

**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 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
(Returnable Thursday May 26, 2016)**

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

May 19, 2016

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Tab 1

**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)**

NOTICE OF MOTION

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

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" ("**Receiver**") will make a motion to a Judge presiding over the Commercial List on May 26, 2016 at 10:00 a.m., or as soon after that

time as the Motion can be heard at the court house, 330 University Avenue, 8th Floor, Toronto, Ontario.

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

THE MOTION IS FOR an order, in furtherance of the transition of certain BBIL insolvency administration matters from the Joint Liquidators to the Receiver ("**Transition**"):

- (a) authorizing and approving the terms of a certain written 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. 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;
- (i) approving the Sixth Report of the Receiver dated May 19, 2016 ("**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;
- (k) approving the fees and disbursements of the Receiver and its counsel, Cassels Brock & Blackwell LLP, 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;
- (l) if necessary, abridging the time for and validating service of this notice of motion and motion record and dispensing with further service thereof; and

- (m) such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE

Background

- (a) This is a foreign recognition and cross-border insolvency proceeding involving Canada and the Isle of Man. The debtor, BBIL, was an Internet advertising business operating both directly and through related entities and agents around the world. The company has over 100,000 individual unsecured creditors located around the world;
- (b) Winding up proceedings 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 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 closely associated with BBIL;
- (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 BBIL;
- (f) On April 8, 2016, the investigatory receivership of Bannersbroker Canada was converted to a possessory receivership and msi Spergel inc. was appointed receiver of Bannersbroker Canada;

Transition to Canada

- (g) Since August 22, 2014, the Receiver has administered the BBIL receivership, the related investigatory receiverships and, most recently, the Bannersbroker Canada receivership, and reported to this Court on a regular basis;
- (h) Since February 26, 2014 the Joint Liquidators have worked with and assisted the Receiver in various aspects of this proceeding, with a focus on addressing creditor inquiries and completing a confidential "Flow of Funds Analysis" that aims to trace and account for creditor contributions;
- (i) On the basis of their activities and investigations to date, the Receiver and Joint Liquidators have jointly concluded that the actual business of Banners Broker was conducted by Canadian residents through Canadian entities operating with the assistance of certain off-shore banking arrangements. The Canadian entities involved are subject to the Receiver's authority, as it has been expanded;
- (j) It is now evident that connections to the Isle of Man were limited to the incorporation of BBIL as a holding company, and deposits into a single bank account for approximately three months;
- (k) Since August 22, 2014, substantially all of the realizations in this proceeding, with the exception of the BBIL bank account in the Isle of Man, have been made by or to the account of the Receiver;
- (l) Given the predominant and growing "Canada focus" of these proceedings, the Receiver and the Joint Liquidators have concluded that it is no longer economic to administer and maintain these proceeding as a conventional cross-border foreign

recognition proceeding with actively involved insolvency representatives in Canada and the Isle of Man;

- (m) Moreover, there is a potential for significant cost savings should it be possible to complete the wind-up of BBIL (and associated entities like Bannersbroker Canada) in a single insolvency jurisdiction;
- (n) 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 the Joint Liquidators propose to administer and conclude the wind-up of BBIL (and BBIL related entity Bannersbroker Canada) in Canada alone, pursuant to the terms of the transition arrangements contemplated;
- (o) With the exception of some contingent claims, all known BBIL assets are currently domiciled in Canada or under the current care of the Receiver. The Receiver already has all Model Order authorities and powers to administer BBIL property, assets and undertakings, including contingent litigation claims;
- (p) Nevertheless, in the interests of comity and effectively coordinating these proceedings, the Joint Liquidators and the Receiver seek the relief sought on this motion, (including the authority to enter into an Assignment Agreement) so as to ensure that the wind-up of BBIL can be seamlessly transitioned to and most efficiently conducted by the Receiver;
- (q) Part XIII of the BIA (sections 267 to 284), which govern cross-border insolvencies;
- (r) Rules 2.03, 3.02, 16, and 37 of the *Rules of Civil Procedure*, R.R.O. 1990 Reg. 194;

- (s) The grounds set out in the Sixth Report and the appendices thereto; and
- (t) Such further and other grounds as the lawyers may advise.

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

- (u) The Sixth Report and the appendices thereto;
- (v) The submission of the Joint Liquidators;
- (w) The affidavit of Philip Gennis, sworn May 18, 2016;
- (x) The affidavit of Larry Ellis, sworn May 18, 2016;
- (y) The pleadings and proceedings herein; and
- (z) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

May 19, 2016

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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

NOTICE OF MOTION

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Tab 2

**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

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

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
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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

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- 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 (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".¹

¹ (*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

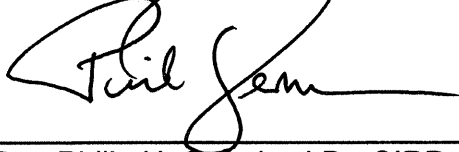
attached to this Sixth Report, pursuant to which the Joint Liquidators will assign to the Receiver the Assigned Interests;

- (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

Tab A

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

April 4, 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 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)**

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

April 4, 2016

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- I. Bank Production Order, dated January 13, 2016, as amended January 20, 2016
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- K. Joint Liquidators' Third Report, filed March 11, 2016, without exhibits
- L. Chart of Mercedes-Benz Purchases by Stellar Point Inc. and Dixit Holdings Inc.
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- X. Letter from the Receiver to HSBC, dated August 10, 2015
- Y. Email from HSBC to the Receiver sent August 13, 2015 (without attachments)
- Z. Email from Receiver to HSBC sent February 2, 2016

- AA. Letter from HSBC to the Receiver's counsel dated March 11, 2016 (without enclosures)
- BB. Affidavit of Philip Gennis, sworn April 4, 2016
- CC. Affidavit of Larry Ellis, sworn April 4, 2016
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- A. Flow of Funds Diagram for Via Bank
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I. Overview

1. Through the Court Officers' review of tens of thousands of documents it is clear that approximately 100,000 people in more than 120 countries paid over US\$156 million¹ for "Banners Broker" product. The Joint Liquidators and the Receiver have focused their time, effort and resources on obtaining records and tracing funds, all with a view to recovering as much money as possible and providing creditors with the story of what actually took place.
2. In due course the Receiver will be providing a holistic overview of the Banners Broker business and what actually occurred during its three years of operation. However, for the purposes of this report, it is important to understand two key concepts: what is a "creditor" and what is the Banners Broker "product".
3. In October 2010 Banners Broker principals set up a website called bannersbroker.com that promised visitors a doubling of their money if they could recruit others in a marketing program involving the sale of online advertising. In effect the "product", which was described as "advertising", offered parties the opportunity to double their money.
4. The creditors of Banners Broker are the tens of thousands of individuals who bought the product with a view to earning returns.

II. Legal Proceedings

5. 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 an internet advertising business operating both directly and through related entities and agents around the world. In many countries, BBIL contracted with local entities who acted as "independent contractors" or "resellers" for Banners Broker in a specific country or region. BBIL is believed to have hundreds of thousands of individual unsecured creditors in jurisdictions around the world.

¹ Unless otherwise indicated, all amounts referenced in this report are in Canadian dollars.

6. Winding up proceedings commenced in the Isle of Man in January 2014. Six 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. 1992, c. 27, s.2 (“**BIA**”).

7. msi Spergel inc. was appointed receiver of BBIL in Canada (“**Receiver**”). The Receiver’s mandate was expanded in October 2014 to include certain investigatory authority in respect of five corporations (and six business names/styles) believed to be closely associated with BBIL. 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 BBIL.

8. This is the Receiver’s fifth report to the court (“**Fifth Report**”). It 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.

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 website at: www.spergel.ca/banners.

10. The purpose of this Fifth Report is to provide an update to the Court with respect to developments in the receivership proceedings and to describe the relief sought by the Receiver and the evidentiary basis therefore. Relief is sought on this motion with a view to:

- (a) converting the investigatory receivership of BBIL-associated entity Bannersbroker Canada (defined below) into standard receivership proceedings;
- (b) declaring that the St. Lucian Funds (as defined below) are BBIL Funds to be used in accordance with the Receiver's mandate;
- (c) directing HSBC Bank plc, and any and all of its Canadian subsidiaries and creditors to produce any and all documents within its possession or control that relate to BBIL, the Associated Corporations (defined below) and the Additional Dixit Entities (defined below);
- (d) approving the Fifth Report and the conduct and activities of the Receiver as set out herein;
- (e) granting a sealing order with respect to Confidential Appendices "A", "B" and "C" to this Fifth Report;
- (f) approving the Receiver's interim statement of receipts and disbursements as at March 31, 2016;

- (g) approving the fees and disbursements of the Receiver and its counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), for services rendered from June 1, 2015 to February 29, 2016, as particularized in the affidavits of Phillip Gennis sworn April 4, 2016, and Larry Ellis sworn April 4, 2016, (collectively, the "**Fee Affidavits**")

11. The following section of this report (pages 4 to 11) briefly reviews the nature of the Banners Broker business, the commencement of wind-up proceedings in the Isle of Man, and the initiation of foreign recognition and receivership proceedings in Canada. It is presented by way of background to the relief requested on this motion. Developments in the receivership proceeding since the date of the Third Report (July 30, 2015), are addressed beginning at paragraph 40, page 11.

III. Background

A. Foreign Recognition Proceedings

12. 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, a platform whereby registered members known as "creditors" 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**").

13. His Honour the Deemster Doyle, First Deemster and Clerk of the Rolls of the High Court of Justice of the Isle of Man, placed BBIL 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, collectively, the "**Court Officers**") of BBIL ("**Isle of Man Proceedings**").

14. 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 (**"Initial Recognition 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 representative" (**"Foreign Representative"**) 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.

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

- (a) appointing the Receiver, 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.

16. 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 ("**JL Affidavit**").

17. 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. Additionally, the Receiver is authorized to undertake examinations under oath of persons believed to have knowledge of the Banners Broker business, including the connections to Canada described in the JL Affidavit. The Receiver is empowered to initiate and prosecute proceedings with respect to BBIL and its property and claims.

B. Receiver's Initial Activities and Orders Obtained

i. Notices

18. As described in the First Report, the Receiver published court approved media notices, and established and activated an e-protocol URL: <http://www.spergel.ca/banners/>.

19. Banners Broker deactivated its entire social media presence shortly after these proceedings commenced. The corporate website (<http://www.bannersbroker.com>), Facebook and Twitter accounts have been inactive since in or around early August 2014.

ii. Discovery of Criminal Investigation and Restraint Orders

20. 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's operations in Canada and Banners Broker principals, Christopher Smith ("**Smith**") and Rajiv Dixit ("**Dixit**").

21. 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 ("**Crown**"). The orders, issued pursuant to section 462.33 of the *Criminal Code*, R.S.C. 1985, c. C-46 ("**Criminal Code**"), froze funds held by third party electronic payment processors for accounts associated with Banners Broker.

22. The Receiver subsequently obtained copies of the affidavit evidence filed by the Crown in support of its application for the Criminal Restraint Orders. The evidence consisted of affidavits sworn by RCMP Constable Katie Judd on July 17, 2014 and July 28, 2014 ("**RCMP Affidavits**").

23. The RCMP Affidavits detail the basis for what the RCMP investigators state is their reasonable belief that Smith and Dixit, through their operation of Banners Broker – which, as noted in the RCMP Affidavits, includes BBIL – have committed criminal offences related to the operation of a "pyramid scheme", fraud, possession and laundering of the proceeds of crime and criminal misrepresentations contrary to the Criminal Code and the *Competition Act*, R.S.C. 1985, c. C-34 ("**Competition Act**").

24. Constable Judd identified a number of other Canadian incorporated entities believed to be operated by Smith and/or Dixit and associated with BBIL and the Banners Broker business. The Joint Liquidators' independent investigations, conducted prior to the Receiver's review of the RCMP Affidavits, identified certain of the same parties as being associated with BBIL.

25. Specifically, the entities identified by the RCMP Affidavits are:

- (a) 2087360 Ontario Incorporated o/a Local Management Services ("**LMS**");
- (b) Parrot Marketing Inc. (formerly o/a "8264554 Canada Limited") ("**Parrot**");
- (c) 2341620 Ontario Corporation ("**234**");
- (d) Stellar Point Inc. (formerly o/a "7250037 Canada Inc." and "Bannersbroker Limited") ("**Bannersbroker Canada**");
- (e) Dixit Holdings Inc. (formerly o/a "8163871 Canada Limited") ("**Dixit Holdings**");
- and
- (f) any other entity operating under the business names "Bannersbroker", "Banners Broker", "Bannersbroker Limited", "Bannersmobile", "BannersMobile" or "Banners Broker Belize"

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

iii. Receiver's Motion for Additional Investigative Authority

26. In reliance in part on the RCMP Affidavits, the Receiver sought and obtained an order in October 2014 for, among other things, the grant of certain investigative authority in respect of the Associated Corporations ("**Additional Powers Motion**"). The Receiver filed its First Report in support of this motion.

27. The Honourable Mr. Justice Newbould issued an Order granting the Receiver the requested additional investigative authority in respect of the Associated Corporations on

October 15, 2014 ("**Further Supplemental Order**"). The Further Supplemental Order requires persons with notice thereof to advise the Receiver of any books, documents, or other records related to the Associated Corporations in the person's possession or control, and to provide the Receiver with or allow the Receiver to make copies of such documents. The Further Supplemental Order also approved the actions and activities of the Receiver as set out in the First Report.

iv. Confidentiality Order

28. In furtherance of its mandate, the Receiver initially sought evidence and documentary production from BBIL principal and founder, Smith.

29. Smith, through counsel, raised confidentiality and other concerns having to do with the use of any information or documentation produced to the Receiver in the context of the receivership. The Receiver understands that Smith's concerns in this regard have to do with his desire to avoid having the evidence provided to the Receiver under the compulsion of the Supplemental Order and the Further Supplemental Order used in the context of any other court proceeding.

30. Smith's concerns were acknowledged and resolved in the form of an order of this court dated October 23, 2014, entitled "Order Restricting Possession, Publication, Handling, Duplication and Use of Transcript Documents and Information".

v. Order for Continued Restraint of Payment Processor Monies

31. The Criminal Restraint Orders, described in paragraph 21, above, statutorily expired six months after issuance.

32. By early January 2015, the Court Officers had formed the view that the source of the restrained funds held in the payment processor accounts derived from deposits/investments made by Banners Broker creditors. The Receiver further believed, and continues to believe, that

there had been significant inter-company transfers of affiliate-contributed funds between BBIL and the Associated Corporations. Moreover, and as discussed in the Receiver's Second Report, roughly half of funds received by Banners Broker from creditors were not used to fund withdrawal requests by creditors, resulting in tens of thousands of individual creditors.

33. In these circumstances, the Receiver concludes that monies restrained by the Criminal Restraint Orders are properly claimable by creditors of BBIL and/or the Associated Corporations. The basis for this conclusion is that the Criminal Restraint Order Funds were sole sourced by Banners Broker creditor funds.

34. By motion returnable January 14, 2015, the Receiver brought a motion for an order that all monies held pursuant to the terms of the Criminal Restraint Orders (as defined in paragraph, 21, above) continue to be held pursuant to the terms of the Criminal Restraint 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 order of the Honourable Mr. Justice Newbould made January 14, 2015 ("**Restraint of Funds Order**").

35. 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 a separate interest-bearing trust account, separate and apart from the receivership of BBIL, pending further order of this court.

36. 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**"): \$537,576.31;
- (b) SolidTrust Pay ("**STP**"): \$104,260.51;
- (c) Mazarine Commerce Inc. o/a Payza.com ("**Payza**"): US\$33,374.80; and

(d) 6003061 Canada Inc. o/a UseMyServices ("**UMS**"): US\$93,336.70.

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

37. msi Spergel inc. has accordingly received a total of CAD\$126,711.50 and US\$641,836.82 from the Payment Processors, which monies are invested in a separate interest-bearing trust account pending further order of this court ("**Restrained Funds**").

vi. *Receiver's Motion for Investigative Authority Over the Additional Dixit Entities*

38. In the course of the Receiver's review and analysis of documents received in response to its inquiries under the Supplemental Order and Further Supplemental Order, and as further detailed in the Third Report, the Receiver determined that there were two additional companies that had significant Banners Broker related dealings: 8643989 Canada Inc. o/a Dixit Consortium Inc. ("**Dixit Consortium**") and Dreamscape Ventures Ltd. ("**Dreamscape**", with Dixit Consortium, collectively the "**Additional Dixit Entities**"). The Additional Dixit Entities, as well as Bannersbroker Canada and Dixit Holdings, are controlled by Dixit.

39. The Receiver applied for and was granted investigative authority in respect of the Additional Dixit Entities ("**Additional Authority Order**") by order dated August 7, 2015. As with the Further Supplemental Order, the Additional Authority Order requires persons with notice thereof to produce to the Receiver books, documents, or other records related to the Additional Dixit Entities in the person's possession or control. The Additional Authority Order also approved the actions and activities of the Receiver as set out in the Third Report.

IV. Developments Since the Receiver's Third Report

A. "Cease and Desist" Notices from Dixit

40. On or about August 12, 2015, the Receiver, the Joint Liquidators, and counsel for the Receiver were served with notices to "Cease and Desist" from Dixit ("**Cease and Desist**

Notices”). The Cease and Desist Notices require that the recipients cease and desist “grievous trespass creating great harm to the man master rajiv of the family dixit [*sic*], known to you and other third party interlopers as Mr. Rajiv Dixit.” A copy of a Cease and Desist Notice is attached as **Appendix “A”**.

41. The Cease and Desist Notices go on to state that if the Court Officers and their counsel do not cease and desist “all actions and claims against Mr. Rajiv Dixit and or Rajiv Dixit forthwith” Dixit will invoice them \$47,304,000.00 silver dollars “[p]lus, for each second starting at 12:00:01 AM until the cease and desist is complied with, each Respondent will be charged an additional \$36.000 per second.”

42. After receiving the Cease and Desist Notices, counsel for the Receiver contacted Dixit’s lawyer and asked that the notices be retracted. A copy of the letter from the Receiver’s counsel to counsel for Dixit, which is dated August 14, 2015, is attached as **Appendix “B”**.

43. Dixit’s counsel responded by letter dated August 19, 2016. He said that he did not represent Dixit with respect to the Cease and Desist Notices, only the receivership proceedings. Dixit’s counsel also advised that Dixit would not retract the Cease and Desist Notices. A copy of the August 19, 2015 letter is attached as **Appendix “C”**.

44. Approximately three weeks later, on September 9, 2015, the Receiver, Joint Liquidators and certain lawyers at Cassels each received a “Notice to Cure” from Dixit. The Notice to Cure references the Cease and Desist Notices and offered the recipients a “reminder to engage [Dixit] in communication concerning [his] rights and freedoms as duly declared in the original notice.” A copy the Notice to Cure is attached as **Appendix “D”**.

45. By letter dated September 11, 2015, counsel for the Receiver wrote to counsel for Dixit and reiterated the Receiver’s position that the notices were contrary to the stay of proceedings. Receiver’s counsel advised that the Notices were frivolous, vexatious and without legal basis

and requested that they be retracted. A copy of the September 11, 2015 letter is attached as **Appendix “E”**.

46. Despite the Receiver’s requests that the Notices be withdrawn, they remain outstanding. It is the Receiver’s position that the Cease and Desist Notices are in violation of the stay of proceedings, and as such are of no force and effect. The Receiver will further address this point at the return of this motion and the court’s assistance may be sought as is appropriate.

B. Dixit Moves to British Columbia

47. On August 11, 2015, Dixit’s lawyer advised the Receiver that Dixit would be moving from Toronto to Vancouver. Upon learning that Dixit would be leaving Ontario, the Receiver requisitioned a parcel register for Dixit’s personal residence in Oshawa. The parcel register indicates that Dixit sold his house on July 20, 2015. A copy of the parcel register is attached hereto as **Appendix “F”**.

48. 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 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**”).

C. Criminal Proceedings Against Dixit and Smith

i. Execution of Search Warrants Against Dixit and Smith

49. As in the Third Report, the Receiver is aware that criminal proceedings are pending against Smith and Dixit. To that end, the Receiver learned that on February 24, 2015, eight search warrants were executed at the properties of Dixit and Smith, including personal automobiles, residences and places of business.

50. A publically available affidavit, in the form of a "Report to Justice", was filed with the Ontario Court of Justice in connection with the execution of the search warrants. The Report to Justice annexes six evidence registers listing property seized in the course of execution of the search warrants. A copy of the evidence registers is attached hereto as **Appendix "G"**.

51. The Receiver reviewed the evidence registers and concluded that certain of the documents identified therein would assist in the fulfillment of its mandate. Based on discussion with Smith's counsel and the Crown, the Receiver first determined that an application should be brought to the Ontario Court of Justice to obtain documents relevant to the implementation of the 234 Settlement (defined below). Such application proceeded with the consent of Smith and the Crown. Justice Omastu issued an order on May 4, 2015, pursuant to section 490(15) of the Criminal Code authorizing production of the documents to the Receiver.

ii. July Records Application: Production of Documents Seized by Police

52. Upon further consideration of the evidence registers, the Receiver brought a second application to the Ontario Court of Justice, initially returnable on July 9, 2015, seeking copies of the balance of the documents seized by the police ("**July Records Application**"). The basis for this application is that the documents listed in the evidence registers appear relevant and it is believed that they will assist the Receiver in the fulfillment of its mandate. Additionally, it is the Receiver's position that the documents sought constitute "Records" such that they are *prima facie* captured by the document production provisions of the relevant receivership orders.

53. Documents referenced in the evidence registers appear relevant to the Receiver's investigations based on the descriptions that the police have assigned to the documents. For example, the evidence registers reference documents such as "Booklet Dreamscape Ventures Ltd. British [V]irgin Islands incorporated May 22, 2012"; "Bank of Cyprus Bank Statement 2013 Dreamscape Ventures Ltd."; "Bank of America Chris Smith Bannersbroker USA"; "Cyprus Bank

re: Dreamscape Ventures Ltd.”; invoices issued to Dixit Consortium and Dreamscape; and documents regarding money “sent to Belize”.

54. Documents referenced in the evidence registers are of interest to the Receiver as they appear to relate to the business, operations and assets of Banners Broker group entities. Certain of the listed documents are of particular interest as they appear to relate to important open issues in the Receiver’s investigation, such as the business and accounting of Dreamscape, as well as Banners Broker’s Belizean investments and connections in the months following the relocation of customer service and support to that jurisdiction in late 2013.

55. Based on a review of the evidence registers it appears to the Receiver that it does not have many of the documents referenced, and that such missing documents would be of assistance to the Receiver in fulfilling its mandate if they could be obtained.

56. Smith, through counsel, raised privilege and relevancy concerns with respect to the July Records Application and has asked that he have an opportunity to review all seized documents and computer storage devices before they are made available to the Receiver. Dixit raises similar concerns.

57. The July Records Application was adjourned *sine die* in furtherance of discussions towards a document production protocol that would meet the needs of the Crown, the co-accused and the Receiver.

iii. Criminal Charges Laid Against Dixit and Smith

58. On December 9, 2015, Dixit and Smith were arrested in Toronto and charged with violations of the Criminal Code and the Competition Act. More specifically, they 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.

59. 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 “H”**.

60. The criminal charges were filed before the July Records Application could be returned to court for a hearing. As a consequence of this development Smith was not prepared to finalize a document production protocol and resolve the Receiver’s motion until he had an opportunity to consider such disclosure in the broader context of the criminal prosecution.

61. The criminal proceedings are relevant to the Receiver’s mandate and administration in several important respects. Specifically:

- (a) the publically available documents, particularly the RCMP Affidavits (described in paragraphs 22 to 25, above), have advanced the receivership by identifying certain of the Associated Corporations and describing how they formed an integral part of the Banners Broker business and operations in Canada and abroad;

- (b) the publically available Criminal Restraint Orders (described in paragraph 21 above) disclosed the Crown injunction as against the Restrained Funds. As described in paragraph 36 above, the Restrained Funds were subsequently ordered to be transferred to msi Spergel inc. to be held pending further order of this court;
- (c) information obtained from the publically available documents served to identify banks and payment processors that were valuable sources of financial information, which information advanced the Receiver's understanding of how funds flowed between Banners Broker entities; and
- (d) more generally, all of the information obtained as a consequence of the criminal proceedings has assisted the Receiver in understanding the Banners Broker enterprise and identifying potential sources of recoveries for creditors.

62. The Receiver intends to continue to monitor developments in the criminal proceedings on the basis that they are relevant parallel proceedings involving common issues and documents. It may be that there will be additional disclosures obtained and efficiencies gained from monitoring public aspects of the prosecution.

63. The Receiver attended to monitor a "show cause" hearing held immediately after Dixit and Smith were arrested and charged. The accused were released on bail. The show cause hearing is otherwise subject to a publication ban.

64. Counsel for Smith and Dixit appeared in court again on January 14, 2016, along with the Crown Attorney prosecuting the case. In the course of this hearing the Receiver learned that the Crown had provided disclosure to Smith and Dixit in the form of hard drives of documents.

65. On February 16, 2016, counsel for Smith and Dixit again appeared in criminal court in Toronto. The Crown advised the court that it had provided additional document disclosure to Smith and Dixit and that it considered disclosure to be substantially complete.

66. The Receivership orders made provide the Receiver with a *prima facie* right to access to Records including Records found within the Crown disclosure. Having said that, the Receiver understands that there may be other interests at play when it comes to providing access to Crown disclosure in the context of a parallel criminal prosecution of the principals of the debtor. The Receiver and counsel for Smith and Dixit commenced discussions regarding the appropriate timing and manner of access to Crown disclosure.

D. Receiver's Motion for the Production of Banking Records

67. As further detailed below, the Receiver and Joint Liquidators are working to complete an accounting of BBIL receipts and disbursements. The accounting is based primarily on financial records received from financial institutions and electronic payment processors that provided services to Banners Broker Group entities.

68. In the course of conducting an accounting in respect of Bannersbroker Canada, Dixit Holdings, and Dixit Consortium the Receiver identified 50 transactions of interest, all over \$5,000, in respect of which the Receiver had been unable to identify the recipient of the debit (withdrawal) from the Accounts ("**TOI**").² As at January 2016, the TOI collectively constituted a US\$1.7 million gap in the Receiver's accounting.

69. Additionally, in reviewing the bank accounts belonging to Bannersbroker Canada and Dixit Holdings, the Receiver identified three CIBC Visa cards that received approximately US\$2.2 million from the Bannersbroker Canada and Dixit Holdings bank accounts ("**Visa Cards**"). The Receiver asked that CIBC produce account statements for the Visa Cards. CIBC declined to do so on the basis that the accounts were not in the names of the parties identified in the orders obtained by the Receiver as of the date of the Receiver's request.

² One of the transactions of interest was a \$10,000 transaction from a Parrot bank account held with CIBC. The remainder of the unverified disbursements were made to accounts belonging to entities controlled by Dixit.

70. Combined, the TOI and Visa Cards payments represented nearly a quarter of the US\$16.7 million received by Dixit and entities controlled by him based on the documents received to date.

71. By motion returnable January 13, 2016, the Receiver sought an order directing RBC and CIBC to provide the Receiver with transaction details relating to the TOI, and the Visa Cards ("**Bank Production Motion**").

72. The Receiver's motion was brought on notice to RBC and CIBC. It was brought *ex parte* to Banners Broker entities and former principals.

73. The motion was brought *ex parte* out of a concern that had notice been given it may have become more difficult for the Receiver to trace and preserve assets identified by the transaction details disclosed. The Receiver made this determination because there would be an opportunity for parties with control of residual funds in Canada to move such assets outside of the jurisdiction of this Court. There is evidence that Banners Broker's former principals have a demonstrated capacity and inclination to transfer funds off-shore.

74. The Honourable Mr. Justice Penny granted the Receiver's motion for production of certain additional banking records by order dated January 13, 2016 ("**Bank Production Order**"). A copy of the Bank Production Order, as amended January 20, 2016 (to correct a transposed digit in an account number), is attached as **Appendix "I"**.

75. The respondent financial institutions complied with the Bank Production Order and produced documents responsive to the Receiver's request.

76. The Receiver and the Joint Liquidators have reviewed the additional financial institution records produced, assessed their actionability, and incorporated relevant information into its Flow of Funds Analysis (defined below). The information obtained was of significant value,

particularly as it has allowed the Receiver to advance its tracing and accounting of affiliate contributions to the Banners Broker business.

77. The Receiver returned to Court on March 30, 2016, to set aside the provision in the Bank Production Order which required that the order and the underlying motion remain confidential. A copy of the March 30, 2016 order setting aside the confidentiality provision is attached hereto as **Appendix “J”**.

E. Joint Liquidators Report to Court

78. The Joint Liquidators are required by the *Companies Act* 1931 and the *Companies (Winding-up) Rules* 1934 to report to the High Court of Justice of the Isle of Man on a regular basis.

79. The Joint Liquidators’ most recent report to the Isle of Man court was filed on March 11, 2016 and covers a reporting period beginning October 20, 2014 and ending August 7, 2015 (“**JL’s Third Report**”). A copy of the JL’s Third Report, without exhibits, is attached as **Appendix “K”**.

80. Recognizing Banners Broker’s extensive Canadian connections, the JL’s Third Report mirrors the Receiver’s reports filed with this Court. Reporting that is unique to the JL’s includes descriptions of “United Kingdom based investigations” (page 15), “Committee of Inspection” (page 81), “Isle of Man Reporting Requirements” (page 82), and “Isle of Man Tax Return for BBIL” (page 82).

V. General Observations and Conclusions With Respect to the Banners Broker Group of Companies

81. As noted above, the Receiver sought and was granted certain limited investigatory authority in respect of five Banners Broker Associated Corporations in October 2014. The grounds for the order obtained was, among other things, that the companies were owned and controlled by the same principals as BBIL, and had been used by them interchangeably in

furtherance of the Banners Broker enterprise which is alleged by the Crown to have been a fraudulent pyramid scheme.

82. In the course of its initial investigations and the preparation of the Flow of Funds Analysis (defined below), the Receiver concluded that Dixit Consortium and Dreamscape also had Banners Broker related dealings, and that the nature and timing of the dealings was indicative of a level of involvement in the Banners Broker business consistent with that of the Associated Corporations. On this basis limited investigatory powers were sought and obtained in respect of these companies as well.

83. In every case, the Receiver's investigatory powers in respect of Banners Broker group entities were sought and obtained on full notice to those affected. The relief obtained was not opposed.

84. The Receiver's work and findings to date in respect of the Associated Corporations and the Additional Dixit Entities is set out in the following sections of this report. The companies are discussed in order of their apparent relative importance to the Banners Broker business.

85. The Receiver's conclusions with respect to the business of the Banners Broker group companies generally, including BBIL, the Associated Corporations and the Additional Dixit Entities are as follows:

- (a) between December 2010 and November 2014 almost all of the funds received by the Associated Corporations and the Additional Dixit Entities was monies received directly or indirectly (through BBIL or Monetize Group Inc. ("**MGI**"), BBIL's sole shareholder and a Belizean corporation) from Banners Broker creditors. There is no evidence that these companies had independent paying clients or sources of revenue apart from Banners Broker;

- (b) BBIL receipts from creditors generally flowed from payment processors up to the offshore parent entity (MGI). The monies were subsequently disbursed at Smith's direction and/or Dixit's request for a wide variety of business and non-business purposes. In most cases there does not appear to be a contractual, restitutionary or other basis for such payments. The transfers of funds from BBIL to MGI are reflected in the Flow of Funds at Confidential Appendix "B";
- (c) although there has not as yet been a formal claims process, creditor claims made to date consist of approximately US\$27,959,782 million in creditor claims. At least 100,000 people in 120 countries contributed amounts totaling US\$156.44 million, with a fraction of the creditors succeeding in making "withdrawals" totaling perhaps \$78.93 million. Third party arms length suppliers to the Banners Broker group were paid in due course such that the Receiver is not aware of any amounts being owed to such suppliers;
- (d) as a general matter, funds were transferred between the Banners Broker group entities (primarily BBIL, MGI, and Bannersbroker Canada) when and as needed, on an *ad hoc* basis, and without any loan or contractual basis. Such transfers were largely undocumented from a corporate records or accounting perspective. While invoices were at times created to provide support for payments, such invoices were summary in nature and were themselves unsubstantiated;
- (e) there is little if any evidence to suggest that the dozens of large intra-company transfers (totaling approximately US\$17.14 million from August 2012 to August 2014) from MGI to Parrot, 234, Bannersbroker Canada and Dreamscape represent reasonable and fair compensation for services rendered;

- (f) there are no invoices, intercompany loan agreements, or other BBIL/MGI reporting or accounting of millions of dollars of transfers, apart from bank statements maintained by the financial institutions across the transactions. A further explanation is provided in paragraphs 103-111 below;
- (g) non-cash assets were similarly transferred between Banners Broker entities without any business or contractual reason, and little if any documentation. Dixit, for example, appears to have purchased five Mercedes-Benz automobiles using funds from Bannersbroker Canada's bank accounts. The vehicles were placed in the names of Dixit Holdings and Parrot. Attached as **Appendix "L"** is a chart providing some additional details of these vehicle purchases;
- (h) Dixit used the bank accounts of Bannersbroker Canada, Dixit Holdings and Dixit Consortium to fund at least US\$3.34 million of personal expenses. These funds were spent by Dixit without ever properly accounting for or reimbursing the respective corporations;
- (i) BBIL, the Associated Corporations and the Additional Dixit Entities were all managed and controlled by one or both of Banners Broker principals Smith and Dixit. While other persons may have served as officers or directors of these companies from time to time, such persons were generally related to and nominees of Smith and Dixit;
- (j) employees within the Banners Broker group (e.g. Bannersbroker Canada and Parrot), sometimes worked for one or more Banners Broker group companies (mainly Bannersbroker Canada and Parrot), and performed various roles at the direction of Smith and Dixit. At least a dozen people, including Smith and his assistant, worked for one or more of Bannersbroker Canada, Dixit Consortium

and Parrot Marketing. It does not appear that BBIL had any employees of its own;

- (k) although Bannersbroker Canada and Dixit Holdings retained a bookkeeper to book account entries for the two companies at Dixit's direction, none of the Banners Broker entities employed the services of an accounting professional, or otherwise took steps to prepare and maintain reliable internal accounts, financial statements, or tax returns;
- (l) Banners Broker entities projected the image of being a singular entity. Creditors and third party service providers believed that they were dealing with Banners Broker, rather than BBIL or Bannersbroker Canada. Creditors had a single point of contact for Banners Broker – Bannersbroker Canada. Bannersbroker Canada was the “face” of Banners Broker providing worldwide customer support, IT services, and training to Banners Broker creditors and resellers; and
- (m) for all of the above reasons, it is difficult to trace or segregate the group's affiliate-funded assets for the purposes of determining where the assets and liabilities within the group ought to be attributed and which creditor claims are against which entity. It would take a significant amount of time and estate resources to make such determinations without any guarantee that the Receiver could conclusively trace all assets and liabilities to a given entity.

VI. Relief Sought

A. Investigatory Receivership Update and Receiver's Recommendations With Respect to the Conversion of the Investigatory Receivership of Bannersbroker Canada to a Possessory Receivership

86. The Receiver has concluded that the investigatory receivership of Bannersbroker Canada ought to be converted into a standard possessory receivership for the following reasons:

- (a) Bannersbroker Canada was a central and interchangeable element of the Banners Broker business operated by the Banners Broker principals to market Banners Broker "product". The company is currently inactive. Its major known asset, the Restrained Funds, has been transferred to the court officer. A wind-up of the company in conjunction with the BBIL liquidation will further and best protect the interests of creditors of the Banners Broker enterprise;
- (b) it is in the best interests of the creditors of both BBIL as well as Bannersbroker Canada that Bannersbroker Canada be wound up in a manner that is court-supervised, open and transparent. A receiver will be required to seek court approval of its activities on notice to all interested parties;
- (c) the appointment of a full receiver will position such receiver to pursue and realize upon any residual Bannersbroker Canada assets and claims. These include the \$537,000 in Bannersbroker Canada Restrained Funds;
- (d) Bannersbroker Canada and BBIL were involved in the same enterprise, projected the image of being a singular entity, and have similar if not identical creditor profiles. Bannersbroker Canada is not operating and has no employees. No person will be prejudiced by the transition to a full receivership;
- (e) Bannersbroker Canada does not oppose a possessory receivership. This has been confirmed by Dixit through his counsel in his capacity as the company's

sole director and 85% owner (through Dixit Holdings), as well as Kelly Stinson ("**Stinson**") who owns the remaining 15% of Bannersbroker Canada through her company 8136645 Canada Limited. Dixit and Stinson were consulted in respect of the relief sought and are on notice of this motion; and

- (f) it is just, convenient and appropriate that the investigatory receiver's powers be transitioned to those of a standard model order receiver in all of the circumstances. It is submitted that both the *Courts of Justice Act*, R.S.O. 1990, c. C.43 (s. 101) and the BIA (s.272(1)) provide jurisdiction to do so in these circumstances.

87. The Receiver's report in respect of Bannersbroker Canada is based upon a review of corporate books and records, bank account statements, financial records (albeit largely incomplete), and tax returns (also incomplete). Information was also obtained from interviews conducted with BBIL principals, answers to undertakings, and public records searches.

88. Bannersbroker Canada was incorporated as 7250037 Canada Inc. on September 28, 2009. The company was formed approximately two years before it began conducting business in conjunction with and on behalf of Banners Broker.

89. A current corporate profile report for Bannersbroker Canada indicates that its sole director is Dixit. In terms of ownership, Bannersbroker Canada was and remains majority owned by Dixit. Dixit Holdings owns 85% of the issued and outstanding shares of Bannersbroker Canada. The remaining 15% of Bannersbroker Canada is held by 8136645 Canada Limited, Stinson's company. Attached as **Appendix "M"** is the federal government corporate profile report for Bannersbroker Canada. Attached as **Appendix "N"** a corporate organization chart depicting the corporate relationship between Bannersbroker Canada, Dixit Holdings, Dixit Consortium, and Dreamscape.

90. Bannersbroker Canada has common officers and directors with BBIL and the Associated Corporations. Both Dixit and Smith have served as directors of Bannersbroker Canada. Dixit has held a position as a director of Bannersbroker Canada since its incorporation on September 28, 2009. According to Bannersbroker Canada's corporate records, Smith was appointed as a director on February 1, 2012.³ Smith has advised the Receiver that he was never an officer or director of Bannersbroker Canada. Bannersbroker Canada's other directors were associates of Dixit: his mother Gloria Dixit and Kurt Kornelson.

91. In 2011, Bannersbroker Canada (or as it was then legally known, 7250037 Canada Inc.) began conducting business on behalf of Banners Broker. Initially, the company acted as a "reseller" and a "legal representative" of Banners Broker. In this capacity, 7250037 Canada Inc. was very broadly authorized to "make any commitments on behalf of Banners Broker International" and to use the Banners Broker International trademarks and trade names to promote and solicit sales".⁴

92. Beginning in November 2011, 7250037 Canada Inc. variously held itself out as Banners Broker Canada, Bannersbroker CA and BB Canada. 7250037 Canada Inc. changed its legal name to Bannersbroker Limited on February 22, 2012.

93. Bannersbroker Canada's role within the Banners Broker enterprise expanded throughout the first half of 2012, presumably in connection with the growth of the Banners Broker business. By mid-2012, Bannersbroker Canada's responsibilities had evolved to include providing customer service to Banners Broker creditors, managing reseller commission payments,

³ Upon review of Bannersbroker Canada's corporate books and records, it does not appear that Smith's appointment as director was ever filed with Industry Canada.

⁴ 7250037 Canada Inc.'s role as a Banners Broker reseller was memorialized in a Banners Broker International Reseller Agreement, dated January 1, 2012 ("**Reseller Agreement**"). A copy of the Reseller Agreement is attached as **Appendix "O"**. The Receiver questions the reliability of the agreement. First, the Agreement letterhead identifies Banners Broker's head office as being in Belize. Banners Broker did not incorporate a company in Belize until July 2013, a year and a half after the date of the agreement. Second, the agreement is between Banners Broker International Inc. (an entity not known to exist) and Bannersbroker Limited, which as of the date of the agreement was known as 7250037 Canada Inc.

undertaking IT support, providing affiliate training services, providing marketing services, and providing compliance advice for Banners Broker.

94. For a period of time beginning in late 2011 and continuing until September 2013 Bannersbroker Canada was the primary source of customer support for Banners Broker creditors and resellers. During at least nine months of this period (i.e. from February 2012 to October 2012), Bannersbroker Canada collected funds directly from creditors on behalf of Banners Broker through the payment processor Beanstream.

95. 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.

96. In mid-2012, Dixit purported to change the business relationship between Bannersbroker Canada and BBIL. In a letter dated June 13, 2012, Dixit told Smith that Bannersbroker Canada "will no longer be considered the Canadian division of [BBIL]." Although Bannersbroker Canada said that it was terminating its role as a BBIL reseller, the company agreed that it would continue to provide customer support for creditors through a call centre and live chat system. A copy of the June 13, 2012 letter is attached as **Appendix "P"**.

97. Even though Bannersbroker Canada changed its name to Stellar Point Inc. on July 20, 2012, the business relationship between Stellar Point Inc. and BBIL did not much change. Dixit's company continued to provide customer service to BBIL creditors, and IT support, affiliate training, marketing services, and compliance advice to BBIL.⁵ Bannersbroker Canada's activities continued to be described as being in relation to a territory that was "worldwide".

⁵ Bannersbroker Canada continued to provide these services to BBIL pursuant to a letter agreement entitled "Consulting Agreement" dated July 31, 2012. A copy of this letter agreement is attached as **Appendix "Q"**.

98. In or around October 2012, Bannersbroker Canada's relocated its operations centre from 1019 Nelson Street, Oshawa, Ontario to a newly purchased Banners Broker "Support Centre" at 5 Carlow Court, Whitby ("**BB Support Centre**"). The BB Support Centre together with four condominiums at 167 Church St., Toronto, ON ("**Church Street Property**"), functioned as the Banners Broker world headquarters for the period between October 2012 and September 2013.

99. The BB Support Centre was purchased in mid October 2012 by 234 and 8163871 Canada Limited (Dixit Holdings Inc.) as tenants-in-common, with 8163871 Canada Limited (Dixit Holdings Inc.) holding a 25% interest in the property and 234 holding the residual 75% interest. The Receiver understands that BBIL gave Dixit a 25% interest in the BB Support Centre in recognition of his work with BBIL.

100. The BB Support Centre, although owned by Smith and Dixit through holding companies, was bought and paid for with affiliate funds. The purchase price was paid from a DYZ Media Inc. ("**DYZ Media**") bank account with Caledonian Bank Limited ("**Caledonian Bank**"). The Receiver is advised by Smith that DYZ Media is an entity controlled by him and was at one time intended to be the parent company of BBIL. DYZ Media is a corporation governed by the laws of the British Virgin Islands. From October 2012 to December 2014, the DYZ Media bank account with Caledonian Bank received US\$5.2 million from MGI: US\$4.3 million in transfers from Choice Bank and US\$900,000 from Via Bank. Disbursements from the DYZ Media account totaled US\$5.13 million.

101. Between December 2012 and July 2013 approximately US\$820,000 in Bannersbroker Canada funds were spent on property renovation services. Based on discussions with both BBIL principals and former employees, the Receiver and Joint Liquidators have determined that most if not all of these funds were used to renovate and improve the BB Support Centre. It appears that 8163871 Canada Limited (Dixit Holdings Inc.) invested a further US\$33,991 in BB

Support Centre improvements. It is unclear whether or not 8163871 Canada Limited (Dixit Holdings Inc.) properly accounted for or recognized the Bannersbroker Canada investment by recording the expenditures as an intercompany receivable because Dixit Holdings did not maintain complete or reliable accounting records.⁶

102. Between February 2012 and August 2012, Bannersbroker Canada also paid US\$30,342 in rent for BBIL's condominiums at the Church Street Property.

103. Bannersbroker Canada variously invoiced "Bannersbroker International (Belize)", "Banners Broker International (Isle of Man)", "Monitize Group (Belize City)" and "Monetize Group Incorporate". Invoiced items were typically described in no more than one or two lines as "Cost of Goods Sold", "Consulting Services and I.T. Management" or "Support services rendered". The bills were typically for hundreds of thousands of dollars, but without any supporting documentation or detail whatsoever. A table summarizing the invoices issued by Bannersbroker Limited, Stellar Point Inc., and Bannersbroker Canada to MGI and BBIL is attached at **Appendix "R"**.

104. The description of services rendered varies widely from invoice to invoice. For example, whereas a March 15, 2013 invoice from Bannersbroker Canada to MGI lists multiple services (including consulting fees for \$38,000, computer programming for \$38,500, customer relations of \$65,600, and "Previous Outstanding Amount" of \$7,000), an invoice issued by Bannersbroker Canada 18 days later, references only "Management and Consulting fees for the month of March" in the amount of \$300,000.

105. The invoices are otherwise irregular and seemingly carelessly prepared. For example, four invoices produced to the Receiver (dated from April 2, 2013 to June 17, 2013) are indicated as being rendered from "Banners Broker LTD" to MGI. However, as at the date of such

⁶ It should be noted that the Receiver has also been provided with evidence that Dixit may also have renovated his personal residence during this time. Thus, it is possible that some of these funds were used to renovate Dixit's personal residence.

invoices, Bannersbroker Canada was known as Stellar Point Inc. Notwithstanding this, the business was erroneously generating invoices as "Banners Broker LTD".

106. Another invoice produced to the Receiver is from "Bannersbroker Canada" to "Bannersbroker International", and is dated January 6, 2012. Neither Bannersbroker Ltd. nor Stellar Point Inc. was ever legally known as "Bannersbroker Canada". Moreover, BBIL did not exist until March 29, 2012.⁷

107. Significantly, the amounts invoiced by Bannersbroker Canada to MGI do not correspond to amounts actually transferred by MGI to Bannersbroker Canada. The Receiver has been provided with six invoices that were issued from Bannersbroker Canada to MGI. These invoices were purportedly issued between March 15, 2013 and June 17, 2013, and total \$1,712,460.80. Of this amount, \$932,460.80⁸ was for commission payments to resellers.⁹ However, from August 2, 2012 to August 14, 2013, MGI transferred US\$11,462,200 or more than six times the amount "invoiced" to MGI.

108. The Receiver has no reason to believe that the amounts invoiced by and paid to Bannersbroker Canada bear any relationship to the fair value or cost of the services performed by Bannersbroker Canada. Rather, it appears that Dixit would simply advise BBIL or MGI (through Smith) of the total amount of funds that he required for a given period and such funds would be wired to Bannersbroker Canada from off-shore accounts held by MGI at Choice Bank and Via Bank.

⁷ Prior to being known as BBIL, the company was a "shelf corporation" known as Bedford Limited. As far as the Receiver is aware, Bedford Limited did not conduct business on behalf of BBIL.

⁸ According to invoices produced to the Receiver, creditors in India were making significant sums of money with BBIL. In a span of 12 days (June 5, 2013 and June 17, 2013) Bannersbroker Canada invoiced MGI for \$658,420 for commission payments to Indian creditors.

⁹ Although one invoice is for "Commissions owed for the month of March" for \$100,000, in the fall of 2013 it is dated April 2, 2013. By that date Bannersbroker Canada was no longer acting as the Canadian reseller of BBIL and would not have been entitled to commissions.

109. For example, in a January 2, 2013 email from Dixit to Smith, Dixit requests that Smith wire "\$150k to Cyprus I m paying all of the Bannersbroker Limited bills from this account.... Rather use this account then CIBC for wires, and this way Monetize group is being invoiced from Stellar Point for all wires [sic]." When Smith emails Dixit to clarify whether or not funds should be wired to the CIBC account, Dixit emails Smith and states "No still \$300k to CIBC, for payroll and constructions, etc." It is unclear to the Receiver what additional expenses were being paid from the Cyprus bank account.

110. In this same email Dixit advises Smith to send "[t]wo wires plus I m sending \$10k a month from BB account to CIBC so we show more than one client sending money."

111. Similarly, in a May 24, 2013 email from Dixit to Smith, Dixit advises Smith that he "need[s] a wire for \$450k am short money". According to Dixit, the funds were intended to cover the following expenses: (1) "June 7 payroll approx. \$130k"; (2) "May payroll tax approx. \$115k"; (3) "contractors \$50k"; (4) "Air Condiiton heating \$60k [sic]"; (5) "Flights and travel for coming trip \$80k". Dixit then adds that this "[l]eaves \$20k for incidentals" and advises that "[w]e will require another wire mid month [sic]".

112. Bannersbroker Canada established a wholly owned UK subsidiary, Stellarpoint Limited, in January 2013. The company was incorporated to operate as a provider of support service to internet advertising and website companies with its principal client being its parent.

113. Not much is known about Stellarpoint Limited. It appears that the company operated for about eight months before filing for Creditors' Voluntary Liquidation in the United Kingdom on September 30, 2013.

114. Filings prepared in the course of the liquidation identify Stellarpoint Limited's initial directors as Dixit and David Hooker. There is a suggestion in the insolvency filing that Dixit invested £100,000 to finance Stellarpoint Limited start-up costs.

115. Stellarpoint Limited's liquidation resulted in no realizations for creditors. At the time of filing, Stellarpoint Limited owed £5,937 to trade creditors, £17,000 to its landlord and £60,000 to Dixit evidenced by a shareholder loan. The company only had £467 in cash and £7,319 in prepaid rent deposits to its landlord.

116. In Canada, Bannersbroker Canada claims to have ended its relationship with BBIL in September 2013.¹⁰ This timing is not surprising. According to the RCMP Affidavits, by April 2013, the Competition Bureau had begun interviewing former Banners Broker employees regarding the Banners Broker business. Correspondence obtained by the Receiver indicates that by June 2013 threats of legal proceedings had been made against Bannersbroker Canada in connection with its relationship with Banners Broker.

117. Consistent with a mid-2013 break, Dixit wrote to Smith (and others) on July 8, 2013 saying "[w]e are not contacting affiliates. They should all know by now that it is over. WE WILL NOT BE CONTACTING THEM. I will not spend the manpower to inform stupid affiliates. Sorry but that is how I feel [sic]."

118. Notably, Bannersbroker Canada wound down relations with Banners Broker over a period of months. By September 2013 Bannersbroker Canada was training Banners Broker International Limited (Belize) staff in Belize City so that those employees could take over the functions previously performed by Bannersbroker Canada for BBIL.

119. The BB Support Centre was sold in March 2014 for \$1,200,000. (As a point in time reference, the Joint Liquidators were appointed on February 26, 2014).

120. The proceeds of the sale of the BB Support Centre were directed and paid to Dixit Holdings (\$252,811.83) and 234 (\$826,235.51). It has not been possible to trace the funds paid

¹⁰ Bannersbroker Canada terminated the Consulting Agreement by way of agreement dated August 1, 2013. A copy of the agreement is attached as **Appendix "S"**.

to 234 post-closing. The funds paid to Dixit Holdings are largely accounted for in the Flow of Funds Analysis (defined below).

121. The Receiver and the Joint Liquidators have determined that Bannersbroker Canada's only material and consistent clients were Banners Broker group entities and affiliates during the September 2011 to September 2013 period.¹¹ The Receiver has not received any contracts or other documentation such as would indicate that the company had any other material sources of revenue at any time.

122. It follows that Bannersbroker Canada was at all times reliant on Banners Broker affiliate contributions for funding and operations. Between February 2012 and March 2014 Bannersbroker Canada received a total of US\$15.88 million in BBIL affiliate funds. The majority of money came to Bannersbroker Canada directly from creditors (approximately US\$4.10 million), or indirectly from MGI bank accounts (US\$9.86 million) located off-shore in St. Lucia and Belize.

123. Between February 2012 and October 2012 Bannersbroker Canada collected and remitted funds from and to Banners Broker creditors through the payment processor Beanstream. Affiliate payments made to Bannersbroker Canada's Beanstream account were forwarded on to Bannersbroker Canada's bank account at RBC. RBC bank records reveal Bannersbroker Canada collected a total of US\$3.7 million from creditors through the Beanstream account.

124. msi Spergel inc., court officer, received \$537,576.31 from the Beanstream account pursuant to the Order: Restraint of Funds. Such funds are held in trust pending further order of the court.

¹¹ For a brief period of time, likely no more than several days, Bannersbroker Canada acted as a call centre for a taxi company in British Columbia. This relationship was terminated by the taxi company shortly after it started.

125. The Receiver and the Joint Liquidators believe that approximately US\$2.95 million of Bannersbroker Canada receipts were used by Dixit for predominantly personal (i.e. non – business) purposes including the purchase of clothing, designer handbags, jewelry, lingerie, and trips to water parks. This conclusion is based upon the Flow of Funds Analysis (defined below) attached as Confidential Appendix “B” to the Fifth Report.

126. Bannersbroker Canada subsists as a federal corporation in good standing. Attached as **Appendix “T”** is a *Personal Property Security Act* (Ontario) registration search summary as against the company with a file currency as of March 8, 2016. As indicated there are no PPSA registrants apart from the Ontario Ministry of Finance.

127. In all of the circumstances the Receiver believes that the conversion of the investigatory receivership of Bannersbroker Canada into a standard possessory receivership is the most appropriate course of action at this time. Going forward consideration will be given to the efficiencies of a bankruptcy proceeding as a means of most efficiently resolving creditor claims and concluding a court-supervised wind down of this entity.

B. Investigatory Receivership Update and Receiver’s Recommendations with respect to the Other Associated Corporations and Additional Dixit Entities

i. Recommendation

128. Significant progress has been made in reviewing and understanding the business and affairs of the balance of the Associated Corporations and Additional Dixit Entities. As such efforts are not yet complete, the Receiver proposes to move forward and complete its work at which time it will provide a recommendation as to what additional relief, if any, may be appropriate. No specific relief is sought with respect to the entities discussed below at this time.

ii. *Current Investigatory Receivership Findings*

a. Parrot Marketing Inc.

129. The Receiver's report in respect of Parrot Marketing Inc. is based upon a review of bank account statements. It is also based upon the Receiver's interviews with Banners Broker principals and employees, answers to undertakings, and public records searches.

130. Parrot was incorporated by Smith on August 1, 2012. Smith is the sole director.

131. Parrot is a services business that, according to its Facebook page, offers "creative and personalized services to each of [Parrot's] clients."

132. According to Smith, Parrot was dormant up until the summer of 2013. However, bank records reviewed by the Receiver indicate that Parrot began receiving transfers from Banners Broker entities in January 2013. From January to June 2013, Parrot received a total of approximately US\$1.23 million with such monies coming from MGI (US\$860,000), Dreamscape (US\$224,000), unknown credit memos and deposits (US\$110,000), and funds from a company the Receiver believes to be associated with Aramor Payments (US\$35,000). As explained in the Third Report, Aramor Payments provided payment solution services to Banners Broker in 2011 and 2012.

133. Beginning in or about June 2013, Parrot commenced providing services to BBIL. According to Smith, Parrot provided BBIL with computer programming services, IT design, security and architecture services, customer support, network support, website development, social media services, training, and event planning.

134. Smith advises the Receiver that although Parrot commenced providing services to clients other than Banners Broker in September 2013, the company's largest client was BBIL.

135. According to Rob Pirie ("**Pirie**"), a former Communications Specialist at Parrot, Parrot's other clients included Wellness Girl, Tracy B. Richards and Smoke Euphoria. Although these

are described by Pirie as Parrot clients, the Receiver has not received any documents that would confirm such a client relationship.

136. The Receiver understands that Parrot stopped providing services to BBIL in August 2014. This is the same month that the Receiver was appointed.

137. Between November 2012 and October 2014 Parrot received US\$5.12 million in BBIL affiliate funds from the Associated Corporations and the Additional Dixit Entities, and individuals or entities otherwise affiliated with BBIL.

138. Of the funds received from BBIL creditors, a total of approximately US\$4.28 million was disbursed by Parrot, predominantly to Parrot's employees and BBIL principals. Of this amount, approximately US\$1.7 million was paid to Telpay Incorporated ("**Telpay**") for payroll. The Receiver is in process of obtaining payroll records from Telpay. The remainder of Parrot's receipts were spent on what has been described to the Receiver as operating expenses.

b. 2341620 Ontario Corporation

139. 2341620 Ontario Corporation was incorporated September 7, 2012, with Smith as the sole and incorporating director. The company was set up to hold real estate assets.

140. 234 used BBIL creditor funds to purchase a mixed use commercial/residential property at 1376 Bayview Avenue in Toronto ("**Bayview Property**"), as well as the BB Support Centre. Both properties have now been sold.

141. The Receiver is pursuing several outstanding document production and law firm records requests in respect of 234.

142. The settlement of matters relating to the Bayview Property was specific to that real estate only. Work is accordingly ongoing to identify other assets that may be similarly subject to BBIL creditor claims.

c. Dixit Holdings Inc.

143. The Receiver's report in respect of Dixit Holdings Inc. is based upon a review of corporate books and records, bank account statements and financial records (albeit largely incomplete). It is also based upon meetings and interviews with BBIL principals (and their counsel), other receiver interviews including with Dixit's spouse, Schlacht, a review of answers to undertakings, and public records searches.

144. Dixit Holdings was incorporated on April 11, 2012 to function as a family holding company for interests in Bannersbroker Canada and the BB Support Centre. At various times the company also held a range of luxury vehicles, including at least two Mercedes Benz.

145. The directors of Dixit Holdings are Dixit and Jennifer Dorazio ("**Dorazio**"), with Dorazio acting as a director between April 2012 and June 2013. Dorazio was Dixit's common law spouse up until June 2013.

146. Dixit Holdings was initially wholly owned by Dixit. Dixit transferred his shareholding interest to Schlacht on May 15, 2014. Dixit and Schlacht married in June 2014. The company shares were transferred back to Dixit on November 19, 2014.

147. There is no indication that Dixit Holdings had any employees or operations. Notwithstanding this, there is evidence that Dixit Holdings invoiced Bannersbroker Canada and Durham Energy Specialist, a tenant at the BB Support Centre, for "Car Services". The invoices provide no details of the car services purportedly provided.

148. The Receiver has identified a Dixit Holdings bank account at a CIBC branch in Toronto. Between July 2012 and September 2014 this account received a total of US\$1.07 million from Bannersbroker Canada, Dreamscape, MGI, 234 and Parrot. Again, and as indicated elsewhere in this report, the Receiver believes that such entities were primarily funded by affiliate contributions. Dixit Holdings used the US\$1.07 million in its CIBC account to purchase

automobiles and to fund construction costs and intercompany transfers. A more complete accounting of the disbursements is set out in the Flow of Funds Analysis at Confidential Appendix "B".

149. Dixit Holdings also received approximately US\$260,000 from a small group of individuals and entities, including both Schlacht (US\$23,340) and RevStar Hosting Inc. (US\$33,737), a company controlled by her.¹²

150. As indicated, Dixit Holdings held a 25% ownership interest in the BB Support Centre at 5 Carlow Court. The property was sold in March 2014. Dixit Holdings share of the net sale proceeds amounted to \$252,811, which money was paid to Dixit Holdings on closing.

151. Dixit Holdings remains a *Canada Business Corporations Act*, R.S.C. 1985, c. C-44 entity in good standing.

d. Dixit Consortium Inc.

152. The Receiver's report in respect of Dixit Consortium Inc. is based upon a review of corporate books and records and CIBC bank account statements. It is also based upon meetings and interviews with BBIL principals (and their counsel), other receiver interviews including with Schlacht, a review of answers to undertakings, and public records searches.

153. Dixit Consortium was incorporated September 24, 2012 as 8643989 Canada Inc. The company was dissolved by articles of dissolution filed March 25, 2015.

154. Dixit was the sole officer, director and shareholder of Dixit Consortium.

155. Dixit Consortium has been described as a "consulting company". Notwithstanding this, the Receiver's investigations to date provide no indication that the company ever had any

¹² Schlacht is the sole director of Revstar Hosting Inc. According to Schlacht, the company had nothing to do with Banners Broker or Stellar Point. Despite being the sole director of the company, Schlacht did not know anything about the company, it was "just a company" her husband had asked her to put her name on. Examination for Discovery of Stephanie Schlacht, June 11, 2015, 337:2-7. The Receiver has no further information about Revstar Hosting Inc.

clients, or ever provided any consulting services other than purported services to other Banners Broker entities.

156. Dixit Consortium was funded, at least in part, with BBIL affiliate funds. Between October 2013 and March 2015, Dixit Consortium received a total of US\$262,395 from Dixit Holdings, Bannersbroker Canada and Dreamscape. As is noted elsewhere in the report the Receiver has concluded that these entities were almost entirely funded using BBIL affiliate funds.

157. Dixit Consortium received a further approximately US\$519,000 from various other individuals and entities, including at least three entities the Receiver believes to be affiliated with Aramor Payments (approximately US\$193,000). The Receiver has not yet determined why entities affiliated with Aramor Payments might have made upwards of US\$193,000 in remittances to Dixit Consortium.

158. The Receiver has identified three bank accounts that belonged to Dixit Consortium that were held with CIBC. Dixit Consortium disbursed all of the approximately US\$781,000 paid to these accounts. The majority of the disbursements were to BBIL associated entities (approximately US\$116,000), three credit cards (approximately US\$99,000), an Aramor Payments affiliated entity (approximately US\$55,000), and various purported employees of Dixit Consortium (approximately US\$114,000). A more detailed accounting of the Dixit Consortium CIBC account disbursements is set out in the Flow of Funds Analysis at Confidential Appendix "B".

159. The Receiver has not located any other Dixit Consortium assets.

e. Dreamscape Ventures Ltd.

160. Dreamscape Ventures Ltd. is a British Virgin Islands company. It was incorporated on May 29, 2012. Dreamscape's registered agent in the British Virgin Islands is ILS Fiduciary (BVI) Limited.

161. The Receiver's report in respect of Dreamscape is based upon a review of a Dreamscape shareholder's ledger, incomplete Choice Bank records (an MGI account), and an incomplete set of bank records from a Bank of Cyprus account held by Dreamscape.

162. Dixit holds 25,000 of Dreamscape's 50,000 issued and outstanding shares. The remaining 25,000 shares are believed to be held in trust by Dixit for Guarini.

163. According to emails reviewed by the Receiver, Dixit describes Dreamscape as a consulting company. The company purportedly provided management and consulting services to MGI. However, if such services were provided, there are completely undocumented.

164. Between September 2012 and September 2014, Dreamscape received approximately US\$1,050,000 from MGI's bank account with Choice Bank (according to records for MGI's account). Dreamscape received an additional US\$226,000 from Bannersbroker Canada. Because the Receiver does not have a complete set of banking records for Dreamscape, the Receiver can only trace approximately US\$810,000 of the payments from MGI to Dreamscape's bank statements. The Receiver continues to pursue Dreamscape bank records in order to complete its accounting.

165. According to Dixit Holding's bank statements, Dreamscape paid Dixit Holdings approximately US\$417,000. According to Parrot's bank statements Dreamscape paid Parrot approximately US\$344,000. Because the Receiver does not have a complete set of account statements for Dreamscape, the Receiver has been unable to verify and/or better understand the rationale for these transfers.

166. The Receiver has not identified any Dreamscape bank accounts or assets in Canada. Dreamscape accounts were likely held in off shore banks, including in Cyprus.

f. Local Management Services

167. The Receiver's report on LMS is based on the company's bank records, public records, and interviews with Smith. Additional information was drawn from the RCMP Affidavits.

168. Local Management Services was incorporated on November 25, 2005 as 2087360 Ontario Incorporated. Its sole director was and remains Edmund A. Clarke. Clarke was a lawyer who was disbarred in 2010 for committing fraud. Clarke remains listed as a director of LMS which continues to subsist under the laws of Ontario.

169. LMS was operated by Smith and was apparently used to conduct Banners Broker business prior to the time that BBIL was incorporated.

170. The company maintained account relationships with payment processors and financial institutions under the Banners Broker name. LMS retained the computer programmers that developed the Banners Broker software. The company also registered dozens of Banners Broker related internet domain names at or around the time the business was established.

171. The Receiver has identified two bank accounts held by LMS with TD Bank. Through these accounts, LMS received a total of approximately \$359,000 and disbursed a total of approximately \$200,000 between January 2010 and July 2011. The Receiver cannot trace or otherwise account for all disbursements from LMS's accounts because Smith has yet to produce a complete set of LMS bank statements to the Receiver.

C. Declaration that St. Lucian Funds are BBIL Funds to be Used in Accordance with the Receiver's Mandate

172. As described in the Third Report, the Receiver was successful in securing possession of certain BBIL Allied Wallet monies that were transferred from BBIL's account at Allied Wallet (a payment processor) to an off-shore account in the name of BBIL parent –entity, MGI, at Via Bank in St. Lucia.

173. The Receiver is satisfied that all realizable funds from MGI's account at Via Bank have been remitted to the Receiver.

174. The Receiver is currently holding Via Bank remittances totaling \$1,506,069.00 ("**St. Lucian Funds**"). Recognizing that such monies were nominally held in a BBIL parent entity account at Via Bank, the monies paid to the Receiver were placed in a segregated receivership account pending further court order.

175. For reasons explained in this section, the Court Officers conclude that the St. Lucian Funds are BBIL monies. This is the case for four main reasons: first, the Receiver's accounting analysis determined that the Via Bank monies were funded entirely from affiliate contributions (or payments) to the Banners Broker business; second, MGI was purely a holding company and acted as such for BBIL in relation to the St. Lucian Funds; third, MGI's sole owner, Smith, has confirmed that the St. Lucian Funds were monies generated by Banners Broker for the benefit of BBIL creditors; and fourth Smith advised that there are no creditors having competing claims to the funds at the MGI level.

176. To the first point, during the period of Banners Broker's operation, MGI's Via Bank account received a total of US\$10.11 million from BBIL's Allied Wallet account. The MGI Via Bank account received a further US\$1.39 million from MGI's account at Choice Bank, a Belizean financial institution. Choice Bank in turn received a total of US\$68.18 million from the BBIL Allied Wallet account and US\$4.8 million from other payment processors that processed payments from creditors to BBIL.¹³ Attached as **Confidential Appendix "A"** to this Report is a diagram reflecting the flow of funds from BBIL creditors to Via Bank.

177. To the second point, MGI never operated a business. It functioned as a BBIL parent and holding company. There was no business reason or other requirement for BBIL to flow its Allied

¹³ Deposits to MGI's account with Choice Bank also include \$112,799 from Adzerk and \$15,576 from an individual. These two additional sources of funds account for total of 0.2% of all deposits to the Choice Bank account.

Wallet receipts to an MGI account at an off-shore bank. Smith, as the sole owner of all of MGI's issued and outstanding shares, has confirmed that this is the case. Smith has also advised the Receiver that MGI has no creditors other than BBIL. Smith (and MGI) have willingly turned the St. Lucian Funds over to the Receiver to be dealt with as a receivership asset.

178. Based on the analysis set out above, the Court Officers are satisfied that the St. Lucian Funds belong to BBIL and that there are no competing claims to such funds apart from BBIL creditor claims now advanced through the Receiver. Smith, as the sole director and shareholder of MGI, accepts this. On this basis, the Receiver concludes that the St. Lucian Funds are BBIL receivership administration general receipts and respectfully requests that this Court make a declaration to this effect.

D. Direction that HSBC Produce Documents to the Receiver

179. The Receiver has made written requests for the production of documents relating to BBIL, the Associated Corporations and the Additional Dixit Entities from approximately 100 financial institutions. With the exception of HSBC, the Receiver has received a reasonable level of cooperation from all parties contacted.

180. Following its appointment, the Receiver wrote to HSBC on September 9, 2014, requesting Records production in accordance with the court orders. HSBC did not respond. Attached as **Appendix "U"** is a copy of the September 9, 2014 letter from the Receiver to HSBC.

181. On October 16, 2014, upon obtaining the Further Supplemental Order, the Receiver wrote to HSBC requesting Records production in relation to BBIL and the Associated Corporations. Again, HSBC did not respond. A copy of the Receiver's October 16, 2014 letter, is attached as **Appendix "V"**.

182. The Receiver followed up with HSBC and on January 16, 2015, HSBC emailed to advise that HSBC Bank Canada did “not currently have any account in the name of ... Parrot Marketing”. A copy of the January 16, 2015 email from HSBC is attached as **Appendix “W”**.

183. While HSBC may not “currently” hold an account for Parrot, it evidently had held accounts for Parrot and would have had “Records” (as such term is defined in the relevant receivership orders). Both the RCMP Affidavits and documents produced by Smith to the Receiver indicate that Parrot held at least two bank accounts with HSBC.

184. After obtaining the Additional Authority Order, the Receiver wrote to HSBC on August 10, 2015, and requested that HSBC produce all documents relating to the Additional Dixit Entities. A copy of the Receiver’s August 10, 2015 letter is attached as **Appendix “X”**.

185. In response to the Receiver’s August 10, 2015 letter, HSBC’s counsel requested that the Receiver direct its inquiries to the bank branch which held accounts for BBIL, the Associated Corporations and the Additional Dixit Entities. Until that point, all of the Receiver’s requests were directed at HSBC’s head office. Moreover, as of August 2015, neither HSBC nor any other financial institution had suggested that the Receiver ought to direct its inquiries to individual branches. Regardless, HSBC’s counsel advised that the request would be forwarded internally to prepare the appropriate documents. Attached as **Appendix “Y”** is a copy of the August 13, 2015 email from counsel for HSBC.

186. On February 2, 2016, having still not received production of documents from HSBC, counsel for the Receiver wrote to the bank and sought a meeting to discuss the Receiver’s outstanding requests. HSBC responded reverting to the position that the Receiver must identify and pursue production of documents at a branch level. Attached as **Appendix “Z”** is a copy of the February 2, 2016 email correspondence between the Receiver and HSBC.

187. Throughout February 2016 Receiver's counsel was in regular contact with HSBC seeking a meeting to resolve all issues having to do with document production. During this period HSBC was again provided with copies of the relevant court orders.

188. Finally, on February 29, 2016, HSBC advised that it would produce account statements responsive to the Receiver's requests by the end of that week (March 4, 2016), and that supporting documentation for account statements would also be made available.

189. HSBC provided account statements for Parrot's HSBC accounts on March 18, 2016. Upon receipt of the statements, the Receiver asked again for all documents relating to the Parrot account, including supporting documents for the transactions listed. HSBC has recently advised the Receiver that fulfilling such request will take some time. Attached as **Appendix "AA"** is a copy of the HSBC letter dated March 11, 2016, which was received by the Receiver's counsel on March 18, 2016

190. To date, HSBC has not produced the requested supporting documentation to the Receiver.

E. Approval of Receiver's Conduct and Activities Since the Date of the Third Report

191. By way of overview, the Receiver, working closely in coordination with the Joint Liquidators, has pursued the following activities since the Third Report was filed on July 30, 2015:

- (a) completion of a substantial claims settlement, and subsequent real property sale to fund the settlement, resulting in a realization to the estate of \$2,374,345;
- (b) correspondence, discussions and meetings with Allied Wallet an online payment processing service retained by BBIL, so as to enable the Receiver to account for and recover approximately \$2.8 million in BBIL receipts;

- (c) correspondence and discussions with Via Bank, a St. Lucian financial institution, leading to the recovery of \$1.5 million in BBIL funds nominally held in the Via Bank account of BBIL parent entity MGI;
- (d) meetings with Smith (and Smith's counsel) regarding fulfillment of Smith's outstanding undertakings, and document production and other Receiver requests;
- (e) coordination of document production requests from Canadian financial institutions in respect of records relating to the Additional Dixit Entities, and the receipt and review of documents responsive to such requests;
- (f) receipt, review and analysis of documents produced by Bannersbroker Canada, and MacDonald Sager Manis LLP ("**MSM**"), former counsel to Dixit, Bannersbroker Canada, Dixit Holdings and Dixit Consortium;
- (g) undertaking real property, corporate profile, internet, and other public record searches so as to better understand the trade, dealings, and property of the Additional Dixit Entities, all in accordance with the mandate and authority of the Additional Authority Order;
- (h) general ongoing correspondence, meetings and discussion with counsel for Smith and Dixit in relation to, among other issues, the criminal proceedings, document production matters, undertakings, and the Cease and Desist Notices;
- (i) monitoring public aspects of the ongoing Banners Broker criminal investigation, including attending criminal court hearings and negotiating with the Crown and counsel for Smith and Dixit in respect of the production of relevant materials in the criminal court file;

- (j) corresponding with banks, trust companies and financial institutions in Canada and abroad in an effort to locate and secure BBIL assets and financial information relevant to Banners Broker to the extent permitted by the Supplemental Order, the Further Supplemental Order and the Additional Authority Order;
- (k) follow up correspondence and pursuit of answers to undertakings in respect of examinations conducted under oath of several executive level employees and service providers to BBIL and/or the Associated Corporations;
- (l) the pursuit of relevant BBIL, Associated Corporation, and Additional Dixit Entities corporate records and legal files from company counsel, including considering and responding to any assertions of privilege and confidentiality over such records;
- (m) the continued assembly, review and analysis of bank and accounting information, including bank statements provided by Canadian financial institutions for the Associated Corporations and the Additional Dixit Entities, as well as information obtained with the assistance of Smith regarding offshore accounts, with a view to reconstructing the source, inter-company transfers and disposition of all monies contributed by Banners Broker creditors and potential creditors of BBIL and the Associated Corporations;
- (n) the receipt and direction of creditor claims and inquiries to the Foreign Representative, who is managing claims and responding to creditor inquiries;
and

- (o) the coordination of receivership administration efforts in respect of BBIL, the Associated Corporations and the Additional Dixit Entities with the Foreign Representative, including the sharing of information, accounting expertise and resources with the Foreign Representative.

192. Certain of the activities and inquiries of the Receiver and the Joint Liquidators 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 BBIL assets in circumstances where efforts have been made to put such assets beyond 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.

193. The balance of this report provides an update on the Receiver's ongoing efforts to secure BBIL, Additional Dixit Entities', and Associated Corporations' books, records and accounts, as well as to recover assets in the name of BBIL, or properly belonging to BBIL but held in the name of the Associated Corporations, the Additional Dixit Entities, or third parties. Such actions are being undertaken in coordination and with the support and assistance of the Foreign Representative, as is further described below.

i. Asset Recoveries

a. 234 Settlement

194. As reported in the Third Report, the Receiver settled a claim ("**234 Settlement**") in June 2015 in relation to 234's alleged improper use of BBIL funds to purchase the Bayview Property. Pursuant to the 234 Settlement it was agreed that the Bayview Property would be sold with the majority of the sale proceeds remitted to the Receiver in consideration for a release of claims solely in respect of the Bayview Property.

195. To facilitate the 234 Settlement and the closing of the sale of the Bayview Property, an order discharging and vacating the certificate of pending litigation from title to the Bayview Property was obtained on July 30, 2015, on the consent of Smith and 234.

196. The sale of the Bayview Property closed on August 27, 2015. Upon closing, sale proceeds in the amount of \$2,347,345 were paid to the Receiver.

b. Allied Wallet Settlement

197. Allied Wallet is an electronic payment processor headquartered in London, England. BBIL maintained an account with Allied Wallet pursuant to a written account agreement dated May 16, 2012.

198. The Receiver and the Joint Liquidators' analysis indicates that between May 24, 2012 and August 28, 2014, Allied Wallet collected US\$106.3 million from creditors, and paid Banners Broker approximately US\$85.2 million (net of affiliate refunds, chargebacks and Allied Wallet fees).¹⁴ Believing this to be the case, and having discussed the matter with Smith, the Court Officers concluded in late 2014 that Allied Wallet likely held certain residual funds as security for chargebacks requested by creditors who transacted with Banners Broker using Allied Wallet's services.

199. Allied Wallet cooperated with the Receiver and Joint Liquidators in identifying and accounting for the funds held by Allied Wallet. In doing so, Allied Wallet maintained the confidentiality of creditors' bank account information.

200. The Receiver assisted by the Joint Liquidators has completed its review of the accounting and documents provided by Allied Wallet. The Court Officers are satisfied that Allied Wallet has properly accounted for and remitted all amounts claimable by the Receiver.

¹⁴ From the time of the Receiver's appointment, on August 22, 2014 to August 28, 2014, BBIL's account with Allied Wallet collected \$7,867.60 and processed \$12,255.82 in chargebacks.

c. Claim Settlement

201. In the course of the Court Officers review of Parrot's banking records it was determined that Parrot gifted \$97,000 in September 2014 (after the Receiver's appointment on August 22, 2014), to a Toronto resident who had no business dealings or relationship with Parrot or BBIL. Upon making inquiries of Smith in respect of this transfer, the Receiver concluded that such monies ought to be repaid to the receivership estate of BBIL.

202. The Receiver accordingly asserted a claim against the recipient for the return of the transferred funds. Smith offered to settle the Receiver's claim and entered into discussions with the Receiver to do so. Following a period of negotiation, Smith agreed to pay the Receiver \$70,000 in full settlement of the claim.

203. The Court Officers considered Smith's \$70,000 settlement offer to be fair and reasonable in the circumstances in that it represented an efficient resolution to the matter. The Receiver accordingly accepted Smith's offer and Smith paid settlement funds to the Receiver on September 1, 2015.

ii. *Continuing Efforts to Secure Records From Dixit*

204. Securing the "Records" of BBIL, the Associated Corporations and the Additional Dixit Entities in accordance with the Receiver's court authority has continued to prove difficult and time consuming. The reasons for this were detailed in the Third Report and relate to the fact that the business did not have a document management system, company owned servers, or any other organized records retention system. Receipts and pay-outs were handled non-systematically and on an ad hoc basis. Inter-company transfers were not properly recorded, or not recorded at all. Some payments were made in cash. Although transaction records exist at the financial institution end, in certain cases the financial institutions are off-shore and such

records are not readily obtainable. In short, there is no single source of Banners Broker maintained financial records or support documentation.

205. Certain of the Receiver's document production requests have been directed to counsel (or former counsel) for BBIL and the Associated Corporations. Such counsel are as follows:

(a) **Aird & Berlis LLP ("A&B")**

A&B acted for BBIL and 234. It appears that A&B may have also acted for Associated Corporations Parrot, as well as BBIL's parent company, MGI. A&B has also acted for Smith, personally.

(b) **Macdonald Sager Manis LLP**

MSM acted for Dixit, personally, as well as Associated Corporations, Bannersbroker Canada and Dixit Holdings.

206. Smith has undertaken to produce A&B law firm files and trust ledgers associated with work performed for Banners Broker entities subject to the receivership proceeding. At the same time, and as is permitted by the receivership orders, A&B has reserved its clients' rights to decline to produce certain documents on the basis of privilege claims. Although a small number of A&B documents have been produced in response to specific answers to undertakings, the majority of A&B files have not been produced, nor have any privilege objections been particularized. The Receiver understands that privilege review is underway in respect of A&B files and reserves its rights to pursue additional documentary production from A&B, including account records and trust ledgers. The Receiver intends to return to court if such records are not forthcoming.

207. Claims of privilege in respect of MSM documents have recently been resolved. In this regard, the Receiver first attended at MSM's offices in February 2015. The purpose of the meeting was to understand the nature and scope of MSM's Banners Broker related retainer(s),

and to assess what law files may be relevant and available to the Receiver. During the course of this meeting MSM provided the Receiver with 67 invoices documenting legal services rendered to Dixit and the Dixit Entities.

208. The Receiver corresponded with MSM and sought production of a large number of apparently relevant documents, many of which were referenced in the MSM invoices. MSM initially advised that although they were prepared to cooperate with the Receiver, they had been instructed by Dixit not to release any files beyond what had already been disclosed. The issue of production of MSM law firm records accordingly remained unresolved as at the date of the Receiver's Third Report.

209. On August 11, 2015, after the Additional Authority Order had been granted, counsel for Dixit contacted the Receiver's counsel and advised that Dixit and MSM would be willing to meet with the Receiver and work out a protocol (or agreement) for the production of documents within MSM's possession that may be relevant to the Receiver's mandate ("**MSM Documents**").

210. Shortly thereafter, and before a meeting could be scheduled, counsel for Dixit advised that his client had changed his position and that he would authorize the release of all but one of the MSM Documents to the Receiver. This document is subject to a privilege claim by Smith. The Receiver was specifically advised that Dixit was waiving privilege in respect of everything to be produced.

211. MSM produced the MSM Documents to the Receiver on September 8, 2015. The production consisted of seven bankers boxes containing over 1,600 documents.

212. On September 11, 2015, Dixit's counsel forwarded an additional nine bankers boxes of Bannersbroker Canada documents to counsel for the Receiver. This production consisted of approximately 7,500 documents.

213. The Receiver has completed its initial review of the MSM Documents and the Bannersbroker Canada productions. Relevant financial information has been incorporated into the Flow of Funds Analysis (defined below). Certain of the documents reviewed point to potential asset recoveries and claims and inquiries are being made accordingly.

iii. Efforts to Secure Financial Records for Additional Dixit Entities

214. The Receiver continues to diligently pursue production of relevant Banners Broker records. Production requests were initially specific to BBIL, but were later broadened to include the Associated Corporations and the Additional Dixit Entities.

215. Following the grant of the Additional Authority Order, the Receiver contacted major financial institutions across Canada seeking production of documents related to the Additional Dixit Entities.

216. CIBC responded positively and produced account statements for Dixit Consortium on August 26, 2015. Relevant financial information derived from available Dixit Consortium account statements have been incorporated into an updated Flow of Funds Analysis (defined below).

217. As at the date of this report, no financial institution has produced records in respect of Dreamscape.

218. Dixit has provided the Receiver with account statements for an account held by Dreamscape at the Bank of Cyprus. The account statements, relate to the period September 28, 2012 to September 4, 2013, but they are incomplete.

219. Based on the limited records available, it appears that at least US\$1.28 million was transferred to Dreamscape by Banners Broker entities, of which US\$240,000 remains unaccounted for on the Dreamscape bank statements. Moreover, approximately US\$443,000

of the disbursements made by Dreamscape remain unaccounted for on the Dreamscape bank statements.

220. The Receiver continues to pursue financial records and accounts relating to Dreamscape.

iv. Ongoing Smith Discovery

221. The Receiver met with Smith in late September 2015 to discuss receivership administration issues ranging from accounting matters to asset recoveries and outstanding undertakings and document production requests. At the conclusion of the meeting it was agreed that all of the Receiver's then outstanding requests would also be provided to Smith's counsel in writing.

222. The Receiver provided Smith with a list of approximately 100 questions cross-referenced to documents and prior answers to undertakings ("**October Discovery**"). Smith provided his first set of responses to the October Discovery in mid-December 2015, which response included 35 new documents.

223. Smith provided a further set of responses to the October Discovery in mid-March 2016. The March 2016 answers are incomplete and raise numerous follow up question, particularly with respect to significant transfers of affiliate sourced funds to 2350842 Ontario Limited o/a Commtrade Services and Bella Moda Inc, a Barbados corporation.

v. Flow of Funds Analysis

224. The Receiver and the Foreign Representative continue to prioritize the preparation of a global "Flow of Funds Analysis" sufficient to understand how affiliate contributions were received and disbursed over the period of Banners Broker's operations ("**Flow of Funds Analysis**").

225. The Flow of Funds Analysis has been updated as financial information becomes available. Since the Third Report, the Receiver and Joint Liquidators have reviewed and

incorporated information obtained from the following documents into the Flow of Funds Analysis:

- (a) MSM Documents;
- (b) Bannersbroker Canada Documents;
- (c) G Cube Media LLC ("**G Cube**") bank statements;
- (d) Payza transaction details;
- (e) Further productions from Canadian financial institutions;
- (f) Dixit Consortium bank account documents;
- (g) Banners Broker UK ("**BBUK**") bank statements;
- (h) Bank Production Documents;
- (i) Stellarpoint Limited Report to Creditors;
- (j) 234 bank account statements; and
- (k) Additional BBIL bank statements.

226. An updated Flow of Funds Analysis is attached as **Confidential Appendix "B"**.

227. **Confidential Appendix "C"** sets out the conclusions of the Receiver and Foreign Representative with respect to the Flow of Funds Analysis. The document provides a current best estimate of total funds received from creditors, together with information on how such funds were utilized by Banners Broker entities and their principals.

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

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

229. Disbursements attributable to operating expenses of the Banners Broker business total approximately US\$21.98 million.

230. The Receiver's Third Report referenced US\$9.98 million in payments in respect of which the Receiver was then unable to identify the recipient of the funds. As a result of investigation and analysis since July 30, 2015, including in respect of the records obtained in response to the Bank Production Order, the Receiver has been able to trace or otherwise account for US\$8.74 million of the previously unverified US\$9.98 million. Since the Third Report, the Receiver has identified an additional US\$2.82 million in unverified disbursements.¹⁵ Thus, there is a total of US\$4.06 million in unverified disbursements.

F. Sealing Order with Respect to Flow of Funds Analysis

231. The Via Bank Flow of Funds Diagram attached at Confidential Appendix "A", the Flow of Funds Analysis attached at Confidential Appendix "B" and the summary provided at Confidential Appendix "C" are prepared in part based on Smith Examination Information. For this reason, and consistent with the terms of the Confidentiality Order, the Receiver respectfully requests that these appendices be treated as confidential and sealed.

¹⁵ The total US\$4.06 million in unverified disbursements are spread across multiple accounts held by BBIL, the Associated Corporations, and the Additional Dixit Entities. The Receiver notes that the US\$4.06 million in unverified disbursements is a de minimis amount, or 2.6%, of the US\$156.35 million in disbursements made by Banners Broker.

The Receiver has not been able to account for these unverified disbursements because the descriptions of the disbursement transactions in the relevant banking records do not provide sufficient particulars of the transactions. For example, "withdrawal", "transfer", "debit memo", "payment", "Prepaid Card Loads".

F. Approval of the Receiver's Fees and Disbursements

232. 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.

233. 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.

234. The total fees and disbursements of the Receiver for services provided during the period of June 1, 2015 to February 29, 2016 is \$305,823.75 excluding HST. Attached as **Appendix "BB"** is an affidavit of Philip H. Gennis sworn April 4, 2016 ("**Gennis Affidavit**") regarding the Receiver's fees and disbursements. Copies of the Receiver's detailed time dockets for the period June 1, 2015 to February 29, 2016 are appended as exhibits to the Gennis Affidavit.

235. 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 June 1, 2015 through to and including February 29, 2016 in the amount of \$1,632,882.80 including disbursements and HST. Attached as **Appendix "CC"** is the affidavit of Larry Ellis sworn April 4, 2016 ("**Ellis Affidavit**") regarding counsel's fees and disbursements to the Receiver. Copies of the counsel's detailed time dockets for the period June 1, 2015 to February 29, 2016 are appended as exhibits to the Ellis Affidavit. The Cassels accounts described in the Ellis Affidavit include amounts billed to the Receiver, which were paid directly by the Joint Liquidators and approved by the Committee of Inspection in accordance with the laws governing the Isle of Man Proceedings.

236. 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.

237. A copy of the Receiver's Interim Statement of Receipts and Disbursements, as at March 31, 2016, is attached hereto as **Appendix "DD"**.

VII. Summary

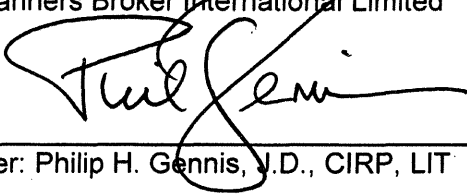
238. Based upon the foregoing, the Receiver respectfully requests that this Honourable Court issue an order:

- (a) converting the investigatory receivership of Bannersbroker Canada into standard receivership proceedings;
- (b) declaring that the St. Lucian Funds are BBIL funds to be used in accordance with the Receiver's mandate;
- (c) directing HSBC Bank plc to produce documents;
- (d) granting a sealing order with respect to Confidential Appendices "A", "B" and "C" to this Fifth Report;
- (e) approving the Receiver's interim statement of receipts and disbursements as at March 31, 2016;
- (f) approving the fees and disbursements of the Receiver and its counsel, Cassels, for services rendered from June 1, 2015, to February 29, 2016 as particularized in the Fee Affidavits; and
- (g) approving this Fifth Report.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 4th day of April, 2016.

msi Spergel inc.,

Court-appointed Receiver of
Banners Broker International Limited

A handwritten signature in black ink, appearing to read "Phil Gennis", is written over a horizontal line.

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

Tab B

**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 May 18, 2016)**

**I PHILIP H. GENNIS, of the Town of Markham, in the Province of Ontario, MAKE OATH
AND SAY:**

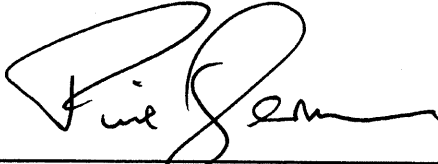
1. I am a licensed Trustee with msi Spergel inc. ("**MSI**"), the court appointed Receiver (the "**Receiver**") in the within proceeding. As such I have knowledge of the matters hereinafter deposed to.
2. MSI was appointed as Receiver by Order of the Honourable Justice Matheson of the Ontario Superior Court of Justice (the "**Court**") dated August 22, 2014.
3. In connection with the receivership for the period from March 1, 2016 to and including April 30, 2016 fees of \$87,527.00 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 235.90 hours at an effective hourly rate of \$371.0.
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 18th day of May, 2016.


A Commissioner for Taking Affidavits

Barbara Eileen Sturge,
a Commissioner, etc., Province of Ontario,
for MSI Spengel Inc., Trustee in Bankruptcy
and Spengel & Associates Inc.
Expires November 28, 2016.


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 18th day of May, 2016.

..... *B. Eileen Sturge*
A Commissioner For Taking Affidavits

Barbara Eileen Sturge,
a Commissioner, etc., Province of Ontario,
for MSI Spengel Inc., Trustee in Bankruptcy
and Spengel & Associates Inc.
Expires November 28, 2016.

Filters Used:

- Time Entry Date: 3/01/2016 to 4/30/2016
 - File ID: AABBI-R: to AABBI-R:

Detailed Time Dockets

Printed on: 5/17/2016

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File Name (ID): Banners Broker International Limited (AABBI-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Deborah Hornbostel (DHO)					
Thur	04/28/2016	Administration of trust funds	0.10	\$495.00	\$49.50
		Deborah Hornbostel (DHO)	<u>0.10</u>		<u>\$49.50</u>
Frieda Kanaris (FKA)					
Thur	03/03/2016	Translating G Cube bank statements 2011 - 2014 [REDACTED]	3.00	\$225.00	\$675.00
Mon	03/07/2016	Summarizing CIBC credit card statements [REDACTED]	3.00	\$225.00	\$675.00
Thur	03/10/2016	Summarizing CIBC credit card statements [REDACTED] [REDACTED] Gillian Goldblatt.	1.00	\$225.00	\$225.00
Mon	03/14/2016	Summarizing CIBC credit card statements [REDACTED]	4.00	\$225.00	\$900.00
Tues	03/15/2016	Summarizing CIBC credit card statements for [REDACTED]	4.00	\$225.00	\$900.00
Wed	03/16/2016	Summarizing CIBC credit card statements for [REDACTED]	2.00	\$225.00	\$450.00
Mon	03/21/2016	Index and watermark new SEI documents.	1.00	\$225.00	\$225.00
Tues	03/22/2016	Index and watermark new SEI documents.	2.00	\$225.00	\$450.00
Wed	03/23/2016	Index and watermark new SEI documents.	3.00	\$225.00	\$675.00
Thur	03/24/2016	Index and watermark new SEI documents.	1.00	\$225.00	\$225.00
Thur	04/14/2016	Summarizing HSBC bank statements for Parrot Marketing Inc. into Excel spreadsheet for [REDACTED]	3.00	\$225.00	\$675.00
Fri	04/15/2016	Summarizing HSBC bank statements for Parrot Marketing Inc. [REDACTED]	3.00	\$225.00	\$675.00
		Frieda Kanaris (FKA)	<u>30.00</u>		<u>\$6,750.00</u>
Gillian Goldblatt (GGO)					
Wed	03/09/2016	Begin Review of [REDACTED]	0.50	\$300.00	\$150.00
Thur	03/10/2016	Review of [REDACTED]; call with counsel [REDACTED]	3.60	\$300.00	\$1,080.00
Fri	03/11/2016	Update call with counsel and DRP; lengthy meeting with PGE and counsel [REDACTED] begin review and draft of outstanding sections of report.	5.60	\$300.00	\$1,680.00
Mon	03/14/2016	Continue review and update of [REDACTED]	1.40	\$300.00	\$420.00
Tues	03/15/2016	Continue update of [REDACTED] [REDACTED] continued [REDACTED] email to DRP [REDACTED] discussions with PGE [REDACTED]	7.10	\$300.00	\$2,130.00

Filters Used:

- Time Entry Date: 3/01/2016 to 4/30/2016
 - File ID: AABBL-R: to AABBL-R:

Detailed Time Dockets

Printed on: 5/17/2016

Page 2 of 4

File Name (ID): Banners Broker International Limited (AABBL-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Gillian Goldblatt (GGO)					
Wed	03/16/2016	Complete review and update of [REDACTED] [REDACTED] email to counsel [REDACTED]; review and discussion of up [REDACTED] [REDACTED] Review of draft FoF and email to DRP [REDACTED]	7.20	\$300.00	\$2,160.00
Thur	03/17/2016	Call with DRP [REDACTED] lengthy meeting with counsel and PGE [REDACTED] continue review and update [REDACTED]	7.80	\$300.00	\$2,340.00
Fri	03/18/2016	Lengthy call with DRP [REDACTED] [REDACTED] review email from H. Fogul; various emails to counsel, JLS, and PGE; continue review and update [REDACTED]	6.70	\$300.00	\$2,010.00
Mon	03/21/2016	Prepare R&D, send to DRP; prepare dockets for Report to Court, send to E. Craddock; review and update of [REDACTED] [REDACTED] t/c with counsel [REDACTED]	8.70	\$300.00	\$2,610.00
Tues	03/22/2016	Extensive review and continued update [REDACTED] [REDACTED] t/c with counsel [REDACTED]	5.70	\$300.00	\$1,710.00
Wed	03/23/2016	Call with DRP [REDACTED] [REDACTED] begin drafting memo to file on [REDACTED] [REDACTED] t/c with counsel [REDACTED]	6.10	\$300.00	\$1,830.00
Thur	03/24/2016	call with DRP and counsel [REDACTED] lengthy call with J. Chaplin @ DRP [REDACTED] further analysis [REDACTED] and email to DRP [REDACTED]	5.40	\$300.00	\$1,620.00
Sun	03/27/2016	Finalizing review [REDACTED]	1.10	\$300.00	\$330.00
Mon	03/28/2016	Continue review and update of [REDACTED] [REDACTED] email to DRP and counsel [REDACTED] finalize R&D and dockets and re-send to counsel.	6.70	\$300.00	\$2,010.00
Tues	03/29/2016	Draft [REDACTED] [REDACTED] emails and T/C to/with CBB [REDACTED]; emails to DRP [REDACTED]	5.70	\$300.00	\$1,710.00
Wed	03/30/2016	lengthy call with DRP [REDACTED] call with counsel [REDACTED] [REDACTED] various emails to counsel [REDACTED] [REDACTED] review and update [REDACTED] emails to DRP [REDACTED]	8.40	\$300.00	\$2,520.00
Thur	03/31/2016	lengthy call with DRP [REDACTED] calls with counsel [REDACTED] Extensive final review and update [REDACTED] [REDACTED] send [REDACTED] [REDACTED] to JLS and counsel.	10.60	\$300.00	\$3,180.00
Fri	04/01/2016	call with counsel [REDACTED] review [REDACTED] [REDACTED] Further update of [REDACTED] [REDACTED]	2.40	\$300.00	\$720.00
Sun	04/03/2016	Final review and comments [REDACTED] email to DRP and counsel [REDACTED]	2.60	\$300.00	\$780.00
Mon	04/04/2016	discussion with PGE [REDACTED] discussion with counsel [REDACTED] t/c with DRP [REDACTED]	0.80	\$300.00	\$240.00
Tues	04/05/2016	Call with DRP, MB, counsel [REDACTED] emails with ECR [REDACTED]	1.10	\$300.00	\$330.00

			email to DRP			
Wed	04/06/2016	t/c with counsel	various emails with DRP and counsel	0.80	\$300.00	\$240.00
Thur	04/07/2016	t/c with counsel	emails with DRP and counsel discussion with PGE review	2.30	\$300.00	\$690.00

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Filters Used:

- Time Entry Date: 3/01/2016 to 4/30/2016
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Detailed Time Dockets

Printed on: 5/17/2016

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File Name (ID): Banners Broker International Limited (AABBL-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Gillian Goldblatt (GGO)					
Fri	04/08/2016	Attendance at Commercial List; emails with PGE	3.40	\$300.00	\$1,020.00
Sun	04/10/2016	Review	2.10	\$300.00	\$630.00
Mon	04/11/2016	Review with E. Craddock; discussions emails begin preparing s.246(2) notices, open new account for Stellar Point receivership; Draft copy for SP website copy, email to PGE	2.80	\$300.00	\$840.00
Tues	04/12/2016	call with counsel emails with PGE finalize s.246 reporting and send to PGE scan HSBC bank statements and backup received; email to FKA	3.40	\$300.00	\$1,020.00
Thur	04/14/2016	Call with counsel	1.00	\$300.00	\$300.00
Mon	04/18/2016	Attendance at criminal court.	1.20	\$300.00	\$360.00
Tues	04/19/2016	t/c with counsel discussion with PGE	0.50	\$300.00	\$150.00
Thur	04/21/2016	review R&D and send to JLs; call with Daniel at DRP instruct Banking to move funds into Receivership Trust Account.	1.50	\$300.00	\$450.00
Fri	04/22/2016	Review discussion with PGE email to counsel prepare invoice for March 2016, prepare cheque recs for Receiver and counsel fees for March.	1.40	\$300.00	\$420.00
Mon	04/25/2016	Lengthy meetings with JLs and counsel	5.00	\$300.00	\$1,500.00
Tues	04/26/2016	Meetings with JLs and counsel	4.00	\$300.00	\$1,200.00
Fri	04/29/2016	prepare BIA Reporting, send to PGE review of	3.10	\$300.00	\$930.00
Gillian Goldblatt (GGO)			137.70		\$41,310.00
Harvey S. Lipman (HLI)					
Mon	03/21/2016	Administration of Trust Funds.	0.30	\$575.00	\$172.50
Thur	04/28/2016	Administration of Trust Funds	0.20	\$575.00	\$115.00
Harvey S. Lipman (HLI)			0.50		\$287.50
Inga Friptuleac (IFR)					
Mon	03/21/2016	Collapse GIC; Issue cheques.	0.80	\$50.00	\$40.00
Mon	04/18/2016	Collapsing GIC; Issue cheques; Deposit	1.00	\$50.00	\$50.00
Mon	04/25/2016	Term Investment; Prepare cheques	0.80	\$50.00	\$40.00
Inga Friptuleac (IFR)			2.60		\$130.00

Phillip H. Gennis (PGE)

Thur	03/03/2016	Review and respond to emails from February 8 to and including March 2nd.	3.50	\$600.00	\$2,100.00
Tues	03/08/2016	Review of draft 4th Report.	3.25	\$600.00	\$1,950.00
Wed	03/09/2016	Meeting with Cassels Brock [REDACTED]	2.00	\$600.00	\$1,200.00
Fri	03/11/2016	Conference call with UK; [REDACTED]	4.00	\$600.00	\$2,400.00
Mon	03/14/2016	Re-read of Fourth Report.	1.25	\$600.00	\$750.00
Tues	03/15/2016	Telephone discussion with David Ward regarding [REDACTED]	0.75	\$600.00	\$450.00

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 - File ID: AABBL-R: to AABBL-R:

Detailed Time Dockets

Printed on: 5/17/2016

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File Name (ID): Banners Broker International Limited (AABBL-R:)

Day	Date	Memo	B-Hrs	B-Rate	Amount
Phillip H. Gennis (PGE)					
Thur	03/17/2016	Attendance before Justice Wilton-Siegel; meeting at Cassels Brock [REDACTED] email from David Ward; telephone discussion with David Ward.	2.50	\$600.00	\$1,500.00
Fri	03/18/2016	Review JL Report to Isle of Mann Court.	1.50	\$600.00	\$900.00
Mon	03/21/2016	Review of JL Reports to Isle of Mann Court; telephone discussion with Counsel.	2.00	\$600.00	\$1,200.00
Tues	03/22/2016	Review of Draft Fifth Report.	2.00	\$600.00	\$1,200.00
Mon	03/28/2016	Further review of draft fifth report; email exchange with Counsel	2.00	\$600.00	\$1,200.00
Tues	03/29/2016	Further [REDACTED] telephone discussion with Counsel; review of SRD; email exchange with Counsel; review of emails from Harry Fogul	2.00	\$600.00	\$1,200.00
Wed	03/30/2016	[REDACTED] review of amendments to Report; Liasing with Counsel.	2.75	\$600.00	\$1,650.00
Wed	03/30/2016	Further review of Fifth Report; attendance before Justice Wilton-Siegel; email exchange with Counsel and JLS.	2.50	\$600.00	\$1,500.00
Thur	03/31/2016	Oversight of revisions to Fifth Report; communication with Counsel.	2.50	\$600.00	\$1,500.00
Fri	04/01/2016	Telephone discussions with Counsel; further review of fifth report	1.50	\$600.00	\$900.00
Mon	04/04/2016	Final review of Fifth Report prior to execution and delivery to Counsel; review and execution of Fee Affidavit; [REDACTED]	3.00	\$600.00	\$1,800.00
Tues	04/05/2016	Telephone discussion with Counsel; Review of Motion Materials	2.00	\$600.00	\$1,200.00
Wed	04/06/2016	Review [REDACTED]	1.50	\$600.00	\$900.00
Thur	04/07/2016	Email exchange with Counsel; final revisions to Orders for hearing to be held April 8th.	1.25	\$600.00	\$750.00
Fri	04/08/2016	Attendance before HHJ Heaney; review of [REDACTED]	2.50	\$600.00	\$1,500.00
Mon	04/11/2016	Review [REDACTED]	1.75	\$600.00	\$1,050.00
Wed	04/13/2016	Further review [REDACTED] telephone discussions with Counsel; internal meetings	1.25	\$600.00	\$750.00
Thur	04/14/2016	Conference call with Counsel [REDACTED]	1.00	\$600.00	\$600.00
Thur	04/21/2016	Telephone discussions with Counsel; brief meeting with GG; review of emails from JLS.	0.75	\$600.00	\$450.00
Fri	04/22/2016	Telephone call with Counsel.	0.75	\$600.00	\$450.00
Mon	04/25/2016	Meetings in Toronto with Joint Liquidators; [REDACTED]	5.00	\$600.00	\$3,000.00
Tues	04/26/2016	Meeting at Cassels Brock; Meeting with Joint Liquidators	4.00	\$600.00	\$2,400.00
Wed	04/27/2016	Preliminary memo from David Ward regarding [REDACTED]	0.75	\$600.00	\$450.00
Thur	04/28/2016	[REDACTED] Consider [REDACTED]	1.75	\$600.00	\$1,050.00
Fri	04/29/2016	Lengthy telephone discussion with Counsel [REDACTED]	1.75	\$600.00	\$1,050.00

Phillip H. Gennis (PGE) 65.00\$39,000.00Total for File ID AABBL-R: 235.90\$87,527.00

Grand Total: 235.90

\$87,527.00

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

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Lawyers for the Applicants

Tab 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 LARRY ELLIS
(sworn May 18, 2016)**

I, Larry Ellis, 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. ("**Bannersbroker Canada**") and court-appointed investigatory receiver of certain entities affiliated with BBIL and its principals. 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 March 1, 2016 and April 30, 2016 Cassels charged fees and disbursements in the aggregate amount of \$431,707.50 plus applicable Harmonized Sales Tax. Attached as **Exhibit "A"** are true copies of these invoices.

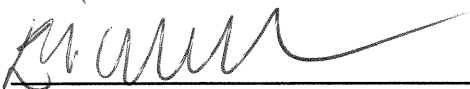
4. Attached hereto and marked as **Exhibit "B"** is a summary of the lawyers whose services are reflected on the invoices, including, year of call, hourly rate, and a summary of the total fees and hours billed.

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 \$550.51.

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 18th day of May, 2016.



Commissioner for Taking Affidavits



LARRY ELLIS

This is **Exhibit "A"** referred to in the affidavit
of **LARRY ELLIS** sworn before me in the
City of Toronto, in the Province of Ontario,
this 18th day of May, 2016.


.....
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: 05/04/16
Our File #: 045803-00002
Invoice #: 1986755
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 04/30/16

Date		Description	Hours
04/01/16	ECR	Finalize draft report and motion record; revise report based on comments;	5.70
04/01/16	DSW	Review draft [REDACTED]; instructions to Jeremy Martin; emails and correspondence with Harry Fogul and Esmaeil Mehrabi regarding relief on Omnibus motion and Smith/Dixit position; correspondence to and from Miles Benham/ Carly Stratton; several calls and meeting with Erin Craddock; review and consider Confidential Appendices A, B and C (in draft) and [REDACTED]; review and revise fee affidavits;	6.50

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
04/01/16	LCE	Review comments from Gillian Goldblatt in [REDACTED] [REDACTED]; meeting with team to discuss [REDACTED] [REDACTED] review and respond to multiple emails throughout day from joint liquidators in connection with [REDACTED] [REDACTED] review of draft order and provide [REDACTED] [REDACTED] review and respond to multiple emails from Harry Fogul in connection with the draft report and make [REDACTED] meeting with team to [REDACTED] [REDACTED] review of comments from Paul Appletons team in connection with [REDACTED] [REDACTED] review and respond to multiple emails from Erin Craddock regarding [REDACTED] [REDACTED]	7.50
04/02/16	ECR	Telephone call and correspondence with David Ward regarding [REDACTED]	0.20
04/03/16	ECR	Telephone call with David Ward regarding Fifth Report and [REDACTED] review and revised redacted dockets;	2.50
04/03/16	JMARTIN	Revising and reorganizing [REDACTED]	10.10
04/03/16	DSW	Receipt and consider correspondence and suggestion regarding [REDACTED] [REDACTED] revisions to Fifth report and black line for [REDACTED] [REDACTED] receipt and consider correspondence from Miles Benham and Associates; consider [REDACTED] [REDACTED]; preparation of correspondence to Carly Stratton; discussion with Erin Craddock; further revisions to notice of motion;	5.30

Date		Description	Hours
04/03/16	LCE	Review most recent turn of the report in [REDACTED] [REDACTED] review communication to Harry Fogul in connection with same; review [REDACTED] [REDACTED]	2.00
04/04/16	RDK	Review Notice of Motion; review Receiver Report (5th); meeting and discussion with D. Ward; receive instructions; research [REDACTED] [REDACTED]	1.30
04/04/16	ECR	Finalize and serve Fifth Report;	6.20
04/04/16	JMARTIN	Continuing revisions of [REDACTED];	5.10
04/04/16	DSW	Draft and revise notice of motion; receipt and review additional comments from Jon Chaplin; receipt and review additional communication from Gillian Goldblatt; emails and discussion with counsel for Christopher Smith regarding Receiver's Omnibus motion and [REDACTED] [REDACTED]; work on statement of claim; meeting with Jeremy Martin; discussion with Receiver; instructions to Rob Kligman regarding [REDACTED] [REDACTED]	7.80
04/04/16	LCE	Work throughout day in connection with finalizing court material in preparation for filing material; calls with Harry Fogul to address last minute revisions to draft court material; internal meeting [REDACTED] [REDACTED] telephone conversation with receiver to discuss [REDACTED] [REDACTED] complete analysis in connection [REDACTED] [REDACTED]	4.00
04/05/16	LEL	Review precedent [REDACTED]	0.60
04/05/16	LEL	Draft outline [REDACTED]	1.70

Date		Description	Hours
04/05/16	ECR	Finalize motion for filing; discussions with Gillian Goldblatt regarding [REDACTED] instructions from David Ward; meeting with Larry Ellis and Len Loewith regarding [REDACTED] conference call with Carly Stratton, Chris Webb, David Ward, and Larry Ellis regarding [REDACTED]; discussions with Rob Kligman regarding [REDACTED]	5.50
04/05/16	DSW	Preparation of correspondence to John Scott; discussion with counsel for HSBC; review [REDACTED] conference call with Joint Liquidators regarding [REDACTED] preparation of [REDACTED] discussions and correspondence with Brian McNeely regarding Crown claims to Restraint Funds; revisions to order approving the Fifth Report; revisions to Receivership Order; consider [REDACTED]	6.80
04/05/16	LCE	Review and respond to communications in connection with HSBC comments on draft order and provide direction to Erin Craddock [REDACTED] prepare for and attend on call with team regarding [REDACTED] telephone conversation with receiver regarding [REDACTED]	1.70
04/05/16	RDK	Meeting and discussion with D. Ward and E. Craddock; research [REDACTED]; review Orders;	5.00
04/05/16	JMARTIN	Drafting [REDACTED]	11.60
04/05/16	LEL	Meeting with L. Ellis and E. Craddock for [REDACTED];	0.60

Date		Description	Hours
04/06/16	RDK	Research [REDACTED]; meeting and discussion with D. Ward; preparation of Statement of Law; preparation of Brief of Authorities;	3.00
04/06/16	LEL	Meeting with L. Ellis; call with R. Kligman; review [REDACTED];	1.70
04/06/16	JMARTIN	Revising Statement of Claim; meeting with D. Ward; accepting feedback on Statement of Claim;	7.30
04/06/16	DSW	Discussion with Esmaeil Mehrabi regarding Dixit position on Fifth Report and related relief; meeting with Erin Craddock to [REDACTED] [REDACTED] draft and revise [REDACTED]; meetings with Jeremy Martin; correspondence with Harry Fogul; further discussion with counsel for principals; emails with Brian McNeely, Crown; revise and update [REDACTED] telephone discussion with Commercial List office; meeting with Rob Kligman regarding [REDACTED] preparation of hearing of motion; follow up and further revisions for Jeremy Martin;	7.90

Date		Description	Hours
04/06/16	LCE	Call with Harry Fogul to discuss updating our material to blackline certain information and follow up with Erin Craddock [REDACTED]; review revised material and consider [REDACTED] [REDACTED] review and consider communications with HSBC in connection with draft court report; review and consider email communications from Harry Fogul with respect to requested revisions to court report; meeting with David Ward to discuss [REDACTED] [REDACTED] review [REDACTED] [REDACTED] review lengthy email from Erin Craddock to HSBC in connection with relief being sought; review emails from various counsel in connection with hearing and consider same in preparation for hearing on Friday; review [REDACTED] [REDACTED] [REDACTED]	5.70
04/06/16	ECR	Correspondence and discussions with Catherine Latulippe regarding form of order; correspondence with Gillian Goldblatt regarding [REDACTED] redactions to motion record regarding privacy concerns of Smith; review and summarize [REDACTED] [REDACTED] draft email to service list; review and serve motion record; research regarding [REDACTED] [REDACTED]	7.30
04/07/16	RDK	Review and revise [REDACTED]	0.70
04/07/16	JMARTIN	Final revisions to [REDACTED] circulating to Joint Liquidators;	3.90
04/07/16	ON	Received and reviewed instructions; conducted updated PPSA searches; forwarded for review;	0.60
04/07/16	ECR	Prepare for court attendance on omnibus motion; review and consider [REDACTED]	7.30

Date		Description	Hours
04/07/16	DSW	Emails, correspondence and discussion with Catherine Latulippe regarding HSBC impact into draft form of production order; correspondence and discussion with Esmaeil Mehrabi regarding Dixits requested form of endorsement; discussion with Phil Gennis; discussion with Esmaeil Mehrabi regarding proposed endorsement; discussion with Harry Fogul regarding narrowing of HSBC records request specifically to Parrot; revise statement of law; meeting with Erin Craddock regarding [REDACTED] instructions to Jeremy Martin; draft and revise [REDACTED]	7.80
04/07/16	LCE	Review draft endorsement language as prepared and provided for by counsel to Chris Smith and [REDACTED] prepare for court attendance to have receiver appointed over Banners Broker Canada; review updated general court order in light of HSBC comments and to [REDACTED] review revised endorsement language proposed by counsel for Chris Smith;	2.80
04/08/16	DSW	Negotiate final changes to order; complete preparation for motion including review of Brief of Authorities; attendance on motion before Mr. Justice Hainey; review endorsement and issued and entered order and instructions to Erin Craddock; correspondence to Service List; review and revise [REDACTED] review and revise [REDACTED]	6.10
04/08/16	LCE	Attend court hearing with client for the primary purpose of having receiver appointed over banners broker Canada and for other general relief; update call with client regarding [REDACTED] review final issued order together with final issued endorsement and [REDACTED] review and respond to [REDACTED] [REDACTED] [REDACTED]	3.00

Date		Description	Hours
04/08/16	RDK	Review and revise draft [REDACTED] [REDACTED]	2.80
04/08/16	JMARTIN	Reading endorsement and order of Justice Haney; follow-up with E. Craddock;	1.10
04/08/16	ECR	Attend court for omnibus hearing; obtain issued and entered order; serve same on service list;	3.50
04/09/16	LCE	Review communication from joint liquidator in connection with [REDACTED] review recently revised version of [REDACTED]	1.20
04/11/16	DSW	Emails with Phil Gennis and telephone discussion with Phil Gennis regarding [REDACTED] review draft and revise [REDACTED] memorandum to Rob Kligman regarding [REDACTED] meeting with Erin Craddock regarding [REDACTED] meeting with Rob Kligman to discuss [REDACTED] [REDACTED]	5.10
04/11/16	LCE	Review recent correspondence from HSBC and attached banking documents provided in compliance with recent court order; internal meeting to discuss [REDACTED] [REDACTED];	1.80
04/11/16	RDK	Research; meeting and discussion with D. Ward;	1.50
04/11/16	JMARTIN	Reviewing and revising [REDACTED]	3.50
04/11/16	LEL	Draft [REDACTED]	6.80
04/11/16	ECR	Review and provide [REDACTED] instructions from David Ward;	4.00
04/12/16	JMARTIN	Proofing [REDACTED]	1.40
04/12/16	CS	Email from and to E. Craddock; prepare printouts of HSBC documents;	0.40
04/12/16	LEL	Draft [REDACTED] conduct research re [REDACTED] [REDACTED]	6.00
04/12/16	ECR	Review and consider [REDACTED]	5.90

Date		Description	Hours
04/12/16	LCE	Review and respond to communication from joint liquidator in connection with [REDACTED] [REDACTED] follow-up conversation with [REDACTED] [REDACTED]; work with team to establish [REDACTED] [REDACTED] review [REDACTED] review most recent version of the [REDACTED] [REDACTED]	2.40
04/13/16	RDK	Meeting and discussion with J. Martin [REDACTED] [REDACTED]	1.50
04/13/16	LEL	Continue draft [REDACTED];	4.50
04/13/16	JMARTIN	Meeting with R. Kligman in respect of [REDACTED] [REDACTED] making revisions to Statement of Claim; considering [REDACTED] [REDACTED] [REDACTED]	6.40
04/13/16	ECR	Review and consider [REDACTED] provide [REDACTED]	4.70
04/13/16	LCE	Telephone conversation with receiver in connection with [REDACTED] [REDACTED] [REDACTED]	0.50
04/14/16	JMARTIN	Revising [REDACTED] [REDACTED] conference call with receiver; meeting with E. Craddock and L. Ellis; further, more [REDACTED] [REDACTED] [REDACTED]	10.40
04/14/16	RDK	Preparation of memorandum to D. Ward/L. Ellis; review and revise [REDACTED] meeting and discussion with J. Martin;	0.60
04/14/16	LEL	Continue [REDACTED] [REDACTED]	7.20
04/14/16	ECR	Review [REDACTED] [REDACTED] [REDACTED]	6.40

Date		Description	Hours
04/14/16	LCE	RRview comment from joint liquidators on [REDACTED] [REDACTED] telephone conversation with receiver in connection with [REDACTED] [REDACTED] review revised [REDACTED] respond to numerous emails from joint liquidators in connection with [REDACTED] [REDACTED] meeting with Erin Craddock and Jeremy Martin [REDACTED] [REDACTED]	4.40
04/15/16	JMARTI N	[REDACTED]	15.30
04/15/16	LEL	Finish draft [REDACTED] review and revise for review by E. Craddock;	6.50
04/15/16	ECR	Draft letter to Meridian Credit Union; Update Canadian task list; meeting with Jeremy Martin regarding [REDACTED]	11.00
04/15/16	LCE	Multiple calls throughout day in connection with [REDACTED] call regarding [REDACTED]	2.00
04/16/16	JMARTI N	Revisions to [REDACTED] [REDACTED] forwarding to internal team;	5.70
04/18/16	JMARTI N	Preparing for meeting, commencing outline of [REDACTED]	2.00
04/18/16	ECR	Attend criminal court; reporting email to David Ward, Larry Ellis, and Phil Gennis [REDACTED] [REDACTED]	1.50
04/18/16	LEL	Continue [REDACTED] [REDACTED]	3.20

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Date		Description	Hours
04/18/16	LCE	Prepare for and attend on call with team to discuss [REDACTED] [REDACTED] follow up with Erin Craddock regarding [REDACTED]; review draft [REDACTED] [REDACTED] review update regarding criminal court and [REDACTED] [REDACTED]	1.80
04/19/16	ECR	Correspondence to Meridian Credit Union regarding outstanding statements; telephone call with Gillian Goldblatt [REDACTED] [REDACTED] telephone call to Francis Best; correspondence with David Ward regarding [REDACTED] [REDACTED] review documents received from HSBC;	2.00
04/19/16	LCE	Review update from Erin Craddock in connection with [REDACTED] [REDACTED] and meet with David Ward to discuss [REDACTED] [REDACTED] internal meeting to prepare for [REDACTED] [REDACTED] review [REDACTED] [REDACTED] review [REDACTED] [REDACTED];	2.10
04/20/16	LCE	Emails and meetings throughout day in connection with [REDACTED] [REDACTED] [REDACTED]	1.20
04/20/16	ECR	Preparations for global team meeting;	2.00
04/21/16	ECR	Prepare for global team meeting including [REDACTED] [REDACTED]	7.60

Date		Description	Hours
04/21/16	DSW	Emails to and from Miles Benham; meeting with Canada team in [REDACTED] [REDACTED] consider revisions to [REDACTED] [REDACTED] discussion with Jeremy Martin regarding [REDACTED] [REDACTED] consider [REDACTED]	3.20
04/21/16	JMARTIN	Preparing for and attending [REDACTED] [REDACTED] reviewing [REDACTED] [REDACTED]; beginning to update [REDACTED] [REDACTED];	3.50
04/21/16	LCE	Review emails and communications throughout day in connection with [REDACTED] [REDACTED] call with client to discuss [REDACTED] [REDACTED]; review draft agenda as prepared by Erin Craddock [REDACTED] review revised version of [REDACTED] [REDACTED]	1.90
04/22/16	DSW	Review and revise updated [REDACTED] [REDACTED] to Erin Craddock; revise and finalize draft Agenda; revise and finalize [REDACTED] [REDACTED] correspondence to Receiver; telephone discussion with Esmaeil Mehrabi regarding Dixit attendance before Justice Hainey;	4.20
04/22/16	JMARTIN	Updating and revising [REDACTED]	4.10
04/22/16	ECR	Preparations for global team meeting including [REDACTED]	3.00
04/22/16	LEL	Discuss [REDACTED] provide copy to D. Ward [REDACTED]	0.30

Date		Description	Hours
04/22/16	LCE	Review [REDACTED] [REDACTED] review correspondence from joint liquidators throughout day in connection with [REDACTED] [REDACTED] meetings with David Ward to discuss [REDACTED] [REDACTED] review draft [REDACTED]	3.50
04/24/16	DSW	Review file materials in preparation for Joint Liquidator's meeting including [REDACTED] [REDACTED] complete review of [REDACTED] correspondence/emails with Larry Ellis and Phil Gennis;	1.80
04/24/16	ECR	Draft [REDACTED] [REDACTED]	3.00
04/24/16	LCE	Review communications from joint liquidators in connection with [REDACTED] [REDACTED]	1.50
04/25/16	DSW	Full day meeting with Receiver and Joint Liquidator;	6.00
04/25/16	CHORKI NS	Prepare for and attend meetings with Joint Liquidators, Spergel and Cassels teams;	2.30
04/25/16	JMARTI N	Attending meeting with Joint Liquidators; administration in respect of [REDACTED] [REDACTED] preparation for following day's meeting;	6.20
04/25/16	ECR	Attend BBIL global team meeting;	9.40
04/25/16	LEL	Meeting with D. Ward re [REDACTED]	0.40
04/25/16	LCE	Prepare for and attend meetings with joint liquidators, receiver and legal team to discuss [REDACTED] [REDACTED] [REDACTED]	8.00

Date		Description	Hours
04/26/16	CHORKI NS	Attend meeting with Paul Appleton, Miles Benham, Phil Gennis, Gillian Goldblatt and Cassels BBIL Team; Meet with D. Ward and L. Ellis to discuss [REDACTED] [REDACTED]	3.60
04/26/16	JMARTI N	Attending meeting with Joint Liquidators; [REDACTED]	3.00
04/26/16	DSW	Meeting with Joint Liquidators and Receiver; meeting with Larry Ellis and Chris Horkins regarding [REDACTED] preparation of [REDACTED] outline Canada [REDACTED];	3.80
04/26/16	ECR	Attend BBIL global team meeting; meeting and working lunch with Gillian Goldblatt and Miles Benham regarding [REDACTED] [REDACTED]	4.00
04/26/16	LCE	Prepare for and attend meeting with joint liquidators, receiver and the legal team to [REDACTED] meeting with David Ward and Chris Horkins to discuss [REDACTED] [REDACTED] review email from Carly in connection with [REDACTED] [REDACTED] review draft communication from David Ward to receiver in connection with [REDACTED] [REDACTED]	4.50
04/27/16	DSW	Arrangements regarding [REDACTED] instructions to Jeremy Martin;	0.50
04/27/16	JMARTI N	Reviewing [REDACTED] [REDACTED] reviewing [REDACTED];	0.70
04/27/16	ECR	Submit requests to Barrie investigators [REDACTED] [REDACTED] instructions from Gillian Goldblatt and David Ward [REDACTED] [REDACTED]	4.40

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Date		Description	Hours
04/27/16	LEL	Meeting with D. Ward and E. Craddock to discuss [REDACTED]	0.40
04/27/16	LCE	Review communications throughout day in connection with [REDACTED]	1.30
04/28/16	DSW	Review and revise [REDACTED]	1.30
04/28/16	JMARTIN	Revising and circulating [REDACTED]	3.60
04/28/16	JMARTIN	Reviewing [REDACTED]	2.20
04/28/16	LCE	Review [REDACTED]	1.00
04/29/16	DSW	Review and revise [REDACTED] instructions to Erin Craddock and [REDACTED]	1.30
04/29/16	LCE	Continue review of [REDACTED] emails throughout the day with David Ward and Erin Craddock regarding [REDACTED]	1.40
04/30/16	JMARTIN	Reviewing [REDACTED] e [REDACTED]	2.10

Time Summary

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Cathy Stallone	0.40	300.00	120.00
Advocacy Law Clerk			
Christopher Horkins	5.90	390.00	2,301.00
Advocacy Associate			
David S. Ward	75.40	755.00	56,927.00
Senior Advocacy Partner			
Erin Craddock	107.10	480.00	51,408.00
Financial Services Partner			
Jeremy Martin	109.20	390.00	42,588.00
Advocacy Associate			
Larry Ellis	67.20	625.00	42,000.00
Financial Services Partner			
Leonard Loewith	39.90	395.00	15,760.50
Financial Services Associate			
Olivia D'Innocenzo	0.60	250.00	150.00
Business Law Clerk			
Robert D. Kligman	16.40	745.00	12,218.00
Advocacy Partner			
Our Fee			223,472.50
HST on Fees			<u>29,051.43</u>
Total Fees and Tax			252,523.93

Taxable Disbursements

Paid for photocopies, delivery, long distance telephone calls, travel, courier, agency fees and disbursements, Certificate of Status

Total Taxable Disbursements	7,172.04
HST on Disbursements	932.37
Total Taxable Disbursements and Tax	<u>8,104.41</u>

Non-Taxable Disbursements

Paid for travel, accommodations, administrative filing, searches and delivery fees

Sub-total	1,786.79
Total Disbursements and Tax	<u>9,891.20</u>

Total Fees, Disbursements & Tax **\$262,415.13**

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: 04/15/16
Our File #: 045803-00002
Invoice #: 1985835
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-OOCL

TO PROFESSIONAL SERVICES RENDERED up to and including 03/31/16

Date		Description	Hours
03/01/16	DSW	Work on Omnibus Report;	3.20
03/01/16	ECR	Revise Receiver's report;	6.50
03/01/16	JMARTIN	[REDACTED] research; preparing brief memorandum for D. Ward in respect of [REDACTED] [REDACTED] [REDACTED]	4.70

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Date		Description	Hours
03/01/16	LCE	Review and respond to emails and communications from counsel for joint liquidators in connection with [REDACTED] [REDACTED] review file to [REDACTED] [REDACTED] review communication from Paul Appleton in connection with [REDACTED] review [REDACTED] [REDACTED] review communications all with respect to [REDACTED] [REDACTED] follow-up conversation with counsel for [REDACTED] [REDACTED] meeting with team to discuss [REDACTED] [REDACTED]	5.50
03/02/16	DSW	Draft and revise Fourth Report;	3.20
03/02/16	ECR	Revise Receiver's report;	3.00
03/02/16	LCE	Telephone conversation with client in connection with [REDACTED] [REDACTED] review draft order in connection with [REDACTED] [REDACTED] review [REDACTED] [REDACTED] review draft notice of motion [REDACTED]	2.60
03/03/16	DSW	Draft and revise Receiver's Report; discussion with Larry Ellis; report to Receiver;	5.10
03/03/16	LCE	Review draft for the report circulated by David Ward [REDACTED] [REDACTED]	1.50

Date		Description	Hours
03/04/16	DSW	Correspondence to Receiver; receipt and review correspondence from Joint Liquidator and incorporate [REDACTED] [REDACTED] [REDACTED] [REDACTED] review & and revise [REDACTED] [REDACTED]	3.20
03/04/16	ECR	Correspondence with HSBC regarding outstanding requests;	0.30
03/04/16	JMARTIN	Secondary research into [REDACTED] [REDACTED]	2.20
03/04/16	LCE	Review communication from client in connection with [REDACTED] [REDACTED]; review information from joint liquidators in connection with [REDACTED] [REDACTED] [REDACTED] communications with counsel for HSBC Canada and follow-up discussion with Erin Craddock [REDACTED]; review fourth report and [REDACTED] [REDACTED]	2.80
03/06/16	LCE	Review communication from receiver and discuss [REDACTED] [REDACTED]; review index to first report and [REDACTED] [REDACTED]	1.40
03/07/16	DSW	Correspondence and discussions with Receiver; Revisions to Report;	0.90
03/07/16	ECR	Review Fourth Report [REDACTED] [REDACTED]	5.10
03/07/16	LCE	Communications with team in connection with [REDACTED] meeting with David Ward to [REDACTED] [REDACTED] follow-up communication with Harry Fogul to discuss [REDACTED] [REDACTED] [REDACTED] telephone conversation with client to discuss [REDACTED] [REDACTED]	3.20

Date		Description	Hours
03/08/16	DSW	Draft and revise Fourth Report; discussion with Larry Ellis regarding [REDACTED] [REDACTED] meeting with Erin Craddock regarding [REDACTED] [REDACTED]	2.70
03/08/16	JMARTIN	Pulling [REDACTED] r [REDACTED]	0.40
03/08/16	LCE	Work with team to schedule meeting for [REDACTED] comprehensive review of fourth report to court and discussion with David Ward and Erin Craddock [REDACTED] [REDACTED]	2.00
03/08/16	ECR	Instructions from David Ward; review correspondence; review search results relating [REDACTED]	1.50
03/09/16	CS	Email from Erin Craddock; review searches and order various search from Olivia D'Innocenzo;	0.40
03/09/16	DSW	Meeting with Larry Ellis and Receiver; correspondence to and from Joint Liquidators; review status of [REDACTED] [REDACTED] draft and revise fourth report;	4.70
03/09/16	ECR	Review [REDACTED]	3.00
03/09/16	ON	Received and reviewed instructions; conducted Ontario and federal corporate and security searches against [REDACTED] [REDACTED]	1.40
03/09/16	LCE	Work with international team to establish [REDACTED] provide [REDACTED] [REDACTED] [REDACTED] communications throughout day in connection with [REDACTED] [REDACTED]	2.80
03/10/16	ECR	Review and analyze [REDACTED] [REDACTED]	6.00

Date		Description	Hours
03/10/16	ON	Organized the results; conducted business name due diligence searches; conducted execution and litigation searches;	1.00
03/10/16	DSW	Draft and revise 4th Report; revise correspondence to Harry Fogul; review exhibits [REDACTED]	3.10
		[REDACTED] meeting with Erin Craddock and telephone discussion with Gillian Goldblatt;	
03/10/16	LCE	Review communication to Harry Fogul from David Ward and [REDACTED]	3.00
		[REDACTED] telephone conversation with [REDACTED]	
		[REDACTED] review draft of court report and [REDACTED]	
03/11/16	CS	Email from E. Craddock [REDACTED] email with search clerk; file searches in DMS file;	0.30
03/11/16	DSW	Conference call with Joint Liquidators and Receiver; draft meeting with Receiver;	2.90
03/11/16	ECR	Attend BBIL team conference call; attend [REDACTED]; review and consider [REDACTED]	6.10
03/11/16	ON	Completed corporate summary reports and forwarded for review;	1.50
03/11/16	JMARTIN	Preliminary secondary research into [REDACTED]	3.10
03/11/16	LCE	Finalize preparation for call with international team and attend thereon; finalize preparation for meeting with receiver to [REDACTED]; review revised draft of court report; call with Harry Fogul to discuss [REDACTED]	3.00

Date		Description	Hours
03/14/16	DSW	Discussion with E. Merabi regarding Omnibus motion; review memo regarding [REDACTED]; [REDACTED] arrange March 17 attendance; meeting with Erin Craddock; review updated Flow of Funds Accounting;	2.50
03/14/16	CS	Email from and to E. Craddock regarding [REDACTED]; perform searches and forward to E. Craddock;	0.40
03/14/16	ECR	Revise receiver's report; review [REDACTED] instructions from David Ward; correspondence with Gillian Goldblatt; correspondence with Carly Stratton;	4.90
03/15/16	DSW	Receipt and review correspondence from Carly Stratton; preparation of correspondence to Harry Fogul and Esmaeil Mehrabi regarding Omnibus motion relief and timing; receipt and review [REDACTED]	1.20
03/15/16	DSW	Draft and revise Order release confidentiality in respect of Bank Production Order; discussion with Phil Gennis regarding [REDACTED] draft report to include description of Bank production motion;	2.20
03/15/16	ECR	Revise receiver's report;	5.60
03/15/16	LCE	Review communication from Harry Fogul in connection with outstanding undertakings and [REDACTED]; review client communication in connection [REDACTED] telephone conversation with receiver to discuss [REDACTED]	3.30

Date		Description	Hours
03/16/16	DSW	Telephone discussion with Commercial List Office; preparation of correspondence to Harry Fogul and Esmaeil Mehrabi; preparation of correspondence to Commercial List Office; correspondence and discussion with Harry Fogul regarding [REDACTED] [REDACTED] [REDACTED] receipt and consider [REDACTED] [REDACTED] [REDACTED]	3.40
03/16/16	CS	Instructions from E. Craddock regarding searches in database; perform searches and locate document; tag documents in database; email to E. Craddock;	1.40
03/16/16	ECR	Revise receiver's report; instructions to student regarding [REDACTED] instructions to Cathy Stallone; correspondence with Gillian Goldblatt regarding [REDACTED]	7.70
03/16/16	LCE	Review communication from receiver in connection with [REDACTED] [REDACTED]; work with team to establish meeting to [REDACTED] review most recent draft of draft court material and [REDACTED] [REDACTED]	1.20
03/17/16	DSW	Preparation of correspondence to Harry Fogul and Esmaeil Mehrabi regarding formal request for brief productions; preparation for and attendance before Mr. Justice Wilton-Seigel on Bank Production motion (release of confidentiality); [REDACTED] [REDACTED] preparation of correspondence to Harry Fogul regarding [REDACTED] [REDACTED]	4.80

Date		Description	Hours
03/17/16	LCE	Review communication from David Ward to Harry Fogul in connection with [REDACTED] [REDACTED] telephone conversation with David Ward to discuss [REDACTED] [REDACTED]	0.70
03/17/16	AMU	Prepare [REDACTED]	2.10
03/17/16	ECR	Team meeting regarding [REDACTED] revise report;	3.10
03/18/16	CS	Call from E. Craddock [REDACTED] [REDACTED]	0.20
03/18/16	JMARTIN	Reviewing correspondence in respect of [REDACTED]	0.70
03/18/16	ECR	Revise receiver's report; run corporate searches for entities; correspondence with counsel for RBC and CIBC regarding order;	6.00
03/18/16	DSW	Receipt and consider Liquidators final report to Court; receipt and consider [REDACTED] [REDACTED] finalize correspondence to Fogul and Mehrabi on Crown productions; follow up correspondence to RBC and CIBC regarding release of confidentiality on Bank production motion;	4.10
03/18/16	LCE	Review third report of Paul Appleton and Miles Andrew Benham in their capacities as joint liquidators and [REDACTED] [REDACTED] review exchange of communications with Harry Fogul in connection with [REDACTED] [REDACTED] review client analysis in connection with [REDACTED] [REDACTED]	3.10
03/19/16	ECR	Revise Receiver's Report;	4.00
03/20/16	DSW	Draft and revise Fifth Report;	3.10

Date		Description	Hours
03/20/16	ECR	Draft appendices for Receiver's Report;	1.20
03/21/16	BGO	Create [REDACTED] [REDACTED] [REDACTED]	2.80
03/21/16	ECR	Research regarding [REDACTED] [REDACTED] draft memorandum regarding [REDACTED] [REDACTED] discussion with Larry Ellis [REDACTED] [REDACTED] correspondence with Gillian Goldblatt and Phil Gennis [REDACTED] [REDACTED] [REDACTED]	5.00
03/21/16	JMARTIN	Reviewing and submitting [REDACTED] f [REDACTED] commencing [REDACTED] [REDACTED]	1.20
03/21/16	DSW	Draft and revise Omnibus report; meeting with Larry Ellis regarding [REDACTED] work on [REDACTED]	5.10
03/21/16	LCE	Review communication from receiver in connection with [REDACTED] review revised court report and [REDACTED] [REDACTED] [REDACTED] review drafts of certain available appendices and [REDACTED] [REDACTED] review law in connection with [REDACTED] [REDACTED] meeting with David Ward to discuss [REDACTED] [REDACTED] [REDACTED] exchange communications with Harry Fogul in connection with [REDACTED] [REDACTED]	6.40
03/22/16	BGO	Review chart and made edits, [REDACTED] [REDACTED] [REDACTED] E. Craddock;	1.20
03/22/16	DSW	Follow up with RBC regarding motion to release confidentiality; [REDACTED] [REDACTED] preparation of correspondence to Fifth Report;	4.80

Date		Description	Hours
03/22/16	JMARTIN	Commencing [REDACTED] [REDACTED]	2.70
03/22/16	ECR	Revise report; [REDACTED] [REDACTED] draft letter regarding [REDACTED] [REDACTED]	7.30
03/22/16	ON	Received and reviewed instructions; conducted Ontario PPSA searches; forwarded the results for review;	0.70
03/22/16	LCE	Review [REDACTED] [REDACTED] [REDACTED] [REDACTED] review various bank statements from [REDACTED] [REDACTED] [REDACTED] attend internal meeting to [REDACTED] [REDACTED] [REDACTED] review revised draft index and [REDACTED] work with team to schedule [REDACTED] [REDACTED] review revised index and [REDACTED] [REDACTED] review communications from joint liquidators in connection with [REDACTED] [REDACTED] work with team to schedule all hands Toronto meeting for mid April;	6.40
03/23/16	DSW	Meeting with Erin Craddock and Larry Ellis to [REDACTED] receipt and consider [REDACTED] [REDACTED] correspondence and emails with Joint Liquidators and Receiver;	5.80

Date		Description	Hours
03/23/16	ECR	Revise report; [REDACTED] [REDACTED] draft [REDACTED] discussion with Jane Dietrich regarding [REDACTED] instructions to Olivia D'Inncenzo regarding PPSA searches; draft agenda for team conference call;	6.40
03/23/16	LCE	Review and respond to various emails from joint liquidators in connection with [REDACTED] [REDACTED] attend internal meeting to review [REDACTED] [REDACTED] work with team to schedule [REDACTED] [REDACTED] [REDACTED] [REDACTED] review version of report circulated to [REDACTED] [REDACTED]	5.20
03/24/16	ECR	Attend team conference call; correspondence with David Ward [REDACTED]	1.20
03/24/16	DSW	Receipt and review correspondence and updated statement of receipts and payments from Joint Liquidators and Miles Benham; , conference call with Gillian Goldblatt regarding [REDACTED] [REDACTED] conference call with Joint Liquidators, Receiver and Cassels team; review [REDACTED] [REDACTED] [REDACTED] redraft report and [REDACTED] [REDACTED] preparation of correspondence to Harry Fogul;	7.10

Date		Description	Hours
03/24/16	LCE	Review and respond to communications from joint liquidators in connection with [REDACTED] [REDACTED] prepare for and attend on telephone conversation with team to discuss [REDACTED] [REDACTED] [REDACTED] [REDACTED] review communication from Paul Appleton [REDACTED] [REDACTED] [REDACTED] review draft receipts and disbursements together with additional appendices; review draft of the affidavit; review revised draft circulated by David Ward of report [REDACTED] internal meeting to discuss [REDACTED] [REDACTED]	4.80
03/25/16	LCE	Review draft of court report and provide [REDACTED] call with Jordan Oxley to understand [REDACTED] [REDACTED]	2.50
03/26/16	DSW	Review and revise report;	1.70
03/27/16	LCE	Page flip of receivers fifth report and [REDACTED] [REDACTED] page flip of a [REDACTED] [REDACTED] [REDACTED]	2.10
03/28/16	JMARTIN	Meeting with D. Ward; reviewing sample [REDACTED]	4.90
03/28/16	ECR	Draft notice of motion; draft orders; instructions from David Ward; correspondence with Larry Ellis; review comments from Gillian Goldblatt;	5.30

Date		Description	Hours
03/28/16	DSW	Draft and revise [REDACTED] meeting with Jeremy Martin regarding [REDACTED] in [REDACTED] meeting with Larry Ellis regarding [REDACTED] draft and revise notice of motion for Omnibus motion; correspondence with Gillian Goldblatt regarding [REDACTED] [REDACTED] [REDACTED] review Stellar Point [REDACTED]	5.90
03/28/16	LCE	Review multiple emails from Harry Fogul throughout day in connection with draft court report shared with him at the end of last week and to [REDACTED] [REDACTED] work throughout day to advance receivers court report including [REDACTED] [REDACTED] [REDACTED] work with team in connection with [REDACTED] [REDACTED] [REDACTED]	7.10
03/29/16	JMARTIN	Reviewing precedent [REDACTED] [REDACTED]	2.20
03/29/16	ECR	Revise 5th receiver's report;	8.00
03/29/16	CS	Email from E. Craddock; locate [REDACTED] [REDACTED] [REDACTED] load onto our FTP site; email to all counsel;	0.40
03/29/16	DSW	Meeting with Jeremy Martin; draft and revise [REDACTED]; meeting with Larry Ellis and Erin Craddock; draft and revise motion materials throughout the day including Fifth Report, notice of motion, Receivership Order; Report Approval Order; correspondence with Joint Liquidators and Receiver; further work on [REDACTED]	6.70

Date		Description	Hours
03/29/16	LCE	Review and respond to communication from joint liquidators in connection with [REDACTED] [REDACTED] review extensive common prepared by Gillian Goldblatt [REDACTED] [REDACTED] attend on phone call and meeting later in day to [REDACTED] [REDACTED] review draft [REDACTED] [REDACTED] meeting with David Ward to [REDACTED] review additional new documents provided for by Harry Fogul in connection with Chris Smith undertakings; review communication from Harry Fogul in connection with most recent turn of document and prepare for meeting with Harry Fogul tomorrow; review draft notice of motion, draft order and most recent version of fifth court report;	7.40
03/30/16	JMARTIN	Drafting revised [REDACTED] revisiting strategy and [REDACTED] [REDACTED]	10.80
03/30/16	DSW	Draft and revise Report; meetings and correspondence with Receiver; attendance before Justice Wilton-Siegel to obtain order releasing confidentiality on Bank Production Motion; meeting with Phil Gennis; discussion with and instructions to Jeremy Martin regarding [REDACTED] meeting with counsel for Christopher Smith regarding [REDACTED]	6.90
03/30/16	ECR	Drafting meeting regarding fifth report; revise fifth report; meeting with Harry Fogul regarding [REDACTED] redact dockets for fee affidavit; instructions from David Ward;	11.40

Date		Description	Hours
03/30/16	LCE	Multiple calls, emails and meetings throughout the day in connection with advancing receivers fifth report; review various changes to court report, court order and notice; review appendices including flow of funds and confidential appendices; attend meeting with David Ward and Erin Craddock [REDACTED] [REDACTED] [REDACTED] attend meeting with Harry Fogul to [REDACTED] [REDACTED]	7.50
03/30/16	CS	Email from and to G. Glaholt; meeting with E. Craddock and email re instructions [REDACTED] [REDACTED]	0.40
03/31/16	CS	Review documents and prepare chart of [REDACTED] [REDACTED]; email to E. Craddock;	0.60
03/31/16	DSW	Work with Jeremy Martin regarding [REDACTED] [REDACTED] discussion with Gillian Goldblatt; drafting and revise Receiver's Fifth Report; meeting with Larry Ellis and Erin Craddock; correspondence and discussion with Esmaeil Mehrabi and Harry Fogul regarding Crown Brief productions and Stellar Point;	7.80
03/31/16	JMARTIN	Meeting with D. Ward; accepting feedback and further instructions; scheduling deliverables; further drafting;	1.90
03/31/16	ECR	Drafting meetings with David Ward and Larry Ellis regarding [REDACTED] revise report; correspondence with client regarding [REDACTED]; correspondence with counsel for Smith regarding [REDACTED] redact dockets for client for fee affidavit;	9.90
03/31/16	ON	Received and reviewed instructions; conducted execution searches and obtained writ particulars; forwarded for review;	0.50

Date	Description	Hours
03/31/16 LCE	<p>Review court report obtained by David Ward in connection with production of banking records; assist team throughout day to advance court report including calls with Harry Fogul to receive additional comments and calls with client to receive additional comments; multiple meetings with Erin Craddock [REDACTED] review email communications from joint liquidators in connection with [REDACTED] [REDACTED] [REDACTED] meeting with David Ward to [REDACTED] [REDACTED] internal page flip of document to [REDACTED] [REDACTED] review draft circulated to Harry Fogul at end of day and [REDACTED]</p>	5.90

Time Summary

<u>Timekeeper</u>	<u>Hours</u>	<u>Rate</u>	<u>Fees</u>
Alexandra Murphy Student	2.10	175.00	367.50
Benjamin Goodis Student	4.00	175.00	700.00
Cathy Stallone Advocacy Law Clerk	4.10	300.00	1,230.00
David S. Ward Financial Services Partner	102.10	755.00	77,085.50
Erin Craddock Financial Services Associate	118.50	480.00	56,880.00
Jeremy Martin Advocacy Associate	34.80	390.00	13,572.00
Larry Ellis Financial Services Partner	91.40	625.00	57,125.00
Olivia D'Innocenzo Business Law Clerk	5.10	250.00	1,275.00
			<hr/>
Our Fee			208,235.00
HST on Fees			<u>27,070.55</u>
Total Fees and Tax			235,305.55

Taxable Disbursements

Paid for photocopies, delivery, long distance telephone calls, travel, courier, agency fees and disbursements, Certificate of Status

Total Taxable Disbursements	3,349.77
HST on Disbursements	435.47

Total Taxable Disbursements and Tax	<u>3,785.24</u>
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Non-Taxable Disbursements

Paid for travel, accommodations, administrative filing, searches and delivery fees

Sub-total	2,778.73
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Total Disbursements and Tax	<u>6,563.97</u>
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Total Fees, Disbursements & Tax	<u>\$ 241,869.52</u>
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This is our account herein
Cassels Brock & Blackwell LLP

Larry Ellis
E&OE

This is **Exhibit "B"** referred to in the affidavit
of **LARRY ELLIS** sworn before me in the
City of Toronto, in the Province of Ontario,
this 18th day of May, 2016.



.....
A Commissioner For Taking Affidavits

EXHIBIT "B"**Summary of Lawyers Services per Invoice Issued****Invoice No. 1985835 (for the period from March 1, 2016 – March 31, 2016)**

Year of Call	Lawyer	Billed Rate (\$)	Fees Billed (\$)	Hours Worked
1992	David S. Ward	\$755.00	\$77,085.50	102.1
2004	Larry Ellis	\$625.00	\$57,125.00	91.4
2012	Erin Craddock	\$480.00	\$56,880.00	118.5
2012	Jeremy Martin	\$390.00	\$13,572.00	34.8
	Alexandra Murphy	\$175.00	\$367.50	2.1
	Benjamin Goodis	\$175.00	\$700.00	4.0
	Cathy Stallone	\$300	\$1,230.00	4.1
	Olivia D'Innocenzo	\$250.00	\$1,275.00	5.1
Actual Fees Incurred			\$208,235.00	
Total Fees Billed with HST			\$235,305.55	362.1

Invoice No. 1986755 (for the period from April 1, 2016 – April 30, 2016)

Year of Call	Lawyer	Billed Rate (\$)	Fees Billed (\$)	Hours Worked
1992	David S. Ward	\$755.00	\$56,927.00	75.4
2004	Larry Ellis	\$625.00	\$42,000.00	67.2
2012	Erin Craddock	\$480.00	\$51,408.00	107.1
2012	Jeremy Martin	\$390.00	\$42,588.00	109.2
2012	Christopher Horkins	\$390.00	\$2,301.00	5.9
	Leonard Loewith	\$395.00	\$15,760.50	39.9
	Robert D. Kligman	\$745.00	\$12,218.00	16.4
	Cathy Stallone	\$300.00	\$120.00	0.4
	Olivia D'Innocenzo	\$250.00	\$150.00	0.6
Actual Fees Incurred			\$223,472.50	
Total Fees Billed with HST			\$252,523.93	422.1

This is **Exhibit "C"** referred to in the affidavit
of **LARRY ELLIS** sworn before me in the
City of Toronto, in the Province of Ontario,
this 18th day of May, 2016.

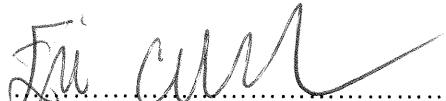

.....
A Commissioner For Taking Affidavits

EXHIBIT "C"

**Calculation of Average Hourly Billing Rates of
Cassels Brock & Blackwell LLP
For the period March 1, 2016 to April 30, 2016**

Invoice No./ Period	Fees (\$)	Disbursements (\$)	HST (\$)	Total Fees, Disbursements and HST (\$)	Hours Billed	Average Billed Rate (\$)
Inv. # 1985835 (March 1-31, 2016)	\$208,235.00	\$6,128.50	\$27,506.02	\$33,634.52	362.1	\$575.08
Inc.# 1986755 (April 1-20, 2016)	\$223,472.50	\$8,958.83	\$29,983.80	\$38,942.63	422.1	\$529.43
TOTAL	\$431,707.50	\$15,087.33	\$57,489.82	\$72,577.15	784.20	\$550.51

**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 LARRY ELLIS
	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

Tab D

**In the Matter of the Receivership of
Banners Broker International Limited
Receiver's Interim Statement of Receipts and Disbursements
as at May 17, 2016**

Receipts

1.	Return of Legal Retainer	\$	300,000.00
2.	Advance From Liquidators		284,503.08
3.	Bayview Proceeds		2,374,345.40
4.	Allied Wallet Funds		2,829,076.93
5.	ViaBank Funds		1,510,963.90

Total Receipts	\$	7,298,889.31
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Disbursements

1.	Receiver's Fees	\$	700,911.06	Note 1
2.	Legal Fees		1,728,522.79	Note 1
3.	Advertising		16,753.20	
4.	Appraisal Fees		6,215.00	
5.	Search Fees		1,015.87	
6.	Miscellaneous Disbursements		8,146.28	
7.	HST on Receiver's Fees		91,118.46	
8.	HST on Legal Fees		215,606.77	
9.	HST on Disbursements		3,271.64	

Total Disbursements	\$	2,771,561.07
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Total Receipts less Disbursements	CAD \$	4,527,328.24	E&OE
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Prepared without audit

Monies Held In Trust**

RESTRAINED FUNDS (CAD):

Use My Services	93,336.70
Payza	33,374.80

CAD \$	126,711.50
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RESTRAINED FUNDS (USD):

Beanstream	537,576.31
Solid Trust Pay	104,260.51

USD \$	641,836.82
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Dated the 17th day of May, 2016

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 Fees taken to March 31, 2016

Tab 3

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

THE HONOURABLE) THURSDAY, THE
)
JUSTICE) 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**”), 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) 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 is authorized and empowered to administer such creditor claims process as may be appropriate, subject to further order of this Court.

6. **THIS COURT ORDERS** that the Receiver may obtain 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 Joint Liquidators are released from their role as "Foreign Representatives" of BBIL for purposes of the *Bankruptcy and Insolvency Act*, R.S.C. 1992, c. 27 in respect of the proceedings brought in the Isle of Man under section 162(6) of the *Companies Act, 1931*, and as appointed by order of the court dated August 22, 2014.

8. **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.

9. **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

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

11. **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.

12. **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

13. **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.

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	
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	

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

ONTARIO SUPERIOR COURT OF JUSTICE-COMMERCIAL LIST PROCEEDING COMMENCED AT TORONTO	MOTION RECORD
	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	