with [REDACTED]; telephone conversation with Harry Fogul to discuss [REDACTED] review and consider plan to communicate with various financial institutions regarding freeze order; review final order of the Ontario Superior Court together with endorsement and draft letter to financial institutions; email to join liquidators [REDACTED] review and respond to arias emails from the joint liquidators regarding [REDACTED]; meeting with Erin Craddock and David Ward to discuss [REDACTED]; work throughout day in connection with [REDACTED];</p>	7.70
06/02/16	TAS	<p>Reviewed various receipts that may [REDACTED];</p>	3.80

Date		Description	Hours
06/02/16	ECR	Telephone call with Larry Ellis and Esmaeil Mehrabi regarding [REDACTED]; telephone call with Larry Ellis and Phil Gennis regarding [REDACTED] preparations for meeting with Christopher Smith and Harry Fogul; telephone call with Stephanie Schlacht regarding [REDACTED]; telephone call with Kuldip Josun regarding service of documents; email materials for Mareva to Kuldip Josun; instructions to student regarding [REDACTED]; finalize memorandum [REDACTED]; discussion with Chris Horkins regarding [REDACTED]	6.50
06/02/16	LCE	Review communication to Bank of Cyprus; review [REDACTED]; review update regarding freeze order and efforts to acquire additional information; telephone conversation with potential defendant to discuss [REDACTED]; team meeting to [REDACTED]; telephone call with counsel for defendant to discuss [REDACTED]; review Toronto Dominion bank account as provided for by counsel to certain defendant; work with team to develop [REDACTED]; continue efforts to prepare for meeting tomorrow with Chris Smith;	5.80



Date		Description	Hours
06/03/16	ECR	Prepare for and attend meeting with Chris Smith regarding [REDACTED] compile list [REDACTED]; finalize affidavit of service for return of Mareva;	6.80
06/03/16	LCE	Team meeting to prepare for [REDACTED] [REDACTED] prepare for and attend meeting with Chris Smith and Harry Fogul and client to discuss [REDACTED]; review draft affidavit prepared by Christopher Horkins in connection with come back date; meetings with Erin Craddock to [REDACTED]; follow up telephone conversations with counsel for certain defendant to [REDACTED];	3.80
06/03/16	TAS	Compiling index for items [REDACTED];	2.00
06/03/16	CHORKINS	Draft affidavit of E. Craddock re service efforts for continuation of Mareva injunction;	3.90
06/05/16	LCE	Review attachment as prepared for by counsel for certain defendant to freeze order and [REDACTED] telephone conversation with client to [REDACTED]; emails to team and to counsel for certain defendant to [REDACTED];	1.50
06/06/16	TAS	Compiling a chart of items [REDACTED];	2.00

Date		Description	Hours
06/06/16	CHORKINS	Attend TC with L. Ellis and Phil Gennis and Gillian Goldblatt to discuss [REDACTED] [REDACTED] TC with L. Ellis to Esmaeil Mehrabi re [REDACTED]; Prep for Continuation of Mareva Motion, including preparation of Motion Record and attending to service and filing of same and preparation of submissions;	8.20
06/06/16	LCE	Telephone conversation with client to discuss [REDACTED] review most recent draft of the affidavit [REDACTED]; telephone conversation with defense counsel to certain defendant and Christopher Horkins to discuss [REDACTED]; continue to work with team with respect to [REDACTED] telephone conversations with Christopher Horkins in connection with [REDACTED]; review draft communications to defence counsel for freeze order; review draft letter to counsel for defendant with respect to disclosure request and consider same;	3.80
06/07/16	JMARTIN	Reviewing endorsement and order of Justice Swinton;	0.20

Date		Description	Hours
06/07/16	CHORKINS	<p>Prep for and attend hearing of Mareva Continuation motion before Swinton J. at Commercial List - obtained order continuing Mareva Injunction pending further order over opposition of Kuldip Josun; Prepare report to Canadian and UK BBIL Teams re [REDACTED]; Emails with Spergel [REDACTED]; Emails with Esmaeil Mehrabi re [REDACTED]; Emails with L. Ellis, P. Gennis and G. Goldblatt [REDACTED]</p>	9.30
06/07/16	LCE	<p>Review and respond to communication from the joint liquidators in connection [REDACTED] review communication from Chris Webb [REDACTED]; lengthy telephone conversation with Christopher Horkins to discuss [REDACTED] telephone conversation with client [REDACTED] review order issued by Judge continuing freeze order; review communications from counsel for The defendant in connection with [REDACTED] provide comment to Christopher Horkins in connection with [REDACTED] review list of [REDACTED] review comments from client in connection with [REDACTED] telephone conversation with Harry Fogul in connection [REDACTED]</p>	4.20
06/08/16	CHORKINS	<p>Finalize and send letter to Esmaeil Mehrabi re [REDACTED]</p>	0.70

Date		Description	Hours
06/08/16	LCE	Review updated [REDACTED] [REDACTED] review attached letter provided for to counsel for certain defendant to freeze order; review various updates throughout day in connection with [REDACTED] review communication from Frank Blackman at PC financial in connection with request for information;	2.90
06/08/16	TAS	Indexing items [REDACTED] [REDACTED]	0.70
06/09/16	TAS	Working on chart and index [REDACTED] [REDACTED]	1.50
06/09/16	MRO	Prepare research memo regarding [REDACTED] [REDACTED]	2.00
06/10/16	MRO	Prepare research memo regarding [REDACTED] [REDACTED]	5.50
06/10/16	JMARTIN	Reviewing motion materials and judgments for account statements and identifying bank information;	1.90
06/11/16	JMARTIN	Correspondence with client; reviewing motion records and orders for redactions;	2.80
06/11/16	LCE	Review and consider various communications from client and Jeremy Martin in connection with [REDACTED] [REDACTED]	0.30
06/13/16	CHORKINS	Review draft memo and legal research on [REDACTED] [REDACTED]	2.40

Date		Description	Hours
06/13/16	TAS	Completing the index [REDACTED] [REDACTED]	1.50
06/13/16	MRO	Prepare research memo regarding [REDACTED] [REDACTED]	1.10
06/13/16	ECR	Instructions to student regarding [REDACTED] [REDACTED]	0.80
06/13/16	DSW	Brief review of Court order and reasons in support of Mareva injunction; meeting with Erin Craddock [REDACTED] [REDACTED]	0.60
06/13/16	ECR	Review documents received from banks in response to Mareva;	0.70
06/14/16	CHORKINS	TC with E. Craddock [REDACTED] [REDACTED]	0.80
06/14/16	MRO	Prepare research memo regarding [REDACTED] [REDACTED]	6.20
06/14/16	ECR	Review and redact motion record and orders of Commercial List to remove personal banking information; instructions to Cathy Stallone [REDACTED] discussion with Chris Horkins and Jeremy Martin regarding [REDACTED]; correspondence with David Ward [REDACTED]	4.00
06/14/16	DSW	Receipt and consider correspondence from Joint Liquidators and their counsel regarding [REDACTED] instructions to Erin Craddock regarding [REDACTED]	0.60
06/14/16	ECR	Further redactions to motion records;	1.70

Date		Description	Hours
06/14/16	LCE	Review email from Christopher web in connection with [REDACTED] [REDACTED] review minutes of fourth meeting of the committee of inspection and consider [REDACTED] [REDACTED];	1.20
06/15/16	CHORKINS	TC and email with E. Craddock [REDACTED] [REDACTED];	0.70
06/15/16	MRO	Research [REDACTED] [REDACTED];	2.60
06/15/16	CS	Email from E. Craddock; review Motion Record (Vols. I and II) regarding redactions; email to E. Craddock; email to G. Glabholt [REDACTED]; load motion record on FTP site;	0.80
06/15/16	CS	Emails from and to G. Glabholt and E. Craddock;	0.20
06/15/16	CS	Receive from clerk and review corporate profiles for J. Martin; file in DMS;	0.30
06/15/16	ECR	Review, analyze and summarize [REDACTED] [REDACTED]; redact motion records for posting online;	7.20
06/15/16	DSW	Receipt and review compendium for Chris Web [REDACTED] [REDACTED]; discussion with Erin Craddock and instructions [REDACTED] [REDACTED] emails to and from Joint Liquidator regarding [REDACTED] [REDACTED];	1.40
06/15/16	LCE	Review email from Christopher Web and attached draft order [REDACTED] [REDACTED];	2.40



Date		Description	Hours
06/16/16	ECR	Update [REDACTED] follow up with CIBC and TD Bank regarding document requests; telephone call with Gillian Goldblatt regarding [REDACTED] instructions from David Ward; review materials from joint liquidators [REDACTED]	5.60
06/16/16	CHORKINS	TC with D. Ward and E. Craddock [REDACTED]	1.40
06/16/16	DSW	Preparing letter to Josun re carve out; Receipt and consider [REDACTED] meeting with Erin Craddock regarding [REDACTED]; review and prepare [REDACTED]	1.80
06/16/16	LCE	Review email from Christopher Horkins in connection with [REDACTED] review [REDACTED]	0.70
06/17/16	DSW	Correspondence and discussions with Esmaeil Mehrabi regarding [REDACTED]; meeting with Erin Craddock regarding [REDACTED] correspondence from Kuldip Josun and [REDACTED] further lengthy call with Esmaeil Mehrabi [REDACTED]	1.20
06/17/16	JMARTIN	Reviewing minutes of the committee of inspection;	0.90
06/17/16	LCE	Review [REDACTED]	0.80

Date		Description	Hours
06/17/16	ECR	Instructions from David Ward; telephone call with Gillian Goldblatt; review [REDACTED]	5.30
06/19/16	DSW	Complete [REDACTED]	1.40
06/19/16	LCE	supporting correspondence to Chris Webb; Review black line of [REDACTED]	0.30
06/20/16	CHORKINS	Prepare draft letter to Kuldip Josun re Mareva carve out and emails with D. Ward [REDACTED]	1.40
06/20/16	DSW	Review and revise correspondence to Josun regarding Mareva compliance and disclosure issues; instructions to Chris Horkins; review [REDACTED]	1.40
06/20/16	JMARTIN	Reviewing fresh Josun materials;	0.40
06/20/16	ECR	Review and update [REDACTED]	1.70
06/20/16	LCE	Review [REDACTED] review draft letter provided for by Christopher Horkins in connection with response to certain defendant to freeze order and certain outstanding disclosure request;	0.50
06/21/16	CHORKINS	Finalize and send letter to Kuldip Josun re Mareva carve-out discussions and financial disclosure requests; Review and respond to email from newly retained Josun counsel;	1.30
06/21/16	CS	Email from E. Craddock; review documents loaded from February to present; locate CIBC documents and arrange to load into Summation; load HSBC document into Summation database; instructions to J. Fish; load CIBC documents received June 2016 onto FTP site;	1.60



Date		Description	Hours
06/21/16	DSW	Review and consider [REDACTED] [REDACTED]; meeting with and instructions to Erin Craddock regarding [REDACTED]; receipt and review correspondence from Receiver and discussion with Phil Gennis;	1.10
06/21/16	ECR	Review and consider [REDACTED] [REDACTED]	6.10
06/21/16	JMARTIN	Reviewing background of Josun's counsel;	0.40
06/21/16	LCE	Review communication to certain defendant to freeze order and follow up to make Asian from that defendants lawyer; review draft response to join liquidators and [REDACTED] [REDACTED]	0.30
06/22/16	CS	Receive document (TD) to load into database;	0.20
06/22/16	DSW	Receipt and review correspondence from counsel for Rajiv Dixit, Sran Balwinder; several discussions with Phil Gennis regarding [REDACTED] [REDACTED]; preparation of correspondence to Joint Liquidators; respond to Adam Sharma; review and revise [REDACTED] [REDACTED];	1.40
06/22/16	JMARTIN	Reviewing Isle of Man application materials;	2.90
06/22/16	ECR	Review and consider [REDACTED] [REDACTED]	3.50
06/22/16	ON	Received and reviewed instructions; conducted corporate searches re [REDACTED] [REDACTED]	0.70
06/23/16	CS	Review documents loaded re CIBC and HSBC; code and organize in database;	0.60
06/23/16	CHORKINS	Meet with D. Ward to discuss [REDACTED] [REDACTED];	1.30

Date		Description	Hours
06/23/16	DSW	Correspondence to and from Chris Webb, Phil Gennis and Paul Appleton and work regarding [REDACTED] telephone discussion with Chris Webb and discussion regarding [REDACTED] meeting with Chris Horkins [REDACTED] telephone discussion with Mr. Balwinder; receipt and review [REDACTED]	1.90
06/23/16	LCE	Review communication from Christopher Web in connection with [REDACTED] review communication from Christopher Horkins in connection with [REDACTED] review	0.50
06/24/16	ECR	Telephone call with Gillian Goldblatt regarding [REDACTED] review materials received in response to Mareva order from banks;	3.00
06/24/16	DSW	Receipt and review correspondence from Chris Webb; telephone discussion with Paul Appleton; discussion with Erin Craddock regarding [REDACTED] meeting with Larry Ellis regarding [REDACTED] review and revise [REDACTED] draft private opinions;	2.60
06/24/16	CS	Receive document (RBC) to load and code into database;	0.20
06/24/16	LCE	Review and [REDACTED]	1.50
06/27/16	ECR	Update [REDACTED];	1.10
06/28/16	CS	Email from E. Craddock regarding [REDACTED] search database; email to and from Gillian Gladblatt;	0.70

Date		Description	Hours
06/28/16	DSW	Receipt and review correspondence from Esmail Mehrabi; receipt and consider additional [REDACTED] [REDACTED] meeting with Erin Craddock regarding [REDACTED] correspondence to and from Chris Webb regarding [REDACTED] [REDACTED]	2.60
06/28/16	ECR	Update [REDACTED]	2.60
06/29/16	DSW	Emails and discussions with Chris Webb; review [REDACTED] follow up with Kuldip Josun counsel;	1.80
06/29/16	ECR	Update status of [REDACTED] prepare for [REDACTED] [REDACTED] review and comment on [REDACTED]	4.30
06/29/16	LCE	Review and consider communication from Chris Webb in connection with [REDACTED] [REDACTED]	0.20
06/30/16	ECR	Draft memorandum regarding [REDACTED] [REDACTED] discussion with David Ward [REDACTED] meeting with David Ward regarding [REDACTED] [REDACTED] meeting with counsel for Dixit regarding [REDACTED] correspondence regarding [REDACTED]	3.90
06/30/16	DSW	Preparation for and meeting with Esmail Mehrabi regarding [REDACTED] [REDACTED] work on Canadian priorities [REDACTED] [REDACTED] meeting with Erin Craddock to [REDACTED] [REDACTED]	2.60

Date		Description	Hours
06/30/16	LCE	Review communication from Erin Craddock [REDACTED]	1.30
06/30/16	JMARTIN	Reviewing draft orders and materials;	1.10

**Time Summary**

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Cathy Stallone Advocacy Law Clerk	4.60	300.00	1,380.00
Christopher Horkins Advocacy Associate	35.00	390.00	13,650.00
David S. Ward Senior Advocacy Partner	26.50	755.00	20,007.50
Erin Craddock Financial Services Associate	72.60	480.00	34,848.00
Jeremy Martin Advocacy Associate	10.60	390.00	4,134.00
Larry Ellis Financial Services Partner	39.70	625.00	24,812.50
Meghan Rourke Student	17.40	125.00	2,175.00
Olivia D'Innocenzo Business Law Clerk	0.70	250.00	175.00
Taschina Ashmeade Student	11.50	125.00	1,437.50
Our Fee			102,619.50
HST on Fees			<u>13,340.54</u>
<b>Total Fees and Tax</b>			<b>115,960.04</b>



-18-

**Taxable Disbursements**

Paid for photocopies, delivery, long distance telephone calls, travel, courier, agency fees and disbursements, Certificate of Status

Total Taxable Disbursements	\$5,530.57
HST on Disbursements	\$718.97

Total Taxable Disbursements and Tax	<u>\$6,249.54</u>
-------------------------------------	-------------------

**Non-Taxable Disbursements**

Paid for travel, accommodations, administrative filing, searches and delivery fees

Sub-total	\$4,686.40
<b>Total Disbursements and Tax</b>	<u><b>\$10,935.94</b></u>

<b>Total Fees, Disbursements &amp; Tax</b>	<u><b>\$ 126,895.98</b></u>
--	-----------------------------

This is our account herein  
**Cassels Brock & Blackwell LLP**

---

Larry Ellis  
E&OE





MSI SPERGEL INC.  
ATTN: PHILIP H. GENNIS  
505 CONSUMERS ROAD  
SUITE 200  
TORONTO ON M2J 4V8

Date: 08/03/16  
Our File #: 045803-00002  
Invoice #: 1993184  
HST/GST #: R121379572

---

**Re: 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), Court File No. CV-14-10663-00CL**

**TO PROFESSIONAL SERVICES RENDERED up to and including 07/31/16**

Date		Description	Hours
07/01/16	ECR	Correspondence regarding [REDACTED] [REDACTED]	0.20
07/01/16	DSW	Draft, revise and finalize [REDACTED] [REDACTED] emails to and from Joint Liquidators;	1.70
07/01/16	LCE	Review communication from the joint liquidators and [REDACTED] [REDACTED]; review draft overview of [REDACTED] [REDACTED] review response from client and follow up communication from receiver;	1.80

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 1.30 % per annum until paid.

**Cassels Brock & Blackwell LLP**

2100, Scotia Plaza, 40 King Street West, Toronto, Canada M5H 3C2  
Tel: 416.869.5300 Fax: 416.360.8877 [www.casselsbrock.com](http://www.casselsbrock.com)



Date		Description	Hours
07/04/16	CHORKINS	Emails with D. Ward [REDACTED]; TC with Balwinder Sran re Josun response to Mareva disclosure requests;	1.10
07/04/16	TAS	Re-organizing and updating [REDACTED] [REDACTED] [REDACTED]	2.20
07/04/16	JMARTIN	Reviewing [REDACTED] [REDACTED]	0.70
07/04/16	ECR	Correspondence with Gillian Goldblatt regarding [REDACTED]; review correspondence from Chris Horkins regarding [REDACTED] [REDACTED]	2.40
07/04/16	DSW	Discussion with Phil Gennis regarding [REDACTED] [REDACTED] follow up with counsel for Josun; [REDACTED] [REDACTED] work to finalize [REDACTED]; receipt and brief review of [REDACTED] [REDACTED]	2.40
07/04/16	LCE	Review and respond to emails from client in connection with [REDACTED] [REDACTED] [REDACTED] review and respond to emails throughout day in connection with [REDACTED] [REDACTED]	0.70
07/05/16	CHORKINS	Meet with D. Ward to discuss [REDACTED] [REDACTED]	1.40
07/05/16	TAS	Final review [REDACTED] [REDACTED]	0.20

Date		Description	Hours
07/05/16	ECR	Draft letters to financial institutions regarding follow up requests in connection with Mareva Order;	6.00
07/05/16	DSW	Review new correspondence from Balwinder Sran; consider [REDACTED] meeting with and instructions to Chris Horkins; [REDACTED] correspondence to and from Esmail Mehrabi [REDACTED] telephone discussion with Esmail Mehrabi; discussion with Stephanie Schlacht and Erin Craddock; preparation of [REDACTED];	2.50
07/05/16	LCE	Consider email from David Ward to clients in connection with [REDACTED]; follow up with David regarding [REDACTED];	1.10
07/06/16	DSW	Preparation of [REDACTED] [REDACTED] revise and finalize new correspondence to TD Bank, Royal Bank and HSBC Bank regarding variety of Mareva compliance issues; review revised and expanded application materials from IOM team and [REDACTED] [REDACTED] reporting to and discussion with Receiver;	2.90

Date		Description	Hours
07/06/16	LCE	Review and consider email from receiver in connection with [REDACTED] [REDACTED] [REDACTED]; review [REDACTED] [REDACTED] review and respond to emails throughout day in connection with [REDACTED] [REDACTED];	3.50
07/06/16	ECR	[REDACTED]	1.70
07/07/16	ECR	Revise letters to banks regarding Mareva order;	1.60
07/07/16	LCE	Review and consider email from client in connection with [REDACTED] [REDACTED];	1.50
07/07/16	CHORKINS	Preparation of draft response to Balwinder Sran re Mareva Order and issues raised in July 4 correspondence and send to D. Ward for review and comment;	1.50
07/07/16	DSW	Correspondence to and from Chris Web regarding [REDACTED]; correspondence to and from Miles Benham regarding [REDACTED] [REDACTED] further [REDACTED] [REDACTED] [REDACTED] preparation of written opinion to Joint Liquidators and Receiver on [REDACTED] [REDACTED]	3.40
07/08/16	CHORKINS	Finalize and send response to Balwinder Sran re Mareva; Emails with Gillian Goldblatt and Phil Gennis [REDACTED] [REDACTED];	1.60

Date		Description	Hours
07/08/16	ECR	Finalize letters to banks for follow up documentation in connection with Mareva order; draft letter to Harry Fogul [REDACTED] attend global team conference call [REDACTED];	5.60
07/08/16	DSW	Preparation for and conference call with Receiver and Joint Liquidators regarding [REDACTED]; preparation of correspondence to Sran Law Firm; finalize correspondence to Sran Law Firm; emails with Esmail Mehrabi; further revisions to [REDACTED]	2.20
07/08/16	LCE	Review [REDACTED]; exchange telephone messages with [REDACTED] review and respond to emails throughout day [REDACTED]	2.80
07/11/16	CHORKINS	Emails with Balwinder Sran, Phil Gennis and E. Craddock [REDACTED]	0.70
07/11/16	ECR	Finalize letters to financial institutions regarding outstanding documents; correspondence with Phil Gennis and Gillian Goldblatt [REDACTED]	1.80
07/11/16	LCE	Review exchange of correspondence between defendant and Christopher Horkins in connection with [REDACTED] follow-up calls with Erin Craddock and Christopher Horkins [REDACTED] review [REDACTED] conversation with Harry Fogul in connection with [REDACTED];	2.10

Date		Description	Hours
07/12/16	ECR	Telephone call with Gillian Goldblatt regarding [REDACTED]	0.60
07/12/16	LCE	Review communication from joint liquidators in connection with [REDACTED] [REDACTED] follow-up conversations with receiver to [REDACTED] [REDACTED]; follow-up call with Erin Craddock to provide direction regarding [REDACTED] review draft of [REDACTED] telephone conversations with [REDACTED] [REDACTED] review correspondence brad with [REDACTED]	1.90
07/13/16	ECR	Review and revise [REDACTED] [REDACTED] correspondence with Gillian Goldblatt [REDACTED]	0.70
07/13/16	LCE	Review and respond to communication from receiver in connection with [REDACTED] [REDACTED]; review and consider [REDACTED] [REDACTED]; review draft of [REDACTED] [REDACTED] review final [REDACTED]	2.20
07/14/16	JNB	Discussion with Erin Craddock [REDACTED] [REDACTED]	0.10
07/14/16	CN	Emails & calls with L. Ellis & W. Zeyl of Canadian Tire Bank.	0.30
07/14/16	JMARTIN	Researching [REDACTED] [REDACTED]	6.20

Date		Description	Hours
07/14/16	ECR	Meeting with Larry Ellis [REDACTED]; instructions from Larry Ellis; correspondence with team regarding [REDACTED]; review documents received from [REDACTED];	5.60
07/14/16	LCE	Review numerous communications from joint liquidators in connection with [REDACTED]; review communications from Christopher Web [REDACTED]; review [REDACTED]; participate in telephone conversation with team regarding [REDACTED]; work with team to recover information from various financial institutions; work with team to [REDACTED];	2.90
07/15/16	ECR	Draft letter to Harry Fogul regarding [REDACTED];	3.70
07/15/16	JMARTIN	Preliminary research and reporting on [REDACTED];	4.70
07/15/16	LCE	Work with Erin Craddock to [REDACTED]; review draft of letter to Harry Fogul and [REDACTED] instructions to Jeremy Martin to [REDACTED]; telephone conversation with client to consider [REDACTED]; telephone conversation with Jordan Oxley to discuss [REDACTED];	2.70
07/18/16	ECR	Review documents from banks response to Mareva follow up letters; revise letter to Harry Fogul regarding [REDACTED];	5.70



Date		Description	Hours
07/18/16	JMARTIN	Preparing report on [REDACTED];	3.60
07/18/16	LCE	Review and consider [REDACTED]; [REDACTED]; review and respond to team in connection with [REDACTED] [REDACTED] review student research regarding [REDACTED] [REDACTED] follow-up communication with Jordan Oxley in connection with [REDACTED] [REDACTED]; conversation with client to provide [REDACTED] [REDACTED]	1.80
07/19/16	CN	Call & email with M. Robinson of Canadian Tire Bank.	0.10
07/19/16	RL	Subsearch [REDACTED]	0.20
07/19/16	ECR	Review further Mareva materials received from financial institutions; review [REDACTED] [REDACTED]; revise letter to Harry Fogul based on [REDACTED] [REDACTED]	3.90
07/19/16	JMARTIN	Finalizing and distributing report on [REDACTED] [REDACTED];	2.20
07/19/16	DSW	Brief review of research and related correspondence on [REDACTED]; meeting with and instructions to Erin Craddock [REDACTED];	0.90
07/19/16	LCE	Work with Erin Craddock to [REDACTED] [REDACTED] [REDACTED] review updated letter to Harry Fogul; telephone conversation with Harry Fogul to discuss [REDACTED] [REDACTED]	0.90

Date		Description	Hours
07/20/16	DSW	Review correspondence and final court materials regarding relief requested to IOM Court on transition motion; brief review of [REDACTED]; instructions to Erin Craddock; emails and correspondence with Joint Liquidator;	1.00
07/20/16	LCE	Review and consider various emails from the joint liquidators in connection with [REDACTED]; review and consider memorandum from Jeremy Martin, and review caselaw provided to assist [REDACTED]; developed legal strategy for [REDACTED]	3.50
07/20/16	ECR	Review backup documentation received from CIBC;	6.20
07/21/16	TOB	Review Report on MSI;	1.00
07/21/16	JNB	Call from Erin Craddock regarding [REDACTED];	0.10
07/21/16	ECR	Review Visa statements from CIBC for Josun; draft correspondence to Scotiabank regarding mareva order;	1.00
07/21/16	LCE	Consider [REDACTED]; telephone conversation with receiver regarding [REDACTED] provide legal advice in connection with [REDACTED]	1.50
07/21/16	DSW	Meeting with Larry Ellis regarding [REDACTED]; instructions to Erin Craddock; consider [REDACTED];	1.00
07/22/16	ECR	Correspondence with Scotiabank regarding Mareva Order; instructions from Larry Ellis [REDACTED];	0.60



Date		Description	Hours
07/22/16	DSW	Brief review of Jeremy Martin memorandum and case law regarding [REDACTED] review [REDACTED];	1.30
07/22/16	LCE	Assist Erin Craddock throughout day with respect to [REDACTED] continue consideration [REDACTED] instruct student regarding [REDACTED]	2.10
07/23/16	DSW	Preparation for and meeting with Cassels team regarding [REDACTED] subsequent meeting with Larry Ellis and Jeremy Martin regarding [REDACTED] discussion with and take instructions from Phil Gennis; preparation of correspondence to Harry Fogul; meeting with Erin Craddock [REDACTED]	2.60
07/24/16	TOB	Meeting preparation, review Report 5;	1.60
07/24/16	LCE	Prepare for team meeting tomorrow by [REDACTED]	1.20
07/25/16	TOB	Prepare for and attend team meeting to [REDACTED];	2.80
07/25/16	CHORKINS	Prep for and attend BBIL team meeting; Email follow up to Sran [REDACTED] Begin [REDACTED]; Consider [REDACTED]	4.30

Date		Description	Hours
07/25/16	LCE	<p>Prepare for and participate in team meeting to discuss [REDACTED]</p> <p>[REDACTED] work with team to finalize [REDACTED] meeting with Jeremy Martin and David Ward to review [REDACTED]</p> <p>[REDACTED] telephone conversation with Harry Fogul to [REDACTED], follow-up communication to Harry Fogul regarding [REDACTED]</p> <p>[REDACTED] telephone conversations with counsel for various banking institutions to assist receiver in recovery of information pursuant to most recent court order;</p>	5.50
07/25/16	ECR	<p>Attend team meeting with David Ward, Larry Ellis, Chris Horkins and Jeremy Martin; complete follow up from meeting; correspondence with David Ward regarding [REDACTED], telephone call with Larry Ellis to Scotiabank regarding Josun account; draft letter to Scotiabank; telephone call with Gillian Goldblatt;</p>	5.20
07/25/16	JMARTIN	<p>Preparing for, attending, and taking next administrative steps re: team meeting (preparing notes, next-steps list, reviewing preparatory materials);</p>	2.80
07/26/16	DSW	<p>Preparation and subsequent approval of all notices of examination and accompanying correspondence in respect of series of receivership examination; correspondence to and from Mr. Balwinder Sran and preparation of Kuldip Josan meeting;</p>	1.50

Date		Description	Hours
07/26/16	LCE	Review email communication from Chris Web regarding [REDACTED] [REDACTED] review information necessary to prepare for [REDACTED] meeting with student to discuss and provide direction regarding [REDACTED] [REDACTED] follow up meeting with student to [REDACTED]; review banking information provided for by defendant [REDACTED] [REDACTED]; review [REDACTED]	3.10
07/26/16	ECR	Meet with Chris Horkins [REDACTED] [REDACTED] update [REDACTED] [REDACTED]; draft and send letter to counsel for Best regarding examination for discovery;	1.30
07/26/16	CN	Emails with M. Robinson of Canadian Tire Bank.	0.10
07/26/16	TOB	Research on [REDACTED];	4.80
07/26/16	CHORKINS		0.80
07/26/16	JMARTIN	Preparing for [REDACTED] [REDACTED];	1.00
07/27/16	DSW	Preparation for Kuldip Josun meetings including [REDACTED] [REDACTED]	0.80
07/27/16	CHORKINS	Prep for and attend TC with E. Craddock and J. Martin to discuss [REDACTED] [REDACTED]	2.40

Date		Description	Hours
07/27/16	LCE	Additional assistance to client in connection with [REDACTED] [REDACTED] meeting with Erin Craddock to [REDACTED] [REDACTED] further instruction regarding [REDACTED] [REDACTED] review draft communication to various banking institutions; continue review of [REDACTED] and meeting with David Ward to [REDACTED];	3.10
07/27/16	ECR	Draft letters to Capital One, BMO and HBC regarding Mareva order; meeting with Jeremy Martin and Chris Horkins regarding [REDACTED];	1.80
07/27/16	JMARTIN	Attending and wrapping up administration for junior-ranks meeting in respect of [REDACTED] [REDACTED]	1.60
07/28/16	CHORKINS	Prep for and attend BBIL litigation team meeting to discuss [REDACTED] [REDACTED] Prepare [REDACTED] Review [REDACTED]	4.40
07/28/16	DSW	Review [REDACTED] [REDACTED] meeting with Cassels team; continued preparation for [REDACTED]; receipt and review Craddock [REDACTED] [REDACTED]	1.80

Date		Description	Hours
07/28/16	LCE	Correspondence with various in-house counsel for financial institutions to recover information; review correspondence between [REDACTED] [REDACTED]; attend team meeting to discuss [REDACTED] [REDACTED] review [REDACTED] [REDACTED] review memo regarding [REDACTED] [REDACTED];	2.70
07/28/16	ECR	Review, analyze and consider [REDACTED] [REDACTED]; update [REDACTED] [REDACTED] draft email memorandum regarding [REDACTED] [REDACTED] [REDACTED] attend team meeting regarding [REDACTED] [REDACTED]	7.50
07/29/16	CHORKINS	Prep for and attend meeting with Balwinder Sran, Kuldip Josun, Philip Gennis, Gillian Goldblatt, D. Ward, L. Ellis, E. Craddock and J. Martin [REDACTED] [REDACTED];	4.70
07/29/16	DSW	Review evidence of Mareva; preparation for and meeting with Mr. Sran and Kuldip Josun; meeting with Josun and Sran; brief review of correspondence regarding [REDACTED] [REDACTED] discussion with Receiver;	2.10

Date		Description	Hours
07/29/16	LCE	<p>Prepare for and participate in meeting with team in connection with [REDACTED]</p> <p>[REDACTED] follow up team meeting to establish [REDACTED]</p> <p>[REDACTED] numerous telephone calls with Harry Fogul to discuss [REDACTED]; exchange communication with Harry Fogul after receiving instruction from client [REDACTED]</p> <p>[REDACTED] meeting with David Ward to establish [REDACTED]</p> <p>[REDACTED] follow-up communication to Jordan Oxley in connection with [REDACTED]</p> <p>[REDACTED];</p>	4.70
07/29/16	ECR	Attend meeting with Josun and counsel regarding [REDACTED] telephone call with Jeanette Kennedy regarding notice of examination;	4.90
07/29/16	JMARTIN	Preparing for and attending meeting with K. Josun;	3.10
07/31/16	LCE	<p>Continue review of [REDACTED]</p> <p>[REDACTED]</p> <p>begin establishing agenda for [REDACTED]</p> <p>[REDACTED]</p>	1.50

**Time Summary**

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Charles Newman Financial Services Partner	0.50	815.00	407.50
Christopher Horkins Advocacy Associate	22.90	390.00	8,931.00
David S. Ward Senior Advocacy Partner	28.10	755.00	21,215.50
Erin Craddock Financial Services Associate	68.00	480.00	32,640.00
Jeremy Martin Advocacy Associate	25.90	390.00	10,101.00
John N. Birch Advocacy Partner	0.20	840.00	168.00
Larry Ellis Financial Services Partner	54.80	625.00	34,250.00
Robert Lysy Business Associate	0.20	685.00	137.00
Taschina Ashmeade Student at Law	2.40	125.00	300.00
Tegan O'Brien Student at Law	10.20	125.00	1,275.00
			<hr/>
Our Fee			109,425.00
HST on Fees			<u>14,225.25</u>
<b>Total Fees and Tax</b>			<b>123,650.25</b>



-17-

**Taxable Disbursements**

Paid for photocopies, delivery, long distance telephone calls, travel, courier, agency fees and disbursements, Certificate of Status

Total Taxable Disbursements	390.09
HST on Disbursements	50.71
Total Taxable Disbursements and Tax	<u>440.80</u>

**Non-Taxable Disbursements**

Paid for travel, accommodations, administrative filing, searches and delivery fees

Sub-total	74.45
<b>Total Disbursements and Tax</b>	<u><b>515.25</b></u>
<b>Total Fees, Disbursements &amp; Tax</b>	<u><b>\$ 124,165.50</b></u>

This is our account herein  
**Cassels Brock & Blackwell LLP**

---

Larry Ellis  
E&OE







MSI SPERGEL INC.  
ATTN: PHILIP H. GENNIS  
505 CONSUMERS ROAD  
SUITE 200  
TORONTO ON M2J 4V8

Date: 09/23/16  
Our File #: 045803-00002  
Invoice #: 1996859  
HST/GST #: R121379572

---

**RE: 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), Court File No. CV-14-10663-00CLTO PROFESSIONAL SERVICES RENDERED UP TO AND INCLUDING the period ending AUGUST, 2016 as described below:**

Date	Lawyer	Description	Hours
07/26/16	Christopher Horkins	Prep for and attend BBIL Team meeting re [REDACTED] with D. Ward, E. Craddock, L. Ellis and J. Martin;	1.80
08/01/16	Larry Ellis	Review client comment on [REDACTED] [REDACTED]; review and consider [REDACTED] [REDACTED]; review research in connection with [REDACTED] [REDACTED]; telephone call with chairman for bank [REDACTED] [REDACTED]; review updated undertakings chart in connection with [REDACTED]	1.80

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 1.30 % per annum until paid.

Cassels Brock & Blackwell LLP

2100, Scotia Plaza, 40 King Street West, Toronto, Canada M5H 3C2  
Tel: 416.869.5300 Fax: 416.360.8877 www.casselsbrock.com

Date	Lawyer	Description	Hours
08/02/16	Jeremy Martin	Searching for witness addresses; preparing and serving Notices of Examination;	2.70
08/02/16	Erin Craddock	Review further documents received from CIBC; correspondence regarding [REDACTED]; [REDACTED] correspondence to counsel for Francis Best; telephone call with Gillian Goldblatt;	3.30
08/02/16	David S. Ward	Reporting to Joint Liquidators regarding [REDACTED]; [REDACTED] discussion with Joseph Sereda regarding Francis Best; preparation of correspondence to Francis Best;	1.10
08/02/16	Larry Ellis	Review communication from counsel for joint liquidators and participate in meeting [REDACTED]; review and respond to numerous emails from joint liquidators regarding [REDACTED]; review proposed [REDACTED]; review correspondence from Paul Appleton and various attachments with respect to [REDACTED]; review and respond to correspondence from Erin Craddock in connection with [REDACTED]; review draft [REDACTED]; telephone conversation with Harry Fogul [REDACTED]; review preparation in connection with examinations of certain parties that will be appearing at our office during the next 10 days; review and respond to team correspondence in connection [REDACTED]; [REDACTED] review and respond to communications from client;	3.40

Date	Lawyer	Description	Hours
08/03/16	Christopher Horkins	TC and email from Jag Virk [REDACTED] [REDACTED] Emails with CBB BBIL team [REDACTED]	0.60
08/03/16	Erin Craddock	Instructions from David Ward; review correspondence from office of counsel for Francis Best; correspondence to Gillian Goldblatt [REDACTED];	0.30
08/03/16	David S. Ward	Receipt and review correspondence from counsel for Francis Best; meeting with and instructions to Erin Craddock; preparation for Best examination; telephone discussion from Josun's lawyer;	1.00
08/03/16	Jeremy Martin	Online searching for contact information in respect of witnesses D'Orazio, Hardowa and Kornelson; reviewing correspondence from J. Virk;	2.80
08/03/16	Larry Ellis	Prepare for and participate in meeting to discuss [REDACTED] review and respond to emails from joint liquidators in connection with [REDACTED] review update email from Christopher Horkins in connection with [REDACTED];	1.50
08/04/16	David S. Ward	Discussion with Mr. Sran, lawyer for Kuldip Josun; review and finalize [REDACTED] [REDACTED] meeting with Cassels team regarding [REDACTED] [REDACTED] emails to and from Smith counsel; discussion with Harry Fogul; discussion with Esmail Mehrabi [REDACTED] [REDACTED];	3.10
08/04/16	Jeremy Martin	Preparing for and attending meeting in respect of [REDACTED] [REDACTED] reviewing key documents for [REDACTED];	4.10

Date	Lawyer	Description	Hours
08/04/16	Larry Ellis	Prepare for meeting tomorrow with Harry Fogul in connection [REDACTED] [REDACTED]; review file background provided by Erin Craddock in connection [REDACTED] [REDACTED] three phone calls with Harry Fogul during the day in connection with [REDACTED]; calls with team to provide [REDACTED] [REDACTED] receive instructions from client in connection with [REDACTED] [REDACTED] review [REDACTED] Provide direction to team in connection with [REDACTED] [REDACTED] review final draft of letter to Harry Fogul in connection with outstanding undertakings;	3.20
08/04/16	Christopher Horkins	Prep for and attend BBIL team meeting re [REDACTED] with E. Craddock, J. Martin, L. Ellis and D. Ward;	0.90
08/04/16	Erin Craddock	Attend [REDACTED]; obtain certificate of non-attendance of Francis Best; finalize letter to Harry Fogul;	1.70
08/05/16	Erin Craddock	Attend meeting with Harry Fogul;	2.00
08/05/16	David S. Ward	Ongoing discussions with Esmail Mehrabi [REDACTED] [REDACTED] preparation for and meeting with [REDACTED] [REDACTED]; follow up meeting with Receiver regarding [REDACTED] [REDACTED] instructions to Horkins and Martin regarding [REDACTED]	2.80
08/05/16	Jeremy Martin	Correspondence review; catching up on other "moving parts" in proceeding;	2.90

Date	Lawyer	Description	Hours
08/05/16	Larry Ellis	Prepare for and participate in meeting with Harry Fogul in connection with [REDACTED] [REDACTED]; follow-up meeting with client to [REDACTED] [REDACTED]; follow-up meeting with David Ward to discuss [REDACTED] [REDACTED]; follow up meeting with Jordan and Oxley to discuss [REDACTED] [REDACTED]	4.00
08/08/16	Christopher Horkins	Prepare section for [REDACTED] [REDACTED]	2.30
08/08/16	Jeremy Martin	Reviewing litigation memo and preparing [REDACTED] [REDACTED] reviewing finalized [REDACTED] [REDACTED]	4.90
08/08/16	Erin Craddock	Correspondence with TD Bank regarding Mareva Order; draft [REDACTED] [REDACTED]	3.10
08/08/16	David S. Ward	Draft, re-draft and negotiate [REDACTED] [REDACTED] discussion with Esmail Mehrabi; follow-up with Sran; second meeting with Erin Craddock;	2.20

Date	Lawyer	Description	Hours
08/08/16	Larry Ellis	Review final draft of [REDACTED] [REDACTED] meeting with David Ward to discuss [REDACTED] [REDACTED] update call to client to request [REDACTED] review updated [REDACTED] [REDACTED] telephone conversations with Harry Fogul in connection with [REDACTED] [REDACTED] follow-up telephone call with client to discuss [REDACTED]	2.90
08/09/16	Christopher Horkins	Prep for and attend meeting with Gillian Goldblatt, Phil Gennis and BBIL Cassels Team to [REDACTED] [REDACTED] Prepare draft [REDACTED] [REDACTED] [REDACTED]	5.70
08/09/16	Sophie Moher	Meeting with E. Craddock to discuss [REDACTED] [REDACTED]	0.80



Date	Lawyer	Description	Hours
08/09/16	Kellye Walker	Review search request from E. Craddock regarding [REDACTED] confirm with E. Craddock the [REDACTED]; order Point In Time Report for the Change Notice as well as for the Articles of Incorporation to obtain information on [REDACTED]; conduct corporate profile searches for [REDACTED] obtain and finalize Corporation Profile Reports; continue preliminary searches for [REDACTED] finalize all search reports and report to E. Craddock; upon additional instructions, PPSA search against [REDACTED] obtain and review of search results and report E. Craddock; conduct a series of internet searches against [REDACTED] using professional, entertainment and social medias; review of Ancestry and Obituary Notices; obtain and review of Linked-In Report; prepare email correspondence to E. Craddock regarding same;	1.80
08/09/16	Jane Oliveira	Obtained and forwarded PIN re [REDACTED];	0.30
08/09/16	Jeremy Martin	Preparing for and attending BBIL Canada Team meeting; researching [REDACTED] reviewing [REDACTED]	4.70

[REDACTED]



Date	Lawyer	Description	Hours
08/09/16	Erin Craddock	Attend [REDACTED]; review searches regarding [REDACTED] correspondence with [REDACTED] instructions to student regarding [REDACTED];	4.90
08/09/16	David S. Ward	Receipt and consider draft [REDACTED] telephone discussion with Paul Appleton; report to Joint Liquidators; preparation of correspondence to Balwinder Sran; [REDACTED] further settlement discussions [REDACTED]	2.20
08/09/16	Larry Ellis	Review and respond to emails from joint liquidators in connection [REDACTED]; meeting with client and David Ward to discuss [REDACTED] work with Team to update [REDACTED]; review draft [REDACTED]; meeting with Erin Craddock to develop [REDACTED]; meeting with Jordan Oxley to discuss [REDACTED] telephone conversation with Harry Fogul;	3.10
08/10/16	Cathy Stallone	Create searches in database; email from M. Hylton; arrange for access to database for student; meet with E. Craddock regarding further CIBC documents received;	1.30
08/10/16	Robert D. Kligman	Engaged in meeting with D. Ward - discuss; review email from D. Ward; draft letter; research including WLN; [REDACTED] preparation of memorandum to D. Ward; material for D. Ward;	2.80

Date	Lawyer	Description	Hours
08/10/16	Erin Craddock	Review and [REDACTED] [REDACTED] review notes of meetings with [REDACTED] [REDACTED]	6.20
08/10/16	David S. Ward	Review and make revisions to [REDACTED] [REDACTED] review and revise draft communication to Paul Appleton; review legal research and memorandum on [REDACTED] [REDACTED]; meeting and instructions to Rob Kligman on [REDACTED] meeting with John Birch [REDACTED] [REDACTED];	2.20
08/10/16	John N. Birch	Meet with David Ward regarding [REDACTED] [REDACTED]	0.40
08/10/16	Jeremy Martin	Drafting letter for consideration by P. Appleton;	1.30

-10-

Date	Lawyer	Description	Hours
08/10/16	Larry Ellis	Review communication with party to be examined next week and [REDACTED] review [REDACTED] work with team on scheduling for examination of individual next week; telephone conversation with Paul Appleton to provide [REDACTED] meeting with Harry Faul to discuss [REDACTED] follow up meeting with David Ward to discuss [REDACTED] review [REDACTED] revised [REDACTED] review [REDACTED] caselaw in connection with [REDACTED] [REDACTED]; review communication from Jeremy Martin and [REDACTED] review notes in preparation for tomorrow's meeting; meeting with Erin Craddock to discuss [REDACTED]	4.90
08/11/16	Jeremy Martin	Commencing draft of [REDACTED];	2.00
08/11/16	Erin Craddock	Draft statement of claim for [REDACTED]	6.00
08/11/16	Cathy Stallone	Call with student regarding [REDACTED] [REDACTED] receive and review documents from CIBC; arrange for scanning of documents;	1.40

Date	Lawyer	Description	Hours
08/11/16	Kellye Walker	Conduct preliminary entity search and Canada-wide search for the existence of business name [REDACTED] [REDACTED] [REDACTED], conduct electronic PPSA, Bank Act and Insolvency searches; obtain, compile, review and organize all reports; finalize and report to E. Craddock;	1.00
08/11/16	David S. Ward	Pre-meeting with Larry Ellis and receiver; meeting with Harry Fogul, Larry Ellis and Phil Gennis; correspondence with Email Mehrabi; meeting with Erin Craddock regarding [REDACTED] [REDACTED]	4.00
08/11/16	Larry Ellis	Prepare for and participate in meeting with Harry Fogul to discuss [REDACTED] review [REDACTED] continue to assist with [REDACTED] meeting with Jordan Oxley to advance [REDACTED] review information provided for by Harry Fogul and [REDACTED] [REDACTED] call with client to discuss [REDACTED] [REDACTED]	4.30
08/12/16	Cathy Stallone	Receive scanned documents; load into BBIL database and code same; instructions to the DPC to print documents for Erin Craddock's review [REDACTED] [REDACTED]	1.40

Date	Lawyer	Description	Hours
08/12/16	Erin Craddock	Draft letter to Scotiabank regarding Mareva materials: correspondence with Gillian Goldblatt [REDACTED]; instructions to student regarding [REDACTED];	5.80
08/12/16	Larry Ellis	Work with team to advance [REDACTED] meeting with Erin Craddock to discuss [REDACTED] review draft letter to bank of Nova Scotia with respect to information request pursuant to freeze order and [REDACTED] review information still required from [REDACTED]; follow-up telephone conversation with client with respect to [REDACTED]; follow-up telephone conversation with Jordan Oxley;	3.20
08/14/16	Erin Craddock	Review emails to and from [REDACTED]	2.00
08/15/16	Jeremy Martin	Drafting [REDACTED]	1.30
08/15/16	Erin Craddock	Draft statements of claim;	7.00
08/15/16	Christopher Horkins	Review and provide comments to CBB team on [REDACTED];	0.60
08/15/16	Larry Ellis	Review communication from counsel for former principal at banners and [REDACTED]; telephone conversation with Christopher Horkins in connection with [REDACTED]; review documents attached by counsel to former principal of banners and [REDACTED] review communications in connection with [REDACTED] review revisions to [REDACTED];	2.90



Date	Lawyer	Description	Hours
08/16/16	Christopher Horkins	Review and respond to correspondence from Balwinder Sran re intended motion for carve out from Mareva Order and emails/TCS with D. Ward, E. Craddock and J. Martin [REDACTED]	1.30
08/16/16	Jeremy Martin	Further [REDACTED]; assisting in [REDACTED]	7.10
08/16/16	David S. Ward	Emails and correspondence with Chris Webb and Paul Appleton as well as Adam Sharma regarding [REDACTED] emails with Phil Gennis and Gillian Goldblott; brief review of Public notices;	1.30
08/16/16	Erin Craddock	Draft [REDACTED]; draft outline of questions for [REDACTED]	9.90
08/16/16	Larry Ellis	Review and consider [REDACTED]; advice to client as to [REDACTED] consider emails during the day in relation to [REDACTED]; review [REDACTED] legal advice regarding [REDACTED]; review draft statement of claim as prepared by Erin Craddock and [REDACTED]; review update from Erin Craddock regarding [REDACTED] review draft response to Sran regarding freeze order; review draft outline of meeting for former employee;	5.70
08/16/16	Cathy Stallone	Print document and prepare binders for Erin Craddock; instructions to copy centre;	1.50
08/17/16	Cathy Stallone	Email from E. Craddock; revise the [REDACTED]; email index to Erin Craddock;	1.50

Date	Lawyer	Description	Hours
08/17/16	Jeremy Martin	In-depth review of [REDACTED] [REDACTED] reviewing [REDACTED] strategic considerations and cause of action review; preparing and completing first draft of Commercial List claim;	10.10
08/17/16	Jane Oliveira	Obtained and forwarded subsearch re [REDACTED] [REDACTED]	0.30
08/17/16	Erin Craddock	Prepare for meeting with [REDACTED] draft and revise statements of claim;	6.30
08/17/16	Larry Ellis	Work with team in connection with [REDACTED] [REDACTED] review and respond to correspondence from client in connection with [REDACTED] [REDACTED] work with counsel for former principal of banners to establish [REDACTED] review index of documents to be presented during the examination of person with information related to banners operations; telephone conversation with Harry Fogul to discuss index of information; prepare for examinations tomorrow;	4.30
08/18/16	Cathy Stallone	Review briefs for examination; receive documents from Scotiabank and load into database and DMS; email to Gillian Glaholt regarding [REDACTED]	2.30
08/18/16	Jeremy Martin	Researching [REDACTED] [REDACTED] drafting Statement of Claim; CBCA research in respect of [REDACTED] reporting on both [REDACTED]	8.60

Date	Lawyer	Description	Hours
08/18/16	Erin Craddock	Prepare for and attend meeting with [REDACTED] discussion with Gillian Goldblatt [REDACTED]; draft and revise statements of claim;	7.50
08/18/16	Larry Ellis	Prepare for and participate in examination of person with information in connection with banners; continue to work with counsel for former principal of banners to [REDACTED]; begin review of draft claims prepared by Jeremy Martin;	5.00
08/19/16	Christopher Horkins	Preparing draft statement of claim against [REDACTED] Email to D. Ward and E. Craddock re [REDACTED]; Emails/discussions with D. Ward re [REDACTED]	3.70
08/19/16	David S. Ward	Receipt and review correspondence from Balwinder Sran regarding limited financial disclosure and threatened motion on 24 hours notice; instruction to Chris Horkins [REDACTED]; correspondence and emails with Esmail Mehrabi regarding [REDACTED] draft and revise [REDACTED] lengthy meeting with Erin Craddock and Jeremy Martin to [REDACTED]; meeting with Larry Ellis regarding [REDACTED] follow-up with Chris Horkins regarding [REDACTED]	4.20



Date	Lawyer	Description	Hours
08/19/16	Larry Ellis	Complete first review of draft statement of claim prepared by Jeremy Martin; discussion with David Ward in connection with [REDACTED] meeting with Jordan Oxley; follow-up telephone call with client;	3.10
08/19/16	Jeremy Martin	Meeting with D. Ward and E. Craddock to [REDACTED]; revising claims;	6.40
08/19/16	Robert D. Kligman	Review and revise draft pleading; preparation of memorandum to E. Craddock;	0.30
08/19/16	Erin Craddock	Meeting regarding [REDACTED]; draft statement of claim for [REDACTED]; telephone call with Gillian Goldblatt;	6.00
08/20/16	Christopher Horkins	Further revisions to [REDACTED] and emails with D. Ward, E. Craddock [REDACTED];	1.80
08/20/16	Jeremy Martin	Revising and submitting statement of claim in respect of [REDACTED];	3.30
08/21/16	David S. Ward	Review and revise five statements of claim related to third party service provider collections; [REDACTED] consider [REDACTED];	3.40
08/21/16	Larry Ellis	Review correspondence from David Ward and attached documents; review response from client;	2.00
08/22/16	Jeremy Martin	Collaborating [REDACTED] reviewing [REDACTED];	3.30
08/22/16	Jeremy Martin	Library research in respect of [REDACTED];	1.10

Date	Lawyer	Description	Hours
08/22/16	David S. Ward	Further review and editing of draft statement of claim as against [REDACTED]; revise and edit statement of claims against [REDACTED]; revise and edit statement of claim against [REDACTED]; revise and edit statement of claim against [REDACTED]; preparation of [REDACTED]; revise and finalize [REDACTED]	4.40
08/22/16	Erin Craddock	Review and revise statements of claim; draft notice of action; prepare same for filing; instructions from David Ward;	4.00
08/22/16	Larry Ellis	Review communication from David Ward and provide input with respect to [REDACTED]; review and consider recent correspondence from Harry Fogul and meet with David Ward [REDACTED]; follow up meeting with David Ward to discuss [REDACTED]	0.70
08/23/16	Jeremy Martin	Reviewing issued claims and [REDACTED] drafting [REDACTED] drafting demand letter to [REDACTED] researching relationship between [REDACTED]	9.20
08/23/16	David S. Ward	Report to Receiver regarding [REDACTED] emails and discussions with Erin Craddock regarding analysis of [REDACTED]	1.30
08/23/16	Erin Craddock	Draft follow up letter to Capital One; review documents from [REDACTED]; instructions from David Ward regarding [REDACTED]	3.70

Date	Lawyer	Description	Hours
08/23/16	Larry Ellis	Review claims as were served on various defendants and consider [REDACTED] [REDACTED]; review updated information in connection with [REDACTED] [REDACTED] meeting with David Ward to discuss [REDACTED] [REDACTED]	1.80
08/24/16	Cathy Stallone	Email from and to Erin Craddock; review documents and instructions to Jeff Fish to load contents of [REDACTED] [REDACTED]	0.50
08/24/16	Jeremy Martin	Drafting [REDACTED] circulating demand documents for review;	2.70
08/24/16	David S. Ward	Meeting with Erin Craddock;	0.40
08/24/16	Erin Craddock	Draft memorandum regarding [REDACTED] [REDACTED]	5.30
08/24/16	Larry Ellis	Review email correspondence from associate in connection with [REDACTED] [REDACTED] telephone conversation with client to discuss [REDACTED] [REDACTED] review draft demand letter for numerous parties in connection with various parties to be sued; review communication from the joint liquidators in connection with [REDACTED] [REDACTED] meeting with David Ward [REDACTED];	1.90

Date	Lawyer	Description	Hours
08/25/16	David S. Ward	Review and revise correspondence to Laura Giesbrecht, Capital One Bank; revise and approve/revise correspondence to Oshawa Jewellery; review and approve/revise correspondence to Maxwell Morgan; review and approve/revise correspondence to Jeannette Kennedy; review and approve/revise correspondence to Owart Audi; meeting and discussion with Erin Craddock [REDACTED];	2.80
08/25/16	Erin Craddock	Draft [REDACTED] instructions from David Ward [REDACTED]; finalize memorandum [REDACTED]	4.00
08/26/16	Erin Craddock	Draft [REDACTED];	3.50
08/29/16	Jeremy Martin	Review and familiarization with financial documents and e-mails generally in advance of [REDACTED];	3.60
08/29/16	David S. Ward	Discussion with Erin Craddock and instructions regarding [REDACTED] draft and revise [REDACTED]; preparation of correspondence to Maxwell Morgan;	1.30
08/29/16	Erin Craddock	Draft [REDACTED] correspondence with Phil Gennis regarding [REDACTED]; draft letter to Morgan regarding outstanding undertakings;	5.80

Date	Lawyer	Description	Hours
08/29/16	Larry Ellis	Review communication with respect to additional parties to meet with and consider same; meeting with Jordan Oxley to discuss [REDACTED] review draft letter and [REDACTED] [REDACTED]; review court record to determine [REDACTED] [REDACTED]	2.10
08/30/16	David S. Ward	Review law regarding [REDACTED] [REDACTED] preparation of correspondence to and letter from Paul McCallen: preparation of [REDACTED] [REDACTED]	1.20
08/30/16	Cathy Stallone	Email from Erin Craddock regarding [REDACTED]; prepare index and print documents; instructions to DPC to continue printing documents;	1.50
08/30/16	Jeremy Martin	Further background research re: [REDACTED] [REDACTED]; catching up on status of transition from Isle of Man to Canada operations, banking investigations and general file progress;	2.80
08/30/16	Larry Ellis	Review draft letter and meet with David Ward [REDACTED]; review recent turn of [REDACTED] [REDACTED] lengthy telephone conversation with Harry Fogul with respect to various outstanding issues;	1.40
08/30/16	Cathy Stallone	Email from E. Craddock regarding [REDACTED] [REDACTED]; organize documentation;	0.40
08/30/16	Erin Craddock	Review documents relating to [REDACTED] [REDACTED];	6.50
08/31/16	Cathy Stallone	Review printed documents and assemble Kennedy documents into binders; forward to Erin Craddock;	1.40



Date	Lawyer	Description	Hours
08/31/16	David S. Ward	Preparation of correspondence to Esmail Mehrabi regarding [REDACTED] [REDACTED]; meeting with Erin Craddock; draft and revise [REDACTED] receipt and review correspondence from Esmail Mehrabi;	1.30
08/31/16	Jeremy Martin	Commencing research in respect of [REDACTED] [REDACTED]	4.10
08/31/16	Erin Craddock	Meeting with David Ward regarding [REDACTED] [REDACTED] revise [REDACTED]; review Dixit financial records; research regarding [REDACTED];	6.30
08/31/16	Larry Ellis	Work with team to finalize [REDACTED] [REDACTED]; lengthy meeting with Jordan Oxley to discuss [REDACTED];	3.10

**Time Summary**

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Cathy Stallone Advocacy Law Clerk	13.20	300.00	3,960.00
Christopher Horkins Advocacy Associate	18.70	390.00	7,293.00
David S. Ward Financial Services Partner	40.20	755.00	30,351.00
Erin Craddock Financial Services Associate	111.10	480.00	53,328.00
Jane Oliveira Business Law Clerk	0.60	155.00	93.00
Jeremy Martin Advocacy Associate	89.00	390.00	34,710.00
John N. Birch Advocacy Partner	0.40	840.00	336.00
Kellye Walker Business Law Clerk	2.80	250.00	700.00
Larry Ellis Financial Services Partner	66.30	625.00	41,437.50
Robert D. Kligman Advocacy Partner	3.10	745.00	2,309.50
Sophie Moher Articling Student	0.80	175.00	140.00
Our Fee			174,658.00

**Disbursements**

Paid for photocopies, delivery, long distance telephone calls, travel, courier, agency fees and disbursements, Certificate of Status

Taxable Disbursements	8,761.71
Non-Taxable Disbursements	<u>1,373.43</u>
Total Disbursements	<u>10,135.14</u>
HST on Fees & Disbursements	<u>23,844.56</u>
<b>Total Fees, Disbursements &amp; Tax</b>	<b><u>\$ 208,637.70</u></b>

This is our account herein  
**Cassels Brock & Blackwell LLP**

---

Larry Ellis  
E&OE



This is **Exhibit "B"** referred to in the affidavit  
of **DAVID WARD** sworn before me in the  
City of Toronto, in the Province of Ontario,  
this *21<sup>st</sup>* day of February, 2017.

*Lu* *all*

.....  
A Commissioner For Taking Affidavits

**EXHIBIT "B"****Summary of Lawyers Services per Invoice Issued****Invoice No. 1990168 (for the period from April 30, 2016 – May 31, 2016)**

<b>Year of Call</b>	<b>Lawyer</b>	<b>Billed Rate (\$)</b>	<b>Fees Billed (\$)</b>	<b>Hours Worked</b>
1980	Robert Kligman	\$745.00	\$13,484.50	18.1
1992	David S. Ward	\$755.00	\$72,555.50	96.1
2004	Larry Ellis	\$625.00	\$48,812.50	78.1
2012	Erin Craddock	\$480.00	\$40,464.00	84.3
2012	Jeremy Martin	\$390.00	\$29,718.00	76.2
2012	Christopher Horkins	\$390.00	\$34,983.00	89.7
2014	Leonard Loewith	\$395.00	\$276.50	0.7
Student	Conrad Lee	\$125.00	\$62.50	0.5
Actual Fees Incurred			\$240,356.50	
<b>Total Fees Billed with HST</b>			<b>\$271,602.85</b>	<b>443.7</b>

**Invoice No. 1992295 (for the period from June 1, 2016 – June 30, 2016)**

<b>Year of Call</b>	<b>Lawyer</b>	<b>Billed Rate (\$)</b>	<b>Fees Billed (\$)</b>	<b>Hours Worked</b>
1992	David S. Ward	\$755.00	\$20,007.50	26.5
2004	Larry Ellis	\$625.00	\$24,812.50	39.7
2012	Erin Craddock	\$480.00	\$34,848.00	72.6
2012	Jeremy Martin	\$390.00	\$4,134.00	10.6
2012	Christopher Horkins	\$390.00	\$13,650.00	35
Law Clerk	Cathy Stallone	\$300.00	\$1,380.00	4.6
Student	Meghan Rourke	\$125.00	\$2,175.00	17.4
Student	Taschina Ashmeade	\$125.00	\$1,437.50	11.5
Law Clerk	Olivia D'Innocenzo	\$250.00	\$175.00	0.7
Actual Fees Incurred			\$102,619.50	
<b>Total Fees Billed with HST</b>			<b>\$115,960.04</b>	<b>218.6</b>

**Invoice No. 1993184 (for the period from July 1, 2016 – July 31, 2016)**

Year of Call	Lawyer	Billed Rate (\$)	Fees Billed (\$)	Hours Worked
1992	David S. Ward	\$755.00	\$21,215.50	28.1
1997	John N. Birch	\$840.00	\$168.00	0.2
1997	Charles Newman	\$815.00	\$407.50	0.5
2002	Robert Lysy	\$685.00	\$137.00	0.2
2004	Larry Ellis	\$625.00	\$34,250.00	54.8
2012	Erin Craddock	\$480.00	\$32,640.00	68
2012	Jeremy Martin	\$390.00	\$10,101.00	25.9
2012	Christopher Horkins	\$390.00	\$8,931.00	22.9
Student	Taschina Ashmeade	\$125.00	\$300.00	2.4
Student	Tegan O'Brien	\$125.00	\$1,275.00	10.2
Actual Fees Incurred			\$109,425.00	
<b>Total Fees Billed with HST</b>			<b>\$123,650.25</b>	<b>213.2</b>

**Invoice No. 1996859 (for the period from July 26, 2016 – August 31, 2016)**

Year of Call	Lawyer	Billed Rate (\$)	Fees Billed (\$)	Hours Worked
1980	Robert Kligman	\$745.00	\$2,309.50	3.1
1992	David S. Ward	\$755.00	\$30,351.00	40.2
1997	John N. Birch	\$840.00	\$336.00	0.4
2004	Larry Ellis	\$625.00	\$41,437.50	66.3
2012	Erin Craddock	\$480.00	\$53,328.00	111.1
2012	Jeremy Martin	\$390.00	\$34,710.00	89
2012	Christopher Horkins	\$390.00	\$7,293.00	18.7
Law Clerk	Cathy Stallone	\$300.00	\$3,960.00	13.2
Law Clerk	Jane Oliveira	\$155.00	\$93.00	0.6
Law Clerk	Kellye Walker	\$250.00	\$700.00	2.8
Student	Sophie Moher	\$175.00	\$140.00	0.8
Actual Fees Incurred			\$174,658.00	
<b>Total Fees Billed with HST</b>			<b>\$197,363.54</b>	<b>346.2</b>

This is **Exhibit "C"** referred to in the affidavit  
of **DAVID WARD** sworn before me in the  
City of Toronto, in the Province of Ontario,  
this 27<sup>th</sup> day of February, 2017.

.....

A Commissioner For Taking Affidavits

**EXHIBIT "C"**

**Calculation of Average Hourly Billing Rates of  
Cassels Brock & Blackwell LLP  
For the period April 30, 2016 to August 31, 2016**

<b>Invoice No./ Period</b>	<b>Fees (\$)</b>	<b>Disbursements (\$)</b>	<b>HST (\$)</b>	<b>Total Fees, Disbursements and HST (\$)</b>	<b>Hours Billed</b>	<b>Average Billed Rate (\$)</b>
<b>Inv. # 1990168</b> (April 30-May 31, 2016)	\$240,356.50	\$8,357.81	\$32,091.47	\$280,805.78	443.7	\$541.71
<b>Inv. # 1992295</b> (June 1-30, 2016)	\$102,619.50	\$10,216.97	\$14,059.51	\$126,895.98	218.6	\$469.44
<b>Inv. # 1993184</b> (July 1-31, 2016)	\$109,425.00	\$464.54	\$14,275.96	\$124,165.50	213.2	\$513.25
<b>Inv. # 1996859</b> (July 26-August 31, 2016)	\$174,658.00	\$10,135.14	\$23,844.56	\$208,637.70	346.2	\$504.50
<b>TOTAL</b>	<b>\$627,059.00</b>	<b>\$29,174.46</b>	<b>\$84,271.50</b>	<b>\$740,504.96</b>	<b>1221.7</b>	<b>\$513.27</b>

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

Court File No CV-14-10663-00C

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

**AFFIDAVIT OF DAVID WARD**

**Cassels Brock & Blackwell LLP**

2100 Scotia Plaza  
40 King Street West  
Toronto, Ontario M5H 3C2

**David S. Ward LSUC #: 33541W**

Tel: 416.869.5960  
Fax: 416.640.3154  
dward@casselsbrock.com

**Erin Craddock LSUC#: 62828J**

Tel: 416.860.6480  
Fax: 416.644.9324  
ecraddock@casselsbrock.com

Lawyers for the Receiver and Joint Liquidators

## **APPENDIX “U”**

**In the Matter of the Receivership of  
Banners Broker International Limited  
Receiver's Interim Statement of Receipts and Disbursements  
as at January 12, 2017**

**Receipts**

1.	Return of Legal Retainer	\$	300,000.00
2.	Advance From Liquidators		284,548.10
3.	Bayview Proceeds		2,374,345.40
4.	Allied Wallet Funds		2,829,076.93
5.	ViaBank Funds		1,510,963.90
6.	Interest Allocation		7,679.56
7.	Other Asset Realizations		5,950.00

<b>Total Receipts</b>	<b>\$</b>	<b>7,312,563.89</b>
-----------------------	-----------	---------------------

**Disbursements**

1.	Receiver's Fees	\$	848,733.06	<b>Note 1</b>
2.	Legal Fees		2,916,351.67	<b>Note 2</b>
3.	Joint Liquidators Fees		498,554.67	<b>Note 3</b>
4.	Advertising		16,753.20	
5.	Appraisal Fees		6,215.00	
6.	Search Fees		1,015.87	
7.	Miscellaneous Disbursements		34,746.08	
8.	HST on Receiver's Fees		110,336.49	
9.	HST on Legal Fees		365,437.57	
10.	HST on Disbursements		3,657.35	

<b>Total Disbursements</b>	<b>\$</b>	<b>4,801,800.96</b>
----------------------------	-----------	---------------------

<b>Total Receipts less Disbursements</b>	<b>CAD \$</b>	<b>2,510,762.93</b>	<b>E&amp;OE</b>
--	---------------	---------------------	-----------------

Prepared without audit

**Monies Held In Trust\*\***

**RESTRAINED FUNDS (CAD):**

Use My Services	93,336.70
Payza	33,374.80

<b>CAD \$</b>	<b>126,711.50</b>
---------------	-------------------

**RESTRAINED FUNDS (USD):**

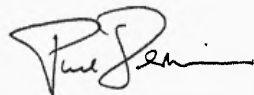
Beanstream	537,576.31
Solid Trust Pay	104,260.51

<b>USD \$</b>	<b>641,836.82</b>
---------------	-------------------

Dated the 27th day of February, 2017

**msi Spergel Inc.**

Court-appointed Receiver of  
Banners Broker International Limited



Per: Philip H. Gennis, J.D., CIRP, LIT

**\*\*** The Receiver is holding these funds in a custodial capacity only in separate interest-bearing accounts.

**Note 1** Receiver's Fees taken to October 31, 2016

**Note 2** Legal Fees paid to October 31, 2016.

**Note 3** Joint Liquidators' Fees paid to October 31, 2016,



## TAB 3

**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 SECTION 101 OF THE COURTS OF JUSTICE ACT, R.S.O.  
1990, C. c-43**

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

**AND IN THE MATTER OF THE RECEIVERSHIP OF STELLAR POINT INC.**

**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**

**(Authorizing Administration of Restrained Funds, Compelling Answers to  
Undertakings, and Approval of the Receiver's Activities, Fees and Disbursements)**

**THIS MOTION**, made by msi Spergel inc. in its capacity as receiver of Banners Broker International Limited ("**BBIL**") and Stellar Point Inc. ("**Stellar Point**") and investigatory receiver of (i) 2087360 Ontario Incorporated o/a Local Management Services; (ii) Parrot Marketing Inc. (formerly o/a "8264554 Canada Limited"); (iii) 2341620 Ontario Corporation; (iv) Dixit Holdings Inc. (formerly o/a "8163871 Canada Limited"); (v) 8643989 Canada Inc. o/a Dixit Consortium Inc.; (vi) Dreamscape Ventures Ltd.; and (vii) any other entity operating under the business names "Bannersbroker", "Banners Broker", "Bannersbroker Limited", "Bannersmobile", "BannersMobile" or "Banners Broker Belize" (the "**Receiver**") for an Order (i) declaring that the Receiver may administer the Restrained Funds (as defined below) in accordance with the terms of the Supplemental

Order of this Court dated August 22, 2014, as amended ("**Receivership Order**"); (ii) compelling Maxwell Morgan ("**Morgan**") to provide answers to the undertakings given by Morgan at his examination under oath; (iii) approving the Seventh Report of the Receiver, dated May 30, 2016 ("**Seventh Report**"), the Ninth Report of the Receiver dated February 27, 2017 ("**Ninth Report**") and the Receiver's conduct and activities as described in those reports; (iv) approving the Receiver's conduct and activities from May 1, 2016 to August 31, 2016; (v) declaring that the Receiver, in its capacity as Receiver of BBIL, shall in its sole discretion, be authorized to fund any and all expenses of the Receiver of Stellar Point; (vi) approving the Receiver's interim statement of receipts and disbursements, as at January 12, 2017; and (vii) approving the fees and disbursements of the Receiver and its counsel, was heard this day at the Court House at 330 University Avenue, Toronto, Ontario

**ON READING** the notice of motion of the Receiver and the Ninth Report, filed, and on hearing submissions from counsel for the Receiver :

**Service**

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

### **Restrained Funds**

2. **THIS COURT ORDERS AND DECLARES** that the Receiver may administer the funds held in trust by msi Spergel inc. pursuant to the January 14, 2015 order of this Court ("**Restrained Funds**") in accordance with the terms of the Receivership Order.

### **Compelling Morgan to Provide Answers to Undertakings**

3. **THIS COURT ORDERS** that Morgan shall deliver to the Receiver by March 17, 2017, all answers to the undertakings given by Morgan at his examination under oath on April 13, 2015 and May 29, 2015 as set out in Appendix "Q" to the Ninth Report.

### **Funding of Stellar Point Receivership**

4. **THIS COURT ORDERS AND DECLARES** that that the Receiver, in its capacity as Receiver of BBIL, shall in its sole discretion, be authorized to fund any and all expenses of the Receiver of Stellar Point.

### **Approval of Receiver's Activities, Fees and Disbursements**

5. **THIS COURT ORDERS** that the Seventh and Ninth Reports of the Receiver and the conduct and activities of the Receiver described therein be and are hereby approved.

6. **THIS COURT ORDERS** that the Receiver's conduct and activities from May 1, 2016 to August 31, 2016, as described in the Ninth Report be and are hereby approved.

7. **THIS COURT ORDERS** that the Receiver's interim statement of receipts and disbursements, as at January 12, 2017, as appended to the Ninth Report, be and is hereby approved.

8. **THIS COURT FURTHER ORDERS** that the fees and disbursements of the Receiver and its counsel, Cassels Brock and Blackwell LLP, for services rendered from April 30, 2016 to August 31, 2016, as particularized in the affidavits of Philip Gennis, sworn February 27, 2017 and David Ward, sworn February 27, 2017, appended to the Ninth Report, be and are hereby approved.

---

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1992, c. 27, s.2, AS AMENDED  
AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C-43  
AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH RESPECT TO BANNERS BROKER INTERNATIONAL  
LIMITED  
AND IN THE MATTER OF STELLAR POINT INC.  
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)

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

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

PROCEEDING COMMENCED AT  
TORONTO

**ORDER**

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

**Larry Ellis LSUC#: 49313K**  
Tel: 416.869.5406  
Fax: 416.640.3004  
lellis@casselsbrock.com

**Erin Craddock LSUC #: 62828J**  
Tel: 416.860.6480  
Fax: 416.644.9324  
ecraddock@casselsbrock.com

Lawyers for msi Spergel inc., in its capacity as court  
appointed receiver of Banners Broker International  
Limited and Stellar Point Inc.

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1992, c. 27, s.2, AS AMENDED  
AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C-43  
AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE ISLE OF MAN WITH RESPECT TO BANNERS BROKER  
INTERNATIONAL LIMITED  
AND IN THE MATTER OF STELLAR POINT INC.  
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)

	Court File No CV-14-10663-00CL
	<b>ONTARIO</b> <b>SUPERIOR COURT OF JUSTICE</b> (Commercial List)  Proceeding commenced at TORONTO
	<b>MOTION RECORD</b>
	<b>Cassels Brock &amp; Blackwell LLP</b> 2100 Scotia Plaza 40 King Street West Toronto, ON M5H 3C2  <b>Larry Ellis LSUC#: 49313K</b> Tel: 416.869.5406 Fax: 416.640.3004 lellis@casselsbrock.com <b>Erin Craddock LSUC #: 62828J</b> Tel: 416.860.6480 Fax: 416.644.9324 ecraddock@casselsbrock.com  Lawyers for msi Spergel inc., in its capacity as court appointed receiver of Banners Broker International Limited and Stellar Point Inc.