

COURT FILE NUMBER: 1501-11817

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE: CALGARY

PLAINTIFFS / APPLICANTS: EASYLOAN CORPORATION AND MIKE TERRIGNO

DEFENDANTS / RESPONDENTS: **BASE MORTGAGE & INVESTMENTS LTD. AND
BASE FINANCE LTD., ARNOLD BREITKRUEZ ,
SUSAN BREITKRUEZ, SUSAN WAY AND GP
ENERGY INC.**

DOCUMENT: AMENDED AMENDED ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Riverside Law Office
 4108 Montgomery View NW
 Calgary, AB T3B 0L9
Christopher Souster
 Direct: (403) 685-4224
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DATE ON WHICH THIS ORDER WAS PRONOUNCED: November 6, 2015

LOCATION OF HEARING: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: Justice K. Yamauchi

UPON THE APPLICATION of the Plaintiffs, Easyloan Corporation and Mike Terrigno; **AND UPON** having read the Application, the Affidavits of Mike Terrigno sworn on October 15, 2015, filed; **AND UPON** reading the consent of BDO Canada Limited to act as receiver by way of equitable execution (the "Receiver") of Base Mortgage & Investments Ltd., Base Finance Ltd. ("Base Mortgage" and "Base Finance") (jointly the "Debtors"), filed; **AND UPON** hearing *ex parte* counsel for the Plaintiffs, Easyloan Corporation and Mike Terrigno, and counsel for BDO Canada Limited, the proposed receiver; **AND UPON** being advised that the Alberta Securities Commission has been advised of the within Application, and upon hearing from counsel for the Alberta Securities Commission; **AND UPON** being advised that the neither the Applicants or the Receiver shall be seeking relief against the

Alberta Securities Commission or the Executive Director thereof; **AND UPON** the subsequent application of counsel for the Receiver and hearing read the First Report of the Receiver.

IT IS HEREBY ORDERED AS FOLLOWS:

SERVICE

- 1) The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

APPOINTMENT

- 2) Pursuant to section 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2 and section 99(a) of *The Business Corporations Act*, R.S.A. 2000, c.B-9, BDO Canada Limited (620, 903 8th Avenue S.W. Calgary, Alberta T2P 0P7, attention: Craig Fryzuk or Sarah Hawco) is hereby appointed Receiver, without security, of all of the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including (without limitation):
 - a) funds on deposit in bank accounts of the Debtors, respectively (the "Frozen Accounts"), as such Frozen Accounts are more particularly known to the Alberta Securities Commission and which have been frozen, described as Britannia Branch 1004050 - Transit Number 2649003.
 - b) all Records (as hereinafter defined in paragraph 6 hereof) of the Debtor which are located or situated in, on or about the Subject Premises (as hereinafter defined in paragraph 3(t) hereof); and
 - c) all Records (as hereinafter defined in paragraph 6 hereof) which are located or situated in, on or about the subject premises (as hereinafter defined in paragraph 3(t) hereof) which describe, pertain or in any way directly or indirectly relate to any one or more of:
 - i) 2015 Nissan Juke automobile, license plate #BJT 501. SN# JN8AF5MV2FT560636.

ii) Meridian 4 Range 25 Township 24, Section 17 (North halves of legal subdivisions 13 and 14 in the north west quarter containing approximately 16.2 hectares (Reference 0211599).

iii) including the Deed of Trust Note dated November 5, 2013 between Goliad Phoenix Energy LLC, a Texas LLC and Base Finance Ltd. ; and The Deed of Trust dated October 3, 2014, Security Agreement and Assignment of Rental in which the Debtors have an interest as between Saddle Lake Energy LLC and Robert Carl Bedgood, Trustee, all of the State of Texas;

iv) Other properties as set out in the table below:

Property Address	Owner	Relation to Arnold B.	Legal Description
62 SUNCASTLE BAY SE Calgary Alberta	SUSAN BREITKREUTZ	Wife	PLAN 8410877; BLOCK 26; LOT 20 EXCEPTING THEREOUT ALL MINES AND MINERALS
735, 55th Ave SW Calgary Alberta	334103-ALBERTA LTD.	Sole owner and Director	PLAN 37016A; BLOCK 27; LOT 9 RESERVING UNTO HER MAJESTY ALL COAL
724, 55th AVE SW Calgary Alberta	ARNOLD BREITKREUTZ		PLAN 1558AF; BLOCK 24; THE EASTERLY 50 FEET THROUGHOUT OF ALL THAT PORTION OF LOT B WHICH IS SHOWN ON PLAN 1558ED AND THEREON OUTLINED IN RED EXCEPTING THEREOUT ALL MINES AND MINERALS
728, 55th AVE SW Calgary Alberta	ARNOLD BREITKREUTZ & SUSAN BREITKREUTZ		PLAN 1558EO; THE WEST 50 FEET OF THE SOUTH 120 FEET OF THE PARCEL EXCEPTING THEREOUT ALL COAL

(all of such current and future assets, undertakings and properties hereinafter collectively described as the "Property").

RECEIVER'S POWERS

3) The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

a) subject to paragraphs 4, 4A and 4B hereof, to take possession and control of the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

- b) to receive, preserve, protect and maintain control of the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;
- d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, legal counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the powers and duties conferred by this Order;
- e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;

- j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - i) without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required.
- m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property

and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property, and that the Registrar of Titles is directed to register the within Order against titles to the Property (as defined in paragraph 2 hereof) forthwith, and as against any title whatsoever of any person that the Receiver shall direct, notwithstanding the requirements of subsection 191 (1) of the Land Titles Act, RSA 2000, c. L-4 as am.
- p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- s) to take any steps reasonably incidental to the exercise of these powers;
- t) subject to paragraph 4 hereof, to 724, 728 and 735 - 55 Ave SW Calgary, AB T2V 0G3, 63 Suncastle Bay SE Calgary Alberta, enter onto and inside the premises bearing the civic address without notice to, or consent from, any registered owner, landlord, tenant or person residing in or occupying the Subject Premises, for the purpose of locating, identifying and taking possession and control of the Property. The Subject Premises includes the business premises of the Base Corporations, the personal residences and business premises of Arnold Breitkruetz, Susan Breitkruetz, Susan Way and Brian Fox, together with their automobiles, storage facilities and any premises

upon which computing devices or discs or electronic storage devices are located belonging to such Persons;

- u) subject to paragraph 4 hereof, to take whatever steps are required by the Receiver in order to gain access to and to enter the Subject Premises, for the purpose of locating, identifying and taking possession and control of the Property;
- v) subject to paragraph 4 hereof, to take whatever steps are required by the Receiver in order to gain access to any locked or secured cabinet, container, safe, safety deposit box, door, security system, room, suite, or computer (whether password-protected or otherwise) located in, upon or about the Subject Premises, for the purpose of locating, identifying and taking possession and control of the Property;

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

- 4) Any search of the Subject Premises which is carried out by or on behalf of the Receiver for the purpose of locating, identifying and taking possession and control of the Property:
 - a) shall take place between the hours of 9:00 a.m. and 5:00 p.m. on any day of the week other than Sunday;
 - b) if not completed prior to 5:00 p.m. on any particular day, may be completed between 9:00 a.m. and 5:00 p.m. on a subsequent day (other than a Sunday); and
 - c) shall involve no more than five persons carrying out such search, including up to two employees of BDO CANADA LIMITED and up to three contractors or agents whose assistance, services or expertise the Receiver may require,

including (without limitation) legal counsel, locksmiths, bailiffs, computer technicians and peace officers.

4A) In the event that any Person (as hereinafter defined in paragraph 5 hereof) claims that any one or more of the Records (as hereinafter defined in paragraph 6 hereof) is subject to a claim of privilege in favour of such Person (the "Claimant"), or is subject to a claim of ownership in favour of the Claimant, then such Record(s) shall be dealt with as follows:

- (a) such Record(s) shall be identified and segregated by the Claimant in the presence of the Receiver;
- (b) all Record(s) so identified and segregated shall be sealed and left in the possession or control of the Receiver;
- (c) all Record(s) so identified, segregated, sealed and left in the possession or control of the Receiver shall not be shown by the Receiver to any Person (as hereinafter defined in paragraph 5 hereof) other than representatives of the Receiver and legal counsel to the Receiver; and
- (d) all Record(s) so identified, segregated, sealed and left in the possession or control of the Receiver shall not be further dealt with until the Receiver is directed to deal with same:
 - (i) by agreement between the Receiver and the Claimant; or
 - (ii) by further Order of the Court.

4B) The delivery of Record(s) to the Receiver in accordance with the provisions of paragraph 4A of this Order shall not, in and of itself, constitute a waiver of any solicitor-client privilege which may attach to such Record(s).

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

- 5) (i) The Debtors, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, including (without limitation) described as Royal Bank of Canada - Britannia Branch 1004050 - Transit Number 2649003. and the Alberta Securities Commission (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request. The funds of Base Finance Ltd. on deposit in account #2649003 at the Royal Bank of Canada - Britannia Branch 1004050 (Bank) are subject to a freeze order issued by the Executive Director of the Alberta Securities Commission (Executive Director) dated September 29, 2015. These funds shall remain on deposit with the Bank until further order of the Executive Director or this Honourable Court. No order shall be made, or application commenced, which affects the frozen funds unless five clear days' notice of same is provided to each of the Receiver and Executive Director.

- 6) All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to

the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure. Without limiting the generality of the foregoing, such Persons include Arnold Breitkruetz, Susan Breitkruetz, Susan Way and Brian Fox. Arnold Breitkruetz, Susan Breitkruetz, Susan Way, Brian Fox and all corporations controlled by any of them, or related thereto, whether in Canada, the United States of America or elsewhere are required to provide full and complete access to the Receiver for all books and records and financial institution documents, located both in Canada and out of Canada.

- 7) If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.
- 7A) At the request of the Receiver, a representative of the Calgary Police Service and/or a representative of the Royal Canadian Mounted Police shall attend at the Subject Premises for the purposes of keeping the peace, preventing any actual or apprehended breaches of the peace and assisting the Receiver in ensuring compliance with and execution of this Order.

NO PROCEEDINGS AGAINST THE RECEIVER

- 8) No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

- 9) No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8.

NO EXERCISE OF RIGHTS OF REMEDIES

- 10) All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

- 11) No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an "eligible financial

contract" (as defined in section 11.1(1) of the *Companies' Creditors Arrangement Act*) with the Debtor from terminating such contract or exercising any rights of set-off, in accordance with its terms.

CONTINUATION OF SERVICES

- 12) All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

- 13) All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

- 14) Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts, other than such amounts as the Receiver may specifically agree in writing to pay, or such amounts as may be determined in a Proceeding before a court or tribunal of competent jurisdiction.

- 15) Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

- 16) a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
 - i) before the Receiver's appointment; or

- ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- b) Nothing in sub-paragraph a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause ii) below, the Receiver:
 - (1) complies with the order, or
 - (2) on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage; and
 - ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
 - (1) the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or

(2) the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or

iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

Nothing in this Order shall derogate from the protection afforded to the Receiver by Section 14.06 of the BIA or any other applicable legislation.

RECEIVER'S ACCOUNTS

- 17) Any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees of the Receiver and the fees and disbursements of its legal counsel, incurred at the standard rates and charges of the Receiver and its counsel, shall be allowed to it in passing its accounts and shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (the "Receiver's Charge").
- 18) The Receiver and its legal counsel shall pass their accounts from time to time.
- 19) Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

- 20) The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such

period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.

- 21) Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
- 22) The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
- 23) The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

ALLOCATION

- 24) Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

GENERAL

- 25) The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

- 25A) The reported actions of the Receiver to November 5, 2015 in respect to the administration of these receivership proceedings are approved.
- 26) Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
- 27) The Receiver shall incur no personal or corporate liability or obligation as a result of its appointment or the fulfillment of its duties in carrying out the provisions of this Order, save and except for instances (if any) of gross negligence or wilful misconduct on its part.
- 28) Any liability of the Receiver whatsoever arising out of or from its appointment or the exercise of its powers hereunder shall be limited in the aggregate to the total remuneration earned by the Receiver in the carrying out of its duties under this Order.
- 29) This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States 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.
- 30) The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.
- 31) The Applicants are directed to file a Statement of the Claim in the within action to reflect the Defendants/Respondents to the within order. The clerk of the Honourable Court is directed to file the within order notwithstanding the style of cause is inconsistent with the style of the existing action.

- 32) The Plaintiffs, Easyloan Corporation and Mike Terrigno shall have their costs of this motion, up to and including entry and service of this Order, on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate in priority to all other claims against the Debtor's estate. The Plaintiffs, Easyloan Corporation and Mike Terrigno, shall have leave to reapply to the Court for additional costs (and indemnity from the Debtor's estate in respect of same) in the event that they determine that circumstances warrant such an application.
- 33) Any interested party may apply to this Court to vary or amend this Order on not less than 2 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
- 34) The Applicants shall file an Undertaking in Damages as to the Injunctive Relief granted herein.

"K. YAMACCHI"

J.C.C.Q.B.A.

APPROVED AS ORDER GRANTED[*]

ENTERED this 6 day of ^{Nov.}~~October~~, 2015.

CLERK OF THE COURT

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

- 1) THIS IS TO CERTIFY that [RECEIVER'S NAME], the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of [DEBTOR'S NAME] appointed by Order of the Court of Queen's Bench of Alberta and Court of Queen's Bench of Alberta in Bankruptcy and Insolvency (collectively, the "Court") dated the _____ day of _____, _____ (the "Order") made in action numbers _____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.
- 2) The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
- 3) Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
- 4) All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____.
- 5) Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
- 6) The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property) as authorized by the Order and as authorized by any further or other order of the Court.

- 7) The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: _____
Name:
Title:

1	COURT FILE NUMBER	1501-11817				
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3	COURT	COURT OF QUEEN'S BENCH OF ALBERTA				
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5	JUDICIAL CENTRE	CALGARY				
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7	PLAINTIFF(S)	EASYLOAN CORPORATION AND MIKE				
8		TERRIGNO				
9	DEFENDANT(S)	BASE MORTGAGE & INVESTMENTS LTD. AND				
10		BASE FINANCE LTD., ARNOLD				
11		BREITKREUTZ, SUSAN BREITKREUTZ,				
12		SUSAN WAY AND GP ENERGY INC.				
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15	DOCUMENT	Transcript of Oral Questioning of				
16		ARNOLD BREITKREUTZ on Affidavit				
17		sworn March 24, 2016				
18						
19	HELD AT	Billington Barristers,				
20		Calgary, Alberta				
21						
22	DATE	April 19, 2016				
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25		<table border="1"> <tr> <td>CLERK OF THE COURT</td> </tr> <tr> <td>FILED</td> </tr> <tr> <td>APR 22 2016</td> </tr> <tr> <td>JUDICIAL CENTRE OF CALGARY</td> </tr> </table>	CLERK OF THE COURT	FILED	APR 22 2016	JUDICIAL CENTRE OF CALGARY
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5 JUDICIAL CENTRE CALGARY
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7 PLAINTIFF(S) EASYLOAN CORPORATION AND MIKE
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17 sworn March 24, 2016
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19 HELD AT Billington Barristers,
20 Calgary, Alberta
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27

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29 _____
30 (Proceedings commenced at 10:08 a.m.)

31 ARNOLD BREITKREUTZ, affirmed, questioned by Mr. Billington:

32 Q. Sir, you have just been affirmed in this action in
33 respect to questioning which is to occur today on an
34 affidavit which we understand you swore on March 24th,
35 2016. Do you have a copy of that affidavit before you?

36 A. Yes, I do.

1 Q. And is that your signature on the -- or a copy of your
2 signature on the third page of this document?

3 A. Yes, it is.

4 Q. What is the nature of your relationship with Base
5 Finance Ltd. and Base Mortgage & Investments Ltd.?

6 A. I'm the president.

7 Q. And how long have you been the president?

8 A. Of what?

9 Q. Of those two corporations.

10 A. Base Finance -- Base Mortgage since 1978, and Base
11 Finance I believe 1984, or something like that.

12 Q. Okay. What is the nature of the relationship of the
13 two Base corporations that I've just mentioned with
14 Brian Fox?

15 A. Base Mortgage did the Administration Order, and Base
16 Finance was the investment company.

17 Q. I'm sorry. How does that answer the question of what
18 their relationship with Brian Fox is?

19 A. Base Finance -- Mr. Fox borrowed money from Base
20 Finance. I guess Base Mortgage had no involvement with
21 Mr. Fox.

22 Q. So given that Base Mortgage had no relationship with
23 Brian Fox, the balance of my questions will be in
24 respect to the relationship -- that is the balance of
25 my questions which relate to Brian Fox will be in
26 relation to his relationship with Base Finance. Unless
27 you are of the view that there are any other dealings

1 between Base Mortgage and Brian Fox that come to mind,
2 we'll just operate on that presumption.

3 How much money did Brian Fox borrow from Base
4 Finance?

5 A. I believe the number that we came up with was
6 120 million.

7 Q. He borrowed \$120 million?

8 A. That's right. I think that's the number that they came
9 up with final.

10 MR. BILLINGTON: Take a break here.

11 (DISCUSSION OFF RECORD)

12 Q. MR. BILLINGTON: Sir, you were saying that Brian
13 Fox borrowed \$120 million from Base Finance. Over what
14 period of time?

15 A. I believe about 35 years.

16 Q. And what was the purpose of these loans?

17 A. They were investments or loans regarding oil and gas
18 properties.

19 Q. And where were those oil and gas properties?

20 A. In the United States. Specific, Oklahoma, Texas,
21 Louisiana.

22 Q. And what security documentation would Base Finance
23 obtain from Mr. Fox for these loans?

24 A. Mortgages. First mortgages on these properties.

25 Q. Did you maintain records of those first mortgages?

26 A. Yes.

27 Q. And have you provided copies of those first mortgages

1 to the receiver as part of their investigation?

2 A. I haven't provided them. I believe they have them in
3 their possession.

4 Q. Have they seized those first mortgage documents from
5 you?

6 A. Yes.

7 Q. Now, I understand, sir, that you have attended at the
8 premises of the receiver's office in order to review
9 documentation that they have seized; is that correct?

10 A. Yes.

11 Q. Did you see copies of those first mortgages in the
12 papers that you reviewed?

13 A. No.

14 Q. Did you ask for copies of those first mortgages?

15 A. Not at that time I don't believe.

16 Q. Now, in respect to the mortgages, what do you mean by
17 mortgage? Was it a true first mortgage evidenced by a
18 document registered against a Title somewhere or was it
19 some other form of security documentation?

20 A. I believe it to be a first mortgage registered against
21 the subject property.

22 Q. In whose name?

23 A. The mortgage would be in favour of Base Finance.

24 Q. Sir, I'll refer you to paragraph 8 of your affidavit.

25 A. Mmm hmm.

26 Q. You've indicated that Base Finance has always held
27 security for the assignments of mortgages issued to

1 investors at the time of the Receivership Order of
2 first mortgage, or to use the Texas terminology, a deed
3 of trust on oil and gas leases in the County of Goliad,
4 Texas. Who drew up that deed of trust?

5 A. A solicitor by the name of Carl Bedgood.

6 Q. And who did he act for?

7 A. Base Finance.

8 Q. What are the properties that are covered by that deed
9 of trust?

10 A. I don't have that information here.

11 Q. Do you have a copy --

12 A. They were --

13 Q. Sorry?

14 A. They were oil and gas leases in Goliad, Texas in the
15 County of Victoria.

16 Q. How much was lent in respect to those oil and gas
17 properties in Goliad?

18 A. The loan that was outstanding?

19 Q. Yes.

20 A. The total loan?

21 Q. Yes.

22 A. The amount that the receiver has determined is
23 outstanding, which I believe was 120 million Canadian.

24 Q. When was that money given?

25 A. It was given to him over the course of 35 years.

26 Q. And was that only secured by the one deed of trust?

27 A. No. It was secured by different mortgages on different

1 properties over the years.

2 Q. At the time of the receivership, were any of the wells
3 on these oil and gas leases producing?

4 A. Not at the time of the receivership I don't believe.

5 Q. And why were they not producing?

6 A. Mr. Fox had obtained a mortgage commitment from a
7 private Chinese investment group, and he was waiting
8 for those funds to be advanced to continue the
9 production.

10 Q. What was the commitment from the Chinese group?

11 A. 50 million U.S.

12 Q. Has documentation about this been provided to or seized
13 by the receiver?

14 A. Yes.

15 Q. Was it provided to the receiver?

16 A. No. It was seized.

17 Q. And to whom were the Chinese group intending to advance
18 their money?

19 A. The Saddle Lake Energy LLC.

20 Q. Sir, I'm going to refer you to Exhibit 'C' of your
21 affidavit.

22 A. Do I have a copy of that here?

23 Q. Yes, you do. It's at the very back. The last page.

24 A. Okay. Got it.

25 Q. What is this document? It's dated July 8th, 2013 on
26 letterhead of LMP Petroleum Inc. to Lincoln Energy
27 Partners. What is this document?

1 A. It was a covering letter from the appraiser on the oil
2 and gas leases.

3 Q. Whose oil and gas leases?

4 A. Saddle Lake's.

5 Q. Why is Saddle Lake not mentioned in this?

6 A. I don't know.

7 Q. Why are the legal descriptions of the locations of the
8 leases or wells not mentioned in this?

9 A. They are. They were attached to the letter.

10 Q. Why did you not attach those?

11 MR. SMYTH: Well, I think we can answer that.
12 We were given a 40-page --

13 MR. BILLINGTON: I'm not asking you to answer the
14 question, Mr. Smyth. The witness is under examination.
15 I'm asking him the question.

16 MR. SMYTH: What was the question again?

17 Q. MR. BILLINGTON: Why did you not attach those --

18 A. They were attached.

19 Q. So you're saying your affidavit is incomplete?

20 A. I don't know. Why would my affidavit be incomplete?

21 Q. What good does this document do us to tell us whether
22 this relates to any of the wells that you're speaking
23 of?

24 A. It was an appraisal on the oil wells that we had
25 security against.

26 Q. Sir, there's nothing that says which the oil wells are
27 that are being appraised by this letter, is there?

1 A. Well, they were attached to the -- all of the
2 properties that were described in the appraisal.

3 Q. And you've not produced that appraisal in its entirety,
4 have you, sir?

5 A. The receiver has that appraisal in its entirety.

6 Q. This is dated July 8th, 2013. Have you had an
7 appraisal done since then?

8 A. No.

9 Q. How long have the wells in respect to the properties
10 that you invested through the deed of trust in Goliad,
11 Texas not been in production for?

12 A. I believe it's over a year now.

13 Q. And is it true, sir, that in July of 2015 they were not
14 in production?

15 A. I don't know.

16 Q. Is it true, sir, that in about July of 2015 they were
17 not in production and \$7 million was being sought from
18 Easyloan or from members of the Terrigno family to help
19 put them back into production?

20 A. No. It had nothing to do with these leases.

21 Q. What did that potential investment have to do with?

22 A. It had to do with the Pettus leases which was a
23 completely different project.

24 Q. And who holds the Pettus leases?

25 A. Who holds them? No one, other than the owners.

26 Q. And who owns the Pettus leases?

27 A. I don't know the exact name of the firm that held them.

1 We were dealing with the Pettus family.

2 Q. And where were these leases?

3 A. They were in Goliad, Texas.

4 Q. But they're not the ones that are referred to by the
5 one page --

6 A. Appraisal, no.

7 Q. -- appraisal, Exhibit 'C' to your affidavit?

8 A. No.

9 Q. Was any written material given to -- I'm sorry -- was
10 it the Terrigno family or Easyloan when you were
11 discussing the Pettus leases with them?

12 A. Terrigno family, Rocco Terrigno.

13 Q. Was any written material given to Rocco Terrigno then?

14 A. I don't recall. There was subsequent documentation
15 given to him later.

16 Q. And was any advancement made by Rocco Terrigno or his
17 family or his company?

18 A. Not in that particular project, no.

19 Q. Sir, I'm showing you a copy of the first report of the
20 receiver in respect to this action, and I'm drawing
21 your attention to Exhibit 'B' thereof. I'll give you a
22 moment to review that. It's several pages long. It
23 appears to me to be a \$30 million deed of trust in
24 Goliad, Texas. Is that the deed of trust that you
25 spoke of earlier in this examination?

26 A. I believe so.

27 Q. Take a moment to look through it. You've only looked

1 at the first page so far.

2 A. Yes, I believe that's correct. It's got Base Finance's
3 name on it.

4 Q. And it evidences or purports to evidence a \$30 million
5 advance made on or about December 2nd, 2014. Were
6 those funds advanced to --

7 A. They weren't advanced at that time. They were just
8 security against the loan that Mr. Fox in Saddle Lake
9 had with Base Finance.

10 Q. So that loan, had it been advanced prior to
11 December 2nd, 2014?

12 A. Yes.

13 Q. When was it actually advanced?

14 A. The entire loan was advanced over 35 years. We can go
15 back to 1984, '85. I'm not sure of the dates.

16 Q. And what security documentation did you have to support
17 the --

18 A. Mortgages.

19 Q. -- earlier advances? What security documentation did
20 you have to evidence those advances over the --

21 A. First mortgages against various oil and gas leases that
22 he owned at that time.

23 Q. He being whom?

24 A. Mr. Fox.

25 Q. And were they all held in the name of Saddle Lake
26 Energy LLC?

27 A. No, they weren't.

1 Q. What were the names under which they were held?

2 A. There is various companies that he had. Arcana
3 Resources, as I say, Renco Resources, different
4 companies.

5 Q. Do you have a list of those companies?

6 A. Yes, we do.

7 Q. Okay. I would ask you to undertake to provide us with
8 a list of all the companies to whom --

9 A. You have a list of all the companies, sir.

10 Q. The receiver has all of those?

11 A. Yes. You have all of that documentation.

12 Q. Okay. So you're saying that such documentation as
13 exists to evidence security for the advances, the
14 loans, over those prior 35 years will be found in the
15 hands of the receiver; is that correct?

16 A. They should be.

17 Q. Where did you obtain the money that was lent out to
18 Mr. Fox and his companies over those 35 years?

19 A. Various investors.

20 Q. And where did those investors reside?

21 A. In Canada, Calgary, different places.

22 Q. And how were the funds solicited from those investors?

23 A. As a first mortgage investment.

24 Q. And what was told to them about the nature of the first
25 mortgage investment?

26 A. What was told to them? That they had an interest in
27 the first mortgage that Base Finance held.

1 Q. And were they ever provided with a copy of the first
2 mortgage?

3 A. No.

4 Q. None of the investors ever were?

5 A. No.

6 Q. Were they ever told that this was in relation to
7 residential mortgages held in Alberta?

8 A. No.

9 Q. They were never told anything to that effect?

10 A. No.

11 Q. Were they ever told that they were investing in oil and
12 gas properties in the United States?

13 A. No.

14 Q. What written information was provided to them in order
15 to solicit their investments?

16 A. The investor received an irrevocable first mortgage
17 assignment from Base Finance against the first mortgage
18 that Base Finance held.

19 Q. Did Base Mortgage actually hold a first mortgage?

20 A. Base Finance actually held the first mortgage, yes.

21 Q. Sorry. Just to be clear then, Base Finance actually
22 held a first mortgage?

23 A. Yes.

24 Q. And are those first mortgages in the hands of the
25 receiver now?

26 A. Yes.

27 Q. So to be clear, when you're speaking of first mortgages

1 now, you're not referring to the deed of trust, which
2 was Exhibit 'B' to the first report of the receiver; is
3 that correct? You're speaking of some other document?

4 A. Can you repeat that question?

5 Q. To be clear, you're not referring to the deed of trust
6 dated December, 2014 that we just looked at, which was
7 Exhibit 'B' or Appendix 'B' to the first receiver's
8 report?

9 A. I'm not referring to the deed of trust in what regard?

10 Q. Well, it's dated December 2nd, 2014.

11 MR. SMYTH: Excuse me, sir. You are asking
12 him about over the 35 years.

13 MR. BILLINGTON: That's correct.

14 MR. SMYTH: And he said there were mortgages.
15 No. They wouldn't be the deed of trust because that
16 was 2014, but there were prior mortgages. That's the
17 evidence I believe he has given.

18 Q. MR. BILLINGTON: And such mortgages as existed, who
19 prepared those mortgage documents over those 35 years?

20 A. Various lawyers, legal firms in Oklahoma, Texas,
21 Louisiana.

22 Q. Did you ever report to the people who provided you with
23 these funds as to the status of their investments in
24 these oil and gas properties in the United States?

25 A. No.

26 Q. And why did you not do so?

27 A. It wasn't a requirement.

1 Q. It wasn't whose requirement?

2 A. Our requirement.

3 Q. Our being whom?

4 A. Base Finance.

5 Q. Did you ever suffer a loss in respect to any of these
6 investments?

7 A. I don't know how to answer that.

8 MR. SMYTH: I can't tell you how to.

9 Q. MR. BILLINGTON: Let me put it this way, sir.

10 A. I can't answer that question the way it's placed -- the
11 way it's worded.

12 Q. Did Base Finance ever make investments in these oil and
13 gas properties with investors' money from the persons
14 who you were previously referring to that was then
15 lost? For example, through Powder River?

16 A. Well, it wasn't lost. We had to obtain different
17 security at that time because of the bankruptcy of
18 Powder River.

19 Q. So had you invested some of your investors' money in
20 Powder River?

21 A. Yes.

22 Q. And it went through, as you say, bankruptcy. If I were
23 to suggest it went --

24 A. It went --

25 Q. -- through Chapter 11 proceedings, does that assist?

26 A. I'm not quite sure. It could have been.

27 Q. Okay.

1 A. But they went through what was called at that time a
2 hostile takeover, and then they were placed under
3 receivership. And so at that point in time we had to
4 then change our security.

5 Q. And what was the security changed from?

6 A. It went from the current oil and gas leases that we
7 were holding, the receiver actually took those
8 properties, sold them, and we then acquired them back
9 again from the buyer.

10 Q. And what did you pay to acquire them back?

11 A. Originally we had made an offer to purchase those
12 leases, I believe, for a million and a half, or Saddle
13 Lake made an offer, and paid them a \$30,000 deposit.
14 It was then later ascertained that Mr. Ehrman, who was
15 selling these leases, didn't have proper Title to them
16 and wasn't in the position to sell them. So Saddle
17 Lake went directly to the landowners, and we made a
18 deal with them and were subsequently able to put our
19 mortgage against those properties again.

20 Q. And how much did you pay in order to reacquire those
21 properties?

22 A. I can't give you an exact number on it.

23 Q. Can you give me an approximate number?

24 A. When you say pay to acquire the properties, we paid
25 landowners money, legal fees. Would you include that?
26 I'm not sure. Or is it just money that you're
27 referring to --

1 Q. It was part of the transaction to acquire these lands.
2 That's what I want to know.

3 A. It could have been in the area of about 3 to \$500,000.
4 I'm not sure.

5 Q. How much money had been paid to Powder River to invest
6 in these properties?

7 A. All of that money that I've just spoken to. They
8 borrowed all of that money to acquire the properties.

9 Q. And how much money was that?

10 A. As I say, I think between 300 and 500,000. I'm not
11 sure.

12 Q. So the initial payment to Powder River before they went
13 through whatever the bankruptcy proceeding in the
14 United States was was only 300 to \$500,000?

15 A. No, that's not correct.

16 Q. How much money was advanced to Powder River to make the
17 initial acquisition of these properties?

18 A. Again I'm only guessing. It's around 300 to 500,000.

19 Q. And was that advanced to Powder River by Base Finance?

20 A. It wasn't advanced to Powder River. It was payments
21 that Base Finance made on behalf of Saddle Lake Energy.

22 Q. My question, sir, is not about the subsequent
23 acquisition of these properties by Saddle Lake. It's
24 about the investment that went into Powder River to
25 acquire these properties in the first place?

26 A. What's the question?

27 Q. The question is how much money was paid to acquire the

1 interest in these properties by Powder River that was
2 financed by Base?

3 A. Well, those properties that Powder River had was the
4 culmination of all the years of borrowing money from
5 Base Finance. So you could say the entire loan except
6 for the last, I guess -- up until that time you could
7 say probably a hundred million dollars in order to
8 acquire those properties.

9 Q. So you initially paid through financing advanced to
10 Powder River approximately \$100 million for the
11 properties?

12 A. That wasn't advanced in a lump sum, sir.

13 Q. Well, I'm not --

14 A. It was monies that was advanced over the years.

15 Q. I'm not asking you if it was advanced in a lump sum.
16 I'm asking what the totals were that were advanced and
17 that you gave me an answer --

18 A. At that time I think it was about a hundred million.
19 It might have been that.

20 Q. And you say that company then went through some form of
21 bankruptcy process or restructuring?

22 A. Yes.

23 Q. There was a \$30,000 deposit that was paid to a
24 Mr. Ehrman?

25 A. Correct.

26 Q. And it turned out that was a mistake because he didn't
27 have Title to the properties?

1 A. Yes.

2 Q. And that you then went to the owners of these same oil
3 and gas properties and reacquired your interest upon
4 payment of somewhere between 300 and \$500,000?

5 A. Correct.

6 Q. Did you ever advise the investors that Powder River had
7 gone through some form of bankruptcy process or
8 restructuring in the United States?

9 A. No.

10 Q. Did you ever tell them that the approximately
11 \$100 million that had been paid out over the years had
12 been lost and an additional sum would have to be spent
13 in order to reacquire these properties from the owners?

14 A. No.

15 Q. Did you ever provide an explanation as to why
16 properties that you had invested \$100 million in over
17 time were now valued by the owners at only 300 to
18 \$500,000?

19 A. Who evaluated them at that?

20 Q. Well, you required those interests for that amount, so
21 it appears that the market evaluated them at that
22 amount?

23 A. Well, that's not correct. When he -- when we
24 repurchased the property, they were still appraised at
25 over a hundred million dollars.

26 Q. Do you have a copy of that appraisal?

27 A. You do, sir.

1 Q. And what is the date of that appraisal?

2 A. I don't know.

3 MR. SMYTH: We do have a -- are you talking
4 the original appraisal, Exhibit 'C'?

5 MR. BILLINGTON: No. I'm talking about the
6 appraisal that justified the initial investment in
7 Powder River of over a hundred million dollars paid out
8 over the years.

9 MR. SMYTH: Well, I have the full appraisal,
10 that we just attached exhibit -- the first page of
11 Exhibit 'C'. Do you want that?

12 Q. MR. BILLINGTON: Is that the appraisal upon which
13 you paid out the \$100 million over approximately 35
14 years?

15 A. That's not exactly correct.

16 Q. What is the appraisal?

17 A. That was based on appraisals on numerous oil and gas
18 leases over that period of time, and the appraisal that
19 you have in front of you there, that represents the
20 last properties that we have a security against as a
21 first mortgage and the evaluation of those properties
22 at that time.

23 Q. Okay. So you've just referred to an appraisal that I
24 have before me. I have before me Exhibit 'C' to your
25 affidavit of March 24th which is the one page?

26 A. That's just the letter -- covering letter. It's not
27 one page.

1 Q. But it's the only document that you chose to disclose?

2 A. Well, you have all of my documents, sir.

3 Q. Well, to be clear, sir, in your affidavit at
4 paragraph 8, you have very deliberately only produced
5 one page of that; have you not, sir?

6 MR. SMYTH: Yes. That was done on the advice
7 of counsel to show value of the security. One page was
8 sufficient. We have the entire appraisal here if you
9 want to review it. A copy of it.

10 Q. MR. BILLINGTON: Sir, the document that you've just
11 handed me, you say that that is the appraisal which as
12 of July 8th, 2013 provided Base Finance with the
13 assurance that its properties were worth approximately
14 \$112 million; is that correct?

15 A. Correct.

16 Q. And what use was made of this appraisal, sir?

17 A. It was used to support our loan that we had security
18 for our mortgage that we gave Mr. Fox and Saddle Lake
19 Energy.

20 Q. Who commissioned this appraisal?

21 A. I don't know if Mr. Fox obtained the appraisal. I
22 would presume he did. He probably would have had to
23 pay for it.

24 Q. In other words, you didn't commission the appraisal?

25 A. I didn't, no. I asked Saddle Lake to obtain the
26 appraisal for me.

27 Q. What percentage working interest was being obtained for

1 the investment that was made in these properties?

2 A. Saddle Lake would have had a hundred percent working
3 interest in the properties less royalty payments.

4 Q. And to whom were royalty payments being made?

5 A. The royalty payments would have been paid to the
6 landowners.

7 Q. I have reviewed this document, sir. It appears as
8 though there is utterly nothing in this to identify who
9 the landowners are. Is there anything that you can
10 show me that proves me wrong?

11 A. You have the documents, sir.

12 Q. Well, the document you've handed me in no way refers to
13 the identity of the landowners, unless I'm wrong and
14 I'll provide you an opportunity --

15 A. That's the appraisal of the properties. The mortgage
16 and the leases that we have mortgages against are in
17 our file, which you have.

18 Q. Now, by the mortgage, do you mean the \$30 million deed
19 of trust?

20 A. I mean the entire mortgage. The entire loan Mr. Fox
21 has.

22 Q. Sir, you have produced and did not have any documents
23 in your possession which in any way suggested that
24 there was any mortgage other than the \$30 million
25 document which is referred to as deed of trust; isn't
26 that correct?

27 A. No. Again you have those documents.

1 Q. And you didn't see those documents when you conducted
2 your review of the documents that were received by the
3 receiver, did you?

4 A. I didn't conduct a review of my documents. I was never
5 asked to do that.

6 Q. Well, you've attended at the receiver's office in order
7 to examine documents; have you not?

8 A. Different documents, yes.

9 Q. Sir, none of the documents that were seized from your
10 possession establish proof of ownership for the leases
11 in which you say investments were made?

12 A. You're not right there, sir. You're wrong. We have
13 mortgage documents. We have leases that were
14 registered by our solicitor Carl Bedgood. You have all
15 of those documents.

16 Q. I take it then, sir, you would feel that Carl Bedgood
17 would be in possession of copies of all of the proofs
18 of ownership?

19 A. I do not know that.

20 Q. Is there any reason that he wouldn't?

21 A. I don't know.

22 Q. Sir, the LMP Petroleum appraisal that you have handed
23 me dated July 8th, 2013, page 1 of which is Exhibit 'C'
24 to your affidavit, it refers to GP Petroleum. Who is
25 GP Petroleum?

26 A. It was a company that Mr. Fox had at the time.

27 Q. Sir, was GP Petroleum the lessee of these properties?

1 A. No. I don't believe at that time. I think it was just
2 an interim company that he used.

3 Q. He being whom?

4 A. Mr. Fox.

5 Q. And who were Lincoln Energy Partners?

6 A. I don't know. I don't know offhand.

7 Q. Do you have any relationship with them?

8 A. Not that I know of.

9 Q. The deed of trust dated December 2nd, 2014 is with
10 Saddle Lake Energy LLC. Do you know who controlled
11 Saddle Lake Energy LLC?

12 A. Brian Fox.

13 Q. Sir, through your counsel you have provided to me what
14 you say is the entire appraisal that was referred to in
15 the one-page letter, which is Exhibit 'C' to your
16 affidavit, and this contains a series of charts which
17 are paginated up to page 39 and then there are five
18 pages of maps attached to it after that page 39. Is
19 this the entirety of the appraisal that you say was
20 referenced by your Exhibit 'C'?

21 A. I believe so.

22 Q. Okay. Could we have that marked as an exhibit in this
23 examination, please. Exhibit 1.

24 MR. SMYTH: No objection.

25 MR. BILLINGTON: Thank you.

26 EXHIBIT 1 - the entire appraisal that
27 was referred to in the one-page letter,

1 Exhibit 'C' to Mr. Breitkreutz's
2 affidavit, and it contains a series of
3 charts which are paginated up to page
4 39 and then five pages of maps attached
5 to it after page 39

6 Q. MR. BILLINGTON: Sir, do you know why Base Finance
7 paid for legal fees of Brian Fox over the years?

8 A. He borrowed the money to do so.

9 Q. And whose money was he borrowing?

10 A. Base Finance's money.

11 Q. And when you say he borrowed the money, who exactly was
12 it that was borrowing the money?

13 A. Mr. Fox and his various companies.

14 Q. Did you know why he was borrowing money from you for
15 living expenses?

16 A. He may have been, yes.

17 Q. Did you ever tell your investors that their money would
18 be used to help fund his legal fees and living
19 expenses?

20 A. No.

21 Q. And why not?

22 A. Didn't believe it was a requirement.

23 Q. Sir, are you familiar with a company called Renard
24 Resources Inc.?

25 A. Yes.

26 Q. And would you agree with me that in 2003 Base Finance
27 had invested in Renard Resources Inc.?

1 A. Yes.

2 Q. And what happened to that company?

3 A. I don't know. We dissolved it, started another
4 company.

5 Q. Did they go through a proposal in bankruptcy?

6 A. I don't know at this time.

7 Q. Do you know if Base Finance filed a Proof of Claim for
8 \$13,313,392 in respect to Renard Resources Inc.?

9 A. I don't know. May have.

10 Q. And do you know what the properties were that were held
11 by Renard Resources Inc. in which Base had invested?

12 A. I don't know that right now, no.

13 Q. Were they the same oil and gas properties that are
14 dealt with by the \$30 million deed of trust?

15 A. I don't believe so.

16 Q. What properties were they, sir?

17 A. I can't tell you that without looking at the documents.

18 Q. And which documents is it that you would look at in
19 order to make that determination?

20 A. My mortgage security file.

21 Q. Are you aware whether assets of Renard Resources Inc.
22 were transferred into Powder River Basin Gas Corp.?

23 A. I believe they were.

24 Q. And it was that Powder River corporation which went
25 through some form of bankruptcy process? I understand
26 it to be a Chapter 11 proceeding, but I understand
27 you're not quite certain, but it was some sort of

1 bankruptcy process in the United States?

2 A. Yes. Caused by the hostile takeover.

3 Q. And, sir, did you become aware that there were
4 proceedings taken by the SEC, the United States
5 Security Exchange Commission, against Brian Fox in the
6 course of the Powder River matters?

7 A. I became aware of that, yes, at the time.

8 Q. And what was it that you became aware of in respect to
9 those proceedings?

10 A. Mr. Fox indicated that during the course of the hostile
11 takeover the -- one of the principals, I guess, of the
12 companies that was doing the hostile takeover had
13 accused him of wrongdoing.

14 Q. And were you aware that the SEC ended up sanctioning
15 him? That is, finding him guilty of an offense?

16 A. No, I wasn't.

17 Q. What was your understanding of the disposition of that?

18 A. My understanding was that all of those charges were
19 dropped subsequently. We did have some documentation
20 in that regard in our file.

21 Q. Sir, would you agree that Base paid for Mr. Fox's legal
22 bills during that fight?

23 A. Yes. I think we helped him with that, yes.

24 Q. Sir, were you aware that after the Powder River events
25 that Brian Fox returned to Canada and that an
26 investigation was continued by the Alberta Securities
27 Commission against him and his companies Renco, Renard

1 and Powder River?

2 A. No, I was not aware of that.

3 Q. Were you aware that Base helped to pay the legal fees
4 for those inquiries in respect to --

5 A. Paid to who?

6 Q. To Brian Fox to support him in responding to those
7 inquiries?

8 A. Wouldn't be aware of that, no.

9 Q. So Powder River Basin Gas Corp. acquired some
10 properties from Renard Resources; is that correct?

11 A. I believe so. They acquired all the properties from
12 Renard Resources or his companies at that time in order
13 to go public.

14 Q. And do you know what they paid for those properties?

15 A. No, I don't. That would have been, I believe, an
16 internal thing between Powder River and Renco or
17 whoever.

18 Q. Okay. And do you know whether Base provided financing
19 to Powder River to acquire those properties?

20 A. We would have, yes. It was merely one company then
21 taking over for another.

22 Q. And --

23 A. And acquiring the debt that Mr. Fox through his
24 companies had accumulated.

25 Q. You acquired the debt that Mr. Fox had accumulated?

26 A. Yes.

27 MR. SMYTH: No. He said he acquired the debt.

1 The companies acquired the debt that Mr. Fox had
2 accumulated is how I understood things.

3 Q. MR. BILLINGTON: Let me just ask you just to
4 clarify. Who acquired which debts, sir?

5 A. Powder River would have acquired the debt of -- that he
6 had with Base Finance.

7 Q. So Powder River, do I understand you to mean that
8 Powder River Basin Gas Corp. would have assumed
9 liability for the debt that he had incurred?

10 A. Yes.

11 Q. And what agreement did Base Finance have with Powder
12 River Basin Gas Corp. to that effect?

13 A. I believe we had documentation to that effect that they
14 were assuming all of the liabilities of Mr. Fox and his
15 companies.

16 Q. And what assets did they obtain along the way for that?

17 A. I don't know that at this time. All the assets that he
18 had went into Powder River.

19 Q. And by all the assets that he had, do you mean Mr. Fox?

20 A. Yes.

21 Q. Through --

22 A. Through his companies. Those properties which Base
23 Finance had a mortgage against.

24 Q. Would you agree with me, sir, that Powder River Basin
25 Gas Corp. changed its name to Powder River Petroleum
26 International Inc. in December of 2007?

27 A. Would I agree to what?

1 Q. That they changed their name from Powder River Basin
2 Gas Corp. to Powder River Petroleum International Inc.?

3 A. If they did, they did. I have nothing else that I can
4 say.

5 Q. Do you know, sir, whether Powder River Petroleum
6 International Inc. went through a court appointed
7 receivership in July of 2008?

8 A. I believe that was due to the hostile takeover, yes.

9 Q. In any event, Powder River Petroleum International Inc.
10 at one point held six leases in Goliad, Texas on oil
11 and gas properties; is that correct?

12 A. No.

13 Q. Did they ever acquire six leases in Goliad?

14 A. Well, the six leases would have been part of the
15 overall package, yes.

16 Q. Okay. And then were those six leases then transferred
17 to Mr. Ehrman?

18 A. No. Mr. Ehrman acquired them through the receivership.

19 Q. Okay. So he obtained those through --

20 A. He obtained those through the receivership. We
21 subsequently -- then he contacted Mr. Fox and said he
22 would sell those -- because he was aware of the
23 situation. He wanted to sell the leases back to
24 Mr. Fox, and plus he wasn't in a position to do that.
25 That's where we had then registered a \$50 million
26 mortgage and he wasn't in a position, of course, to
27 sell them, so then we went directly to the landowners.

1 That's why that \$50 million lease was null and void.

2 Q. Did you ever advise the investors that you had invested
3 in a \$50 million mortgage which was null and void?

4 A. No.

5 Q. And why not?

6 A. Because we were changing it at the time, acquiring the
7 proper mortgaging that we needed.

8 Q. Did you continue soliciting investments from investors
9 while you were going through that process?

10 A. Probably.

11 Q. Sir, is it the case that Base Finance at the time of
12 the receivership held a bank account at the Royal Bank
13 of Canada?

14 A. Yes.

15 Q. And it had approximately \$1,080,000 in it at the time
16 that the Alberta Securities Commission froze that
17 account?

18 A. Is that a question or --

19 Q. Yes.

20 A. I believe that -- I'm not sure of the number.

21 Q. Okay. Approximately that amount?

22 A. Approximately.

23 Q. Okay.

24 A. It was over a million dollars. I know that.

25 Q. It was somewhere between 1 and \$1.1 million?

26 A. Could have been.

27 Q. Okay. And, sir, how long had Base held that account at

1 the Royal Bank of Canada?

2 A. I'm not sure how long. Maybe three or four years. I'm
3 not sure.

4 Q. Okay. Base had conducted its financing through the
5 Bank of Montreal prior to that time; is that correct?

6 A. That's correct.

7 Q. And why was it that the account at the Bank of Montreal
8 was switched over to the RBC?

9 A. The Bank of Montreal asked us to close our account.

10 Q. And what reason did they give for asking you to close
11 the account?

12 A. They didn't give a reason.

13 Q. Did you ever receive any advice or any indication that
14 they considered that the use of the account by Base
15 Finance was viewed as being inappropriate by the Bank
16 of Montreal?

17 A. Their documentation to us indicated that -- I'm not
18 clear of the wording, but I do believe we have that in
19 our file also, and that the business dealings or
20 whatever in the account were not in their -- in their
21 favour and weren't interested in carrying our account
22 any longer.

23 Q. Did you ever discuss with them what they meant by these
24 are not in their favour?

25 A. We tried to but they wouldn't discuss it.

26 Q. Did you ever report that to your investors that the
27 Bank of Montreal had closed their account because they

1 viewed them as not being in their favour?

2 A. No.

3 Q. And why not?

4 A. Didn't feel it was necessary.

5 Q. Did you ever report to RBC that you were opening an
6 account with them because the Bank of Montreal had
7 closed their account on the basis that it was viewed by
8 them as not being in their favour?

9 A. No.

10 Q. Did you ever advise the receiver, sir, that you didn't
11 know how much has been invested by Base Finance in
12 Mr. Fox and his related companies but that it was in
13 the range of 30 million to \$80 million?

14 A. Could you repeat that question?

15 Q. Did you ever advise the receiver that you weren't
16 certain of how much had been invested by Base Finance
17 in Mr. Fox and his companies but that it was in the
18 range of 30 million to \$80 million?

19 A. May have. I'm not sure.

20 Q. What is your estimate of how much money was lost when
21 Powder River Petroleum International Inc. went through
22 its bankruptcy proceedings in the United States?

23 A. I don't believe we lost anything really.

24 Q. And why is that?

25 A. We were able to get our properties back.

26 Q. And you viewed those properties as being of the same
27 value as they were prior to the bankruptcy proceedings

1 of Powder River; is that correct?

2 A. I viewed them as being worth what they were appraised
3 at in 2013.

4 Q. What income was earned from those properties after they
5 were acquired from Powder River?

6 A. We had some income come. I'm not sure of that exactly.
7 Might have been -- it was a very small amount because
8 he started to produce one lease. Then he obtained the
9 mortgage commitment from the Chinese group. We decided
10 at that time we would wait until they would advance our
11 funds, and we weren't going to advance any more funds
12 in that regard until we got a partial payout from that.

13 Q. Who were the principals of the Chinese group that you
14 were dealing with?

15 A. That I don't know.

16 Q. And why do you not know?

17 A. Because I was never privy to that documentation. All
18 we got was a confirmation from one of the principals, I
19 believe, as to the date of payment that we should
20 expect payment that they would be depositing in our
21 account. That documentation you have.

22 Q. And when was that payment to have been made?

23 A. We were anticipating it to be paid sometime, if my
24 memory serves me correctly, in June or July.

25 Q. Of 2015?

26 A. That's correct.

27 Q. And did you ever come to an understanding of why it was

1 not paid in June or July of 2015?

2 A. Yes. Subsequently we did. The Chinese group couldn't
3 get their money out of China. From what we understood,
4 through our investment group is that the Chinese
5 government froze all funds going out of the country at
6 that time.

7 Q. To this particular group or in general?

8 A. In general. To everyone.

9 Q. To all international investments?

10 A. Yes. They froze all the accounts. This was our
11 understanding.

12 Q. Sir, if I were to suggest that in the past seven years
13 that Base Finance had received deposits from investors
14 of approximately \$137 million, does that sound about
15 right to you?

16 A. I don't know. I can't hazard a guess on that.

17 Q. Are you aware of in that period of time payments being
18 made by Base to yourself in the amount of
19 \$1,152,268.75?

20 A. No.

21 Q. Do you have any estimate of how much you have taken out
22 of Base in that period of time?

23 A. No.

24 Q. Who is GP Energy Inc.?

25 A. It was a company we formed in order to, I guess,
26 receive funds from production initially.

27 Q. And that was from production where?

1 A. From the oil and gas leases in Texas. The funds were
2 -- from production were going to be deposited directly
3 to that account and then dispersed through Base Finance
4 to the investors.

5 Q. And what documentation do you have to evidence that
6 agreement?

7 A. I don't know that I have any documentation to that.

8 Q. Was any documentation ever created to evidence that
9 agreement?

10 A. No.

11 Q. And why not?

12 A. We didn't proceed with that.

13 Q. Are you aware of payments having been made to GP Energy
14 Inc. by Base of \$61,940?

15 A. No. I -- I'd have to look at that, and I don't know
16 why. I don't think they were paid to GP Energy. They
17 wouldn't have been.

18 Q. Are you familiar with a prior numbered company by the
19 name of 334103 Alberta Ltd.?

20 A. Yes. That's my company.

21 Q. And is it now the company known as GP Energy Inc.?

22 A. No. Now it's known as the numbered company.

23 Q. Was it --

24 A. As I say, GP Energy, we found that because of the
25 Chinese commitment, we weren't going to go down that
26 road, so we changed it back and dropped that.

27 Q. So was your numbered company formerly known as

1 GP Energy Inc.?

2 A. No. It was just a name we created in order to receive
3 funds from Saddle Lake Energy. As I say, when that
4 didn't happen, we didn't need that company, so I
5 reverted it back to my numbered company.

6 Q. Who is Ldi Realty Western Ltd.?

7 A. An investor.

8 Q. And are you aware of funds being paid out to Ldi Realty
9 Western Ltd. in the sum of \$1,297,178?

10 MR. SMYTH: When?

11 Q. MR. BILLINGTON: Over the course of the last seven
12 years by Base Finance?

13 A. I'm not aware of that number, no.

14 Q. Do you know who the principal or principals of Ldi
15 Realty Western Ltd. are?

16 A. I believe it was Lyle Hogaboam.

17 Q. And what's the nature of your relationship with Lyle
18 Hogaboam?

19 A. He was an investor and also a -- he was a client, an
20 investor.

21 Q. I'm aware of records indicating the sum of \$483,590
22 being paid out directly to Lyle Hogaboam by Base
23 Finance over the course of the last seven years. Do
24 you know why those sums would have been paid apart from
25 any that were paid from Ldi Realty Western Ltd.?

26 A. Probably as a referral fees.

27 Q. And referral earned on what basis?

1 A. Referring an investor or bringing in investment money.

2 Q. Okay. Sir, in the course of the last seven years, it
3 appears from the banking records of Base Finance with
4 both the BMO account and the RBC account that
5 \$1,478,519.14 of cash was withdrawn from the Base
6 Finance account. As I say, that's the account of both
7 BMO and RBC. There appears to be no record of how
8 these funds were used once withdrawn from the account.
9 Do you know what use was made of those cash withdrawal
10 funds?

11 MR. SMYTH: Withdrawals by who?

12 MR. BILLINGTON: Well, from the account.

13 MR. SMYTH: Cash withdrawals.

14 Q. MR. BILLINGTON: Cash withdrawals.

15 A. I believe those cash withdrawals would have been
16 charged to the borrower. That would have been paid to
17 Mr. Fox.

18 Q. Would you have had a record of who withdrew and what
19 the purposes were for the cash withdrawals --

20 A. Yes, we would have.

21 Q. -- from the bank account?

22 A. Yes.

23 Q. And if that exists, would it be in the hands of the
24 receiver?

25 A. Yes.

26 Q. Sir, I'm going to refer you to paragraph 3 of your
27 affidavit.

1 A. Yes.

2 Q. You say Base Finance Ltd. is a private investment
3 company which operated successfully since 1984 without
4 any losses to its clientele until September 29th, 2105.
5 I presume you meant actually 2015; is that correct?

6 A. Yes.

7 Q. But let's go to the statement that it was operated
8 successfully without any losses to its clientele.
9 After the review we've conducted today, wouldn't you
10 agree with me, sir, that that was without any losses
11 that were reported to its clientele?

12 A. There were no losses to its clientele.

13 Q. Sir, would you agree with me that the investment in
14 Powder River was loss and that you had to pay further
15 money to reacquire the assets that ought to have been
16 secured in Powder River?

17 A. No.

18 Q. Without having made those payments, would there have
19 been any residual investment left in Powder River?

20 A. Probably not.

21 Q. Sir, in respect to the Renard company, that is Renard
22 Resources Inc., would you agree that Base filed a
23 thirteen-and-a-half million dollar Proof of Claim in
24 respect of that?

25 A. I don't know that exactly. I'd have to look at my
26 documents. If -- if you have that, that may be
27 correct.

- 1 Q. If I were to suggest -- well, let's assume a figure
2 within approximately a million dollars of that
3 \$13.5 million amount, would you agree with that?
- 4 A. Could be.
- 5 Q. So --
- 6 A. I can't say for certainty, no.
- 7 Q. In excess of \$10 million?
- 8 A. I can't say. I'd have to look at my documents.
- 9 Q. In excess of \$5 million?
- 10 A. Again I don't know.
- 11 Q. You'd agree that Base filed a Proof of Claim in respect
12 to Renard Resources Inc.?
- 13 A. I believe so.
- 14 Q. And what is your best estimate as to the amount of that
15 Proof of Claim?
- 16 A. I don't know what it is.
- 17 Q. \$5?
- 18 A. I don't -- I think it would be more than that, yes.
- 19 Q. More than a million?
- 20 A. Yes, I would think so.
- 21 Q. More than 4 million?
- 22 A. Again I don't know.
- 23 Q. So we have an investment of more than a million
24 dollars, which our records indicate is approximately
25 13.5 million, and you don't have a sense as to how much
26 more than a million dollars it was?
- 27 A. I can't say to you, sir, with any certainty as to the

1 number.

2 Q. Okay. Would you agree with me, sir, that no recovery
3 was received in respect of that Proof of Claim?

4 A. No.

5 Q. What recovery was received in respect to the Proof of
6 Claim?

7 A. I'm not sure if there was any recovery regarding the
8 Proof of Claim. Again I don't know.

9 Q. The amount of the Proof of Claim was lost to Base,
10 wasn't it? Sir?

11 A. No.

12 Q. Was that loss ever reported to investors?

13 A. What loss are you referring to?

14 Q. The amount that wasn't recovered from the Proof of
15 Claim in Renard Resources?

16 A. We had no -- we sustained no loss because of that.

17 Q. What was the recovery that you received after the Proof
18 of Claim?

19 A. I don't know.

20 Q. So you don't know how much the Proof of Claim was for,
21 other than it was for more than a million, and you
22 don't know what the recovery was?

23 A. No, I don't.

24 Q. Sir, once the Chinese government froze all
25 international investment, which as I understand you
26 said was in about June or July of 2015, what other
27 efforts were made to obtain financing through Saddle

1 Lake's operations?

2 A. Mr. Fox was attempting to get financing elsewhere
3 through various companies. I don't recall their names,
4 but we would have that information in our file.

5 Q. At paragraph 9 of your affidavit you say that Brian
6 Fox, Saddle Lake and you were in the process of raising
7 investment capital. What efforts were you making?

8 A. I was attempting to remortgage my own properties.

9 Q. And what do you mean by your own properties? Are those
10 Base Finance properties?

11 A. No. My own property, my personal property.

12 Q. And which personal properties were you trying to
13 remortgage?

14 A. Specifically I was trying to remortgage 7 --
15 735-55th Avenue South West.

16 Q. Yes. And whose property is that?

17 A. My property.

18 Q. Held in your name personally?

19 A. I think so. My name or my wife's name. I'm not sure.

20 Q. And what of 724-55th Avenue South West, were you trying
21 to remortgage that?

22 A. Yes. It was involved in that.

23 Q. What of 728-55th Avenue South West?

24 A. Not at that specific time, no.

25 Q. What of 63 Suncastle Bay South East, Calgary?

26 A. That's my wife's residence.

27 Q. Were you trying to remortgage that?

- 1 A. No.
- 2 Q. What of 27 Ceduna Park South West, Calgary?
- 3 A. No. That's not my property.
- 4 Q. Not your property. Okay. Sir, would you agree with me
- 5 that the Ceduna Park property is Susan Way's house?
- 6 A. Yes.
- 7 Q. And what is Base's relationship with Susan Way?
- 8 A. She's our secretary.
- 9 Q. And would you agree, sir, that Base paid for Susan
- 10 Way's Ceduna Park house?
- 11 A. I'd agree we helped her buy it.
- 12 Q. And on what basis?
- 13 A. We took back a caveatable mortgage interest.
- 14 Q. And how much was the value of the assistance you
- 15 provided to her in obtaining that property?
- 16 A. I don't know.
- 17 Q. If I were to suggest that you paid Susan Way, or on
- 18 behalf of Susan Way, over the course of the last seven
- 19 years \$717,626.88, does that sound appropriate?
- 20 A. No.
- 21 Q. How much do you think you've paid to her or advanced by
- 22 way of assistance to her?
- 23 A. I don't know. You asked me if I thought that was
- 24 appropriate. I don't. I don't know the number, but it
- 25 doesn't sound right to me.
- 26 Q. Do you know how much Base has paid to Susan Way or on
- 27 her behalf in that time?

1 A. Well, she received a monthly paycheque.

2 Q. Would you agree that Base paid \$325,000 on May 31st,
3 2010 through your lawyer's trust account in respect to
4 that property at 27 Ceduna Park South West?

5 A. I don't know.

6 Q. Are you collecting any rental or any sort of payment
7 from Susan Way in respect to that property?

8 A. No.

9 Q. And why not?

10 A. We didn't have an agreement as such with her.

11 Q. Were the investors ever advised that they were
12 providing their investment funds by way of a gift to
13 Susan Way for that purpose?

14 A. It was no gift.

15 Q. Well, the money has been paid. Is there any security
16 to evidence that she has to repay it?

17 A. I believe we do have security, yes.

18 Q. And is there any effort made to collect payments of
19 interest or principal in respect to that security?

20 A. Not at this time, no.

21 Q. And why not?

22 A. Because it's her property and we never had that type of
23 an agreement with her. We had a -- for the balance I
24 think that Base Finance assisted her with, we had a
25 caveatable interest on her property.

26 MR. BILLINGTON: I see it's quarter-to-twelve. Why
27 don't we take a ten-minute break right now.

1 MR. SMYTH: Okay.

2 (ADJOURNMENT)

3 Q. MR. BILLINGTON: Sir, since the Proof of Claim was
4 filed in Renard Resources Inc., what revenue did Base
5 Finance earn from mortgage payments, or for that
6 matter, oil and gas revenues?

7 A. Can you just backup? What are you referring to?

8 Q. Well, you established earlier before that Base Finance
9 filed a Proof of Claim in respect to Renard Resources
10 Inc.?

11 A. Yes.

12 Q. And I'm wondering, since that time what revenues has
13 Base earned from mortgage payments?

14 A. I don't know. I'd have to look at my files.

15 Q. And if your files don't disclose any mortgage payments,
16 then you'd agree that there was no mortgage payments
17 that were not disclosed by your files?

18 MR. SMYTH: Well, let's cross that bridge when
19 we get there. Are you asking for an undertaking?

20 Q. MR. BILLINGTON: No. I'm wanting to know, sir, are
21 your records entirely those of the files which are in
22 the hands of the receiver? In other words, there is no
23 other records that you would have cause to examine?

24 A. I have no other records other than the records that you
25 have.

26 Q. Okay. Are you aware of whether there was substantial
27 revenues received from persons to whom mortgage funds

1 had been advanced since that Renard Proof of Claim?

2 A. I don't follow your question.

3 Q. So you've solicited investments from the various
4 investors to go into first mortgages?

5 A. Yes.

6 Q. And the period of time we're talking about is around
7 the time that you filed the Proof of Claim with Renard
8 Resources and after. When you advanced in mortgages,
9 one would expect that the owners of the properties are
10 going to be making payments on those mortgages
11 resulting in revenues coming back to Base Finance?

12 A. Yes.

13 Q. Did you receive substantial mortgage payments back from
14 those owners after the time in which you filed the
15 Proof of Claim in Renard Resources?

16 A. I don't know that. I would have to look at my
17 documents.

18 Q. Okay. Did you receive substantial oil and gas revenues
19 from any of the properties in Texas or Oklahoma or
20 Louisiana after that time?

21 A. Again I would have to look at my records.

22 Q. So if you were investing the funds in first mortgages,
23 I'm curious as to how it is that these investments did
24 not come out whole in any kind of bankruptcy process,
25 whether it's a Chapter 11 or Chapter 7 in the United
26 States or any other kind of process. Do you know why
27 that would be?

1 A. No.

2 Q. I asked you some questions earlier about the nature of
3 your relationship with Brian Fox. I'll show you an
4 affidavit from Brian Fox which he has sworn in separate
5 but related proceedings, and it is in Action
6 1501-12147. It's an affidavit he swore on March 8th,
7 2016. I'll read you a portion of this, and then I'll
8 give you a copy of that affidavit so that you can
9 review it.

10 MR. SMYTH: Can we have a copy before you read
11 it? It might make it easier.

12 Q. MR. BILLINGTON: I'll let you read the affidavit
13 right now. It's 14 paragraphs long and there's
14 attachments which are also in there. Go ahead and read
15 it right now.

16 A. What specific questions do you have on this?

17 Q. I'll have questions for you as soon as you and your
18 lawyer are finished reading it. And he's referred to
19 three exhibits. You have the right to examine those
20 three exhibits.

21 Sir, in respect to this affidavit, Mr. Fox
22 identifies a property in Strathmore. Are you familiar
23 with that property?

24 A. Yes.

25 Q. And is that owned by Base?

26 A. Yes.

27 Q. And what do you say in respect to Mr. Fox's statement

1 that he's been making the payments on it?

2 A. He hasn't made any payments on it. He's paid taxes
3 from time to time, but as far as making payments, none
4 were received. Base Finance held that property in --
5 as additional security to his other borrowings.

6 Q. At paragraph 5 Mr. Fox -- and this is the same Brian
7 Fox with whom you had placed investments over the
8 course of several decades now; is it not?

9 A. Yes.

10 Q. He says that he is informed and he believes that Arnold
11 Breitzkreutz and Base Mortgage & Investments Ltd. and
12 Base Finance Ltd. and 334103 Alberta Ltd. are parties
13 to a Ponzi scheme that involves almost 300 investors
14 and in excess of \$122 million of funds that were
15 advanced and now lost. He also says immediately after
16 that, (As Read)

17 I'm also informed and believe that
18 although the investors believed they
19 were investing in Alberta mortgages and,
20 in fact, there was only one Alberta
21 mortgage that existed, and that mortgage
22 was filed on the lands once they were
23 fraudulently transferred and converted
24 to 334103 Alberta Ltd. and Arnold
25 Breitzkreutz, Base Mortgage & Investment
26 Ltd. and Base Finance Ltd.

27 That is paragraph 5. What do you say in respect to

1 Mr. Fox's allegations?

2 A. They're untrue, totally.

3 Q. Was there more than one Alberta mortgage?

4 A. Yes.

5 Q. And where is that Alberta mortgage --

6 A. I don't know. I'd have to look at my documents.
7 You're talking about 35 years.

8 Q. How many valid Alberta mortgages does Base Finance hold
9 as of the date on which the ASC froze its account?

10 A. I believe we had one Alberta mortgage at that time.

11 Q. Have you ever discussed with Mr. Fox his concerns about
12 whether Base was running a Ponzi scheme?

13 A. No.

14 Q. Do you recall being interviewed by a representative of
15 the receiver, Sarah Hawco, on or about October 19th,
16 2015 in this matter?

17 A. May have been, yes.

18 Q. And do you recall at that time discussing the deed of
19 trust for the oil and gas properties in Goliad, Texas?

20 A. We may have.

21 Q. And do you recall telling her at that time that that
22 deed of trust was worthless?

23 A. No.

24 Q. Do you recall telling her at that time that for some
25 period of time payments that had been solicited for
26 investors were not going into mortgages but rather they
27 were being used to keep up interest payments to other

1 investors?

2 A. Mr. Fox borrowed money to make payments, yes.

3 Q. And I'm speaking not only of Mr. Fox, but I'm speaking
4 of investors in Base Finance generally. Do you recall
5 telling her that payments were not being used to invest
6 in mortgages but rather they were being used to keep up
7 interest payments to other investors?

8 A. I don't recall that.

9 Q. Is that the case that funds would be solicited from
10 some investors in order to be applied towards the
11 payments to other investors?

12 A. Mr. Fox borrowed money in order to make payments from
13 time to time, yes.

14 Q. Mr. Fox borrowed money from whom?

15 A. Base Finance.

16 Q. In order to make payments to whom?

17 A. To investors and to the various people he owed money
18 to.

19 Q. So you were aware that Mr. Fox was borrowing money
20 through Base Finance and its investors in order to make
21 payments to Base Finance and its investors?

22 A. Can you repeat that question?

23 Q. You were aware that Mr. Fox was borrowing money from
24 Base Finance and its investors in order to make
25 payments to Base Finance and its investors?

26 A. Yes.

27 Q. I'm going to take you to an affidavit which was sworn

1 by Vi Pickering of the Alberta Securities Commission,
2 and I have a copy of it here for your review.

3 MR. SMYTH: I think we might have that.

4 MR. BILLINGTON: Okay. This is an affidavit sworn
5 on September 28th, 2015.

6 MR. SMYTH: September 28th, 2015, is that the
7 one?

8 MR. BILLINGTON: September 28th, 2015, that's
9 correct.

10 MR. SMYTH: Again our copy is somewhat marked
11 but --

12 Q. MR. BILLINGTON: That's fine. I'll take you, sir,
13 to paragraph 4.2 which is on the first page of this,
14 specifically paragraph 4.2.2.

15 A. Yes.

16 Q. She gives a background and she indicates that the RBC
17 investigator had contacted you, referred to as
18 Breitkreutz, a short time ago and was provided the
19 following information. And then we skip down to 4.2.2,
20 (As Read)

21 Base Finance Ltd. had approximately 100
22 mortgages that were secured on Title.

23 A. That's not correct that statement.

24 Q. It is not correct?

25 A. No.

26 Q. What would be a correct statement?

27 A. That we had done hundreds of mortgages, period.

1 Q. When did you first see the affidavit of Vi Pickering of
2 September 28th, 2015?

3 A. I guess around that time.

4 Q. Did you ever take steps to correct that statement or to
5 refute it?

6 A. Yes. I corrected the statement to my solicitor.

7 Q. Did you ever file an affidavit or send anything to the
8 Alberta Securities Commission to contradict this?

9 MR. SMYTH: He was examined by the Securities
10 Commission in early January, and I believe, although we
11 don't have a transcript, that they covered that point.

12 Q. MR. BILLINGTON: Okay. And between the time of
13 this affidavit on September 28th, 2015 and that
14 examination they conducted, did you ever send anything
15 to the Securities Commission to contradict this
16 statement?

17 A. I don't believe so.

18 Q. I'll take you to paragraph 11 of Ms. Pickering's
19 affidavit, and specifically to paragraph 11.1.2. Take
20 a moment to review paragraph 11 and let me know when
21 you've done so, please.

22 A. Okay.

23 Q. Was the statement correct that very little brokering
24 had occurred since 2009 and for the past two years no
25 brokering had occurred because of plans for retirement?

26 A. Yes.

27 Q. And by brokering, what did you mean?

1 A. Brokering in -- I broker a mortgage for an individual
2 and place it with someone else.

3 Q. And by I, you meant you through Base Finance?

4 A. I meant through Base Mortgage.

5 Q. Through Base Mortgage? Okay.

6 A. The broker.

7 Q. And any mortgage brokering occurring through Base
8 Finance?

9 A. No.

10 Q. Okay. Any new mortgages being solicited or obtained in
11 the past two years then by either Base corporation?

12 A. Not by Base Mortgage.

13 Q. Or Base Finance?

14 A. Solicited?

15 Q. Yes. Or obtained?

16 A. I don't think so.

17 Q. Okay. Thank you. Sir, earlier in your examination
18 today you mentioned a meeting with Rocco and I believe
19 Mike Terrigno, which occurred at some point I believe
20 and you suggested it was June or July of 2015. I may
21 stand corrected on the date. Do you recall that?

22 A. Not that date.

23 Q. What date do you recall meeting with them?

24 A. I think around -- it could have been '14.

25 Q. 2014?

26 A. Yeah.

27 Q. 2014? Okay. And what was the purpose of that

1 discussion again please?

2 A. We were looking to raise money -- Mr. Fox and I were
3 looking to raise money on the Pettus lease.

4 Q. And where is the Pettus property again?

5 A. It's in Texas.

6 Q. In Texas?

7 A. Yes.

8 Q. And did you at that point give either of the Terrignos
9 that you were meeting with the copy of the \$30 million
10 deed of trust for the properties in Goliad, Texas?

11 A. No. It had nothing to do with that.

12 Q. If I were to suggest that that is what you discussed
13 and that you gave that document to them because that
14 was the purpose of your discussion, does that refresh
15 your memory?

16 A. No, that's not correct.

17 Q. Sir, do you have ongoing business interests in the
18 United States?

19 A. None other than what we have here.

20 Q. Do you have ongoing interests elsewhere outside of
21 Canada?

22 A. No.

23 Q. Did you ever have any business interests that would
24 have taken you to Spain to recover an amount?

25 A. No.

26 Q. Did you ever go to Spain?

27 A. Yes.

1 Q. On business?

2 A. Yes.

3 Q. And what was the nature of that business?

4 A. Mr. Fox and I went to Spain and -- trying to
5 investigate the possibilities of him being able to get
6 a loan.

7 Q. And what was the purpose of that loan to be for?

8 A. In order to refinance his oil and gas projects to pay
9 Base Finance out.

10 Q. And when did that occur?

11 A. I don't know specifically. Last year sometime.

12 Q. Sometime in --

13 A. Prior to our account being frozen.

14 Q. Sometime in 2015 before the account was frozen?

15 A. Yes.

16 Q. And did he succeed in obtaining that financing?

17 A. No, he didn't.

18 Q. Did you discuss with him why that was necessary to
19 obtain that financing?

20 MR. SMYTH: Discuss with who?

21 Q. MR. BILLINGTON: Mr. Fox.

22 A. Certainly would have because he was looking -- because
23 of the Chinese deal not coming through, we were looking
24 at any and all alternatives to pay us out.

25 Q. Well, do you know when it was that China put a
26 temporary moratorium on increasing its quotas for
27 foreign -- for external investment?

1 A. No. I was informed by that by two of my investors that
2 I had lunch with subsequently after that, and one of
3 them informed me -- Mr. Leslie Lis informed me that he
4 had checked on the Internet, I believe, and had
5 discovered that that was probably the reason why the
6 Chinese couldn't advance their mortgage because the
7 funds were frozen. That information I got from Leslie
8 Lis and Bill Janman, both customers of mine.

9 Q. So that was speculation on their part I take it?

10 A. Well, he didn't believe it was speculation. He said
11 that that was evidenced by -- in the Internet.

12 Q. And the Internet advised that there was a five-month
13 moratorium commencing on September 5th, 2015 on an
14 increase in external investment quotas; is that
15 correct?

16 A. I don't know that.

17 Q. So you never found out and did the Chinese ever tell
18 you why it was that they didn't proceed?

19 A. I don't know if Mr. Fox ever determined that.

20 Q. And is it true then that up until September 5th, 2015,
21 the Chinese looked like they were a live possibility
22 for this investment?

23 A. Up until what date?

24 Q. September 5th, 2015?

25 A. I don't believe so because again I think we had
26 correspondence from them that they were going to be
27 funding in June or July I believe of '15. And then

1 there was no more -- according to Mr. Fox, there was no
2 more communication to him.

3 Q. Are you familiar with these individuals or did you ever
4 identify to the Terrignos or Easyloan Corporation that
5 their money would be going to the following
6 individuals: Michener and Lee Campbell?

7 A. No.

8 Q. Or maybe Campbell Michener and Lee. I'm not sure.

9 A. No.

10 Q. Or any business by that name, Campbell Michener and
11 Lee?

12 A. No.

13 Q. Two sums supposedly went to them, one by way of
14 cheque 113 on June 20th, 2014 for \$40,750, and the
15 other is on June 18th, 2015, cheque number 1379 for
16 \$13,125?

17 A. What did it say on the cheque? There would have been a
18 description on the cheque describing what the payment
19 was for.

20 Q. And would that be shown in the records that would have
21 been maintained by Base Finance?

22 A. Yes.

23 Q. Are you aware of whether a sum of \$146,019.61 was paid
24 to a Linda Zbryski, Z-B-R-Y-S-K-I, on August 12th, 2014
25 by way of cheque 299?

26 A. Am I aware of it?

27 Q. Yes.

1 A. Not specifically.

2 Q. Do you know Linda Zbryski?

3 A. She was an investor, a client.

4 Q. She was?

5 A. She is. Currently.

6 Q. And do you have any reason to dispute that Base paid
7 that amount to Linda Zbryski on that date?

8 MR. SMYTH: Don't answer that. If you want to
9 produce a cheque and ask about it, he can be questioned
10 in that regard.

11 **OBJECTION TAKEN to answering the question: And do you**
12 **have any reason to dispute that Base paid that amount to**
13 **Linda Zbryski on that date?**

14 Q. MR. BILLINGTON: Sir, do you know a Steve Nemeth,
15 N-E-M-E-T-H?

16 A. Yes.

17 Q. And who was he?

18 A. He was an investor.

19 Q. And are you aware of whether \$100,000 of Easyloan's
20 money was paid to him on or about June 20th, 2014?

21 A. I'm not aware of that, no.

22 Q. Why would money have been -- oh, I've been advised that
23 Campbell Michener and Lee is actually an advertising
24 agency in North York. Does that assist your memory at
25 all?

26 A. No.

27 Q. Did you have any cause to be using an advertising

1 agency?

2 A. No.

3 Q. Do you know if you received investment funds from an
4 advertising agency?

5 A. I don't know that.

6 Q. Do you know if you advanced mortgage funds to an
7 advertising agency --

8 A. No.

9 Q. -- by that name? Sir, if I were to suggest to you that
10 no freeze has ever been put in place re: China's
11 outbound investments, do you have any actual
12 information to contradict that?

13 A. What did you -- I didn't get what you said.

14 Q. If I were to suggest that no freeze has ever been put
15 in place in respect to China's outbound investments, do
16 you have any information to contradict that?

17 A. Well, the information that I have to contradict that
18 was the information I got from Leslie Lis and Bill
19 Janman, investors of mine.

20 Q. And that was after the Chinese group had pulled out of
21 their investment?

22 A. Yes, after that.

23 Q. And that was based on their speculation from perusing
24 the Internet and not from any conversation they'd had
25 with --

26 A. From what I understand Leslie Lis had perused the
27 Internet and had discovered that and thought that that

1 was -- could have been the reason.

2 (DISCUSSION OFF RECORD)

3 Q. MR. BILLINGTON: Okay. Sir, you answered earlier
4 that you were aware that Mr. Fox or his corporation
5 were borrowing money from Base Finance in order to make
6 payments to investors of Base Finance. How long had
7 that been going on for?

8 A. It had been going on for years. As long as we've been
9 doing business he'd borrow and he'd repay, he'd borrow.

10 Q. To be clear, sir, he's borrowing money from an investor
11 in order to make a payment to another investor; is that
12 what was happening?

13 A. Well, he was borrowing money from Base Finance.

14 Q. Yes?

15 A. All right? I don't think Mr. Fox particularly cared
16 where we were getting our money from. He was borrowing
17 it from Base Finance for which we had a mortgage on and
18 Base Finance facilitated that mortgage to him.

19 Q. And how long had that been going on?

20 A. As long as we've been doing business.

21 (DISCUSSION OFF RECORD)

22 Q. MR. BILLINGTON: Sir, in respect to that, did the
23 money ever leave Base's account or was there simply an
24 internal accounting entry to evidence that that
25 transaction had occurred within Base?

26 MR. SMYTH: You mean the money going to Fox?

27 Q. MR. BILLINGTON: Yes.

1 A. It would all be in the books. It would be identified
2 on the cheque if it was paid to him by cheque, or if we
3 paid a bill for him on his behalf it would have been
4 identified and charged back to his company.

5 Q. And in your conversation with Sarah Hawco of the
6 receiver on October 19th, 2015, do you recall stating
7 that Base continued to solicit investments in order to
8 meet the Base investor interest payments?

9 A. I don't recall that specifically.

10 Q. Is that what was occurring though? Did that occur in
11 only some circumstances that Base would solicit
12 investments in order to meet the Base investor interest
13 payments?

14 A. Base was raising funds in order to facilitate the
15 development and the remortgaging of the oil and gas
16 leases.

17 Q. Were those funds applied towards the remortgaging or
18 were they applied towards meeting the interest payments
19 of --

20 A. Whoever -- wherever Mr. Fox required them.

21 Q. And did he require them sometimes to make direct
22 repayments to Base investors on their interest?

23 A. Sometimes he did, yes.

24 MR. BILLINGTON: Thank you. I have no further
25 questions.

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(Proceedings ended at 12:55 p.m.)

Certificate of Transcript

I, the undersigned, hereby certify that the foregoing pages 1 to 62 are a complete and accurate transcript of the proceedings taken down by me in shorthand and transcribed from my shorthand notes to the best of my skill and ability.

Dated at the City of Calgary, Province of Alberta, this 20th day of April, A.D. 2016.

Gayle Ikert, CSR(A)
Official Court Reporter

- I N D E X -

ARNOLD BREITKREUTZ

April 19, 2016

The following is a listing of exhibits, undertakings and objections as interpreted by the Court Reporter.

The transcript is the official record, and the index is provided as a courtesy only. It is recommended that the reader refer to the appropriate transcript pages to ensure completeness and accuracy.

EXHIBITS

EXHIBIT 1 - the entire appraisal that was referred 24
to in the one-page letter, Exhibit 'C' to
Mr. Breitkreutz's affidavit, and it contains a
series of charts which are paginated up to page 39
and then five pages of maps attached to it after
page 39

UNDERTAKINGS REQUESTED

NONE REQUESTED

OBJECTIONS

OBJECTION TAKEN to answering the question: And do 58
you have any reason to dispute that Base paid that
amount to Linda Zbryski on that date?

ALBERTA SECURITIES COMMISSION

AFFIDAVIT

Base Finance Ltd., Base Mortgage & Investments Ltd., and Arnold Breikreutz
(the "Respondents")

I, Vi Pickering, of Calgary, Alberta, make oath and say that:

1. I am a Securities Investigator employed in the Enforcement Division of the Alberta Securities Commission ("ASC"), and have personal knowledge of the matters deposed to in this Affidavit, except where stated otherwise, in which case I believe the information provided to me to be true.
2. I am investigating whether the Respondents and each of their predecessors, related entities and affiliates have contravened Alberta securities laws and acted contrary to the public interest by acting as a dealer in securities in Alberta without registration, by distributing securities in Alberta without a prospectus or applicable exemption, and/or by making material misrepresentations.

Background

3. On September 24, 2015, I was involved in a telephone conference call with Mr. Andrew Shin ("Shin"), Senior Manager, Forensic Accounting, Anti Money Laundering, Financial Intelligence Unit of the Royal Bank of Canada ("RBC"), and Mr. David Elzinga ("Elzinga") (ASC - Manager, Investigations) regarding concerns raised by Shin involving the account activities of the Respondents.
4. During the conference Shin outlined the following:
 - 4.1 An RBC Investigator in Vancouver, British Columbia had flagged for internal investigation an RBC account under the name Base Finance Ltd., with the sole signatory and owner of the company listed as Mr. Arnold Breikreutz ("Breikreutz"), because of a \$500,000 Not Sufficient Funds ("NSF") cheque issued to Base Finance Ltd.
 - 4.2 The RBC Investigator had contacted Breikreutz a short time ago and was provided the following information:
 - 4.2.1 Base Finance Ltd. operated as a mortgage broker;
 - 4.2.2 Base Finance Ltd. had approximately 100 mortgages that were secured on title; and
 - 4.2.3 Mortgage funds were obtained from Investors.

- 4.3 Shin had reviewed accounts associated with Base Finance Ltd., and noted that there did not appear to be any payments made out of the accounts for the purpose of lending for mortgages. More particularly:
- 4.3.1 There were various RBC accounts associated with Base Finance Ltd., Breikreutz, and Base Mortgage & Investments Ltd. The only account which held any funds was the account held in the name of Base Finance Ltd.
 - 4.3.2 Shin found that many of the deposits and payments from the account were made to individual investors with memo notations of principal and interest payment.
 - 4.3.3 Shin found the activities in the account suspicious and representative of a Ponzi type scheme.
 - 4.3.4 Shin found that at the time of his review, on September 23, 2015, there was approximately \$600,000 remaining in the Base Finance Ltd. RBC account.

Investigation

- 5. Based on Shin's information an Investigation Order was signed by the Executive Director of the ASC ("Executive Director") on September 24, 2015, directing that an investigation be made in relation to the Respondents pursuant to section 41 of the Act.
- 6. Attached as Exhibit "A" is an Alberta Corporate Registries ("CORES") search for Base Finance Ltd. dated September 24, 2015, which indicates that the company was incorporated in Alberta on February 16, 1984 in the name of 312008 Alberta Ltd., then was re-named Base Financial Services (II) Ltd. on September 12, 1984, and then was re-named Base Finance Ltd. on May 13, 1988. The registered office address listed is 724 - 55 Avenue SW, Calgary, Alberta, T2V 0G3, and Arnold Breikreutz is named as the sole Director and Shareholder.
- 7. Attached as Exhibit "B" is a CORES search for Base Mortgage & Investments Ltd., which indicates that the company was registered in Alberta on August 28, 1978 in the name of Base Mortgage & Investments Ltd. then was re-named Base Financial Services Ltd. On July 18, 1984, and then was re-named back to Base Mortgage & Investments Ltd. on September 12, 1984. The registered office address listed is 724 - 55 Avenue SW, Calgary, Alberta T2V 0G3 and Arnold Breikreutz is named as the sole Director and Shareholder.
- 8. On September 24, 2015, I conducted a search of the Service Alberta, Motor Vehicle System ("MOVES") and identified that Arnold Breikreutz resides at 724 - 55 Avenue South West, Calgary, Alberta T2V 0G3.

Registration, Prospectus and Filings

- 9. On September 24, 2015, I asked Dolores Ivany-Fagan ("Ivany-Fagan"), ASC Case Assessment Officer, to conduct searches of ASC and related records regarding all Respondents. The results of my request (in the form of search results from the National

Registration Database and the ASC's CRM system) were provided to me on September 24 & 28, 2015, are attached as **Exhibit "C"** to this affidavit, and indicate the following:

- 9.1 None of the Respondents are or have been registered with the Executive Director in Alberta under the section 75 of the Alberta Securities Act and Regulation (the "Act");
- 9.2 None of the Respondents have ever received a receipt for a preliminary or final prospectus from the Executive Director with respect to the securities of Base Finance Ltd. or Base Mortgage & Investments Ltd.; and
- 9.3 None of the Respondents have filed any reports of exempt distribution under National Instrument 45-106 - *Prospectus and Registration Exemptions* for distributions of securities of Base Finance Ltd. or Base Mortgage & Investments Ltd.

Previous Investigation

10. On September 24, 2015, I requested a search be conducted by Ivany-Fagan regarding any previous ASC investigations or action involving the Respondents. The results of my request were provided to me on September 24, 2015 and indicate that Base Finance Ltd. and Breitreutz were the subject of a previous ASC investigation in 1992 related to file B12544. I have asked that this file be retrieved from off-site storage to determine the findings of the investigation.

Previous Representations to Market Regulation

11. In response to my request referred to in paragraph 10, Ivany-Fagan also provided me with a copy of correspondence from Breitreutz to Kathy Ferguson ("**Ferguson**") of the Alberta Securities Commission dated May 9, 2012. A true copy of this letter, as retrieved from the ASC CRM system, is attached as **Exhibit "D"** to this affidavit. The letter appears to be in response to inquiries made by ASC Market Regulation staff of Breitreutz and/or Base Mortgage. In his response, Breitreutz indicates as follows:
 - 11.1.1 Base Mortgage & Investments Ltd. had been brokering mortgages for the past thirty-five (35) years;
 - 11.1.2 Very little brokering had occurred since 2009 and for the past two years no brokering had occurred because of plans for retirement;
 - 11.1.3 In response to specific questions from ASC Market Regulation:
 - 11.1.3.1 There are no debt obligations or promissory notes issued and there are no plans to issue any;
 - 11.1.3.2 There are no pooled mortgages and there are no plans to have them;
 - 11.1.3.3 There is no advising or managing of any type of mortgage investment corporation being done and there are no plans to do so;

11.1.3.4 There are no syndicated mortgages or plans to have them; and

11.1.3.5 There are no issued or sold shares or units and no plans to issue any.

No Current Registration with RECA

12. On September 24, 2015, I requested information via email from Mr. Joseph Fernandez ("**Fernandez**") the Registrar, Real Estate Council of Alberta ("**RECA**"), regarding the registration history of the Respondents. He responded via email with the following information:

12.1 Breitzkreutz was registered with RECA as a Mortgage Associate from October 1, 1997 to September 30, 2013;

12.2 Base Mortgage & Investments Ltd. was registered with RECA as a Mortgage Broker for the same period;

12.3 The Respondents do not currently hold registration with RECA.

Additional RBC Information

13. On September 24, 2015, I asked Sean Bonazzo, ASC Investigative Analyst, ("**Bonazzo**"), to issue a Notice Compelling Production to RBC ("**the Production Order**") for the production of documents related to the account opening documents, account statements, copies of cheques issued and deposited, as well as any internal RBC investigative notes and statements related to accounts held in the name of the Respondents.

14. Shin had advised me in our telephone call on September 24, 2015 that there was only one active account related to the Respondents. On September 25, 2015, in response to the Production Order, RBC provided the following documents and information related to an account in the name of Base Finance Ltd., being RBC account #02649-003-100-405-0 ("**the RBC Base Finance Ltd. Account**")

14.1 A copy of notes entitled "Summary of CIS Inquiries with respect to Base Finance and Easy Loan", is attached as "**Exhibit E**" to this affidavit. I confirmed through a telephone call with Mr. Ross Genge ("**Genge**"), Investigator for RBC in Vancouver, British Columbia, that these notes were prepared by him on August 31, 2015 and that they summarize his investigation, including his telephone conversations with Breitzkreutz on June 30, 2015, August 27 and 29, 2015. Genge's notes outline the following:

14.1.1 Breitzkreutz is the principal of the RBC bank account under the name of Base Finance Ltd.;

14.1.2 He has been a client since 1975 but the account was established on May 16, 2014;

- 14.1.3 \$4.275 million had been transacted through the account in the past 2.5 months with high disbursements of funds via cheques with numerous memo items noting "interest payments" to different parties;
- 14.1.4 Base Finance Ltd. appears to use pooled funds and distributes interest for a specific term back to investors;
- 14.1.5 Account records show funds going into the account from investors of large even dollar amounts such as \$150,000 and \$200,000 and then payments out of the account for repayment to investors;
- 14.1.6 There is "no evidence of funds out of acct for the actual loans to persons - leaving a void as to if it is actually directly involved in loaning funds as a private lender";
- 14.1.7 Breitkreutz's wife, a Ms. Susan Way ("Way") also has signing authority on the account;
- 14.1.8 During the telephone calls with Genge, Breitkreutz stated as follows:
 - 14.1.8.1 Base Finance Ltd. is a private equity lending company;
 - 14.1.8.2 Mortgages are extended to people who do not qualify for a mortgage at the bank;
 - 14.1.8.3 He uses pooled funds to become first on the mortgage with the lender;
 - 14.1.8.4 The company goes on title as opposed to individuals;
 - 14.1.8.5 Base Mortgage & Investments Ltd. is the administrator and is not involved in brokering or carrying on active mortgages;
 - 14.1.8.6 He locates investors through referrals from banks and friends;
 - 14.1.8.7 He has approximately 100 mortgages outstanding with most of them interim or short term;
 - 14.1.8.8 He confirmed that a number of deposits and cheque payments were for investments and the payments were for interest and/or principal and interest payments;
 - 14.1.8.9 He was not required to be registered as a mortgage lender in Alberta as it was not required; and
 - 14.1.8.10 He was not under any review or investigation with the Alberta Securities Commission.

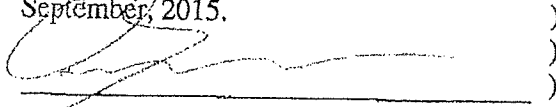
- 14.2 On September 25 and 28, 2015, I reviewed the bank documents received from RBC which included copies of bank statements and issued cheques for a period from May 16, 2014 to the present for the RBC Base Finance Ltd. Account.
- 14.3 A copy of the "Transaction History" for the RBC Base Financial Ltd. Account from 01 September 2015 through 24 September 2015 is attached to this affidavit as "Exhibit F".
- 14.4 Copies of the three most recent cheques deposited into the RBC Base Financial Ltd. Account during September, 2015, for a total of \$800,000, are attached to this Affidavit as "Exhibit G". A memo entry on one of these cheques indicates "mortgage investment -12 month" and an entry on another cheque indicates "6 month mortgage". The third cheque has a blank memo entry space.
- 14.5 Copies of cheques cleared out of the RBC Base Financial Ltd. Account during September, 2015 are attached to this Affidavit as "Exhibit H". I reviewed these cheques and note that the vast majority of them indicate "Int" along with what appears to be a file or account number in the memo field. Some include a notation of "pr repay". The substantial majority of the cheques are issued in amounts of less than \$10,000.00. None have notations that are indicative of funds being used to invest in mortgages.
- 14.6 Copies of Business Account Statements for the RBC Base Finance Ltd. Account for the period December 31, 2014 through August 31, 2015 are attached to this Affidavit as "Exhibit I". I have carefully reviewed these statements, together with copies of cheques and deposit slips provided for this account in respect of this period, and confirm that a similar, suspicious pattern of large deposits into the account and numerous small payments by cheque out of the account is evident throughout the period. No outgoing cheques during this period have notations suggesting they were directed to fund mortgages.
- 14.7 Overall, my review of the bank documents supports the information outlined in Genge's statement.
15. On September 25, 2015, I conducted an Internet search to identify the RBC branch location for RBC bank account #02649-003-100-405-0 and found that it was located at the RBC Britannia branch at 807 - 49 Avenue South West, Calgary, Alberta T1S 1G8. This branch is in proximity to the residence of Breikreutz.
16. On September 25, 2015, I spoke to Shin and he stated that RBC became aware of a \$500,000 deposit placed into the account on September 24, 2015 with every indication that it was funds from an investor for an investment for a short term of six (6) months. Shin informed me that because of RBC's concerns that there was no legitimate lending occurring, RBC intended to freeze the account as of the afternoon of September 25, 2015.
17. Shin indicated that the RBC-imposed account freeze could be disputed and hoped than an ASC Freeze Order would be issued to ensure the \$1,084,604.03 in the RBC Base Finance Ltd. Account would be preserved.

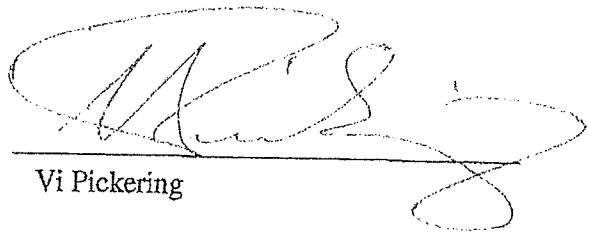
- 18. On September 25, 2015 I spoke to Genge on the telephone and he confirmed that RBC had frozen the RBC bank account #02649-003-100-405-0 belonging to Base Finance Ltd., which has a balance of \$1,084,604.03 as of September 25.

Summary

- 19. Based on my investigation to date and on my experience, the evidence provided by RBC bank statements and information from Shin and Genge with respect to the account activities for the Respondents identify that there may be very serious breaches of Alberta securities laws occurring, including possible securities fraud contrary to Section 93 of the Act.
- 20. To prevent further harm and loss to investors' funds, I believe an order should be issued to freeze the funds in the RBC Base Financial Ltd. Account.
- 21. I make this Affidavit in support of an application by Staff of the ASC for the Executive Director to issue a Freeze Order to RBC related to accounts held in the name of Base Finance Ltd., RBC bank account # 02649-003-100-405-0 in the amount of \$1,084,604.03 pursuant to sections 47(2) of the Act.

SWORN BEFORE ME at the
 City of Calgary, in the Province
 of Alberta, this 28th day of
 September, 2015.





 Vi Pickering

A COMMISSIONER FOR OATHS
 in and for the Province of Alberta

LORENZ BERNER
 Barrister & Solicitor

TAB A

COPY

Government of Alberta

Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2015/09/24
 Time of Search: 09:02 AM
 Search provided by: ALBERTA SECURITIES COMMISSION

Service Request Number: 23974287

Customer Reference Number:

This is a stub "A" referred to in the Affidavit of
Vi Pickering
given before me this 28 day
of Sept A.D. 2015
Alberta Public Commission for Oaths
in and for the Province of Alberta

Corporate Access Number: 203120084

Legal Entity Name: BASE FINANCE LTD.

LORENZ BERNER
 Barrister & Solicitor

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
312008 ALBERTA LTD.	1984/09/12
BASE FINANCIAL SERVICES (II) LTD.	1988/05/13

Legal Entity Status: Active
 Alberta Corporation Type: Named Alberta Corporation
 Registration Date: 1984/02/16 YYYY/MM/DD

Registered Office:

Street: 724 55 AVENUE SW
 City: CALGARY

Province: ALBERTA

Postal Code: T2V 0G3

Records Address:

Street: 724 55 AVENUE SW

City: CALGARY

Province: ALBERTA

Postal Code: T2V 0G3

Directors:

Last Name: BREITKREUTZ

First Name: ARNOLD

Street/Box Number: 724, 55TH AVE. S.W.

City: CALGARY

Province: ALBERTA

Postal Code: T2V 0G3

Voting Shareholders:

Last Name: BREITKREUTZ

First Name: ARNOLD

Street: 724, 55TH AVE. S.W.

City: CALGARY

Province: ALBERTA

Postal Code: T2V 0G3

Percent Of Voting Shares: 100

Other Information:

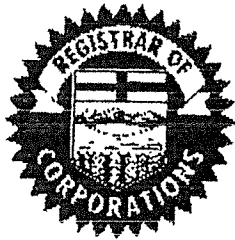
Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2015	2015/03/16

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2015/03/16	Enter Annual Returns for Alberta and Extra-Provincial Corp.

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



TAB B

COPY

Government
of Alberta**Corporation/Non-Profit
Search****Corporate Registration System**

Date of Search: 2015/09/24
 Time of Search: 10:17 AM
 Search provided by: ALBERTA SECURITIES COMMISSION

Service Request Number: 23975299

Customer Reference Number:

*This is Exhibit "B" referred to in the
Affidavit of*

VI PICKERING

Sworn before me this 28 day

of Sept A.D. 2015

*A Notary Public, Commissioner for Oaths
in and for the Province of Alberta*

Corporate Access Number: 201235959

Legal Entity Name: BASE MORTGAGE & INVESTMENTS LTD.

Name History:

LORENZ BERNER
Barrister & Solicitor

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
BASE MORTGAGE & INVESTMENTS LTD.	1984/07/18
BASE FINANCIAL SERVICES LTD.	1984/09/12

Legal Entity Status: Active

Alberta Corporation Type: Named Alberta Corporation

Registration Date: 1978/08/28 YYYY/MM/DD

Registered Office:

Street: 724 55 AVE SW

City: CALGARY

Province: ALBERTA

Postal Code: T2V 0G3

Directors:

Last Name: BREITKREUTZ

First Name: ARNOLD

Street/Box Number: 724, 55TH AVE. S.W.

City: CALGARY

Province: ALBERTA

Postal Code: T2V 0G3

Voting Shareholders:

Last Name: BREITKREUTZ

First Name: ARNOLD

Street: 724, 55TH AVE. S.W.

City: CALGARY

Province: ALBERTA

Postal Code: T2V 0G3

Percent Of Voting Shares: 100

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2015	2015/08/17

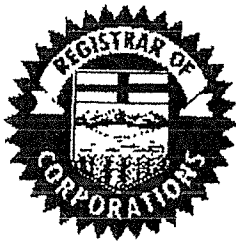
Continued Under the Business Corporations
Act on:

1983/10/21
YYYY/MM/DD

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
1998/09/23	Change Address
2015/08/17	Enter Annual Returns for Alberta and Extra-Provincial Corp.

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.



TAB C



SEARCH

ADMIN TOOLS

- Individual
- Firm Submission
- Individual Submission

Alberta Securities Commission

There is no result found based on the search criteria provided

Search Criteria

Enter information in at least one of the text boxes below to begin your search:

Firm Status: Current Only All

Name Starts with: base finance

OR

Name Contains:

OR

NRD No.:

SEARCH | ADMIN TOOLS

This is Exhibit "C" referred to in the Affidavit of

VI PIERCE/WH

Sworn before me this 28 day

of SEPT A.D. 2015

A Notary Public, Commissioner for Oaths in and for the Province of Alberta

LORENZ BERNER
Notarier & Solicitor

DBZ
SEP 28 2015



SEARCH

ADMIN TOOLS

- Individual
- Firm Submission
- Individual Submission

Alberta Securities Commission

There is no result found based on the search criteria provided

Search Criteria

Enter information in at least one of the text boxes below to begin your search:

Firm Status: Current Only All

Name Starts with: base mortgage

OR

Name Contains:

OR

NRD No.:

SEARCH | ADMIN TOOLS

SEP 28 2015

SEARCH

ADMIN TOOLS

Firm

Individual

Firm Submission

Individual Submission

Alberta Securities Commission

There is no result found based on the search criteria provided

Search for Individual

Search Criteria

Enter information in at least one of the text boxes below to begin your search:

Individual Status:

Current Only All

NRD No.:

OR

Enter information in at least one of the text boxes below to begin your search:

Last Name:

breitkreutz

First Name:

arnold

Second Name (if applicable):

Third Name (if applicable):

Date of Birth (optional):

(YYYY/MM/DD)

Province/Territory/State of Residence:

Select One

Province/Territory of
Registration/Acceptance:

Select One

OR

Business Name Starts With:

OR

Business Name Contains:

[Search] [Reset]

SEARCH | ADMIN TOOLS

DOA

SEP 27 2015

Company



Base Finance Ltd

Assigned To
CF Admin

Modified On
25/09/2015 1:29 PM

Relationship to ASC

Market Cap

General

Company Overview

Company Number	CMP-0032236	Main Phone	(403) 255-3100
Company Name	Base Finance Ltd	Other Phone	
Parent Company		Fax	
Primary Contact	Arnold Bretkreutz	Web Site	
Relationship to ASC		E-mail	
Relationship Sub-Type		Status Reason	Active

Shared Company/Organization Details

Industry	School Language
----------	-----------------

Head Office Address

Address Name	City	Calgary
Street 1	Province/State	AB
Street 2	Country	Canada
Street 3	Postal Code/ZIP	T2V 0G3

Mailing Address

Address Name	City
Street 1	Province/State
Street 2	Country
Street 3	Postal Code/ZIP

Reporting Issuer

Overview

Action Required Date

Filings Frequency

CTO Status

FS Filing Regime

CPC

51-102 Issuer Category

Market Capitalization

TSX-V Tier

Market Cap Date

RI Details

How Issuer Became RI

Date Issuer Became RI

Qualifying Transaction Completion Date

Date RI Became Inactive

OTC Info

OTC Ticker

OTC Market

Ticker Symbol Date

Alberta OTC Reporting Issuer Reason

3(a) Business

3(b) Promotional

3(c) Securities

Unable to Confirm Connection

Filing Types

FS No

MD&A No

CERT No

AIF

O&G No

INV-FS No

MRFP No

INV-AIF

ASC Records & SEDAR Profile

Fiscal Year End (Mmm-DD)

SEDAR:

Floating Year End No

Discretionary Change in PR

PR

SEDAR:

Basis for PR

Year of IFRS Adoption

Short Form No Issuer

SEDAR:

Notice of Intention Filed

Notice of Withdra... Filed

Grandfat... No Under 44-101

Date of
Current
Prospectus
(81-106)



SEDAR Profile

SEDAR Issuer Number	SEDAR Link
Company Name	
Contact Name	
Industry	
Stock Symbol	
CUSIP	
Auditor	
General Partner	
Transfer Agent	
Date of Formation	
Jurisdiction Formed	
Size	
Last Updated	
Validated	

Reporting Jurisdiction(s)

Alberta	No	British Columbia	No	Manitoba	No	New Brunswick
Newfoundl...	No	Northwest Territories	No	Nova Scotia	No	Nunavut
Ontario	No	Prince Edward Island	No	Quebec	No	Saskatchewan
Yukon	No	Not Applicable	No			

Listings

Australia	CA-Alpha Main	CA-Alpha Venture+	CA-CDN-OTC
CA-CDNX - AB	CA-CDNX - BC	CA-ME	CA-NEX
CA-OTHER	CA-TSX	CA-TSX Venture	CA-WSE

CNSX	Frankfurt	Hong Kong	London-AIM
London	Mexico	OTCBB	Over-the-counter markets
Paris	Pink Sheets	Shanghai	Shenzen
Taiwan	Tokyo	US-AMEX	US-BSE;CBOE;CSISE; Phix; PCX
US-NASDAQ	US-NYSE	US-Other	Not Applicable
51-105	Other		

Defaults

System Generated Defaults

1a) Unfiled Annual FS	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1b) Unfiled Interim FS	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1c) Unfiled MD&A/MRFP	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1d) Unfiled AIF	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1e) Unfiled Cert's	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1g) No SEDI Profile	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1k) Unfiled O&G	No	Excluded	No	Exclusion Reason	Exclusion Expiry

Manual Defaults

Note: Entering 'Date Resolved' & saving record will clear your entry & record it in Audit History

1f) Unfiled Info Circ	No	Default Date	Date Resolved	Period (YYYY-Q#)
1h) Unfiled MCR	No	Default Date	Date Resolved	Period (YYYY-Q#)
1i) No MCR Update	No	Default Date	Date Resolved	Period (YYYY-Q#)
1j) Unfiled BAR	No	Default Date	Date Resolved	Period (YYYY-Q#)
1k) Unfiled Mining Report	No	Default Date	Date Resolved	Period (YYYY-Q#)
1l) Unfiled News Release	No	Default Date	Date Resolved	Period (YYYY-Q#)
1m) Missing Corporate Gov.	No	Default Date	Date Resolved	Period (YYYY-Q#)
1n) Missing Audit Committee	No	Default Date	Date Resolved	Period (YYYY-Q#)

1c) Missing DC&P/ICFR	No	Default Date	Date Resolved	Period (YYYY-Q#)
2a) FS - Content	No	Default Date	Date Resolved	Period (YYYY-Q#)
2b) FS - Unreliable	No	Default Date	Date Resolved	Period (YYYY-Q#)
2c) AIF, MD&A, etc - Content	No	Default Date	Date Resolved	Period (YYYY-Q#)
2d) O&G/Mining - Content	No	Default Date	Date Resolved	Period (YYYY-Q#)
3) Fees	No	Default Date	Date Resolved	Period (YYYY-Q#)
4) Other	No	Default Date	Date Resolved	Period (YYYY-Q#)

Comments Regarding Exclusions & Manual Defaults

Regulatory Details

Current Regulatory Action?

Market Regulation	No	Corporate Finance	No	Enforcement	No
-------------------	----	-------------------	----	-------------	----

Sanctions

CF - CTO	No	CF - CTO Revocation/Expiry Date
ENF - CTO	No	ENF - CTO Expiry Date
ICTO	No	ICTO Expiry Date

Market Regulation

Firm Overview

From NRD?	No	NRD Number	
Registration Date		Monthly UN Reporting?	
CORES Checkdate		Principal Regulator	
Director's Resolution Date		Firm Status - AB	
Other Jurisdictions - T&C	No	Firm Status - Other	No
Terms & Conditions - AB			
Comments			

Contact Details

AFR Name	CCO Name	UDP Name
AFR Phone	CCO Phone	UDP Phone
AFR Email	CCO Email	UDP Email
UN Reporting Email	CCO Location	UDP Location

Registration Details

Exempt Market Dealer	No	International - Other Exemption	No	International Adviser - Exemption	No
International Dealer - Exemption	No	Mutual Fund Dealer	No	Investment Dealer	No
Investment Fund Manager	No	Restricted Dealer	No	Restricted Portfolio Manager	No
Portfolio Manager	No	Scholarship Plan Dealer	No		

Insurance Details

Insurance	Insurance Expires
------------------	--------------------------

Market Intelligence Details

Total Number of Offices	Total Employees
Total Branches	Total Employees in AB
Total Sub-Branches	Total Registrants
Alberta Branches	Total Registered in AB
Alberta Sub-Branches	AB-Based Registrants
Business Services Provided	

Firm Created By	Legal Structure
------------------------	------------------------

Firm Created Date

Investment Strategies

Commodities	Derivatives	Equities	Exchange Traded
Fixed Income	Investment Funds	Leverage	

Mortgage
Syndicator

Mutual Funds

Pooled Funds

eg. Client Accounts

Short-Selling

Third Party Dealer

Alberta Business Functions

Administration

Compliance

Dealer

IFM

PM

Registered for Other
Products

Carrying Broker

Other Financial
Products

Financial Details

AB Revenue Sole
Client

Auditor Name

Fiscal Year End

Custodian Name

Current AUM

Custody of Assets

Excess Working
Capital

Subordinated Loan
Agreement

Excess Working
Capital Date

Firm History

Last Oversight
Examination

Bankruptcy History

Criminal Convictions

Refusal of
Registration

Exemptions

Member of an SRO

SRO Exemption

SRO/Exchange

General Information

Business Description

ASC Recognition
Date

Commencement
Date

Lead Jurisdiction

Other Lead
Jurisdiction

DJA

Recognizing Jurisdiction(s)

Alberta	British Columbia	Manitoba
New Brunswick	Newfoundland	Northwest Territories
Nova Scotia	Nunavut	Ontario
Prince Edward Island	Quebec	Saskatchewan
Yukon		

Exempting Jurisdiction(s)

Alberta	British Columbia	Manitoba
New Brunswick	Newfoundland	Northwest Territories
Nova Scotia	Nunavut	Ontario
Prince Edward Island	Quebec	Saskatchewan
Yukon		

Documents

Administration

History

Created On	20/11/2009 8:41 PM	Modified On	25/09/2015 1:29 PM
Previous Names	BASE FINANCE LTD		

DA



Assigned To

CS Admin

Currency

Canadian Dollar

1g Exclusion Expiry

Oil & Gas Assets

ASCIS Legacy Fields

ASCIS ID Code 13716

Listed CDNX Date

ASCIS File Number B12544

Listed ASE Date

Listed On

Section 145 Date

Issuer Type

FP Receipt Date

Categorization

Take Over Date

Basis

1st Amalgamation Date

On Passport

2nd Amalgamation Date

Inactive Reason

Inactive Date

Active Section 153 No

Section 153 Date

Comments (From ASCIS)

Notes

Status

Active



* Received Filing Associated View

Filing Date	Document Description	Filing Type	SEDAR Project	Filing Number	Delivery Method	Status Reason	DM Document No.	Expected Filing	Filing Class	Rejectio
-------------	----------------------	-------------	---------------	---------------	-----------------	---------------	-----------------	-----------------	--------------	----------

(The following information is for informational purposes only.)



Company



Base Mortgage & Investment Ltd

Assigned To
CF Admin

Modified On
25/09/2015 1:30 PM

Relationship to ASC

Market Cap

General

Company Overview

Company Number	CMP-0041203	Main Phone	
Company Name	Base Mortgage & Investment Ltd	Other Phone	
Parent Company		Fax	
Primary Contact		Web Site	
Relationship to ASC		E-mail	
Relationship Sub-Type		Status Reason	Active

Shared Company/Organization Details

Industry **School Language**

Head Office Address

Address Name **City**

Street 1 **Province/State**

Street 2 **Country**

Street 3 **Postal Code/ZIP**

Mailing Address

Address Name **City**

Street 1 **Province/State**

Street 2 **Country**

Street 3 **Postal Code/ZIP**

007

Reporting Issuer

Overview

Action Required Date

Filings Frequency

CTO Status

FS Filing Regime

CPC

51-102 Issuer Category

Market Capitalization

TSX-V Tier

Market Cap Date

RI Details

How Issuer Became RI

Date Issuer Became RI

Qualifying Transaction Completion Date

Date RI Became Inactive

OTC Info

OTC Ticker

OTC Market

Ticker Symbol Date

Alberta OTC Reporting Issuer Reason

3(a) Business

3(b) Promotional

3(c) Securities

Unable to Confirm Connection

Filing Types

FS

No

MD&A

No

CERT

No

AIF

O&G

No

INV-FS

No

MRFP

No

INV-AIF

ASC Records & SEDAR Profile

Fiscal Year End (Mmm-DD)

SEDAR:

Floating Year End No

Discretionary Change in PR

PR

SEDAR:

Basis for PR

Year of IFRS Adoption

Short Form Issuer No

SEDAR:

Notice of Intention Filed

Notice of Withdrawal Filed


Grandfathered Under 44-101 No

DSM

Date of
Current
Prospectus
(81-106)

 SEDAR Profile

SEDAR Issuer Number	SEDAR Link
Company Name	
Contact Name	
Industry	
Stock Symbol	
CUSIP	
Auditor	
General Partner	
Transfer Agent	
Date of Formation	

 Jurisdiction Formed

Size

Last Updated

Validated

Reporting Jurisdiction(s)

Alberta	No	British Columbia	No	Manitoba	No	New Brunswick
Newfoundl...	No	Northwest Territories	No	Nova Scotia	No	Nunavut
Ontario	No	Prince Edward Island	No	Quebec	No	Saskatchewan
Yukon	No	Not Applicable	No			

Listings

Australia	CA-Alpha Main	CA-Alpha Venture+	CA-CDN-OTC
CA-CDNX - AB	CA-CDNX - BC	CA-ME	CA-NEX
CA-OTHER	CA-TSX	CA-TSX Venture	CA-WSE

CNSX	Frankfurt	Hong Kong	London-AIM
London	Mexico	OTCBB	Over-the-counter markets
Paris	Pink Sheets	Shanghai	Shenzen
Taiwan	Tokyo	US-AMEX	US-BSE;CBOE;CS ISE; Phix; PCX
US-NASDAQ	US-NYSE	US-Other	Not Applicable
51-105	Other		

Defaults

System Generated Defaults

1a) Unfiled Annual FS	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1b) Unfiled Interim FS	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1c) Unfiled MD&A/MRFP	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1d) Unfiled AIF	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1e) Unfiled Cert's	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1g) No SEDI Profile	No	Excluded	No	Exclusion Reason	Exclusion Expiry
1k) Unfiled O&G	No	Excluded	No	Exclusion Reason	Exclusion Expiry

Manual Defaults

Note: Entering 'Date Resolved' & saving record will clear your entry & record it in Audit History

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1h) Unfiled MCR	No	Default Date	Date Resolved	Period (YYYY-Q#)
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1j) Unfiled BAR	No	Default Date	Date Resolved	Period (YYYY-Q#)
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1c) Missing DC&P/ICFR	No	Default Date	Date Resolved	Period (YYYY-Q#)
2a) FS - Content	No	Default Date	Date Resolved	Period (YYYY-Q#)
2b) FS - Unreliable	No	Default Date	Date Resolved	Period (YYYY-Q#)
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3) Fees	No	Default Date	Date Resolved	Period (YYYY-Q#)
4) Other	No	Default Date	Date Resolved	Period (YYYY-Q#)

Comments Regarding Exclusions & Manual Defaults

Regulatory Details

Current Regulatory Action?

Market Regulation	No	Corporate Finance	No	Enforcement	No
-------------------	----	-------------------	----	-------------	----

Sanctions

CF - CTO	No	CF - CTO Revocation/Expiry Date
ENF - CTO	No	ENF - CTO Expiry Date
ICTO	No	ICTO Expiry Date

Market Regulation

Firm Overview

From NRD?	No	NRD Number
Registration Date		Monthly UN Reporting?
CORES Checkdate		Principal Regulator
Director's Resolution Date		Firm Status - AB
Other Jurisdictions - T&C	No	Firm Status - Other No
Terms & Conditions - AB		
Comments		

004

Contact Details

AFR Name	CCO Name	UDP Name
AFR Phone	CCO Phone	UDP Phone
AFR Email	CCO Email	UDP Email
UN Reporting Email	CCO Location	UDP Location

Registration Details

Exempt Market Dealer	No	International - Other Exemption	No	International Adviser - Exemption	No
International Dealer - Exemption	No	Mutual Fund Dealer	No	Investment Dealer	No
Investment Fund Manager	No	Restricted Dealer	No	Restricted Portfolio Manager	No
Portfolio Manager	No	Scholarship Plan Dealer	No		

Insurance Details

Insurance	Insurance Expires
------------------	--------------------------

Market Intelligence Details

Total Number of Offices	Total Employees
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Total Sub-Branches	Total Registrants
Alberta Branches	Total Registered in AB
Alberta Sub-Branches	AB-Based Registrants
Business Services Provided	

Firm Created By	Legal Structure
------------------------	------------------------

Firm Created Date

Investment Strategies

Commodities	Derivatives	Equities	Exchange Traded
Fixed Income	Investment Funds	Leverage	

Mortgage Syndicator

Mutual Funds

Pooled Funds

Seg. Client Accounts

Short-Selling

Third Party Dealer

Alberta Business Functions

Administration

Compliance

Dealer

IFM

PM

Registered for Other Products

Carrying Broker

Other Financial Products

Financial Details

AB Revenue Sole Client

Auditor Name

Fiscal Year End

Custodian Name

Current AUM

Custody of Assets

Excess Working Capital

Subordinated Loan Agreement

Excess Working Capital Date

Firm History

Last Oversight Examination

Bankruptcy History

Criminal Convictions

Refusal of Registration

Exemptions

Member of an SRO

SRO Exemption

SRO/Exchange

General Information

Business Description

ASC Recognition Date

Commencement Date

Lead Jurisdiction

Other Lead Jurisdiction

Recognizing Jurisdiction(s)

Alberta	British Columbia	Manitoba
New Brunswick	Newfoundland	Northwest Territories
Nova Scotia	Nunavut	Ontario
Prince Edward Island	Quebec	Saskatchewan
Yukon		

Exempting Jurisdiction(s)

Alberta	British Columbia	Manitoba
New Brunswick	Newfoundland	Northwest Territories
Nova Scotia	Nunavut	Ontario
Prince Edward Island	Quebec	Saskatchewan
Yukon		

Documents

Administration

History

Created On	20/11/2009 9:00 PM	Modified On	25/09/2015 1:30 PM
Previous Names	BASE MORTGAGE & INVESTMENT LTD		

DB



Assigned To

CF Admin

Currency

Canadian Dollar

1g Exclusion Expiry

Oil & Gas Assets

ASCIS Legacy Fields

ASCIS ID Code 55832

Listed CDNX Date

ASCIS File Number

Listed ASE Date

Listed On

Section 145 Date

Issuer Type

FP Receipt Date

Categorization

Take Over Date

Basis

1st Amalgamation Date

On Passport

2nd Amalgamation Date

Inactive Reason

Inactive Date

Active Section 153 No

Section 153 Date

Comments (From ASCIS)

Notes

Status

Active



DBA

Received Filing Associated View

Filing Date	Document Description	Filing Type	SEDAR Project	Filing Number	Delivery Method	Status Reason	DIA Document No.	Expected Filing	Filing Class	Rejects
1/05/2012	RESPONSE LETTER	3003		REC-08753537	Calgary Office	Active				No



Contact

Arnold Breitkreutz

E-mail

Preferred Method of Contact
Any

Owner
CF Admin

General

Contact Number	IND-0036354	Parent Company	Base Finance Ltd
Salutation	Mr.	Job Title	President
Full Name (SEDAR)	Arnold Breitkreutz	Contact Type	Suspect
First Name	Arnold	Business Phone	(403) 255-3100
Last Name	Breitkreutz	Extension	
Middle Name		Mobile Phone	
Goes By		Home Phone	(403) 255-3100
Alias		Fax	
Designation		Email	
		Secondary Email	

Mailing Address

Use Company Address? No

Address Name	City
Street 1	Province/State
Street 2	Country
Street 3	Postal Code/ZIP

Home Address

Street 1	724 - 55 Avenue SW	City	Calgary
Street 2		Province/State	AB
Street 3		Country	Canada
		Postal Code/ZIP	T2V 0G3

Related Parties To

Relationship Type	Company	Contact	Created On
<input type="checkbox"/> Suspect		Arnold Breitkreutz	24/09/2015 10:21 AM
<input type="checkbox"/> Suspect	Base Finance Ltd	Arnold Breitkreutz	24/09/2015 10:28 AM
<input type="checkbox"/> Suspect	Base Mortgage & Investmen	Arnold Breitkreutz	24/09/2015 10:57 AM

1 - 3 of 3 (0 selected)

Page 2

ClickDimensions

Age	Facebook
	LinkedIn
IP	Twitter
Analytics Score	Identified On
Total Score	

Contact Details

Professional Information

Department	Assistant
Role	Assistant Phone
	Assistant Email
Description	

ODA

Regulatory Details

Current Regulatory Action?

<input checked="" type="radio"/> Market Regulation	No	<input type="radio"/> Corporate Finance	No	<input type="radio"/> Enforcement	No
--	----	---	----	-----------------------------------	----

Reference Detail

ENF - CTO	No	ENF - CTO Expiry Date
ENF - ICTO	No	ENF - ICTO Expiry Date
D/O Ban	No	D/O Ban Expiry Date
Denial of Exemptions	No	Denial of Exemptions Expiry Date

Violations

Illegal Distribution	Acting Contrary to Public Interest
Market Manipulation	Insider Trading
Failure to File	Misrepresentation
Misleading Statements	Illegal Capital Market Raising
Reciprocation of Order	Prohibited Representations

Sanctions

Administrative Penalties	Prohibition as Director or Officer
CTO for All Securities	CTO for Specified Securities
Denial of All Exemptions	Denial of Specified Exemptions
Revocation	Partial Revocation
MCTO	Other Sanction

Market Reg

NRD Integration

From NRD?	No	CPIC Check	No
NRD Number		Ind. Status - Other	No

Ind. Terms - AB

Other Jurisdictions No
T&C

Individual Registration Categories

Dealing Representative	Advising Representative	Associate Advising Representative
------------------------	-------------------------	-----------------------------------

Permitted Categories

Ultimate Designated Person	Chief Compliance Officer	Officer	Director
Shareholder	Branch Manager (MFDA Members only)	IIROC Approval Only	

Investment Industry Regulatory Organization of Canada

Approval Categories

Executive	Director (Industry)	Director (Non-Industry)	Supervisor
Investor	Registered Representative	Investment Representative	Trader
Chief Financial Officer			

Products

Non-Trading	Securities	Options	Futures Contracts
-------------	------------	---------	-------------------

Mutual Funds

Customer Type

Retail	Institutional	Not-Applicable
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Portfolio Management

Portfolio Management

C&IE

Event Indicators

Weekly Update	Christmas Card	Christmas Card Signature(s)
Information Seminars	Contact Reception	Contact Reception Owner(s)
Division Ownership	Corporate Finance Department Ownership	Derivative Mailings

Education Indicators

Investor Alerts	Investor Updates	Teacher Updates
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DA

Reports



Annual Report

Continuous Disclosure Report

AB Capital Market Report

Oil & Gas Report

Grades & Subjects

Grade(s)

Subject(s)

Other Grade

Other Subject

Event Participation Information

Last Date Included in Event

Documents



Navigation to the webpage was canceled

What you can try:



- Retype the address.

Administration

Internal Information

ASCIS ID Code	61869	ASCIS File Number	
Owner	CF Admin	Status Reason	Active
Created On	22/11/2009 1:17 PM		
Modified On	25/09/2015 1:38 PM		

Contact Methods

DDA

Preferred Any

Send Marketing Materials Send

Do not allow Bulk E-mails Allow

Do not allow E-mails Allow

Do not allow Faxes Allow

Do not allow Mail Allow

Do not allow Phone calls Allow

Notes

Confidential Info

Confidential Info

Birthday 31/10/1947

SIN/SSN Number

Place of Birth

Activities

Activities Open Activities

Subject

Regarding

Activity Type

Activity Status

Priority

No Activity records are available in this view.

0 - 0 of 0 (0 selected)

Page 1

Status

Active

DDA

TAB D

**ALBERTA SECURITIES
COMMISSION**

MAY 15 2012

CMP 0041203

IND _____

REC FILING D8753537

MATTER MRV-000986

EXP _____

MRV

SCAN

May 9, 2012

Alberta Securities Commission
600, 250 - 5 St SW
Calgary AB T2P 0R4

ATTENTION: KATHY FERGUSON

Dear Madam

Re: Your letter April 27/12 re Registerable Activities

Further to your letter dated April 27, 2012, please be advised that Base Mortgage & Investments Ltd has been brokering all types of mortgages for the past thirty-five years.

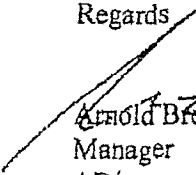
Since 2009 we have done very little brokering and for the past two years none at all as we have been winding down to retirement.

Regarding your specific questions:

- 1) re issued or sold any debts obligations or promissory notes – no we have not and do not have any future plans to do so
- 2) re pooled mortgages & interests in pools – no we do not pool mortgages and have no plans to do so
- 3) re managing or advising a Mortgage Investment Corp – we have never done so or plan to do so
- 4) re syndicated mortgages – we do not have syndicated mortgages or plan to do so
- 5) re issued or sold shares or units – no we have not issued, sold shares or units and do not plan to do so.

We trust the foregoing to be satisfactory.

Regards

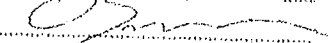

Arnold Bretkreutz
Manager
AB/sw

This is Exhibit "D" referred to in the Affidavit of


V. PICKERING

Sworn before me this 28 day

of SEP 15 A.D., 2012


A Notary Public, Commissioner for Oaths
in and for the Province of Alberta

LORENZ GERNER
Notary Public


BASE MORTGAGE & INVESTMENTS LTD.

724 - 55 AVENUE S.W., CALGARY, ALBERTA T2V 0G3

PHONE (403) 255-3100

BASE MORTGAGE & INVESTMENTS LTD.
724 - 55 AVE. S.W
CALGARY, AB T2V 0G3

www.canadapost.ca 120514 2.

www.Postescanada.ca T2E

ALBERTA SECURITIES COMMISSION
KATHY FERGUSON
600, 250 - 5 ST SW
CALGARY AB T2P 0R4

TAB E

Summary of CIS Inquiries with respect to Base Finance and Easy Loan

A CIS investigation was generated after concerns were noted within transactions the account of Base Finance. Specifically:

- A dishonoured cheque for \$500,000 payable to Base Finance from Easy Loan Consulting. Further review of acct of Base Financial account revealed that since the account was established on May 16 2014, 4.275 MM had been transacted through the account in the past 2.5 months. Unusually high dispersements of funds via cheques were noted moved out of the acct with numerous memo items noting 'interest payments' to different parties. Many cheques were of even dollar amounts.
- Further the returned cheque had been deposited to a closed account. A draft was issued by BMO payable to Base Finance for \$500,000 to make up for returned cheque and there was no loss financial loss to RBC.
- Subsequent CIS investigation was conducted to ensure that Base Finance was not involved inappropriate market activity such as a Ponzi and also to get an understanding of the nature of the business.

Base Finance:

- Principal of the account is Arnold Breitkreutz (Breitkreutz) SRF# 152487518
- Client since 1975 and second subject with signing authority on the account is Susan Way SRF#879288181.
- Associated to Base Finance is GP Energy (accts inactive) and Base Mortgage Investments with two business accounts, personal deposit and credit accounts including one RBC mortgage.

Sworn before me this 28 day of August, 2015
 VI PICKER (NB)
 A Notary Public, Commissioner for Oaths
 of the Province of Alberta

Breitkreutz:

- Arnold BREITKREUTZ is listed as a mortgage broker on the SRF profile
- There is no record of he being listed or registered as a broker within any regulatory agency
- There is no relevant enforcement action or derogatory information found through online searches of AB Real Estate Council (RECA), Canadian Securities Administrators (CSA), Investment Industry Regulatory Organization of Canada (IIROC), Mutual Fund Dealers Association of Canada (MFDA), AB Securities Commission (ASC), or Alberta Superintendent of Financial Institutions (ASFI)

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- Research was also conducted on his spouse, Susan BREITKREUTZ (srf#204697031)- nothing relevant was found.
- Interview with the business account manager for Base Finance- no negative information provided and no concerns with respect to the relationship.

Base Financial:

- AB incorporation record, Base Finance (active) was established on 1984/02/16 and BREITKREUTZ is the sole director and shareholder. The registered address is the same as BREITKREUTZ's personal SRF profile, 724 55 Ave SW, Calgary AB, which appears to be a residential address according to Google Map
- Unable to identify the company's registration record or relevant enforcement action through searches of RECA, CSA, IIROC, MFDA, ASC or ASFI.
- Nothing relevant was identified for the company (e.g. corporate website, ads, Dun & Bradstreet record or complaints).
- Results from public record searches always referred back to Base Mortgage & Investments Ltd.

Base Mortgage & Investments Ltd.:

- AB incorporation record, Base Mortgage (active) was formed 1978/08/28 and BREITKREUTZ is the sole director and shareholder. The registered address is also 724 55 Ave SW, Calgary AB
- A Dun & Bradstreet record was identified and the company reportedly had two employees as of December 2013. Categorized as a loan broker, Base Mortgage was estimated to have annual sales of CAD\$500,000 in 2012
- Base Mortgage advertises itself as a "mortgage broker" and in the industry of "security brokers, dealers, and flotation companies".
- Unable identify the company's registration record or enforcement action through searches of RECA, CSA, IIROC, MFDA, ASC or ASFI;
- No corporate website was found; and
- No media articles or online complaints were identified
- A post which appeared to be of advertising nature, was identified for Base Mortgage on a 2001 newsletter by Networth Asset Management Inc. The contact person was named Lyle Hogaboam. There is a possible SRF profile found for Lyle Hogaboam (srf#200164176) and no relevant hits on EIM. This individual is not registered with RECA or CSA. Hogaboam does appear to be associated to Base Mortgage any longer after his association in 2001.

Account activity review of Base Finance:

- Numerous cheques with memo items of 'interest' noted on the cheque. Even dollar amounts out of Base acct and payable to different parties.
- Appears to be activity consistent to a private lender for mortgages.
- Of concern is a business profile of Base is very limited with no indication of advertising etc and how it attracts business for lending or for people to invest.
- Company appears to use pooled funds and distributes interest for a specific term back to investors. Acct records show funds in to the acct from investors of large even dollar amts such as cheques for \$150,000 and \$200,000 and payment out of acct such as repayment to investors as previously noted. But of concern is no evidence of funds out of acct for the actual loans to persons- leaving a void as to if it is actually directly involved in loaning funds as a private lender.

Interview of BREITKREUTZ:

Background:

- Used to work for BMO for approximately 25 years.
- Now operates solely as a private lender using pooled funds of other themselves and other individuals for property purchases
- Home based business and his spouse – Susan Way is the sole employee besides themselves
- Nature of the business – Base Finance:
 - Private lending company – equity mortgages.
 - Mortgages extended to people who do not qualify for a mortgage at bank – but the company will retain equity in the property will process a private mortgage for these clients provided they retain equity in the property and loan directly to the purchaser.
 - Also involved in business properties such as commercial properties and raw land and oil and gas mortgages.
 - Uses pooled funds to become first on the mortgage with the lender
 - The source of the pooled funds include his own funds and also puts together a group of investors who contribute funds on occasion directly to the mortgage.
 - Company goes on title as opposed to all of the individuals.
 - Contractual agreement and specific to the property.
 - Base Mortgage Investments- is the administrator and is not involved in brokering or carrying on active mortgages- so not licenced.
 - Locates clients/investors through referrals from banks etc. and friends.

- Currently Base has approximately 100 mortgages outstanding with most of it interim or short term.
- Reviewed numerous deposits/payables to and from the Base Finance account:
 - Bariele's Investments \$150,000 Sept 8, 2014- invested in a mortgage and payment of interest based on the investment
 - Rita Violini – personal cheque \$50,000 August 1, 2014- mortgage investment – a known acquaintance.
 - Simon PRIEST draft \$100,000 August 29, 2014- invested in a private mortgage
 - Easy Loan \$400,000 BMO draft August 25, 2014- Invested in a commercial deal and paid them out 5 million when it was paid out
 - Renco Energy – several cheques (property taxes) \$1700 and \$1800
 - Barbara McKAY \$150,000 Sept 17, 2014- investment in to a mortgage
 - Carol and Dr. Fredrick DOWE – cannot recall exactly but believed it was a mortgage investment- \$50,000 Sept 3, 2014
 - Allan Forest Sales \$200,000 Sept 12, 2014- long time investor and investment
 - Norman and Barbara DENOON \$100,000 Sept 4, 2014- mortgage payment or an investment.
 - Flexible payments are allowed in lump sum.
- Rate 10% is charged on private mortgages
- Offers a lot more flexibility than large financial institutions
- T5's are issued to the investors
- BREITKREUTZ explained the numerous cheques/payables out of the Base Finance acct payable to various parties with memo items saying 'Interest' or 'principal and interest':
 - Clair DOW \$310,958 - 2014-09-16- Payout on the mortgage plus interest- Clair would have been an investor on a mortgage and payment was done in one cheque as opposed to separate payments of the principal investment and another for the interest income.
 - Jorge and Susana GRINMAN- \$200,000 Sept 12, 2014- Payout on the mortgage plus interest- would have been an investor on a mortgage
 - Warrenpoint Properties \$152,883 Sept 5, 2014- payout on the mortgage plus interest- would have been an investor on a mortgage
 - R & M Holdings \$103,750 Sept 17, 2014- investment payout on a mortgage including interest.
 - Norman DENOON \$32,556 Sept 17, 2014- interest payment on a mortgage investment

- Ray or Margaret SAMPERT \$20,333 Sept 4, 2014- interest payment on a short term mortgage
- Barb DENOON \$20,000 Sept 17, 2014
- Base will only issue one cheque including principal investment return and interest with an accompanying letter which outlines specify of the payout.
- BREITKREUTZ not registered as a mortgage lender in Alberta and it is not required.
- States he is not under any review by an investigation unit such as the Alberta Securities Commission.

Relationship between Base Finance and Easy Loan:

I was informed they had been involved in only one commercial deal only with respect Easy Loan being joint investors in a commercial property development purchase and made a payment to Base and which funded the mortgage. Payment back out of the property once investment complete was complete.

- A client of Base Finance 'J Rock' (sp) had approached Base Finance with respect to the purchase of a commercial property located on McLeod Trail.
- Base contacted Easy Loan with whom they have done business in the past and inquired if they were interested in funding a commercial mortgage through Base and their client- Easy Loan agreed and provided 5 million approximately with respect to this lender purchasing this property.
- Base subsequently went first on title with respect to this property and mortgage.
- Shortly thereafter the client went to BNS and obtained their own mortgage.
- BNS issued a draft to Base Finance for payout of the outstanding mortgage balance owing and then subsequently provided a cheque to Easy Loan for the amount of principal that was loaned plus whatever interest had accrued.
- BREITKREUTZ stated that Easy Loan and Base and been involved in several smaller joint deals for funding mortgages in the past and it is believed this was the larger joint deal to date.
- BREITKREUTZ having received the drafts from both Easy Loan and the lender issued by chartered financial institution did not have any concerns as to the legitimacy of the funds.
- BREITKREUTZ based on my inquiries expressed concern as to why RBC was asking questions about Easy Loan stating that he would like to be informed should there be concerns associated to Easy Loan as he is a middle man dealing with different parties.
- BREITKREUTZ was transparent and no sense of not wishing to answer questions associated to transactions with the business.

I inquired with BREITKREUTZ about the outflow of funds to lenders. He stated that:

- Investor funds come in to the account and drafts go out of the account from the same account direct to the lenders for whom a mortgage is being provided.
- When the mortgage is paid out, payments back to the investors who supported the mortgage go out as one cheque of principal plus interest accrued.

Easy Loan:

Calls to the business unit, and branch manager Tracy Long are still being conducted and voice mail messages left.

Further inquiries to be conducted. In conversations with the business unit associated to Easy Loan – they stated it was their intention to demarket based on the uncomfortable nature of financial transactions in the account and also the attitude and demeanor of the sole principal Mike Terrigno was with staff.

Further details to be provided.

Summary:

Further inquiries will be conducted with Base Finance and their past and current relationship to Easy Loan. I found BREITKREUTZ to be very transparent and cooperative in interviews with CIS.

Thank you,

Ross

TAB F

Transaction History Search Results

This is Exhibit "F" returned to in the

Affidavit of
V. P. P. P. P. P.
 Sworn before me this 29 day
 of SEP A.D. 2015
 A Notary Public, Commissioner for Oaths
 in and for the Province of Alberta

Transit / Account: 02649-1004050 Date (yyyy/mm/dd): 2015/09/01-2015/09/24

1-72 of 72

	<u>View</u>	<u>Send Copy</u>	<u>Modify Search</u>	<u>New Search</u>			
	<u>Date</u> (yyyy/mm/dd)	<u>T/C</u>	<u>Description</u>	<u>Serial #</u>	<u>Item Seq. #</u>	<u>Debits/Cheques</u>	<u>Credits/Deposits</u>
1	2015/09/01	300	DEPOSIT	64			100,000.00
2	2015/09/01	480	CHEQUE - 1537	1537	2200313600	5,000.00	
3	2015/09/01	480	CHEQUE - 1555	1555	8100368183	5,000.00	
4	2015/09/01	480	CHEQUE - 1580	1580	2200331875	5,000.00	
5	2015/09/01	480	CHEQUE - 1600	1600	2800532826	5,000.00	
6	2015/09/01	480	CHEQUE - 1556	1556	2200414627	6,000.00	
7	2015/09/01	193	SERVICE FEE	0		6.72	
8	2015/09/01	590	PAPER STMT W IMAGE - 1 @ 3.00	0		3.00	391,962.63
9	2015/09/02	480	CHEQUE - 1578	1578	2000473102	3,000.00	
10	2015/09/02	480	CHEQUE - 1588	1588	2200476279	4,200.00	
11	2015/09/02	480	CHEQUE - 1570	1570	2000499130	5,000.00	
12	2015/09/02	480	CHEQUE - 1569	1569	2000489996	5,000.00	374,762.63
13	2015/09/03	480	CHEQUE - 1579	1579	2600086929	3,750.00	
14	2015/09/03	480	CHEQUE - 1585	1585	2200058386	5,000.00	366,012.63
15	2015/09/04	714	CASH WITHDRAWAL	0		2,500.00	
16	2015/09/04	300	DEPOSIT	66			300,700.00
17	2015/09/04	480	CHEQUE - 1572	1572	8100282386	13,900.00	
18	2015/09/04	480	CHEQUE - 1499	1499	2200183613	15,000.00	635,252.63
19	2015/09/08	480	CHEQUE - 1503	1503	4900322292	750.00	
20	2015/09/09	480	CHEQUE - 1598	1598	2200180926	2,500.00	632,002.63
21	2015/09/09	480	CHEQUE - 1608	1608	2000440697	3,826.00	
22	2015/09/09	480	CHEQUE - 1591	1591	2900130047	4,125.00	
23	2015/09/09	480	CHEQUE - 1604	1604	2000540368	4,750.00	
24	2015/09/09	480	CHEQUE - 1589	1589	8100318276	6,000.00	
25	2015/09/09	480	CHEQUE - 1603	1603	2000540369	6,250.00	
26	2015/09/09	480	CHEQUE - 1593	1593	8500241344	7,350.00	
27	2015/09/09	480	CHEQUE - 1590	1590	2900130048	9,187.00	
28	2015/09/09	480	CHEQUE - 1609	1609	2000529066	10,000.00	
29	2015/09/09	480	CHEQUE - 1605	1605	2000440668	12,500.00	
30	2015/09/09	480	CHEQUE - 1697	1697	2000542062	15,000.00	583,015.63
31	2015/09/10	480	CHEQUE - 1594	1594	1400204906	675.00	
32	2015/09/10	480	CHEQUE - 1641	1641	2000031603	5,500.00	
33	2015/09/10	480	CHEQUE - 1586	1586	8100452315	7,500.00	539,440.63
34	2015/09/11	480	CHEQUE - 1569	1569	8500381979	6,250.00	
35	2015/09/11	480	CHEQUE - 1613	1613	2200389386	6,000.00	
36	2015/09/11	480	CHEQUE - 1614	1614	2200367117	6,000.00	
37	2015/09/11	480	CHEQUE - 1615	1615	2200329154	17,850.00	504,340.63
38	2015/09/14	714	CASH WITHDRAWAL	0		2,000.00	
39	2015/09/14	480	CHEQUE - 1581	1581	2200462487	2,500.00	
40	2015/09/14	480	CHEQUE - 1534	1534	3700147054	3,000.00	
41	2015/09/14	480	CHEQUE - 1657	1657	2200416396	5,000.00	
42	2015/09/14	480	CHEQUE - 1518	1518	2200416393	7,600.00	
43	2015/09/14	480	CHEQUE - 1582	1582	2200462489	12,500.00	

LORENZ BERNER
 Director & Solicitor

44	2015/09/14	480	CHEQUE - 1610	1610	2200416394	12,500.00	
45	2015/09/14	480	CHEQUE - 1611	1611	2000313051	17,000.00	
46	2015/09/14	480	CHEQUE - 1610	1610	2000266085	33,657.00	408,673.63
47	2015/09/15	480	CHEQUE - 1617	1617	2000385411	7,500.00	
48	2015/09/16	480	CHEQUE - 1612	1612	2000438206	25,250.00	373,923.63
49	2015/09/16	714	CASH WITHDRAWAL	0		2,500.00	
50	2015/09/16	464	CHQ PRINTING FEE - CHQ/DEP ORDER	0		255.60	
51	2015/09/16	480	CHEQUE - 1607	1607	1400037364	9,333.00	
52	2015/09/16	480	CHEQUE - 1616	1616	2000468333	10,500.00	351,335.03
53	2015/09/17	480	CHEQUE - 1602	1602	2200157485	10,500.00	
54	2015/09/17	480	CHEQUE - 1630	1630	2000044174	27,000.00	318,835.03
55	2015/09/18	480	CHEQUE - 1587	1587	2000320910	5,000.00	
56	2015/09/18	480	CHEQUE - 1633	1633	2000160705	5,000.00	311,835.03
57	2015/09/21	300	DEPOSIT	66			100,000.00
58	2015/09/21	480	CHEQUE - 1621	1621	2900344084	540.00	
59	2015/09/21	480	CHEQUE - 1608	1608	2800365270	5,000.00	
60	2015/09/21	480	CHEQUE - 1624	1624	2000325147	15,000.00	391,205.03
61	2015/09/22	300	DEPOSIT	67			300,000.00
62	2015/09/22	480	CHEQUE - 1601	1601	0100248263	2,500.00	
63	2015/09/22	480	CHEQUE - 1643	1643	2000410714	5,000.00	
64	2015/09/22	480	CHEQUE - 1642	1642	2200415718	3,000.00	
65	2015/09/22	480	CHEQUE - 1644	1644	2000418713	35,000.00	841,785.03
66	2015/09/23	480	CHEQUE - 1658	1658	2900412153	5,000.00	
67	2015/09/23	480	CHEQUE - 1620	1620	1790475650	12,610.00	824,185.03
68	2015/09/24	300	DEPOSIT	68			500,000.00
69	2015/09/24	480	CHEQUE - 1641	1641	3300358176	4,231.00	
70	2015/09/24	480	CHEQUE - 1653	1653	2200012954	7,500.00	
71	2015/09/24	480	CHEQUE - 1829	1829	2000028139	10,000.00	
72	2015/09/24	480	CHEQUE - 1622	1622	2000029641	17,850.00	1,084,504.03

View

Send Copy

Modify Search

New Search

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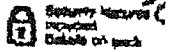
THOMAS AND/OR CATHARINE WISEMAN
88 SCANDIA HILL NW
CALGARY, AB, T2L 1T9

020

DATE 2015-09-23
Y Y V Y M M D D

PAY TO THE ORDER OF BASE FINANCE LTD \$500,000.00
FIVE HUNDRED THOUSAND — 00/100 DOLLARS

ATB Financial
CALGARY 8TH AVENUE
SUITE 100, 801 - 8TH AVE. S.W.
CALGARY, ALTA. T2P 3W2



MEMO E.MOMI. MOICE [Signature]

⑈020⑈ ⑆07109⑆219⑆ 9800697⑆ 4,1⑈ ⑆0050000000⑆⑈

Routing Transit/Acct.:07109219-980069741 Proc Date: 2015/09/24 \$500,000.00 ISN#: 2200011

Printer ID# 1021

Endorsement / Signature or Stamp

BACK VERSO

FOR DEPOSIT ONLY
BASE FINANCE

⑆02649-005
⑆100 9800-0

CALGARY ALBERTA
20150924

RECEIVED

Routing Transit/Acct.:07109219-980069741 Proc Date: 2015/09/24 \$500,000.00 ISN#: 2200013

This is Exhibit "G" referred to in the Affidavit of

VI. ALEXANDER

Sworn before me this 28 day

of SEPT A.D. 2015

A Notary Public, Commissioner for Oaths
in and for the Province of Alberta

LORENZ BERNER
Barrister & Solicitor

MR LARRY D REVITT
MRS SHIRLEY REVITT
216 OAKSIDE BAY SW
CALGARY AB T2V 4P3

003

DATE 2015-09-20
Y Y V Y M M D D

PAY TO THE
ORDER OF

BASE FINANCE LTD.

\$ 200,000.⁰⁰

Two Hundred Thousand

00/100 DOLLARS

THE BANK OF NOVA SCOTIA
www.bonofscotiabank.com 1-800-4-SCOTIA

00539

HERITAGE
8708 MACLEOD TRAIL SOUTH
CALGARY, ALBERTA T2H 0R4

MEMO

Mortgage investment - 12 month

[Handwritten Signature]

Security features
included
Details on back

⑈003⑈ 1567462⑈002⑈ 38169124372⑈ ⑈0020000000⑈

Routing Transit/Acct.: 67462002-38169124372 Proc Date: 2015/09/22 \$200,000.00 ISN#: 220041

Printer ID# 1021

Endorsement - Signature or Stamp

BACK/VERSO

FOR DEPOSIT ONLY
BASE FINANCE

*102649 003
2/20 405-0*

RECEIVED
CALGARY ALBERTA
2015/09/22

Routing Transit/Acct.: 67462002-38169124372 Proc Date: 2015/09/22 \$200,000.00 ISN#: 220041

KEN & SANDRA UNGER
20-28384 TWP ROAD 384
RED DEER COUNTY AB T4S 2B5

004

DATE 2015-09-17
Y Y Y Y M M D D

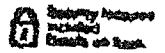
PAY TO THE
ORDER OF

Base Finance

\$100,000.00

One hundred thousand

100 DOLLARS



SERVUS CREDIT UNION LTD.
NORTH HILL BRANCH (403) 343-8955
8757 - 60 AVE.
RED DEER, AB T4N 4C9

S. Unger

MEMO

⑆004⑆ ⑆91629⑉899⑆ 607149745186⑆ ⑆0010000000⑆

Routing Transit/Acct.: 91629899-607149745186 Proc Date: 2015/09/22 \$100,000.00 ISN#: 220041

Printer ID# 1021

FOR DEPOSIT ONLY
BASE FINANCE

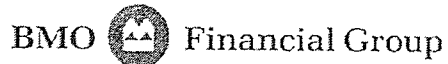
Endorsement - Signature or Stamp

BACK/VERSO

100,000.00

RECEIVED
CALGARY ALBERTA
28 13 22

Routing Transit/Acct.: 91629899-607149745186 Proc Date: 2015/09/22 \$100,000.00 ISN#: 2200415



Chinook Plaza Branch
6550 Macleod Trail SW
Calgary, Alberta T2H 0K6
Tel: 403-503-7551
Fax: 403-503-7540

May 14, 2014

Base Finance Ltd.
724 55 Ave SW
Calgary, AB
T2V 0G3

Dear Sir:

Re: Account # 0526-1028-098
0526-4601-089

As a financial institution subject to regulatory requirements, from time to time we review various of our customers' account operations to ensure that we are comfortable both with the source of funds into an account and the disposition of those funds. However, after reviewing this account, along with other related accounts, we do not have overall a sufficient degree of comfort with the transactions through the accounts or the nature of your business operations.

Accordingly, we are requiring that you make alternate banking arrangements within 30 days of the date of this letter. Effective immediately, we will not accept any further deposits into this account. We will maintain a hold on current un-cleared deposits for 30days.

If this account has not been closed by June 14, 014 we will remit the balance of the account to you at the above address by way of official cheque.

Yours truly,

A handwritten signature in black ink, appearing to read "Pravesh Naidoo", written over a horizontal line.

Pravesh Naidoo
Commercial Account Manager
pravesh.naidoo@bmo.com
p:403-503-7550
f: 403-503-7630

COURT OF APPEAL OF ALBERTA

Form AP-1

[Rule 14.8 and 14.12]

COURT OF APPEAL FILE NUMBER: 1601-0044AC

TRIAL COURT FILE NUMBER: QB# 1501 11817

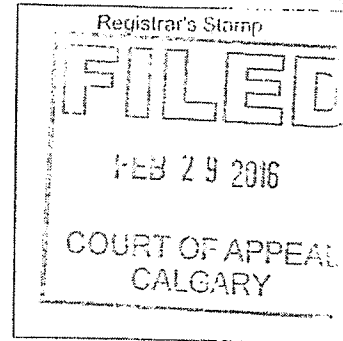
REGISTRY OFFICE: Calgary

PLAINTIFF/APPLICANT: Easy Loan Corporation and Mike Terrigno

STATUS ON APPEAL: Appellant

DEFENDANT/RESPONDENT: Base Mortgage & Investments Ltd., Base Finance Ltd., Arnold Breitkreutz, Susan Breitkreutz, Susan Way and GP Energy Inc.

STATUS ON APPEAL: Respondent



DOCUMENT: **CIVIL NOTICE OF APPEAL**

APPELLANT'S ADDRESS FOR SERVICE AND CONTACT INFORMATION: Riverside Law Office
4108 Montgomery View NW
Calgary Alberta T3B0L9
Tel 403 685 4224
Fax 403 685 4225

WARNING

To the Respondent: If you do not respond to this appeal as provided for in the Alberta Rules of Court, the appeal will be decided in your absence and without your input.

1. Particulars of Judgment, Order or Decision Appealed From:

Date pronounced: February 8, 2016

Date entered: February 9, 2016

Date served: February 9, 2016

Official neutral citation of reasons for decision, if any:

(do not attach copy) Easy Loan Corporation v. Base Mortgage & Investments Ltd., 2016 ABQB 77

(Attach a copy of order or judgment: Rule 14.12(3). If a copy is not attached, indicate under item 14 and file a copy as soon as possible: Rule 14.18(2).)

2. Indicate where the matter originated:

Court of Queen's Bench

Judicial Centre: Calgary

Justice: Yamauchi K.D.

On appeal from a Queen's Bench Master or Provincial Court Judge?: Yes No

Official neutral citation of reasons for decision, if any, of the Master or Provincial Court Judge:
(do not attach copy) _____

(If originating from an order of a Queen's Bench Master or Provincial Court Judge, a copy of that order is also required:
Rule 14.18(1)(c).)

Board, Tribunal or Professional Discipline Body

Specify Body: _____

Form AP-1
[Rule 14.8 and 14.12]

Registrar's Stamp

3. Details of Permission to Appeal, if required (Rules 14.5 and 14.12(3)(a)):

Permission not required, or Granted

Date: _____

Justice: _____

(Attach a copy of order, but not reasons for decision.)

4. Portion being appealed (Rules 14.12(2)(c)):

Whole, or

Only specific parts (if specific part, indicate which part):

5. Provide a brief description of the issues:

Base Finance Ltd. ("Base") operated a Ponzi scheme. In September 2015, the Alberta Security Exchange Commission froze the bank account of Base at which time there was roughly \$1,084,604.03 in the applicable RBC bank account. The question before the Honourable Justice was how the frozen funds should be dealt with.

6. Provide a brief description of the relief claimed:

It is respectfully submitted that the monies in the applicable RBC bank account should be protected by a constructive trust for the benefit of all those wronged by the Ponzi Scheme of Base and not just those investors who deposited their monies in September 2015.

7. Is this appeal required to be dealt with as a fast track appeal? (Rule 14.14)

Yes No

8. Does this appeal involve the custody, access, parenting or support of a child? (Rule 14.14(2)(b))

Yes No

9. Will an application be made to expedite this appeal?

Yes No

10. Is Judicial Dispute Resolution with a view to settlement or crystallization of issues appropriate?

(Rule 14.60)

Yes No

11. Could this matter be decided without oral argument? (Rule 14.32(2))

Yes No

12. Are there any restricted access orders or statutory provisions that affect the privacy of this file?

(Rule 6.29, 14.12(2)(e), 14.83)

Yes No

If yes, provide details: _____

(Attach a copy of any order.)

13. List respondent(s) or counsel for the respondent(s), with contact information:

See attached schedule "A"

If specified constitutional issues are raised, service on the Attorney General is required under s. 24 of the Judicature Act: Rule 14.18(1)(c)(viii).

14. Attachments (as applicable):

Order of judgment under appeal if available (not reasons for decision) (Rule 14.12(3))

Earlier order of Master, etc. (Rule 14.18(1)(c))

Order granting permission to appeal (Rule 14.12(3)(a))

Copy of any restricted access order (Rule 14.12(2)(e))

If any document is not available, it should be appended to the factum, or included elsewhere in the appeal record.

Form AP-1
[Rule 14.8 and 14.12]

Registrar's Stamp

SCHEDULE "A"

Service List

Easy Loan Corporation, et al. v. Base Mortgage & Investments Ltd., et al.
Court File No. 1501-11817

Counsel	Contact Info:	Counsel For:
Billington Barristers 1910 Elvedcn House 717 - 7 Avenue SW Calgary, Alberta T2P 0Z3 <i>Richard N. Billington, Q.C.</i>	RBillington@BillingtonBarristers.com (403) 930-4101	Receiver BDO Canada Limited
Riverside Law Office 4108 Montgomery View NW Calgary, Alberta T3B 0L9 <i>Christopher Souster</i>	cmass@riversidelawoffice.ca (403) 685-4224	Mike Terrigno & Easy Loan Corporation
Alberta Securities Commission #600, 250 - 5 Street SW Calgary, Alberta T2P 0R4 <i>Tom McCartney</i>	tom.mccartney@asc.ca (403) 355-4480	
McLennan Ross LLP 1000 First Canadian Centre 350 - 7 Avenue SW Calgary, Alberta T2P 3N9 <i>Michael Aasen</i>	maasen@mross.com (403) 303-1686	Listed Investors: <ul style="list-style-type: none"> • Scott McLean • Kristine McLean • Thomas McLean • Samantha McLean • Eli Pullam • 940911 Alberta Ltd.
DE WAAL LAW 1010, 505 - 3 Street SW Calgary, Alberta T2P 3E6 <i>Rinus de Waal</i>	rdewaal@dewaallaw.com (403) 266-0013	Andy Gruszecki and his family
Lawson Glod Mahoney 402 - 11012 Macleod Trail SE Calgary, Alberta T2J 6A5 <i>Pat Mahoney / Jim Lawson</i>	jklawson@lawsonglod.com patfran@telusplanet.net	Larry Revitt

Counsel	Contact Info:	Counsel For:
MacPherson Leslie & Tyerman LLP 1600 Centennial Place 520 - 3 Avenue SW Calgary, Alberta T2P 0R3 <i>Dean Hutchison</i>	<u>DHutchison@mlt.com</u> (403) 693-4305	Tom Wiseman
Roggeveen, John P. Professional Corp. 110, 15320 Bannister Rd. SE Calgary, Alberta T2X 1Z6 <i>John Roggeveen</i>	<u>roggeveenlaw@shaw.ca</u> (403) 873-1927	Opal Management Inc. Patrick Jakubec, executor of the estate of Albert Jakubec
Edward Bresky #16, 2439 - 54 Avenue SW Calgary, Alberta T3E 1M4	<u>ed.bresky@breskylaw.ca</u> (403) 457-6045	Brian Fox
Robert C.P. Smyth 204 - 8408 Elbow Dr. SW Calgary, Alberta T2V 1K7	<u>barristerbob@shaw.ca</u> (403) 253-2257	Base Mortgage & Investments Ltd. and Base Finance Ltd.
Fasken Martineau DuMoulin LLP 3400, 350 - 7 Avenue SW Calgary, Alberta T2P 3N9 <i>Arif Chowdhury / Claire Himsl</i>	<u>achowdhury@fasken.com</u> <u>chimsi@fasken.com</u> (403) 261-5379	Raymond Sampert
Miles Davison LLP 900, 547 - 10 Avenue SW Calgary, Alberta T2R 0A8 <i>Predrag Anic</i>	<u>panic@milesdavison.com</u> (403) 266-7627	
Inglewood Law Office 1327B - 9 Avenue SE Calgary, Alberta T2G 0T2 <i>Ken Rogers</i>	<u>Inglewoodlawoffice@telus.net</u> (403) 233-7626	Bart Bruce
Paul A. Kazakoff Prof. Corp. #590 - 10201 Southport Road SW Calgary, Alberta T2W 4X9 <i>Paul A. Kazakoff</i>	<u>pakazakoff@bkalaw.com</u> (403) 640-0455	John Dorchak and Calgary Aggregate Recycling Ltd.

Counsel	Contact Info:	Counsel For:
Warren Benson Amantea LLP 1413 - 2 Street SW Calgary, Alberta T2R 0W7 <i>Jonathan D. Warren</i>	<u>jwarren@wbalaw.ca</u> (403) 228-8399	Resch Construction Ltd.
Burnet, Duckworth & Palmer LLP Suite 2400, 525-8 Avenue SW Calgary, Alberta T2P 1G1 <i>Trevor Batty</i>	<u>tbatty@bdplaw.com</u> (403) 260-0263	Ms. Sandra Unger