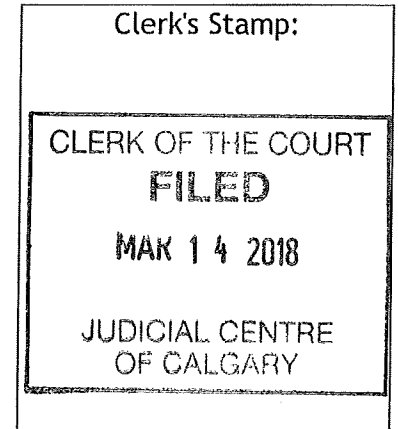


COURT FILE NUMBER 1501 - 11817  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
APPLICANT EASYLOAN CORPORATION AND MIKE TERRIGNO  
RESPONDENTS BASE MORTGAGE AND INVESTMENTS LTD. AND BASE FINANCELTD.,  
ARNOLD BREITKRUETZ, SUSAN BREITKRUETZ, SUSAN WAY AND GP  
ENERGY INC.  
DOCUMENT SUPPLEMENTAL REPORT TO THE SIXTH REPORT OF THE  
RECEIVER  
DATED MARCH 12, 2018  
PREPARED BY BDO CANADA LIMITED



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## APPENDICES

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## INTRODUCTION

1. On October 15<sup>th</sup>, 2015, pursuant to an Ex Parte Order issued by the Honourable Justice K. Yamauchi of the Court of Queen's Bench of Alberta (the "Court") , 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, appointed BDO Canada Limited (hereinafter referred to as "BDO" or the "Receiver") as Receiver of all current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including (without limitation) (the "Property") of Base Mortgage & Investments Ltd. and Base Finance Ltd. ("Base Mortgage" and "Base Finance" respectively, or jointly the "Debtors" or the "Companies").
2. As directed by the Order, the Receiver applied for an order to market and sell certain properties (the "Properties") as outlined further in the third report of the Receiver dated May 9, 2016, (the "Third Report"). An application was made by the Defendants in this action, excluding Ms. Susan Way, for a variety of relief including removing the ability of the Receiver to market and sell real property registered in the name of Mr. Breitkruetz, Ms. Breitkruetz, and 334103 Alberta Ltd. A Memorandum of Decision of the Honourable Madam Justice B.E. Romaine dated December 2, 2016 and attached as **Appendix "A"**, denied in its entirety the application of the Defendants and granted the Receiver the ability to market and sell the Properties.
3. On March 17, 2017, the Honourable Madam Justice G.D. Marriott dismissed an application by Base Mortgage, Base Finance, Arnold Breitkreutz, Susan Breitkreutz, and GP Energy Inc. for an interim stay of enforcement of the December 2, 2016 order of Justice Romaine. Costs payable to the Receiver in the amount of \$500 remain outstanding. The Order relating to this application is attached as **Appendix "B"**.
4. On April 13, 2017 the Receiver obtained an Order by Master Prowse, attached as **Appendix "C"**, authorizing the sale of the Properties. Subsequently the transaction has been completed and the funds have been received by the Receiver.
5. On March 2, 2018, the Alberta Securities Commission released a decision, attached as **Appendix "D"**, finding that Arnold Breitkreutz, Susan Way, and Base Finance contravened s. 93(b) of the Alberta Securities Act by engaging in prohibited acts relating to securities

that they knew would perpetrate a fraud on investors, including: (1) deceiving investors into thinking that they were investing in mortgages held by Base Finance rather than in a loan to an undisclosed entrepreneur involved in oil and gas developments in the US; and (2) operating a Ponzi scheme that recirculated investors' funds to pay purported returns to existing investors.

6. This Supplementary Report is being submitted to the Court by BDO Canada Limited ("the Receiver") in its capacity as Receiver of Base Mortgage & Investments Ltd., Base Finance Ltd. ("Base Mortgage" and "Base Finance") (jointly the "Companies"). The purpose of this Supplementary Report to the Receiver's Sixth Report (the "Supplementary Report") is to update the Court on the Receiver's review of material the Affidavit of Arnold Breitzkreutz dated June 20<sup>th</sup>, 2017 (the "Breitzkreutz Affidavit") in application to vary the Order of the Honorable Justice Romaine regarding certain properties. The Sixth Report of the Receiver (the "Sixth Report") was dated August 22, 2017.

7. A copy of the Receivership Orders and Memorandum of Decision can be accessed by the public on BDO's website at [www.extranets.bdo.ca/base/](http://www.extranets.bdo.ca/base/).

#### NOTICE TO READER

8. In preparing this report, BDO has relied upon unaudited financial information, the Companies' records and discussions with former management, interested parties, and the Companies' stakeholders. The Receiver has not performed an independent review or audit of the information provided.

9. The findings contained herein are based primarily on review of various documents made available to the Receiver and discussions and communications with various parties. The Receiver may alter or refine its observations as further information is obtained or brought to its attention after the date of this report.

10. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this report. Any use which any party makes of this report, or any reliance on or decisions to be made based on it is the responsibility of such party.

## APPLICATION OF NEW EVIDENCE

11. The Receiver is aware that Mr. Breitkreutz has filed new evidence in support of the application to vary the decision of the Honourable Justice Romaine, to be heard on March 20<sup>th</sup>, 2018. If unsuccessful, it is the understanding of the Receiver that Mr. Breitkreutz intends to appeal the decision which is currently set to be heard on June 15<sup>th</sup>, 2018.
12. The Receiver has reviewed all of the materials brought forth as new evidence. Based on this review, it appears that all this evidence has been present within the books and records of the Company in the Receivers possession since the Receivership proceedings began. The affidavit does not contain any additional information not in the possession of the Receiver, nor does the Receiver believe this new evidence changes the position of the ownership of the assets. Further, these materials were available and provided to Mr. Breitkreutz and Ms. Way during multiple document reviews at the Receivers office, as detailed in the Sixth Report.
13. The Receiver has completed a detailed reconciliation of the information provided in the Breitkreutz Affidavit including the summaries prepared by Mr. Breitkreutz and Ms. Way, and the records of the Companies. Upon review of these summaries provided as support for the Breitkreutz Affidavit, the Receiver has found discrepancies in transactions reported by Mr. Breitkreutz and what actually occurred in the bank accounts.

## REVIEW OF BREITKREUTZ AFFIDAVIT

14. The following were discrepancies found in the Breitkreutz Affidavit. The Breitkreutz Affidavit is attached as **Appendix "E"** for ease of reference.
15. In creating the following summary of findings the Receiver completed an extensive review of all source documentation in the Receiver's possession including the investment folder for each party, all bank records as well as the handwritten ledgers.

### Base Mortgage and Investments Ltd

16. According to the Breitkreutz Affidavit, Base Finance quoted paying Base Mortgage approximately \$36,549 per annum in management fees. No other funds were paid to Base Mortgage, and no other funds were paid out of Base Finance except those to clients.
17. However, upon review of the records, Base Mortgage received numerous large cheques, well over \$36,000 per annum, from Base Finance. Monthly cheques ranging in the amount

of \$6,000 to \$35,000, netting approximately \$1,558,000 over the period 2006 to 2015, summarized and shown in the attached reconciliation **Appendix "F"**.

#### Arnold Breitreutz Investments

18. Exhibit "I" to the Breitreutz Affidavit includes Mr. Breitreutz T5's, as evidence of funds personally removed from Base Mortgage.
19. The Receiver has completed a detailed comparison of all filed income slips from the Companies for the years 2006 to 2014, as provided by the Canada Revenue Agency. This summary was compared against the funds actually withdrawn from the bank during the same period, and indicates a discrepancy of reported income of approximately \$2,098,550, as summarized in **Appendix "G"**.
20. The Breitreutz Affidavit asserts that Exhibit "J", a spreadsheet prepared by Ms. Way, summarizes Mr. Breitreutz investments from May 1992 to August 2015, showing all funds invested and received.
21. The Receiver is unable to verify the transactions in the summary for the period May 1, 1992 to August 1, 2006 for Base Finance and May 1, 1992 to August 1, 2004 for Base Mortgage, as the Receiver is not in possession of these records.
22. When compared to the records in the Receiver's possession, as shown on the reconciliation attached as **Appendix "H"**, approximately \$1,703,000 is directly attributable to Mr. Breitreutz, though not reported in the Exhibit to the Breitreutz Affidavit.

#### Susan Breitreutz Investments

23. According to the Breitreutz Affidavit, Mrs. Susan Breitreutz did not invest solely in either Base Mortgage or Base Finance, and all cheques relating to assignments were made jointly.
24. The Receiver has found the following contrary information in the records of the Companies. As shown on **Appendix "I"**, the bank statements of Base Mortgage, currently in the Receiver's possession, show cheques written directly, and only to, Mrs. Breitreutz in the amount of \$203,400, during the period of August 2004 to September 2014. Payments to Mrs. Breitreutz consists of monthly cheques ranging from \$1,500 to \$9,000 per month.
25. These amounts are in addition to the funds received by Mr. Breitreutz as described above.

#### Quinn Breitreutz Investments

26. Exhibit "M" of the Breitreutz Affidavit summarizes Mr. Quinn Breitreutz investments from May 1993 to March 2013, showing all funds invested and received, compiled by Ms. Way.

27. The Receiver has completed a reconciliation of the listing provided, attached as **Appendix "J"**. The banking records show additional disbursements for Mr. Quinn Breitzkreutz in the amount of \$15,565.06.
28. The Receiver cannot verify the correctness of the summary for the period of May 1, 1992 to August 1, 2006 for Base Finance and May 1, 1992 to August 1, 2004 for Base Mortgage, as the Receiver is not in possession of banking records during this time.

#### Susan Way's Investments

29. Exhibit "P" of the Breitzkreutz Affidavit summarizes Ms. Susan Way's investments from October 1996 to June 2009, showing all funds invested and received, compiled by Ms. Way.
30. The Receiver has completed a reconciliation of the listing provided, attached as **Appendix "K"**. The banking records show additional disbursements to Ms. Susan Way in the amount of \$262,654.76.
31. The Receiver cannot verify the correctness of the summary for the period of May 1, 1992 to August 1, 2006 for Base Finance and May 1, 1992 to August 1, 2004 for Base Mortgage, as the Receiver is not in possession of banking records during this time.

#### The Properties

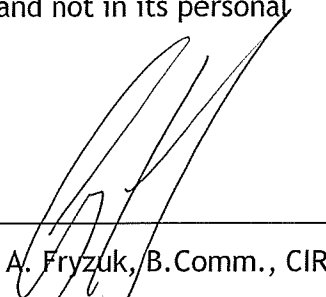
32. The Receiver has completed a review of all documents provided in the Breitzkreutz Affidavit, and the supporting Exhibits, relating the Properties, to verify the claim to these properties.
33. For the benefit of analysis, the Receiver has provided a summary attached as **Appendix "L"**, which shows that actual funds removed from Base Finance during the period of August 1, 2006 to September 15, 2015 and from Base Mortgage during the period of August 1, 2004 to September 15, 2015. Both Mr. Arnold and Mrs. Susan Breitzkreutz have been included in this analysis, as the Breitzkreutz Affidavit claims the homes were personally purchased by the couple.
34. As detailed in this summary, at each purchase date, funds directly removed from the Companies by Mr. Arnold and Mrs. Susan Breitzkreutz were over and above any supposed "investment" made by the parties.
35. The exception to this summary are the properties of 724, 55<sup>th</sup> Ave SW, Calgary Alberta and 912A - 69<sup>th</sup> Ave SW, Calgary. Although the conclusion can be made that given the history of removing excess funds from the Companies to purchase real estate, these properties were purchased prior to the records which are in the Receivers possession, and therefore net funds received by Mr. and Mrs. Breitzkreutz cannot be reasonably quantified.



## CONCLUSION

36. In the Receiver's opinion, the information provided in the Breitreutz Affidavit is not accurate or complete, and is insufficient as proof to vary the December 2, 2016 Order that included the Properties as assets of the Receivership.
37. The documentation which has been drafted by Mr. Breitreutz and/or Ms. Susan Way, and provided as exhibits to the Breitreutz Affidavit cannot be relied upon as source documentation for the purpose of proving investments. There are numerous missing transactions in the summary provided by Mr. Breitreutz, which came directly out of the bank accounts held by the Companies. Discrepancies in the amounts received as well as the total income filed for the year from the Companies, questions the validity of the claim that Mr. Breitreutz was treated the same as the other Investors.
38. Further, as detailed above, the discrepancies in the Breitreutz Affidavit show the inability of Mr. Breitreutz to prove, with full access to the records of the Companies, that these Properties were owned personally.
39. The apparent source of funds and mortgage documents relating to these properties are not relevant to whether these are personal assets owned by Mr. Breitreutz, due to the source of income and funds used by Mr. Breitreutz to purchase them. As shown in the reconciliations attached, there are large discrepancies in reported income and funds removed from the Companies.
40. As the Receiver is unable to confirm how much was removed from the Companies prior to August 2004 for Base Mortgage and August 2006 for Base Finance, nor has the evidence provided in the Breitreutz Affidavit confirm the Properties were purchased with personal funds, the Receiver remains in the position that these are assets of the estate.

BDO CANADA LIMITED, solely in its capacity  
As Court Appointed Receiver (as defined in  
The Order), and not in its personal  
Capacity

Per:   
Name: Craig A. Fryzuk, B.Comm., CIRP, LIT  
Title: Senior Vice-President

# Exhibit A

**Court of Queen's Bench of Alberta**

CLERK OF THE COURT  
FILED  
DEC 2 2016  
CALGARY, ALBERTA

**Citation: Easyloan Corporation v Base Mortgage & Investment Ltd, 2016 ABQB 682**

**Date:**  
**Docket: 1501 11817**  
**Registry: Calgary**

Between:

**Easyloan Corporation and Mike Terrigno**

Plaintiffs

- and -

**Base Mortgage & Investments Ltd. and Base Finance Ltd., Arnold Breitkruetz, Susan Breitkruetz, Susan Way and GP Energy Inc.**

Defendants

---

**Memorandum of Decision  
of the  
Honourable Madam Justice B.E. Romaine**

---

**I. Introduction**

[1] Base Mortgage & Industries Ltd, Base Finance Ltd, Arnold Breitkruetz, Susan Breitkruetz and GP Energy Inc, (the "Base applicants") applied for a variety of relief in this receivership. Susan Way, another defendant, was not represented in the application.

[2] The Base applicants apply:

- (a) for an order removing from the November 6, 2015 Amended Amended Order of Receivership (the "Order") the reference that extended the receivership over real property that is registered in the names of Mr. Breitkruetz, Ms. Breitkruetz, and 334103 Alberta Ltd, and that directed the Registrar of Land Titles to register the

Order against title to property notwithstanding the requirements of subsection 191(1) of the *Land Titles Act*;

- (b) for an order removing certificates of *lis pendens* against certain property;
- (c) for an order striking paragraph 14 of a Statement of Claim filed in relation to this matter on October 16, 2015, naming the Base applicants as defendants;
- (d) returning records seized by the Receiver; and
- (e) extending the time to file an affidavit of records.

[3] I denied the entirety of the application and these are my reasons.

[4] The Receiver applied for an order approving its actions taken to date, compelling production of information and permitting the Receiver to market and sell certain real properties. The Order provides the Receiver with authority to market and sell properties, subject to Court approval when individual transaction exceed \$100,000 and aggregate transactions exceed \$500,000. As the proposed transactions will exceed both the individual and aggregate limits, the Receiver sought approval to market the properties in advance.

## II. Facts

[5] Arnold Breitkruetz is the sole shareholder and director of Base Mortgage, a mortgage brokerage company incorporated in 1978, and Base Finance, a private investment company incorporated in 1984 (collectively, "Base"). Base Mortgage acts as the administrator of Base Finance, and is paid an administration fee. Over the approximately 35 years of the operations of Base, Mr. Breitkruetz solicited in excess of \$120 million from approximately 240 investors and deposited these funds in Base Finance.

[6] As noted by Yamauchi, J in *EasyLoan Corporation v Base Mortgage & Investments Ltd*, 2016 ABQB 77:

Mr. Breitkruetz would inform investors that Base Finance was in the mortgage broker business, that it would obtain funds from investors that it would pool and loan to borrowers. Mr. Breitkruetz told investors that the borrowers would provide Base Finance with mortgages on real estate as security for the loans. The investors would be the beneficial holders of those mortgages, although Base Finance would be the nominal mortgagee, an intermediary in transactions involving the trustees and the borrowers.

[7] In most cases, Base Finance would provide the investors with a document entitled "Irrevocable Assignment of Mortgage Interest" that would name the investor, show the amount the investor provided to Base Finance and outline some of the terms of a mortgage that would secure the loan. As noted by Justice Yamauchi, this document did not name either the mortgagor or the lands on which the mortgage would be placed. None of the applicant investors involved in the matter before Justice Yamauchi had ever seen the mortgages that from the Assignment allegedly were security for their investments.

[8] Affidavits filed in the receivership proceeding in the matter before Justice Yamauchi and affidavits filed with the Alberta Securities Commission by investors disclose that they believed that they were investing their money with the Base corporations in order to participate in the assignment of first mortgages held on Alberta properties at attractive interest rates.

[9] Mr. Breitkruetz denies that he represented that the mortgages would be held on Alberta properties, alleging that he only said that investors would have an investment in a first mortgage held by Base Finance.

[10] The events that led to the receivership commenced on or around September 28, 2015, when the Alberta Securities Commission was advised by the Royal Bank of Canada that it had concerns about the validity of the Base businesses as a result of an investigation into a large NSF cheque issued to Base Finance.

[11] An affidavit filed by an investigator for the Alberta Securities Commission states that, prior to the Bank contacting the ASC, Mr. Breitkruetz had communicated to the Bank that Base Finance operated as a mortgage broker and had approximately 100 mortgages that were secured on title and that all mortgage funds were obtained from investors.

[12] In conducting its own review, the Bank was of the view that none of the transactions made out of the Base Finance account appeared to be for the purpose of lending for mortgages. The investigator determined activities in the account were suspicious and representative of a Ponzi-type scheme. The only Bank account that held funds was that of Base Finance and many of the deposits and payments from the account were made from and to individual investors with memo notations of principal and interest.

[13] On September 25, 2016, the Bank froze the Base Finance account, which had a balance of approximately \$1.08 million. On September 29, 2015 the Executive Director of the Alberta Securities Commission issued an order pursuant to section 47 of the *Securities Act*, RSA 2000, c S-4, freezing the Base Financial account.

[14] On October 15, 2015, this Court granted an order appointing a Receiver of all the current and future assets, undertakings and properties of every nature and kind of Base Finance and Base Mortgage and certain properties registered in the names of Mr. Breitkruetz, his spouse Ms. Breitkruetz and 334103 Alberta Ltd. The receivership order was amended twice. As part of the order, Mr. Breitkruetz, Ms. Breitkruetz, the Base corporations' sole employee Ms. Way, an individual named Brian Fox, and 334103 Alberta Ltd. (now GP Energy Inc) were also listed as respondents and subject to certain terms of the order.

[15] The Receiver's first report filed on November 5, 2016, states that, "the Receiver has not discovered any underlying Alberta based mortgages that the Debtors have invested in for the benefit of their investors."

[16] Mr. Breitkruetz appears to support his position on the basis that Base Finance is entitled to an underlying mortgage on the basis of a Deed of Trust with a face value of \$30 million. It appears from the Receiver's investigation to date that Mr. Breitkruetz maintains that Base Finance holds first charge mortgage security on leasehold interests in oil and gas properties in Texas held by Saddle Lake LLC, a company whose sole director and shareholder appears to be Mr. Fox.

[17] A Deed of Trust payable to Base Finance exists, and appears to be secured against leases outlined in the Deed of Trust documents. The Receiver has not had the funds to investigate the legitimacy or value of the Deed of Trust.

[18] Mr. Breitkruetz advised the Receiver that Base Finance has been investing in Mr. Fox and his related companies, including, most recently, Saddle Lake Energy LLC, since before 2000. At one time, Mr. Breitkruetz indicated to the Receiver that he did not know how much has

been invested in Mr. Fox and his related companies, but that it is in the range of \$30 million to upwards of \$80 million. More recently, Mr. Breitkruetz indicated on questioning that Mr. Fox borrowed approximately \$120 million from Base Finance over 35 years for the purpose of obtaining and developing oil and gas properties.

[19] The Receiver reports that Mr. Breitkruetz told the Receiver that the bulk of the investor funds from Base Finance, in the approximate amount of \$80 million, was lost when Powder River Petroleum International Inc filed for bankruptcy protection under Chapter 7 of the US *Bankruptcy Code*. Powder River was a public company of which Mr. Fox was the sole director, and president.

[20] The Receiver reports that no significant income has been earned by the Base companies since the liquidation of Powder River.

[21] Mr. Breitkruetz takes the odd and incredible position that investors did not suffer loss from the Powder River insolvency. He says that "we" (unspecified as to whether this was Base or Mr. Fox or Saddle Lake) were able to re-acquire the leases, which he maintains still have a value in excess of \$100 million according to a 2013 appraisal. The appraisal is problematic in that it does not identify the oil and gas properties that were being appraised.

[22] The Receiver states that, in an effort to recover from the approximate \$80 million in losses from Powder River, Mr. Breitkruetz continued to solicit investment from his Base Finance investor group in order to maintain the interest payment and principal redemption requirements of his investor group. Mr. Breitkruetz conceded on questioning that he "probably continued soliciting funds".

[23] Mr. Breitkruetz also advises that he continued to forward investors funds to Mr. Fox and his related companies in an effort to recover the leases lost in the Powder River liquidation, as evidenced by the purchase of the Saddle Lake leases and the Deed of Trust.

[24] Mr. Breitkruetz advised that investor funds in the approximate amount of \$200,000 were used to pay for legal fees related to SEC allegations against Mr. Fox relating to Powder River. Mr. Fox did not quantify the amounts paid to his legal counsel but agrees that Base Finance helped fund his legal costs.

[25] At the time of the receivership, the Texas properties were non-producing. Mr. Breitkruetz stated on questioning that Mr. Fox was attempting to obtain financing in the amount of \$50 million from unidentified Chinese investors to develop the properties but that this fell through for vague and confusing reasons.

[26] The Receiver has determined that Mr. Breitkruetz and his companies have engaged in very little mortgage brokering since 2009, and none in the past two years, because Mr. Breitkruetz says he plans to retire.

[27] Mr. Breitkruetz admits that funds borrowed from investors were advanced to Mr. Fox so that he could then make payments to other investors and sometimes make payments to Base investors, which payments were represented to be "interest payments". In fact, no investments were made and no interest was earned, but the payments gave the illusion that the Base corporations were continuing to earn significant returns on investments. Investors were not advised of the loss in the Powder River insolvency or the investment in Mr. Fox's oil and gas activities.

[28] Mr. Fox has stated in an affidavit filed in related proceedings that he believes that Mr. Breitkruetz, the Base corporations and 334103 Alberta Ltd are parties to a Ponzi scheme that involves almost 300 investors, and that in excess of \$122 million of funds that were advanced are now lost. He also says:

I'm also informed and believe that although the investors believed they were investing in Alberta mortgages and, in fact, there was only one Alberta mortgage that existed, and that mortgage was filed on the lands once they were fraudulently transferred and converted to 334103 Alberta Ltd and Arnold Mr. Breitkruetz, Base Mortgage & Investment Ltd and Base Finance Ltd.

[29] Mr. Breitkruetz denies this.

### III. Analysis

#### A. The Base Applicants' Application

[30] With respect to the application to remove certain properties from the Order, the Base applicants rely on the fact that amendments to the original receivership order were made in an application on November 6, 2015 without notice of the application to their counsel.

[31] First, and most importantly, the provisions incorporating the properties in question were not added in the November amendments but have been in the order since it was first made on October 15, 2015. That original order was never appealed, nor did the Base applicants take advantage of the come-back provision in the order. The Base applicants do not dispute the evidence that was before Justice Yamauchi on October 15, 2015 that led to the original order but rely on two irregularities:

- (a) They allege that the affiant for the plaintiff, Mike Terrigno, misrepresented to the Court that Base Finance had no valid security on the leases of its borrower, Saddle Lake Energy LLC. As noted previously, the Base applicants allege that Base Finance holds security in the amount of \$30 million based on the Deed of Trust. As described in the Receiver's reports, there are a number of irregularities and unanswered questions with respect to the Deed of Trust and the leases alleged to be held by Saddle Lake. At best, it appears that the Deed of Trust, if valid, would secure only \$30 million of an alleged \$80 million invested by Base Finance in Saddle Lake. The Receiver has not been able to determine the authenticity and validity of the Deed of Trust, given the financial statues of the receivership. Thus, if there was a misrepresentation in the affidavit, which is not clear at this point, it was made at the commencement of an investigation into the complex and poorly documented affairs of Base. I am not persuaded that this misrepresentation, if it was one, would have made a difference to Justice Yamauchi, in granting the initial order, given the weight of other evidence that was before him.
- (b) They allege that counsel for the Plaintiffs and the Receiver failed to give notice of the November 6, 2015 application to counsel for the Base applicants. The Base applicants were previously represented by different counsel who had not yet filed a Notice of Ceasing to Act on November 6, 2015. Current counsel had contacted counsel for the plaintiffs with respect to the Statement of Claim, asking him not to take further steps to note Base in default. This new counsel had not yet identified

which of the Base defendants he was acting for. The fact that some Base applicants were retaining counsel was disclosed to Justice Yamauchi during the hearing. It is noteworthy that the amendments made to the Order were clarification amendments. The amendment to section 3(O) did not add to the Receiver's existing powers, but merely added the specific wording required by officials at the Land Titles office. The amendment to section 5 is not at issue. The amendment to section 6 merely clarifies existing powers. Therefore, while it would have been advisable and appropriate for counsel to the Receiver to have given notice to new counsel for Base, despite his failure to specify for whom he was acting, the type of amendment requested did not result in any greater prejudice to the Base applicants than the original order.

[32] I declined to amend the Amended Amended Order by reason of these alleged irregularities.

[33] With respect to the filing of certificates of *lis pendens*, the Base applicants allege that these were improperly filed as they do not represent an interest in land. The Order authorized the registration of the Order against title, and that is what the Receiver has done by way of certificates of *lis pendens*. These certificates are evidence of the Receiver's claim to an equitable lien on the properties through a tracing claim that will be determined by the Court. The evidence is clear that Mr. Breitkruetz commingled all the funds raised from investors and that the properties were, at least in part, purchased from commingled funds. Thus, the Receiver has established a *prima facie* case supporting the certificates of *lis pendens*.

[34] The certificate of *lis pendens* will not be removed, pending the outcome of these proceedings.

[35] There is no reason to strike paragraph 14 of the Statement of Claim, which alleges that misappropriated funds were invested in certain properties held in the name of the defendants. This is an allegation in a Statement of Claim. There is no evidence that would lead me to conclude that the allegation is frivolous or without merit.

[36] It appears from the evidence that the Base applicants not been denied access to the records in the possession of the Receiver. A protocol has been established that would allow them to obtain copies of material. There is no reason to return records to the defendants, and given the allegations and the evidence gathered by the Receiver so far, the return would risk the alteration or destruction of valuable evidence.

[37] The plaintiffs advise that they are not in a hurry to require the defendants to file an affidavit of records, and would give the defendants appropriate notice if that position changed.

B. The Receivers's Application

1. Approval of the Receiver's Reported Actions

[38] I have reviewed the Receiver's reports and supplemented reports issued to date and see no reason not to approve its reported actions as reasonable and appropriate to date.

[39] Mr. Breitkruetz submits that the Receiver's actions should not be approved because the Receiver has failed to recognize and develop the Texas security. He suggests that the Receiver has "destroyed the security through inactivity", that the Receiver has "let it expire through inactivity".



[40] The Receiver has limited funds to investigate the Base corporations and no funds to pursue the Texas property beyond a review of the limited documentation and discussion with Texas-based counsel. That counsel advises that the cost of determining ownership of land and validity of title would be in excess of \$50,000. The evidence is clear, and Mr. Breitkruetz concedes, that the properties were inactive at the time of the receivership, and that Mr. Fox was seeking capital of about \$50 million to develop the properties. Mr. Breitkruetz' criticism of the Receiver is disingenuous in the circumstances.

[41] Mr. Breitkruetz' allegations of misrepresentation and failure to grant him access to the records have been addressed previously in this decision, and are unfounded.

[42] I approve the Receiver's reported actions to date.

2. Compelling Production of Information

[43] Given that the information is relevant and required by the Receiver in conducting its investigations, I direct specific financial institutions as requested to provide historical to current banking information for all named parties as well as Mr. Fox and Lyle Hogaboam; and direct that Mr. Breitkruetz provide the Receiver with the names and contact information of the tenants at the properties at issue.

3. Approval to Market

[44] The relief sought by the Receiver is corollary to the Order which gave the Receiver its original authority to market and sell assets for the benefit of creditors. Given that it is clear from the Receiver's investigations to date that substantial funds raised from investors have gone to the Base corporations and then into the real properties at issue without adequate documentary support or proof of bona fide consideration, and given that, if any valid security exists, there would be a massive shortfall for investors, it is appropriate and reasonable to authorize the Receiver to list the following properties for sale immediately:

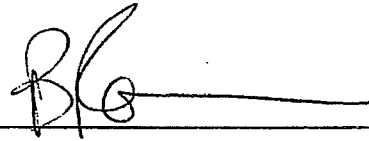
- a) 724-55 Avenue SW, Calgary, AB;
- b) 735-55 Avenue SW, Calgary, AB;
- c) 728-55 Avenue SW, Calgary, AB;
- d) 63 Suncastle Bay SE, Calgary, AB; and
- e) 27 Ceduna Park SW, Calgary, AB.

[45] The Base applicants applied to vary the receivership order to grant them access to what they allege is equity in their personal real estate. Given the clear shortfall in the security available to investors, the lack of co-operation by Mr. Breitkruetz with respect to his sources of income and line of credit, his use of identified accounts, and the lack of any evidence of need, I dismiss this application on the basis of insufficient evidence.

**IV. Conclusion**

[46] I grant the Receiver's application in its entirety. If the parties are unable to agree on costs, they may make written submissions of no more than five pages within the next 90 days.

**Dated** at the City of Calgary, Alberta this 2nd day of December, 2016.

A handwritten signature in black ink, appearing to read 'B.E. Romaine', is written above a solid horizontal line.

**B.E. Romaine**  
**J.C.Q.B.A.**

**Appearances:**

Richard N. Billington, Q.C.  
for the Receiver

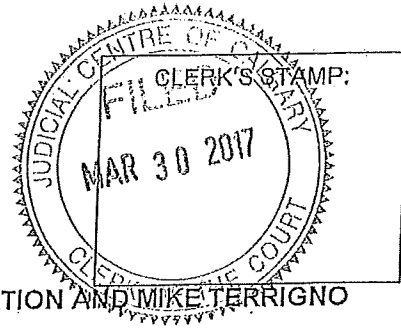
Robert C.P. Smyth  
for the Base applicants

Christopher M.A. Souster  
For the Plaintiffs

Predrag Anic  
for Interested Parties

# Exhibit B

COURT FILE NUMBER: 1501-11817  
COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE: CALGARY  
PLAINTIFFS / RESPONDENTS: EASYLOAN CORPORATION AND MIKE TERRIGNO  
DEFENDANTS / APPLICANTS: BASE MORTGAGE & INVESTMENTS LTD. AND BASE FINANCE LTD., ARNOLD BREITKRUETZ, SUSAN BREITKRUETZ, SUSAN WAY AND GP ENERGY INC.



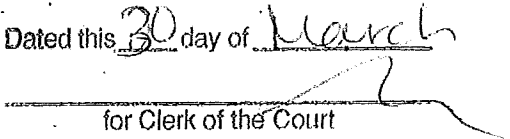
DOCUMENT: ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Billington Barristers  
1910 Elveden House  
717 - 7th Avenue SW  
Calgary, AB T2P 0Z3  
Main: (403) 930-4100  
Fax: (403) 930-4110  
Richard Hayles  
Direct: (403) 930-4106  
File: 15047-002

I hereby certify this to be a true copy of the original Order

Dated this 30 day of March

  
for Clerk of the Court

Counsel for the Receiver,  
BDO Canada Limited

DATE ON WHICH THIS ORDER WAS PRONOUNCED:

March 17, 2017

LOCATION OF HEARING:

Calgary, Alberta

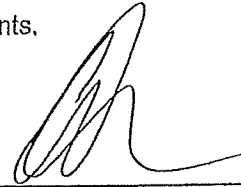
NAME OF JUSTICE WHO MADE THIS ORDER:

The Honourable Madam Justice  
G.D. Marriott

UPON the Application of Base Mortgage & Investments Ltd., Base Finance Ltd., Arnold Breitkruetz, Susan Breitkruetz, and GP Energy Inc.; AND UPON reading the pleadings in this matter, the Affidavit of Arnold Breitkruetz sworn March 13, 2017, and the affidavit of Craig Fryzuk sworn March 16, 2017, AND UPON hearing the submissions of counsel for the Applicants, counsel for the Receiver, and counsel for the Plaintiffs, no-one appearing for the Defendant Susan Way although duly served with notice as appears from the affidavits of service, filed;

**IT IS HEREBY ORDERED THAT:**

1. The application by Base Mortgage & Investments Ltd., Base Finance Ltd., Arnold Breitkruetz, Susan Breitkruetz, and GP Energy Inc. (the "Applicants") for an interim stay of enforcement, staying the December 2, 2016 order of the Honourable Madame Justice Romaine, is dismissed.
2. The Receiver shall have its costs of this application, hereby assessed and fixed in the amount of \$500.00, and payable by the Applicants.
3. The Plaintiffs shall have their costs of this application, hereby assessed and fixed in the amount of \$500.00, and payable by the Applicants.



J.C.Q.B.A.

Approved as being the Order granted

**Billington Barristers**

Per: \_\_\_\_\_

Richard Hayles.  
Counsel for the Receiver

**Riverside Law Office**

Per: \_\_\_\_\_

Christopher Souster  
Counsel for Easyloan Corporation  
and Mike Terrigno

**DLA Piper (Canada) LLP**

Per: \_\_\_\_\_

Kenneth Reh  
Counsel for the Applicants

**IT IS HEREBY ORDERED THAT:**

1. The application by Base Mortgage & Investments Ltd., Base Finance Ltd., Arnold Breitkruetz, Susan Breitkruetz, and GP Energy Inc. (the "Applicants") for an interim stay of enforcement, staying the December 2, 2016 order of the Honourable Madame Justice Romaine, is dismissed.
2. The Receiver shall have its costs of this application, hereby assessed and fixed in the amount of \$500.00, and payable by the Applicants.
3. The Plaintiffs shall have their costs of this application, hereby assessed and fixed in the amount of \$500.00, and payable by the Applicants.

---

J.C.Q.B.A.

Approved as being the Order granted

**Billington Barristers**

Per: 

Richard Hayles.  
Counsel for the Receiver

**Riverside Law Office**

Per: 

Christopher Souster  
Counsel for Easyloan Corporation  
and Mike Terrigno

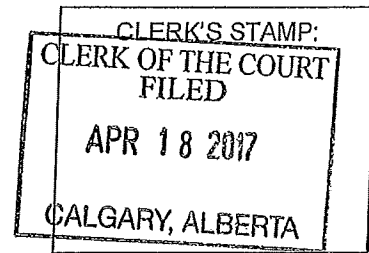
**DLA Piper (Canada) LLP**

Per: \_\_\_\_\_

Kenneth Reh  
Counsel for the Applicants

# Exhibit C

COURT FILE NUMBER: 1501-11817  
COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE: CALGARY  
PLAINTIFFS / RESPONDENTS: EASYLOAN CORPORATION AND MIKE TERRIGNO  
DEFENDANTS / APPLICANTS: BASE MORTGAGE & INVESTMENTS LTD. AND BASE FINANCE LTD., ARNOLD BREITKRUETZ, SUSAN BREITKRUETZ, SUSAN WAY AND GP ENERGY INC.



DOCUMENT: ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**Billington Barristers**  
1910 Elveden House  
717 - 7th Avenue SW  
Calgary, AB T2P 0Z3  
Main: (403) 930-4100  
Fax: (403) 930-4110

**Richard Hayles**  
Direct: (403) 930-4106  
File: 15047-002

**Counsel for the Receiver,  
BDO Canada Limited**

DATE ON WHICH THIS ORDER WAS PRONOUNCED:

April 13, 2017

LOCATION OF HEARING:

Calgary, Alberta

NAME OF MASTER WHO MADE THIS ORDER:

Master J.T. Prowse, Q.C.

UPON the Application of the Receiver BDO Canada Limited, and upon reading the Fourth Report of the Receiver dated April 10, 2017, filed, and the Confidential Supplementary Report to the Fourth Report of the Receiver dated April 10 2017, and the previous orders herein, and upon hearing from counsel for the interested parties;

**IT IS HEREBY ORDERED THAT:**

1. The time for service of this application and the Fourth Report of the Receiver is abridged, and service thereof is deemed good and sufficient.



2. The actions of the Receiver in the administration of these receivership proceedings to date, as described in the Fourth Report of the Receiver, are approved.
3. The Receiver is hereby authorized to immediately sell the following properties, in accordance with the Receiver's recommendations as set out in the Fourth Report of the Receiver, filed, and the Confidential Supplementary Report to the Fourth Report of the Receiver:

a) 724-55 Avenue SW, Calgary, Alberta;

Legal Description:

Plan 1693AF

Block 24

The easterly 50 feet throughout of all that portion of Lot B  
Which is shown on Plan 1559EO and thereon outlined in red  
Excepting thereout all mines and minerals

b) 735-55 Avenue SW, Calgary, Alberta;

Legal Description:

Plan 3701GA

Block 27

Lot 9

Reserving unto Her Majesty all coal

c) 728-55 Avenue SW, Calgary, Alberta;

Legal Description:

Plan 1559EO

The west 50 feet of the south 120 feet of the parcel  
Excepting thereout all coal

d) 63 Suncastle Bay SE, Calgary, Alberta.

Legal Description:

Plan 8410877

Block 26

Lot 20

Excepting thereout all mines and minerals

(the "Properties")

And for greater clarity, the Receiver is authorized to sell the Properties under the terms of the "Bundle Offer" to 2025876 Alberta Ltd., as referred to in the Fourth Report of the Receiver and the Confidential Supplementary Report to the Fourth Report of the Receiver.

4. The Royal Bank of Canada as Mortgagee of the respective lands shall within 7 days disclose to the Receiver BDO Canada, the amounts outstanding inclusive of principal, interest and costs plus *per diem* interest until payout of amounts owing on their respective mortgages which are instruments:

| <u>Property</u>                          | <u>Registration No.</u> | <u>Address of Bank</u>  |
|--|-------------------------|---|
| 724-55 Avenue SW,<br>Calgary, Alberta    | 051 142 229             | Royal Bank of Canada<br>5104 Donnelly Crescent<br>Regina<br>Saskatchewan S4X 4C9                  |
| 735-55 Avenue SW,<br>Calgary, Alberta    | 091 172 341             | Royal Bank of Canada<br>180 Wellington Street West<br>Toronto<br>Ontario M5J 1J1                  |
| 728-55 Avenue SW,<br>Calgary, Alberta;   | 131 029 632             | Royal Bank of Canada<br>10 York Mills Road<br>3 <sup>rd</sup> Floor<br>Toronto<br>Ontario M2P 0A2 |
| 63 Suncastle Bay SE,<br>Calgary, Alberta | 101 347 313             | Royal Bank of Canada<br>180 Wellington Street West<br>Toronto<br>Ontario M5J 1J1                  |

5. The Mortgagees shall not advance any further funds to any person, corporation or entity based upon security under the respective mortgages.
6. The sale of each of the specified properties herein is conditional on the Receiver obtaining and being satisfied about the amounts due to the mortgagees registered on the respective titles, and to the Receiver then determining whether it wishes to proceed with the sale of the respective properties.

7. All other offers are hereby rejected and all deposits received from any other offerors shall be returned to them immediately.
8. Compliance with Rule 9.34(4) and the requirement for service of documents prior to entry of this Order, set out in Rule 9.35(1)(a), are hereby waived.
9. The Purchaser shall, on or before the 15<sup>th</sup> day of May (the "Closing Date") either pay to the Receiver the adjusted purchase price, or enter into reasonable conveyancing arrangements with the Receiver's counsel to assure payment of the adjusted purchase price, and upon doing so the Purchaser is entitled to obtain possession of the properties pursuant to paragraph 3 of this Order.
10. The Defendants, any tenants, and any other occupants shall, on or before the 15<sup>th</sup> day of May deliver up to the Purchaser vacant possession of the properties. Service of this Order may be made on the occupants by posting same on the main entrance door to the properties. A Civil Enforcement Agency has authority, after service of this Order has been effected, to evict any occupant of the properties on the later of the aforesaid date or 30 days after posting has occurred.
11. Upon written confirmation from the Receiver that it has received or is satisfied that it will receive payment from the Purchaser, the Registrar of Land Titles shall cancel the existing certificate of title to the properties and shall issue a new certificate of title in the name of:

2025876 Alberta Ltd.

(or such other transferee as directed by the Receiver's counsel in correspondence sent to the Registrar of Land Titles at the time this Order is submitted for registration) free and clear of all mortgages and all subsequent encumbrances, but subject to:

- a) 63 Suncastle Bay SE, Calgary, Alberta.

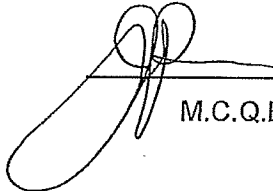
Legal Description:

Plan 8410877  
Block 26

Lot 20  
Excepting thereout all mines and minerals

|             |            |                      |
|-------------|------------|----------------------|
| 841 139 168 | 16/08/1984 | Utility Right of Way |
| 851 071 423 | 03/05/1985 | Encumbrance          |
| 861 045 883 | 18/03/1986 | Restrictive Covenant |

12. Any interest in the properties of the Defendants anyone claiming through the Defendants, or any other subordinate encumbrancer is hereby extinguished.
13. The said purchase does not include unattached goods. On or before April 19, 2017, the Defendants shall provide to the Receiver's lawyer a written description of all appliances they propose to remove from the property and shall not remove any that the Receiver objects to, *without the Defendants applying for leave of the Court.*
14. Pursuant to s. 191(2) of the *Land Titles Act*, the Registrar of Titles shall cancel the certificates of title for the Properties, terminate the Defendants' interests in the Properties, and register this Order and the transfers in favour of the purchaser forthwith notwithstanding the requirements of s-s. 191(1) of the *Land Titles Act*.
15. The Confidential Supplementary Report to the Fourth Report of the Receiver is sealed, and shall not be available to be inspected or copied by anyone without the written consent of the Receiver or further order of this court.

  
M.C.Q.B.A

# Exhibit D

**ALBERTA SECURITIES COMMISSION**

**DECISION**

**Citation: Re Breitzkreutz, 2018 ABASC 37**

**Date: 20180302**

**Arnold Breitzkreutz, Base Finance Ltd., Base Mortgage & Investments Ltd. and  
Susan Elizabeth Way**

**Panel:** Bradley G. Nemetz, Q.C.  
Ian Beddis  
Maryse Saint-Laurent

**Representation:** Tom McCartney  
Janet McCready  
for Commission Staff  
  
Arnold Breitzkreutz  
Susan Way  
self-represented

**Submissions Completed:** July 13, 2017

**Decision:** March 2, 2018

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## **I. INTRODUCTION**

[1] Alberta Securities Commission (**ASC**) staff (**Staff**) alleged that four respondents (the **Respondents**) – Arnold Breikreutz (**Breikreutz**), Susan Elizabeth Way (**Way**), Base Finance Ltd. (**Base Finance**) and Base Mortgage & Investments Ltd. (**Base Mortgage**) – contravened s. 93(b) of the *Securities Act* (Alberta) (the **Act**) when they engaged or participated in acts, practices or conduct relating to Base Finance's securities that they knew or reasonably ought to have known perpetrated a fraud on investors. Staff also alleged that such misconduct was contrary to the public interest.

[2] At the outset of the 11-day hearing into the merits of the allegations, Staff withdrew allegations that Breikreutz made misleading or untrue statements to Staff. We heard testimony from witnesses called by Staff and by Breikreutz, and we received numerous exhibits into evidence. We received written submissions from Staff and from Breikreutz and Way, and we heard their oral submissions on July 13, 2017.

[3] Having reviewed the evidence and submissions, and for the reasons set out below, we find that Base Finance, Breikreutz and Way contravened s. 93(b) of the Act.

## **II. THE ALLEGATIONS**

[4] In a notice of hearing dated August 22, 2016, Staff alleged that Breikreutz, Way and Base Finance told investors that their funds "would be lent by Base Finance to borrowers, and secured by first mortgages on real estate in Alberta", but that Base Finance and Base Mortgage instead "used new investors' funds to pay interest and principal owing to existing investors in a manner consistent with a Ponzi scheme".

[5] According to the notice of hearing, Base Finance raised approximately \$137,211,801 from "at least 261 investors" between August 1, 2006 and September 24, 2015, at which point the company owed about 240 investors approximately \$122 million but was unable to pay those investors their principal or returns.

[6] Staff alleged that Breikreutz was the founder and guiding mind of Base Finance and Base Mortgage and that he authorized, permitted or acquiesced in the impugned corporate acts, practices and conduct. Staff alleged that Way, as the office manager and administrator for both companies, directly or indirectly engaged or participated in the impugned corporate acts, practices or conduct.

## **III. PROCEDURAL BACKGROUND**

[7] On September 24, 2015, a representative from the Royal Bank of Canada (**RBC**) contacted the ASC to raise concerns following an internal investigation into suspicious activities in an RBC account belonging to Base Finance. From its review, RBC considered such activities to be consistent with a Ponzi scheme, as there were many account transactions with individual investors (with some references to principal and interest payments) without any apparent corresponding lending activities from the company (with perhaps one exception, as further explained below).

[8] Based on this information, the ASC began an investigation on September 24, 2015. Staff investigators gathered documents from various sources, conducted corporate and land titles searches, obtained bank records and interviewed numerous individuals, including Breikreutz (on



January 7 and 28, 2016) and Way (on January 6, 2016). Both Breitkreutz's and Way's interviews were under oath or affirmation and they were each represented by legal counsel.

[9] On September 29, 2015, the ASC's Executive Director issued an order freezing Base Finance's RBC account. A subsequent court order authorized the payment of funds in Base Finance's account, totaling \$1,084,604, to some Base Finance investors.

[10] On October 15, 2015, BDO Canada Limited (the **Receiver**) was appointed receiver over Base Finance and Base Mortgage. Breitkreutz and Way were also named respondents in the receivership proceedings. The Receiver seized Base Finance's and Base Mortgage's records and conducted an extensive review of those records (including the banking records, which were not complete and had some months and periods missing, as the Receiver indicated in its reports to the court). The Receiver also held discussions with the companies' management, interested parties and the companies' stakeholders, culminating in a number of reports that were presented to the court as part of the receivership proceedings.

[11] On November 5, 2015, the ASC issued an interim order requiring, among other things, that all trading in securities of Base Finance cease. This order was later extended until this proceeding "is finally determined or otherwise concluded".

[12] As mentioned, Staff issued its notice of hearing on August 22, 2016.

#### **IV. HEARING AND WITNESSES**

[13] None of the Respondents were represented in the hearing by legal counsel. Breitkreutz principally conducted the defence on behalf of himself and Way, although she assisted Breitkreutz, cross-examined some witnesses (including Breitkreutz) and addressed the panel on occasion.

[14] Staff's witnesses included two ASC investigators, six Base Finance investors and Craig Fryzuk – a partner and senior vice president of the Receiver. Breitkreutz testified and called four witnesses: three Base Finance investors and his former lawyer. Way chose not to testify and did not call any witnesses.

##### **A. Conflicting Evidence and Credibility**

[15] During the course of our deliberations we assess the credibility of witnesses who testified before us, particularly given the Respondents' defence that they were engaged in a normal financing business, not operating a fraudulent scheme, and were not misleading investors.

[16] In considering the credibility of the witnesses, we are mindful of the principles set out in *R. v. Boyle*, 2001 ABPC 152 at para. 107, citing *Faryna v. Chorny*, [1952] 2 D.L.R. 354 (B.C.C.A.) at 357, that:

The credibility of interested witnesses, particularly in cases of conflict of evidence, cannot be gauged solely by the test of whether the personal demeanour of the particular witness carried conviction of truth. The test must reasonably subject his story to an examination of its consistency with the probabilities that surround the currently existing conditions. In short, the real test of the truth of the story of a witness in such a case must be its harmony with the preponderance of the probabilities which a practical and informed person would readily recognize as reasonable in that place and in those conditions.

[17] As well we have regard for the words of O'Halloran J.A. of the British Columbia Court of Appeal in *R. v. Pressley*, 1948 CarswellBC 123 at para. 13 (referenced in *Springer v. Aird & Berlis LLP*, 2009 CarswellOnt 1832 (S.C.J.) at para. 14 and in [*Re Suman* (2012), 35 OSCB 2809] at para. 315), that:

... The Judge is not given a divine insight into the hearts and minds of the witnesses appearing before him. Justice does not descend automatically upon the best actor in the witness box. The most satisfactory judicial test of truth lies in its harmony or lack of harmony with the preponderance of probabilities disclosed by the facts and circumstances in the conditions of the particular case.

[18] We took into account the above principles in analyzing the evidence and reaching our conclusions. We generally found the testimony of all witnesses, with the exception of Breitkreutz, to be generally consistent with or supported by documentary evidence, and we therefore considered their evidence to be credible.

[19] Breitkreutz's testimony on key points often conflicted with other testimony (including his own) and with documentary evidence. When cross-examined by Staff, he was argumentative and evasive. For example, Breitkreutz (previously a mortgage broker) was asked about the meaning of "demised premises" as used in a Base Finance document. He acknowledged that the term indicates "a property" and said "[a]n oil well in Texas is property". When asked if he agreed that the term "premises" does not imply an oil and gas lease, he said "I don't believe it has to" and that he did not know what it implied.

[20] In respect of certain topics, Breitkreutz asserted that he had documentary proof to support his testimony but he was unable to provide such evidence to the panel because Base Finance's records had been seized by, and were in the possession of, the Receiver. Breitkreutz proclaimed to having limited (and at times no) access to such documents. However, he acknowledged having obtained documents in the possession of the Receiver by April 2017, and the Receiver's evidence indicated that on at least five prior occasions Breitkreutz or his agents had been provided access to review and obtain copies of records in the Receiver's possession. Breitkreutz also was in receipt of Staff's prehearing disclosure. In the circumstances, we consider that Breitkreutz was provided a fair opportunity to access and obtain documents to make full answer and defence to Staff's allegations. Breitkreutz also indicated that he "didn't think of bringing" certain documents to the hearing to support his assertions. Breitkreutz's cross-examination was adjourned and he was provided an opportunity over a weekend to locate documentary evidence to support his testimony. Breitkreutz then provided additional documents to support some of his testimony on certain topics but not others.

[21] Breitkreutz's evidence on his use of computers is also relevant to our decision, as certain of the emails in evidence provided insight into what he might have known about what investors were being told or what they believed about the nature of the mortgages that they were investing in. At one point he stated that "I don't do emails myself, and I don't know how to send one, and I don't know how to retrieve one". Another time he said that he did not "send personal emails to very many people because I don't know how to do that", and that Way would, from time to time, send emails to investors "on my behalf". Yet many documents (including some which he put into evidence) showed Way and other individuals closely associated with Base Finance sending emails

to Breitzkreutz at his email address. Thus, people close to Breitzkreutz in this investment scheme used his email address to communicate with him. Moreover, Breitzkreutz acknowledged that he was able to receive and read emails sent to him.

[22] To summarize, we generally neither believed nor accepted Breitzkreutz's testimony on key points. Where his evidence conflicted with that of other witnesses, we preferred and accepted those witnesses' evidence.

## **V. EVIDENCE**

### **A. Parties**

#### **1. Breitzkreutz**

[23] Breitzkreutz was hired by a finance company in the late 1960s, where he gained experience in lending and collections. He worked in the lending business for various companies until he created Base Mortgage in 1978. He brokered mortgages until 1984, when he created Base Finance as a private investment company. The evidence before us confirmed that Breitzkreutz became a licenced mortgage broker with the Real Estate Council of Alberta in October 1997, an accreditation he held until May 2013 when he gave up his licence with plans of retiring.

[24] Breitzkreutz was, at all times material to this proceeding, the founder, sole director and shareholder of Base Finance and Base Mortgage, and had signing authority for both companies' bank accounts. We find that Breitzkreutz was the guiding mind of Base Finance and Base Mortgage at all relevant times.

#### **2. Way**

[25] According to Breitzkreutz, he and Way "ran a two-man shop". She worked for Breitzkreutz prior to Base Finance's incorporation and was Base Finance's and Base Mortgage's office manager and sole employee. Way had signing authority for the corporate bank accounts, signed the majority of company cheques and was responsible for the companies' bookkeeping and banking. She also managed the accounting records and maintained an organized ledger detailing investor contributions and payments.

[26] Way made an assignment into bankruptcy on May 5, 2016.

#### **3. Base Finance**

[27] Breitzkreutz incorporated Base Finance in Alberta in February 1984, with the intent that it be a "private mortgage investment company". Its primary operating bank account was held with the Bank of Montreal until Base Finance was asked to "make alternate banking arrangements". Base Finance then opened an operating account with RBC in May 2014, which it continued to use until frozen by the September 29, 2015 ASC Order.

[28] Base Finance is currently in receivership. At the time of receivership, Base Finance reportedly owed approximately \$122 million to about 240 investors (including \$1,125,000 to Breitzkreutz and his wife, and \$10,000 to Way).

#### 4. Base Mortgage

[29] Base Mortgage was incorporated in Alberta in August 1978, with the intent that it be a mortgage broker. In response to an ASC inquiry in April 2012, Breitreutz advised that Base Mortgage had "been brokering all types of mortgages for the past thirty-five years", but that very little brokering had been done since 2009, "and for the past two years none at all as we have been winding down to retirement".

[30] At all times material to this proceeding, Base Mortgage operated as administrator for Base Finance. It received a monthly payment from Base Finance and paid the operating expenses for both companies. According to Breitreutz, Base Mortgage was not directly involved in any lending or "gathering of investors", although the Receiver determined that one of Base Mortgage's accounts received deposits from investors that were "subsequently transferred to" Base Finance.

[31] Base Mortgage is currently in receivership.

#### B. Base Finance Investments

[32] Investments in Base Finance were essentially loans, in which investors provided money to Base Finance in exchange for a mortgage assignment (or a portion thereof) held by Base Finance. Investors received a document entitled "Irrevocable Assignment of Mortgage Interest" (**Assignments or Assignment**), which were typically signed by Way for Base Finance. The Assignment documents were structured the same; each provided that Base Finance was irrevocably assigning a mortgage interest to the lender (i.e., the investor) against "1st mortgages" held by Base Finance and that Base Finance "shall direct from the borrowers . . . to the lender, interest payments" at the stipulated rate with the principal balance (plus any applicable bonus) due and payable at the end of the term. Unique to each Assignment was the identity of the investor, the date and principal amount of each loan, the applicable interest rate (generally between 9 and 14% per annum), whether any bonus was payable and the amount of the bonus, and the term of the loan (typically six or twelve months).

[33] Assignments required written notice to be provided by the investor if he or she did not wish to extend the term of the Assignment, failing which it would be "renewed at the borrower's option". An additional provision absolved Base Finance from any liability associated with default and limited the investor's remedies to "the demised premises and the borrowers".

[34] Base Finance maintained a good record of making payments to investors, who often allowed their principal to rollover, in which case the investor would be issued a new Assignment.

[35] Marketing of Base Finance investments occurred primarily by word of mouth and the company did not issue any marketing materials or rely on a prospectus. Investors generally understood that their investments were secured by a mortgage over real estate located in Alberta. However, aside from two exceptions, we received no evidence of any Alberta-based mortgages, or in fact any first mortgages, held by Base Finance for the period in question. Instead, Breitreutz produced a deed of trust (the **Deed of Trust**) dated October 3, 2014, which purported to secure certain oil and gas interests in the state of Texas. The Deed of Trust was signed by Brian Fox (**Fox**) as director of Saddle Lake LLC (**Saddle Lake**), and stated that it was "given to secure payment and performance" of indebtedness evidenced by a \$30 million promissory note payable

by Saddle Lake to Base Finance. In evidence was a December 2, 2014 promissory note, in the amount of \$30 million with a three-year term payable to Base Finance from Saddle Lake. This note was described as "security for a Line of Credit and is secured as well by way of Deed of Trust for all funds advanced to Saddle Lake Energy, LLC" by Base Finance.

[36] Breitkreutz asserted that Base Finance loaned money to Fox and his companies over the course of 35 years to produce oil and gas properties, including those secured by the Deed of Trust. Since at least 2004, most of the investors' money was used to make interest payments and principal repayments to other Base Finance investors.

### C. Investor Evidence

[37] Several investors testified, but a brief description of the evidence of three of them will suffice to provide their perspective and their understanding of their investment in Base Finance.

[38] One investor was introduced to Base Finance by his cousin Way in 2000 when she was helping his father with financial affairs. He said that Way presented to him an opportunity to invest \$150,000 through Base Mortgage in "a first mortgage on some property or house" and have interest paid monthly to his father. Way set up a meeting between her cousin and Breitkreutz, who discussed the opportunity in similar terms, albeit without reference to the house or property that was the subject of the investment. Breitkreutz reiterated the terms of the investment and pointed out that if the borrower failed to pay, the investor's recourse would be against the borrower and not Base Finance or Breitkreutz. Breitkreutz also advised the investor that there had been only one foreclosure in 12 or 15 years of operations.

[39] The investor continued to invest with Base Finance, contributing both his and his wife's money. When Base Finance went into receivership, they had \$7.1 million in outstanding investments with Base Finance.

[40] Way's cousin understood that he was investing "in the Alberta real estate market" and considered his Base Finance investment to be "medium-risk". He said that he had no reason to think he was investing in the oil and gas business, Breitkreutz did not tell him that his funds were invested as such, and he would not have invested with Base Finance had he known that fact. When he asked about the identity of the homes or real estate that was the subject of his Assignments, Breitkreutz told him that it was none of his business. The investor said that he continued to do business with Base Finance "because of Susan [Way]".

[41] Another investor learned about Base Finance in the early 1990s through a childhood friend, Lyle Hogaboam (**Hogaboam**), who held himself out as being in the mortgage investment business with Base Finance. His initial investment in Base Finance was made through Hogaboam's company. He had understood from Hogaboam that he was receiving an assignment of a first mortgage registered on Calgary real estate.

[42] This investor met Breitkreutz in the late 1990s or early 2000s, and by the mid-2000s he communicated with either Breitkreutz (by telephone) or Hogaboam (by email) about his Base Finance investments. He was primarily interested in knowing whether the underlying property was located in Calgary and that the loan-to-value ratio was reasonable. He said that Breitkreutz

provided limited information about the investments and he did not recall Breitzkreutz telling him that the underlying mortgages were on Alberta property. However, Breitzkreutz's interactions with this investor show that Breitzkreutz knew communications were presented in a manner that suggested that mortgages were on Calgary properties. For example, in a September 2015 email exchange involving a Base Finance investment of \$500,000 between Breitzkreutz, Hogaboam and the investor (as well as two of his friends who also invested with Base Finance), Hogaboam stated:

Further to our telephone discussion Saturday, Arnold's main appraiser is out of town until Monday so the appraisal update will be in his hands [a] week this Tuesday. The property is in Windsor Park as is Base's office so he's very familiar with values there . . . and thinks the update will be close to the \$750,000.

[43] He advanced \$500,000 to Base Finance on September 23, 2015. This deposit into Base Finance's account (shortly before the account was frozen) nearly doubled the balance in that account.

[44] The investor said that Breitzkreutz never suggested to him that his investments involved properties other than real estate in Calgary, and Breitzkreutz never told him that Base Finance was investing in oil and gas interests located in the United States (US). He considered such investments to present a "very high" risk and he felt that a mortgage investment allowed him to diversify his investment portfolio. He testified about a lunch that he (along with another Base Finance investor) had with Breitzkreutz in 2012, at which time Breitzkreutz "talked about oil and gas investment in the US", particularly in relation to a venture that he was considering. The investor told Breitzkreutz during the meeting that "any investment in oil and gas is extremely risky, particularly in the US" and that he had "no interest" in such investments.

[45] Ultimately, the investor's principal investments in Base Finance (and that of his wife) exceeded \$2.1 million by the time Base Finance was in receivership (not including his \$500,000 advance in September 2015, for which he received about \$482,000 from the Receiver). He said that he received payments from Base Finance – "[i]nterest only" – but he never withdrew any principal as he allowed his investments to be reinvested into new assignments.

[46] A third investor witness testified that she and her husband were introduced to Base Finance by friends who had been investing with Base Finance for years. She received Hogaboam's email address, and the couple contacted him about investment opportunities. She and her husband began investing with Base Finance in 2005 or 2006.

[47] The couple regularly received investment opportunities by way of email from Hogaboam, and understood from him that the mortgage assignments related to mortgages on either commercial or residential property in the Calgary area that would be arranged and registered on title by Base Finance. Hogaboam also told them that the mortgage was always a first mortgage and would not be more than 65% of the value of the property, which "seemed quite secure".

[48] In 2014, the couple sold their Calgary residence with plans to build a house in British Columbia. Her husband contacted Hogaboam by email to indicate that they were interested in temporarily investing an additional \$100,000. When Hogaboam learned that the couple had additional funds to invest, he aggressively persuaded them to invest \$400,000 with Base Finance.

His email to the couple on July 21, 2014 (copied to Breitreutz) indicated that they could invest \$400,000 for a period of six months. The couple advanced \$400,000 to Base Finance on August 11, 2014.

[49] At the end of 2014, the couple discovered that their funds had been locked in for a year (rather than for six months as initially discussed), and they expressed concern to Hogaboam about the risks involved "and the potential for an economic downturn from the low oil prices". In his response, Hogaboam stated:

... as with all of our ... first mortgages, the loan to value will be under 65% especially for this amount of money. We are not oil price speculators. We are strictly high equity lenders which allows for market fluctuations very well.

[50] The couple also asked whether they could access some of their invested funds to pay their house construction costs. Hogaboam said that he would forward their request to Breitreutz and get back to them on their options. In February 2015, the couple were told that they might be able to receive some funds in March. When no payout was received, they gave written notice to Base Finance to have their investment paid out at the end of the one-year term.

[51] On August 13, 2015, Hogaboam emailed the couple (with a copy to both Breitreutz and Way) stating:

Arnold advised me this afternoon that your borrower apparently left the refinancing too late and now cannot meet the payout deadline of August 15th. This despite telling Arnold that there would be no glitches.

...

The borrower will bring your interest payment into Base and a cheque will be mailed to you shortly.

[52] The couple, concerned about this development, arranged a telephone call with Breitreutz on August 17, 2015. In evidence is a transcript of that telephone conversation, along with a file of the audio recording. In that conversation, Breitreutz affirmed the couple's understanding that the underlying property for this investment was on a residential property:

INVESTOR: Now, is he still secured on this mortgage (INAUDIBLE) –

ARNOLD BREITKREUTZ: The mortgage has – yes. Our – our mortgage security hasn't changed at all.

...

INVESTOR: Okay. Is the security still 500,000 on the first mortgage on his personal residence that's valued at 2 million?

ARNOLD BREITKREUTZ: Oh, yeah. M-hm. That has – nothing has changed in that regard. I've been carrying the mortgage on this fellow, and I've had a mortgage on his property for the last 15, 20 years, and, you know, he uses us like a line of credit.

[53] At another point in the conversation, the following exchange occurred:

INVESTOR: . . . when we entered this with [Hogaboam], we were looking for a short-term commitment because we were planning on building and needed money for, you know, building advances, and [Hogaboam] had – had advised [her husband] that the borrower was using the funds on a spec home that had been basically pre-sold and that – that we may not even be looking at six months, that the money might be in for three or four months and then we'd get paid out.

ARNOLD BREITKREUTZ: Exactly. Had everything worked out.

[54] The witness testified that the telephone conversation reassured her (and her husband) "that there was still truly a mortgage". The panel received no evidence indicating that Base Finance held a \$500,000 first mortgage on a personal residence or that it lent money to a borrower for a pre-sold "spec home".

[55] She subsequently inquired about the "interest payment" that Hogaboam had said would be left by the borrower with Base Finance. In a September 11, 2015 email to her, Way said that she would contact the borrower "to get the interest cheque". On September 17, Way wrote another email telling her that the interest payment had been received and that she would be paid later that day. Base Finance's banking records revealed that Base Finance received no payment on that date, and that the most recent deposit into Base Finance's account occurred on September 4, 2015 (we understood this to be from another investor). In her interview with Staff, Way stated that the payment to the couple "[e]ither came out of the bank or from another investor, money that had been sitting there in the bank".

[56] The couple lost all their invested money (\$600,000) and were unable to build the house as they had planned. Instead, they were forced to sell another property in order to purchase a house, and the witness had to postpone her retirement.

#### **D. Evidence from ASC Investigators and the Receiver**

[57] In his interviews with ASC Staff, Breitkreutz said that Fox borrowed \$122 million from Base Finance on behalf of companies controlled by Fox. When asked what had happened to the \$122 million, Breitkreutz said:

It was monies that Mr. Fox borrowed over time. Most of the money – he borrowed money to capitalize his companies in between when he was making money and wasn't making money, he borrowed money in order to make his payments.

[58] Breitkreutz indicated to Staff that Base Finance provided money to Saddle Lake and Goliad Phoenix Energy LLC (**Goliad**), a company related to Fox. He also told Staff that he provided money to a number of different companies related to Fox prior to 2000 – primarily to Powder River Basin Gas Corp. (later known as Powder River Petroleum International Inc.) (**Powder River**). Fox was, at times, Powder River's sole director, president and chief executive officer. We were not provided any Base Finance ledger recording payments between Base Finance and Fox and his companies.

[59] A Staff investigator reviewed Base Finance's banking records for the period of January 1, 2011 to September 24, 2015 in an attempt to trace the source of deposits made to Base



Finance's accounts and to determine how those funds were used. In the review period, the Staff investigator testified that more than \$62 million of the deposits into Base Finance's primary operating accounts derived from identifiable Base Finance investors (nearly 75% of all deposits). During that same time frame, more than \$66 million (almost 80%) of withdrawals were paid to Base Finance investors. From his review, the investigator determined that there was no significant source of business revenue contributing to investment returns and investors' funds were pooled into Base Finance's accounts with returns on new or renewed investments largely paid from other investors' contributions. He also found "very little evidence of mortgage-lending business", other than a series of transactions between July 2013 and April 2015 involving two related companies that was "inconsistent amongst the rest of the account activity". In this series of transactions, Base Finance acted as an intermediary in flowing funds between the two related companies. The Staff investigator concluded that "all the proceeds went in and out just to those related parties" without the involvement of other Base Finance investors' funds, and that these transactions "appeared to be a different arrangement than that of other investors". (This was the only indication found by RBC that suggested any lending activity on the part of Base Finance.)

[60] As noted earlier, marketing to Base Finance investors occurred largely through word of mouth. Some individuals, notably Hogaboam, were paid for referring investors to Base Finance. In evidence was an email exchange between a Staff investigator and Hogaboam, who indicated that he met Breitreutz in the early 1980's, that he and his wife invested "many times and in varying amounts" with Base Finance, and that he had referred friends and business acquaintances to Base Finance since 1987, for which he was paid referral fees. In response to an inquiry as to the training he received to solicit investors, Hogaboam stated:

... there was no training provided. Breitreutz would simply phone and say he had a loan under contract, give me the amount, rate, term and a basic description of the property (i.e., a house in south-west Calgary with an appraised value of \$x). If I thought my friends or business acquaintances might be interested, I would simply pass that information on to them and tell them to contact [Base Finance] or get back to me if they were interested. If they got back to me and expressed interest I then provided them with contact information for [Base Finance].

[61] Many of the documents from the receivership were placed into evidence, including three of the Receiver's reports to the court (plus a supplementary report to its third report) that summarized the Receiver's review and findings. The Receiver's testimony, including documents admitted into evidence, provided significant insight into the operations of Base Finance, Base Mortgage, Fox and his related companies, and into the activities of Breitreutz and Way.

[62] The Receiver determined that Base Finance raised about \$137 million from Base Finance investors between August 2004 and September 2015, that investors were owed approximately \$122 million at the time of Base Finance's receivership, and that investors had been paid approximately \$125,422,752 during the review period. The Receiver did not identify any Alberta-based mortgages held by Base Finance for the benefit of its investors, although a single mortgage (for a one-year term) was found to have been issued by Base Finance and discharged in 2008.

[63] The Receiver's evidence (including testimony, reports and appendices to the reports such as the transcript of oral questioning of Breitreutz on an affidavit he had filed in the receivership proceedings) indicated the following:

- Breitkreutz maintained that Base Finance had lent money to Fox, through various companies he controlled, most of which had been advanced prior to 2000.
- Breitkreutz told the Receiver that he did not know "how much has been invested in Mr. Fox and his related companies" and estimated the amount to be in the range of \$30 million to \$80 million. The Receiver said that Fox "oppose[d] this position". When questioned under oath, Breitkreutz said that Fox had borrowed approximately \$120 million from Base Finance over a 35-year span, and Powder River assumed "all of the liabilities of Mr. Fox and his companies".
- The Receiver found no evidence showing the transfer of funds from Base Finance to Powder River during the period covered by the Receiver's review, although Fox was directly provided \$462,297 from Base Finance or Base Mortgage. The Receiver acknowledged that this figure did not include cash withdrawals (approximately \$1.7 million), which the Receiver could not trace.
- Powder River paid \$1,738,451 to Base Finance between August 1, 2004 and August 31, 2007.
- Breitkreutz told the Receiver that Base Finance's "investment" was "lost when [Powder River] . . . filed for bankruptcy protection under Chapter 7 of the US Bankruptcy Code" (on November 2, 2010), that "no significant income was earned" by Base Finance or Base Mortgage after Powder River's liquidation, and that Breitkreutz was "soliciting new investments in order to keep up with the interest and principal amounts" owing to Base Finance investors.

[64] The Receiver interviewed both Breitkreutz and Fox and said that they agreed on certain facts, including that Fox attempted to reacquire Powder River's oil and gas leases after its liquidation. Initially, Goliad (incorporated September 24, 2013) entered into an agreement with a third party to acquire the leases at a price of \$1.5 million. Base Finance paid the initial down payment of \$30,000 on the leases, and the purchase was secured by "a \$50 million deed of trust note". However, that deed of trust was apparently not valid as the third party was not the legal owner of the leases.

[65] The Receiver understood from Fox and Breitkreutz that they then incorporated Saddle Lake in October 2014 "to repurchase these same leases". Base Finance paid for the purchase of these leases, retained legal counsel to secure Saddle Lake's registrations, and solicited funds to start production. One of the six leases was able to "briefly" achieve production and generate about US\$5,000 to US\$10,000 in revenue over a one-month period. Fox was "actively pursuing a Chinese-based investor" who was purportedly interested in investing approximately \$50 million into Saddle Lake, with the deal set to close in June 2015.

[66] According to the Receiver, Breitkreutz and Fox both claimed that Base Finance paid Saddle Lake no more than US\$300,000, although the Receiver could only account for less than \$20,000 of those funds.

[67] The Receiver's review of Base Finance's and Base Mortgage's bank accounts suggested that Breitkreutz and Way both withdrew funds from Base Finance to acquire local real estate properties. In particular, Breitkreutz or his wife (or both) acquired several houses using Base

Finance's funds, while Base Finance acquired a property that was subsequently transferred to Way, who repaid Base Finance \$200,000 of the \$385,000 purchase price.

[68] The Receiver also determined that Breitreutz received a net of approximately \$1.15 million from Base Finance's and Base Mortgage's accounts from August 2006 to October 2015 (almost \$870,000 of this was characterized as employment compensation and reimbursement of expenses), and Way received a net of more than \$700,000 from Base Finance's and Base Mortgage's accounts from June 2007 to October 2015 (more than \$400,000 of this was characterized as employment compensation and reimbursement of expenses).

[69] The Receiver also reviewed Breitreutz's personal bank account records, which suggested "that many of the payments or drafts paid from [Base Finance and Base Mortgage] to [Breitreutz] were received into" his primary personal account, that the companies also received deposits from his personal account, and that "many of the deposits into [Base Finance and Base Mortgage] were immediately directed back to" his personal account "within days". The Receiver was unable to determine "the purpose of running the monies through" the companies' accounts. The Receiver went on to note in the supplemental report to the court:

For the most part, over the period provided, there are many untraceable deposits made in round numbers that are not traceable to their source. These deposits ranged from the tens of thousands to the hundreds of thousands. Given the quantum of the deposits and the inability to trace them to the Base accounts, it is not known if some investor funds were being directed to the personal account rather than through Base, or if there were other unrelated investments or income sources that Mr. Breitreutz was managing personally.

The bulk of withdrawals out of [Breitreutz's] personal account relate to regular living expenses such as utilities, what appears to be an allowance or regular cash advances made available for Mrs. Breitreutz, and regular cash withdrawals for Mr. Breitreutz. We also note, that regular withdrawals were made from a specific Calgary casino as evidenced on the bank statements; these transactions increased substantially in 2014 through 2015.

[70] Regarding Way's personal bank records, the Receiver found that Way's income tax filings showed that her annual employment income from Base Finance (believed to be her sole source of income) was \$42,000 per year from 2011 through 2014. From a review of Way's personal bank statements, the Receiver stated in the supplemental report to the court:

An analysis of the statements reveals that deposits increased substantially beginning in 2013 with some monthly deposits as high as \$40,000. In reviewing the withdrawals from her account, which effectively equaled deposits into her account each month, it appears that Ms. Way withdrew significant amounts of money at a particular Calgary casino. As much as \$10,000 per month was being withdrawn from this casino as evidenced from the bank statements. She also appears to have been supporting, in part, some family members. The Receiver also notes that the deposits into Ms. Way's accounts ceased, with [one] exception . . . , after the Base account was frozen.

[71] According to the Receiver, Hogaboam and his company were investors in Base Finance and received "interest and principal repayments" from Base Finance, as well as finder's fees for introducing investors to Base Finance. In its third report to the court, the Receiver commented on Hogaboam's relationship with Base Finance and Base Mortgage:

. . . Mr. Hogaboam had a working relationship with the Companies as far back as 1995. Hand written notes referring to "our staff" referring to Base's staff, and Mr. Hogaboam's signature has been found on Company letterhead during the Receiver's review of books and records.

In the Oral Questioning, on page 37 line 26, Mr. Breitkreutz confirmed that Mr. Hogaboam received referral fees. It is our understanding that Mr. Hogaboam was a promoter or agent of the Companies as evidenced in investor correspondence and the issuance of T4A CRA income reporting slips issued by the Companies to Mr. Hogaboam.

**E. Breitkreutz's Testimony**

[72] Breitkreutz testified over the course of three days.

[73] Breitkreutz asserted that Base Finance had "mortgage security in Texas" in relation to "a viable oil and gas operation" that had been "appraised at over a hundred million dollars", and it was this security that he had in mind when talking to investors about investing in Base Finance.

[74] According to Breitkreutz, Base Finance had advanced money to Fox and his various companies over the years – Breitkreutz estimated approximately \$50 to \$60 million – and both Fox and Powder River assumed the debt from Fox's previous companies. Fox repaid some funds (Breitkreutz estimated between \$3 to \$5 million) to Base Finance while he was operating Powder River but that Base Finance's debt was "expunged" through Powder River's bankruptcy. Breitkreutz believed that "we still had our security . . . until that matter was resolved". Breitkreutz also mentioned prior mortgages on "properties" located in Oklahoma and Louisiana that "he had never discharged".

[75] Breitkreutz testified that Base Finance continued to fund Fox and his attempts to re-acquire properties previously owned by Powder River by continuing to solicit funds from investors. He stated that Base Finance raised funds from investors for Fox, who "used those funds to pay what he had to pay" including "operational, business, and investors". According to Breitkreutz, interest payments and principal repayments to Base Finance investors were notionally added to Fox's "line of credit" in accordance with Fox's instructions.

[76] Breitkreutz also explained that all cash withdrawals were provided to Fox, which was necessary as "most of the employees that [Fox] had . . . wouldn't accept [a] cheque, and if you paid them by cash, you got a better deal". Breitkreutz said that it was difficult to withdraw large amounts of cash from the bank, so he and Way regularly withdrew and accumulated smaller cash amounts and provided them to Fox when he required additional cash. Breitkreutz had Fox sign promissory notes from time to time, which represented debt owed for cash payments made to Fox "to operate the leases". Breitkreutz tendered into evidence four promissory notes purportedly signed by Fox. Particulars of the four promissory notes are set out below:

| Date              | Amount      | Due    |
|-------------------|-------------|--------|
| May 1, 2006       | \$1,500,000 | Demand |
| November 24, 2008 | \$275,000   | Demand |
| No Date, 2015     | No Amount   | Demand |
| No Date, 2015     | No Amount   | Demand |

[77] Breitkreutz said that Fox was "able to obtain [Powder River's] properties back shortly after" Powder River's bankruptcy by contracting directly with the landowners. He provided a letter from

a US lawyer (dated October 15, 2015) stating that the Deed of Trust "does appear to be a proper 'deed of trust' and is secured by various properties" (as listed on an exhibit attached to the Deed of Trust) and that Saddle Lake "remains a viable entity able to operate in the State of Texas". Breitkreutz relied on this letter as evidence "that we had a viable mortgage registered and that Saddle Lake, the borrower, was able to operate and produce those oil and gas leases in the state of Texas as they were licenced to do so with funds that were borrowed from Base Finance in order to get to that position".

[78] Breitkreutz asserted that a deed of trust (as it was called in the US) is the "equivalent" of a mortgage in Canada but has "much greater powers" because it encompasses all of the borrower's assets until fully repaid. He relied on a document he found on the internet that explained the deed of trust concept, which Breitkreutz said clarified his understanding of that term.

[79] Breitkreutz indicated that the security for Fox's debt – the Deed of Trust over oil and gas leases in Texas – had been appraised in July 2013 at more than US\$100 million. When cross-examined by Staff, Breitkreutz admitted that the appraisal pertained to 27 different leases and that the Deed of Trust only covered six of those leases, one of which had produced for about a month, resulting in revenue of approximately US\$10,000.

[80] Breitkreutz testified that in June 2015, he anticipated a "large payout of our mortgage" from Fox, who had arranged financing to pay most, if not all, of the amounts owing to Base Finance. Although that payout "never happened", Breitkreutz said that he had Fox attend Base Finance's office to acknowledge "all of the mortgage assignments that I had issued to my investors". Breitkreutz said that Fox signed approximately 482 Assignments, each containing a stamp, prepared by Way, that read:

This Mortgage Assignment is hereby  
duly acknowledged  
and accepted by the Borrower  
[Signature]  
Brian D. Fox

[81] Breitkreutz said that he discovered these Assignment documents next to a filing cabinet after the Receiver's search of Base Finance's office, and assumed that "these were on top, fell down, and no one bothered to retrieve them". The one sample in evidence was an unsigned Assignment dated September 1, 2011, and did not indicate the date that it was signed by Fox. Of note is the fact that this evidence conflicts with other evidence given by Breitkreutz that the Receiver "took filing cabinets", and that "all of our documents . . . were gone. We had nothing left."

[82] Breitkreutz denied that he was operating a Ponzi scheme, and said that he "never . . . lied to my investors or attempted to deceive them in any way". He said that he would tell Base Finance investors that he "had a first mortgage investment, this is the return, and if you're interested in investing, you will get a first mortgage assignment from me, and you will get a piece of my mortgage that I'm investing in". He also told investors that they were investing in Base Finance mortgages with other investors, their money would be lent to a borrower and their security would be a first mortgage held by Base Finance. Investors were not told the location of the mortgage

security unless they funded the entire mortgage. He also did not tell investors that: (1) Base Finance's "1st mortgages" was a reference to the Deed of Trust; (2) they were investing in oil and gas properties in the US; or (3) that their funds would be used to make interest payments and principal repayments to other investors.

[83] As with the set of Assignments supposedly acknowledged by Fox and "left behind" by the Receiver, we disbelieve Breitreutz's evidence of never lying or misleading investors based on the evidence presented to the panel, including the transcript of the telephone conversation with the couple (as set out earlier in this decision).

[84] Breitreutz testified that there were other mortgages registered on Alberta properties within the past ten years, but he was only able to point to two specific instances where Base Finance mortgages were supported by documentary evidence. One instance (which had been identified by the Receiver) involved a mortgage that had been discharged in 2008. The other mortgage (which had been identified by the ASC Staff investigator as "a different arrangement") involved two related companies. One of the companies provided funds to Base Finance beginning in July 2013, which were then lent out to fund a mortgage on the related companies' commercial property. In April 2015, the mortgage was paid out in full, including interest. Breitreutz said that he had agreed to administer this transaction for a relatively small fee "as a favour", and Base Finance did not otherwise earn interest on this transaction.

[85] Again, we disbelieve Breitreutz on this point given the absence of any significant mortgage files identified by the Receiver or produced by Breitreutz and the evidence of both the Receiver and Staff indicating that Base Finance's banking activities reflected little, if any, evidence of a legitimate mortgage-lending business.

[86] Breitreutz acknowledged that he worked closely with Hogaboam, who referred "a lot of business" to Base Finance. Breitreutz said they would discuss investment opportunities before Hogaboam solicited investments on behalf of Base Finance – he would tell Hogaboam about a deal and Hogaboam "would go and see what money he could arrange". Breitreutz professed not to know "all the time" what Hogaboam told investors (such as Hogaboam representing to investors that he was Breitreutz's partner) although he said he was aware of some of the things Hogaboam was saying and that he would talk to Hogaboam if investors were being given incorrect information.

[87] Breitreutz testified that he personally invested a substantial amount of money in Base Finance – "over a million dollars" – some of which he withdrew to acquire local properties. He also asserted that he did not take out more money than he had invested, and that all of his personal investments in Base Finance were documented by Assignments, which he would redeem when he received a payment from Base Finance. He offered some documentation relating to his purchases of local properties in support of his testimony.

[88] Breitreutz provided details on Way's acquisition of her home, stating that she had previously invested in Base Finance, and that Base Finance "took back a caveatable interest on that property" for the balance (\$185,000) owing on her home. It was agreed that Base Finance would carry the debt owed by Way until Base Finance's operations could be wrapped up, at which

point an accounting would be done to settle the amounts. Breitkreutz acknowledged that she "hadn't paid that at the time of [Base Finance's] receivership". He also said that Way was still owed a balance on her investment in Base Finance at the time of the receivership and that she had been taking out increments to slowly pay back her investment.

**F. Witnesses Called by Breitkreutz**

[89] One of the investor witnesses called by Breitkreutz had invested about \$660,000 with Base Finance. He understood that his investments were being loaned to borrowers and that Base Finance secured investors' contributions through first mortgages. He was never told about a particular property or mortgage that was the subject of his investment. He also understood that his interest payments came from payments made by the borrower whose mortgage was used to secure the invested funds. When cross-examined by Staff, the investor confirmed that he was not told that his investments were in oil and gas interests or that his money was being used to pay interest to other Base Finance investors. He said that he had received less than \$5,000 from the receivership.

[90] Another investor witness called by Breitkreutz was a widow who began investing with Breitkreutz in 2009 after being introduced to Base Finance by a friend. She started with a \$25,000 investment and was pleased when she was paid a good rate of return on time every six months. She did not care where Base Finance invested her funds, and did not think that Base Finance was trading in securities. She thought her funds were invested in a first mortgage but did not know that they were being used for an oil and gas development in Texas. She believed that the payments she received came from the income from her investments and she was not told that such payments might have been redirected from investments made by other investors.

[91] Another investor witness called by Breitkreutz testified to similar effect and confirmed she lost \$30,000.

[92] Breitkreutz's lawyer's testimony was primarily about Breitkreutz's acquisition of local properties and the position taken by Breitkreutz in the receivership proceedings – including that the Receiver should be attempting to obtain value from the US oil and gas property and not from Breitkreutz's Alberta assets. The lawyer acknowledged that he did not undertake an investigation into how Breitkreutz was able to acquire his properties, that he had not reviewed Breitkreutz's, Base Finance's or Base Mortgage's bank statements, and that he relied on Breitkreutz's assertion that Base Finance's funds were not used to acquire local properties for Breitkreutz.

**G. Way**

[93] Way chose not to testify or call any witnesses.

**VI. ANALYSIS AND DISCUSSION**

**A. Standard of Proof**

[94] We apply the standard of proof set out in the Supreme Court of Canada's decision in *F.H. v. McDougall*, 2008 SCC 53 at paragraph 46, which requires that facts must be proven with evidence "sufficiently clear, convincing and cogent to satisfy the balance of probabilities test". That test is met where the existence or occurrence of an alleged fact required to be proven is more probable than its non-existence or non-occurrence.

## B. Preliminary Issues

[95] Two preliminary issues must first be addressed before we consider whether the Respondents breached s. 93(b) of the Act: (1) whether the Assignments were "securities", as defined under the Act; and (2) whether the fraud allegations are statute barred because of the limitation period in s. 201 of the Act.

### 1. "Security"

[96] The alleged fraud must be in relation to a "security" within the meaning of the Act. The term is broadly defined in s. 1(ggg), and includes "any bond, debenture, note or other evidence of indebtedness . . ." (s. 1(ggg)(v)) or "any investment contract" (s. 1(ggg)(xiv)).

[97] We find that the investments offered by Base Finance, as evidenced by the Assignments, constituted "evidence of indebtedness" within the meaning of the Act. Base Finance investors – referred to as "lenders" – provided money to Base Finance in exchange for an interest in Base Finance's "1st mortgages", with the expectation that Base Finance would periodically "direct from the borrowers" interest payments at the stipulated rate, with investors' principal returned at the end of the term or rolled over into a further investment.

[98] We also find that the investments at issue were "investment contracts" under s. 1(ggg)(xiv) of the Act, which is defined by the jurisprudence to require an investment of money in a common enterprise with the expectation of profits arising significantly from the effort of others (*Pacific Coast Coin Exchange of Canada Limited v. Ontario (Securities Commission)*, [1978] 2 S.C.R. 112). Base Finance investors provided money to Base Finance, which was pooled with other investors' funds. Investors were not expected to do anything more to earn profits, in the form of interest payments from "1st mortgages" secured by Base Finance.

[99] Accordingly, we find that the investments offered by Base Finance were securities within the meaning of the Act.

### 2. Limitation Period

[100] Section 201 of the Act currently states: "No proceeding under this Part shall be commenced . . . before the [ASC] more than 6 years from the day of the occurrence of the last event on which the proceeding is based".

[101] Although the Respondents did not raise a limitations issue, Staff addressed it in their submissions.

[102] The fraud as alleged by Staff was that the Respondents orchestrated a deceitful scheme – one that led investors to understand that they were investing in mortgages on property located in Alberta rather than in oil and gas interests in the US – and implemented a Ponzi scheme. A Ponzi scheme, by its nature, involves continuing activity. As stated in *Re Williams*, 2016 BCSECCOM 18 at para. 229:

By its nature, those perpetrating a Ponzi scheme must keep up the appearance that it is a successful investment scheme in order to attract new investors and continue the scheme. To keep up appearances, perpetrators continue their deceit against investors, by making payments or issuing



account statements, for example. These acts of deceit continue the fraud beyond an investor's initial investment.

[103] On this theory of the case, the alleged fraud was an ongoing scheme and misuse of funds. Therefore, we consider the fraud, as alleged by Staff, to have continued from 2006 until stopped by a combination of the actions of RBC, the ASC's freezing of Base Finance's account, and the receivership. We consider this to be a continuing course of conduct in the period from 2006 to September 2015.

[104] The "last event" that gave rise to these proceedings, and on which this proceeding was grounded, occurred on September 22, 2015 when the last deposit of investor funds was made into Base Finance's primary operating account.

[105] We therefore find that the allegations in the notice of hearing are not statute barred pursuant to the current wording of s. 201 of the Act.

[106] The section previously stated (until amended in 2014) that no proceeding could be commenced "more than 6 years from the day of the occurrence of the event that gave rise to the proceedings". The alleged misconduct began as early as August 2006, which would be more than 6 years before the August 2016 notice of hearing.

[107] The previous wording of the section does not change our analysis, or our conclusion that the allegations in the notice of hearing are not statute barred. We consider that "the day of the occurrence of the event" means, in respect of an ongoing and continuous course of conduct, the last day of the occurrence of the event (see *Re Dennis*, 2005 BCSECCOM 65).

[108] Accordingly, we are persuaded that under either the current or the previous wording of the limitation section, these proceedings are not statute barred.

### C. Fraud

[109] Section 93(b) of the Act was amended in 2014. Prior to the amendment, the provision stated:

No person or company shall, directly or indirectly, engage or participate in any act, practice or course of conduct relating to a security . . . that the person or company knows or reasonably ought to know will

(b) perpetrate a fraud on any person or company.

[110] The current wording of the section states:

No person or company shall, directly or indirectly, engage or participate or attempt to engage or participate in any act, practice or course of conduct relating to a security . . . that the person or company knows or reasonably ought to know may

(b) perpetrate a fraud on any person or company. [Emphasis added.]

[111] The parties did not address these changes in their submissions. We do not consider the amendment to substantively alter the required analysis in the circumstances, as we find that the evidence in this proceeding demonstrates more than an "attempt" and that the knowledge of the parties went beyond the possibility that their conduct would perpetrate a fraud to the level of knowing that their conduct was perpetrating a fraud.

[112] The Act does not define "fraud" but the ASC has adopted the elements of fraud enunciated by the Supreme Court of Canada in *R. v. Théroux*, [1993] 2 S.C.R. 5. This requires proof of a guilty act (*actus reus*) and a corresponding guilty mind (*mens rea*).

[113] In *Théroux* (at 20), the Court stated, concerning the *actus reus*, that:

These doctrinal observations suggest that the *actus reus* of the offence of fraud will be established by proof of:

1. the prohibited act, be it an act of deceit, a falsehood or other fraudulent means; and
2. deprivation caused by the prohibited act, which may consist in actual loss or the placing of the victim's pecuniary interests at risk.

[114] The Court further stated that the *mens rea* of fraud is established by proof of:

1. subjective knowledge of the prohibited act; and
2. subjective knowledge that the prohibited act could have as a consequence the deprivation of another (which deprivation may consist in knowledge that the victim's pecuniary interests are put at risk).

Where the conduct and knowledge required by these definitions are established, the accused is guilty whether he actually intended the prohibited consequence or was reckless as to whether it would occur.

[115] Regarding the nature of a prohibited act within the meaning of *Théroux* (as stated in *Re Arbour Energy Inc.*, 2012 ABASC 131 at paras. 979-80):

"Deceit" or "falsehood" is established when it is proved that the person represented a certain situation was something other than what it really was (*Théroux* at 17).

"Other fraudulent means" is the catch-all concept, designed to capture a wide range of dishonest commercial acts which appear to be neither deceit nor falsehoods but, when viewed objectively, would be considered dishonest acts by a reasonable person. Examples of conduct found to constitute "other fraudulent means" include personal use of corporate money, failure to disclose important facts, unauthorized diversion or taking of money or property, and the unauthorized use of investor money (*Théroux* at 16-17; and *R. v. Currie*, [1984] O.J. No. 147 (C.A.)).

[116] The *mens rea* element requires proof that the person involved "had subjective awareness of the person's prohibited act and that such act placed another's or others' economic interests at risk" (*Arbour* at para. 982). This subjective awareness can be inferred from the totality of the evidence (*Alberta Securities Commission v. Brost*, 2008 ABCA 326 at para. 48). In the case of a corporation, "it need only be proved that the corporation's directing minds knew or reasonably ought to have known that the acts of the corporation perpetrated a fraud" (*Arbour* at para. 985).

[117] It is not necessary to show that a respondent accused of fraud personally profited from the wrongdoing (*Théroux* at 17, *Arbour* at para. 981).

**1. Actus Reus**

**(a) Prohibited Acts**

[118] We find that Base Finance, Breitzkreutz and Way engaged in at least two prohibited acts: (1) they deceived Base Finance investors into thinking that they were investing in traditional mortgage securities when they were actually investing in US oil and gas operations; and (2) they operated a Ponzi scheme, in which the purported returns paid to investors derived from other investors' funds.

**(i) Deception of Base Finance Investors**

[119] The first prohibited act, the deception of Base Finance investors, caused investors to think that they were investing in mortgages held by Base Finance in real estate rather than in a loan to an undisclosed entrepreneur focused on oil and gas developments in the US. This deception involved express representations made to investors, as well as the omission of important information regarding the nature of the Base Finance investments.

[120] Investor witnesses understood that they were loaning money to borrowers and that their investments were secured by first mortgages. Some understood that the mortgages were registered against residential or commercial properties located in Alberta, while others were uncertain as to details of the subject property or the terms of the underlying mortgages beyond what was represented in the Assignments.

[121] Hogaboam referred many of his business and personal acquaintances to Base Finance. In so doing, he provided prospective investors with pertinent details that often described Base Finance mortgages as pertaining to Alberta-based properties or residential properties (or both). Hogaboam told Staff that he had received such details from Breitzkreutz, which is consistent with Breitzkreutz's evidence that he provided Hogaboam with details about an investment. Although Breitzkreutz denied providing information about the location of a property, he knew that Hogaboam was (at least on some occasions) telling investors that mortgages were on personal residences and said that he would have talked with Hogaboam if the information was incorrect. Investor evidence showed that Breitzkreutz affirmed (or did not deny) Hogaboam's representations that Base Finance investments involved either residential properties or properties located in Alberta (or both) and that Breitzkreutz made no attempt to correct this misinformation. In the circumstances, we find that Breitzkreutz provided Hogaboam with misleading details – that Base Finance mortgages were on residential properties or that they were Alberta-based properties (or both) – knowing that Hogaboam would pass along these details to prospective investors.

[122] The careful deception of Base Mortgage investors was not limited to the making of misleading statements but also involved the withholding of information critical to their investments. Breitzkreutz said that investors were generally not told of the location of the properties unless a single investor financed the entire mortgage. None of the investor witnesses were told that the "1st mortgages" underlying their investment was actually the Deed of Trust on oil and gas

leases in the US. Some investor witnesses told us that they would not have invested had they known that their investment was in oil and gas properties in the US.

[123] Indeed, one investor testified that he specifically told Breitzkreutz that he would not invest in US oil and gas assets. In face of this statement, Breitzkreutz did not tell the investor that that was precisely where his money was being invested. Further, Breitzkreutz renewed the investor such that, at the time of the receivership, the investor and his wife were owed in excess of \$2 million.

[124] At a minimum, proper disclosure as to the true nature of the underlying mortgage security would have affected investors' understandings of the risks of their investments and influenced their decisions whether to invest in the securities offered by Base Finance. We find that the failure to divulge such information to prospective or existing investors was objectively dishonest and constitutes a prohibited act within the meaning of *Théroux*.

[125] Considering the evidence as a whole, we consider the pattern of communications with investors to have been carefully tailored to maintain a façade that they were investing in first mortgages in real estate and not in oil and gas plays in the US. This is evident in the careful wording adopted by Breitzkreutz and Way when communicating with investors, as well as by the terms used in Assignments provided to Base Finance investors.

[126] To provide a few examples, the Assignments stated that Base Finance would assign "an Irrevocable Mortgage interest . . . against 1st mortgages held by" Base Finance and would "direct from the borrowers . . . to the lender, interest payments . . .". This gave the impression that Base Finance would use invested funds to provide mortgages to facilitate a real estate transaction, and that the investment would be registered on title in priority to all other interests. This terminology also conveyed the impression that the borrower would be required to make interest payments, which would be redirected by Base Finance to the investor. Instead, Base Finance was providing a line of credit to Fox to acquire and develop oil and gas leases. Fox was making virtually no payments to Base Finance, so there was no directing of interest payments to investors. Rather, Base Finance was notionally increasing Fox's line of credit and using investors' capital to make purported interest payments and principal repayments to other investors.

[127] Even the term "1st mortgages" was misleading, as it conveyed a significantly different understanding in the minds of investors as to the nature of their investments and reinforced the deception that the security pertained to a conventional real estate mortgage rather than a deed of trust in relation to oil and gas leases. Breitzkreutz acknowledged that a deed of trust was not "a familiar term" in Canada, yet he (and Way) avoided any use of the term when communicating with investors. We find that their avoidance of such terminology was a deliberate attempt to avoid raising questions from investors as to the true nature of their investment.

[128] We also considered the reference to "demised premises" in the third paragraph of the Assignment to be part of the deception of Base Finance investors. The term "premises" in plain English connotes land with buildings, and reasonably conveyed the impression that the mortgage security pertained to real estate, rather than oil and gas leases. We are confident that Breitzkreutz, with his background as a mortgage broker, knew this and we note his evasive answers when questioned on this point and disbelieve his statement that he did not know what "premises" implies.

[129] Way actively participated in the deception of Base Finance investors. She was involved in all facets of Base Finance's business and operations, including communicating with investors. She told Staff in her investigative interview that she conveyed to investors that Base Finance investments pertained to a "first-mortgage interest", she did not disclose that the mortgage security was in reference to the Deed of Trust "on the oil wells down in Texas", and that investors were never told the location of the underlying properties. Way's (and Breitreutz's) interaction with Way's cousin led him to understand that he was investing in Alberta real estate and he had no reason to think that his investment was in oil and gas leases. Further, she was intimately involved in the preparation, execution, and delivery of the deceptive Assignments to investors.

[130] In all of the circumstances we find that Way engaged in the prohibited act of deceiving Base Finance investors as to their investment.

[131] Breitreutz's actions, as guiding mind of Base Finance, are attributable to it. We therefore find that Base Finance was also responsible for the deception of Base Finance investors.

[132] Breitreutz was also the guiding mind of Base Mortgage, although it is unclear whether he was acting in any capacity in respect of Base Mortgage while orchestrating the deception of Base Finance investors. Indeed, we received little evidence as to Base Mortgage's involvement in Base Finance's investments, other than it had received a monthly fee from Base Finance, which was used to pay operating expenses of Base Mortgage and Base Finance. Base Mortgage was not party to the Assignments, nor did those documents refer to Base Mortgage. There is no indication that communications with Base Finance investors occurred through, or on behalf of, Base Mortgage. The Receiver determined that in respect of one of Base Mortgage's bank accounts, "[a]ll deposits into the account were made by investors and subsequently transferred to" Base Finance. However, we were not provided statements from Base Mortgage's account or accounts, nor any particulars in relation to such activity (including the amounts of such deposits, the dates of the transactions or the investors who purportedly made the deposits). In the circumstances, we lack sufficiently clear, convincing and cogent evidence to find that Base Mortgage deceived Base Finance investors as to the nature of their investment.

**(ii) Ponzi Scheme**

[133] We consider a second prohibited act that involved the payment of promised returns to Base Finance investors under the guise of interest payments directed from an undisclosed borrower. In reality, such payments were merely the re-circulation of funds received from other investors. We find that such a course of conduct constituted a Ponzi scheme, and was objectively dishonest.

[134] The US Securities and Exchange Commission described a Ponzi scheme as follows:

Ponzi scheme is an investment fraud that involves the payment of purported returns to existing investors from funds contributed by new investors. Ponzi scheme organizers often solicit new investors by promising to invest funds in opportunities claimed to generate high returns with little or no risk. In many Ponzi schemes, the fraudsters focus on attracting new money to make promised payments to earlier-stage investors to create the false appearance that investors are profiting from a legitimate business.

[online: U.S. Securities and Exchange Commission  
[www.sec.gov/fast-answers/answersponzi.htm](http://www.sec.gov/fast-answers/answersponzi.htm)]

[135] We find that Base Finance, Breitreutz and Way were running such a scheme. A Staff investigator's analysis of Base Finance's banking records from January 1, 2011 to September 24, 2015 revealed little evidence of a mortgage-lending business, there was no significant source of business revenue contributing to investment returns, and investors' funds were pooled in Base Finance's accounts with returns to investors largely paid from the contributions of other investors. These conclusions were consistent with those of the Receiver, whose review of Base Finance's banking records (with some missing documents) from August 2004 to September 2015 revealed that Base Finance had raised about \$137 million, that investors had been paid approximately \$125 million and were collectively owed some \$122 million at the time of Base Finance's receivership.

[136] Breitreutz, as the guiding mind of Base Finance, was the head of the Ponzi scheme. He created the business structure in which Base Finance obtained little, if any, revenue from its lending operations. He paid investors their promised returns – ostensibly as interest payments – using funds provided by other investors. This allowed him to maintain the façade that Base Finance was a legitimate private mortgage lender and ensured that Base Finance investors were satisfied with their investments, at least so long as timely payments were maintained.

[137] Breitreutz submitted that he could not have been operating a Ponzi scheme because he made so little from it. The amount a promoter chooses or is able to keep from a fraudulent scheme does not change the essential nature of the scheme. Additionally, personal profit is not a necessary element to a finding of fraud.

[138] Way, as office manager, was in charge of Base Finance's banking and bookkeeping, among other things. From the evidence, it is clear that she maintained a ledger for Base Finance's investors, and she prepared and signed cheques to investors knowing that Base Finance was not generating any revenues or receiving interest payments from "borrowers". She told Staff during her interview that funds from new investors were used – "fairly often" – to pay returns to other investors. Her involvement is illustrated from her communications with the couple, who were seeking information from Way regarding a purportedly overdue interest payment. Way advised that Base Finance had received the payment and took steps to transfer the funds to them. In context, Way conveyed the false impression that the payment came from the borrower's interest payment when banking records revealed that the funds came from money already in Base Finance's account. We find that Way also committed the prohibited act of operating a Ponzi scheme.

[139] As mentioned, we received little evidence as to Base Mortgage's involvement, including in relation to the alleged Ponzi scheme. Although the Receiver reported that Base Mortgage received and transferred investor funds to Base Finance, we were not provided evidence providing details on these transactions. Accordingly, we are unable to find that Base Mortgage committed the prohibited act of operating a Ponzi scheme.

**(b) Deprivation Caused by Prohibited Acts**

[140] We consider the prohibited acts committed by Breitreutz, Way and Base Finance placed investors' financial interests at risk, and we so find. Clearly, Base Finance investors sustained significant financial losses; the Receiver estimated that Base Finance owed more than \$122 million

to its investors at the time of the receivership. Evidence from investor witnesses indicated that some considered their investment risk to be lower because they (erroneously) understood that their principal was secured against Alberta-based properties. Some investor witnesses indicated that they had no interest in investing in US oil and gas properties. We accept that the risks to an investor for a loan secured by mortgage against real property is markedly different from the risks of an investment in oil and gas leases, particularly so when those leases are located in another country. The deception of Base Finance investors placed their financial interests at risk.

[141] We also find that the operation of a Ponzi scheme put investors pecuniary interests at risk. Inherent to such a scheme is the fact that some investors will lose some or all of their investment. Some Base Finance investors received payments from Base Finance, ostensibly as interest payments or principal repayments. Some investors received payment from the Receiver out of the funds frozen by the ASC. Such recovery pales in comparison to the collective loss of approximately \$122 million by Base Finance investors.

## 2. *Mens Rea*

[142] We are also satisfied, and we find, that Breitkreutz, Way and Base Finance had subjective knowledge of both the prohibited acts and of the fact that such acts were placing investor's financial interests at risk.

[143] Breitkreutz knew that the only purported mortgage held by Base Finance was the Deed of Trust, and he ensured that investors knew nothing about the supposed mortgage. In one instance, Breitkreutz responded to Way's cousin when he inquired about the identity of the underlying property by telling him that it was none of his business. Breitkreutz acknowledged that he did not tell any of his investors that they were investing in an oil and gas mortgage in the US, and he clearly knew that investors were under a misapprehension as to the nature of the underlying business. This is made obvious by evidence of the investor who told Breitkreutz that he had "no interest" in an investment in oil and gas, particularly in the US because it was "extremely risky". Not only did Breitkreutz not tell him that was exactly where his money had been placed, but Breitkreutz renewed those investments issuing new Assignments each time.

[144] Breitkreutz was also aware that investors' funds were being pooled in Base Finance's accounts, from which purported returns were paid to earlier investors. We find that Breitkreutz knew that:

- investor funds were being deposited into Base Finance's accounts;
- money from Base Finance's accounts was paid to investors, and characterized as either interest payments or principal repayments;
- Fox was not making payments on his debt to Base Finance (at least not since the time he had been operating Powder River);
- Base Finance would notionally increase Fox's debt to make payments promised to Base Finance investors, purportedly "[o]n Fox's instructions";
- approximately \$137 million was raised from Base Finance investors from 2004 to 2015, from which approximately \$125 million was paid out to investors as purported interest and, for certain of them, as principal, with about \$122 million owing to investors by the end of September 2015.

[145] While Way figured less prominently than Breitzkreutz in the scheme, we find that she had extensive knowledge of the nature of Base Finance's business at all times material to these proceedings. She and Breitzkreutz operated the business as a "two-man shop", during which time she saw most emails, managed Base Finance's bookkeeping and banking, and interacted with investors. From all of the evidence, we find Way to have been fully conversant with Base Finance's internal business activities, to the extent that she knew:

- about the relationship between Base Finance and Fox;
- that investors were told that their investments were in first-mortgage interests;
- that investors were not told the location of the properties, that the security for their loans was the Deed of Trust, or that investments were going to develop oil and gas leases in the US;
- the specific terms of the Assignments issued to investors, most (if not all) of which she signed on behalf of Base Finance;
- that Base Finance's mortgage security was the Deed of Trust, with Fox as the borrower; and
- that Fox was not making interest payments to Base Finance, and that his loan balance was notionally being increased while money raised from investors was being recirculated to other investors, ostensibly as either interest payments or principal repayments.

[146] Breitzkreutz was the guiding mind of Base Finance, and his knowledge is attributable to Base Finance. We therefore find that it too knew of the prohibited acts and that such acts placed investor's financial interests at risk.

### **3. Conclusion on Fraud**

[147] In summary we find that Breitzkreutz, Way, and Base Finance contravened s. 93(b) of the Act by engaging in prohibited acts relating to securities that they knew would perpetrate a fraud on investors, including: (1) deceiving investors into thinking that they were investing in mortgages held by Base Finance rather than in a loan to an undisclosed entrepreneur involved in oil and gas developments in the US; and (2) operating a Ponzi scheme that recirculated investors' funds to pay purported returns to existing investors.

### **D. Conduct Contrary to the Public Interest**

[148] Staff also alleged that the Respondents' misconduct was contrary to the public interest. In light of our findings above, we do not consider it necessary to make an independent finding that the contraventions of Alberta securities laws were also contrary to the public interest.

## **VII. CONCLUSION AND NEXT STEPS**

[149] We find that the allegations of breach of s. 93(b) of the Act by Breitzkreutz, Way and Base Finance have been proven on the balance of probabilities.



[150] Our findings above conclude the first part of the hearing. What remains to be decided is what, if any, orders should be made, in the public interest, against Breitkreutz, Way and Base Finance. Staff and the three Respondents are directed to contact the ASC Registrar by March 19, 2018 to set a date for the second part of the hearing, which will address the questions of sanctions and costs.

March 2, 2018

**For the Commission:**

\_\_\_\_\_  
"original signed by"  
Bradley G. Nemetz, Q.C.

\_\_\_\_\_  
"original signed by"  
Ian Beddis

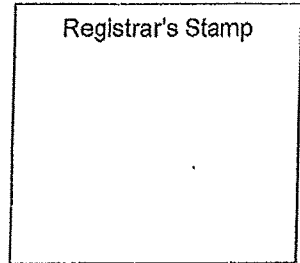
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"original signed by"  
Maryse Saint-Laurent

# Exhibit E

COURT OF APPEAL OF ALBERTA

Form 49  
[Rule 13.19]

COURT OF APPEAL FILE NUMBER: 1601-0350 AC  
TRIAL COURT FILE NUMBER: 1501-11817  
REGISTRY OFFICE: CALGARY  
PLAINTIFF: EASYLOAN CORPORATION  
AND MIKE TERRIGNO



STATUS ON APPEAL: RESPONDENTS

DEFENDANTS: BASE MORTGAGE &  
INVESTMENTS LTD. AND  
BASE FINANCE LTD.,  
ARNOLD BREITKREUTZ,  
SUSAN BREITKREUTZ,  
SUSAN WAY, AND GP  
ENERGY INC.

STATUS ON APPEAL: APPELLANTS

DOCUMENT: AFFIDAVIT

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT:

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File No.: 35731-00001

**AFFIDAVIT OF ARNOLD BREITKREUTZ**

**Sworn on June 20, 2017**

I, **Arnold Breitkreutz**, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am a Defendant in this action, as well as having been the principal of the Defendants Base Mortgage & Investments Ltd. ("**BMIL**") and Base Finance Ltd ("**BFL**"). I am married to the Defendant Susan Breitkreutz.

2. I provide this affidavit in support of an application, pursuant to Rule 9.15 of the *Alberta Rules of Court*, which application is to be heard by the Honourable Madam Justice B.E.C. Romaine, seeking to vary the Order of Her Ladyship pronounced on December 2, 2016 (the "**Decision**"). A copy of the Decision is attached to this my Affidavit and marked as **Exhibit "A"**. Attached to this my Affidavit and marked as **Exhibit "B"** is a copy of the filed Order arising from the Decision.
3. The Decision dismissed my then-counsel's application to vary an earlier decision of the Honourable Mister Justice K. Yamauchi which attached properties owned by myself and my wife personally for the benefit of creditors of BMIL and BFL, which entities had previously been placed into Receivership. Attached to this my Affidavit and marked as **Exhibit "C"** is a copy of the Amended Amended Order of Justice Yamauchi filed Nov 6, 2015. A copy of my application to vary, prepared by my former counsel, and filed March 24, 2016, is attached to this my Affidavit and marked as **Exhibit "D"**.
4. The Receiver was not appointed Receiver of my or my wife's personal assets.
5. For reasons that I am not entirely able to explain, my then counsel was never able to properly explain the history of BMIL and BFL to the Court. More importantly, he was never able to secure for me copies of records seized by the Receiver which are necessary to fully explain to this Honourable Court the provenance of the properties involved, and the *bona fides* of the investment program operated by BFL that is now terminated as a result of the Receivership.
6. My current counsel, retained following the Decision, was able to secure copies of the necessary BMIL and BFL files to allow me to prepare this Affidavit. I do not consider any of the information set out herein to be "new evidence", as the records were in the possession of the Receiver throughout these proceedings. In reality, this is my first opportunity since these proceedings against me and my companies began in October 2015 to set out the below information with proper documentary support.
7. Had the Receiver fully reviewed and analysed the records it would have shown the information set out below
8. Although the properties in question have since been sold, and the proceeds are with the Receiver of BMIL and BFL, I seek to vary the Decision to have the proceeds of the properties returned to myself and my wife.

### **Background**

9. Although described in these proceedings as a "Ponzi scheme", the investment program operated by BFL was not in fact a Ponzi scheme. It was not a program

which sought to pay previous investors with new investors. Nor was any part of the investment program fraudulent.

10. I had, over the course of several years, assisted willing investors in making secured investments in first position irrevocable assignments of a fractional interest in mortgages held by BFL in various investment properties.
11. As described below, at the time of the Receivership and the freezing of BFL's accounts in the fall of 2015, BFL held real and valuable security in an oil and gas property in Goliad County, Texas, in particular security against leases owed by the Saddle Lake Energy LCC (the "O&G Interest").
12. Interest was paid to investors on principal amounts invested at the rate and interval indicated on the promissory note they were each issued for each investment.
13. Investors would frequently re-invest interest payments owed to them by BFL.
14. Whenever an investor wished to divest from BFL, they were paid out.
15. This long-standing arrangement ceased to function only at the moment in time at which BFL's bank accounts were frozen on September 25, 2015.
16. On rare occasions, and only when BFL received investment funds from a single investor for a single and whole mortgage, was any investor advised that they were investing in a Canadian property. No investor who received a fractional interest in a mortgage held by BFL as described in paragraph 10 was advised that they were investing in mortgages registered against Canadian properties. At no time did BFL hold itself out to be a registered Mortgage Investment Corporation such that it was required to hold only Canadian interests.

### ***The Security***

17. Attached to this my Affidavit as **Exhibit "E"** are copies of Deeds of Trust registered against the O&G Interest. Also attached to this my Affidavit, as **Exhibit "F"**, are copies of the legal opinion of Carl Bedgood, an attorney licenced to practice in Texas, confirming the security held by BFL was good and proper security.
18. The present Receivership was instituted at the demand of Michael Terrigno, an investor in BFL, who had sought his own, independent legal opinion on the validity of BFL's security. Attached to this my Affidavit and marked as **Exhibit "G"** is a true copy of the opinion obtained by Michael Terrigno from Michael Browning, previously a partner at Burleson LLP in San Antonio, Texas, also confirming the security held by BF was good and proper security.

19. As of July 2013, the appraised value of the leases at the O&G Interest was USD \$111,901,010.00. This is well in excess of the \$12 million dollars the Receiver claims is the value of outstanding mortgage assignments granted by BFL in favour of its investors. Attached to this my Affidavit and marked as **Exhibit "H"** is a true copy of the a valuation assessment prepared by LMP Petroleum Inc.

#### ***Arnold Breitreutz's Investments***

20. With the exception of management fees worth an average of \$36,549 per annum paid by BFL to BMIL, the only withdrawals from BFL were payments made to clients. Attached to this my Affidavit as **Exhibit "I"** are copies of my T5s for the years 2008-2015 showing the payment of the management fees. I did not personally remove any money from BFL's accounts other than withdrawals against my own investments in BFL. I treated myself and my BFL investments in exactly the same fashion as all other investors.
21. Attached to this my Affidavit and marked as **Exhibit "J"** is a spreadsheet showing my investments into BFL, and withdrawals over time. Subject to my comment in the next paragraph, the spreadsheet shows that, from May 1992 through to August 2015, BFL was indebted to me in the amount of \$1,229,503.00. I had invested \$3,275,000 into BFL over that period, but withdrawn only \$2,045,497.
22. On reviewing my records, it is apparent that a \$450,000 promissory note (Note No. 60) was issued by BFL in my favour which should not have been issued to me. This would reduce BFL's obligation to me personally to \$779,503.00.
23. Attached to this my Affidavit and marked as **Exhibits "K"** and **"L"** respectively are the mortgage assignments granted in my favour by BFL and bank statements, for as many years as records exist, confirming each of the transactions shown.
24. Although my wife, Susan Breitreutz, did not have any investments in BFL in her name alone, each of the mortgage assignments I received in exchange for funds I invested was made out to "Arnold or Susan Breitreutz". In a similar fashion, cheques provided for interest payments were made out to "Arnold or Susan Breitreutz".

#### ***Quinn Breitreutz's Investments***

25. My son, Quinn Breitreutz, had minimal investment in BFL. He had made, between May 1, 1993 and March 20, 2013, a total of four investments in BFL. Each of these investments, as shown on the spreadsheet attached to this my Affidavit and marked as **Exhibit "M"** were fully repaid, with interest, by March 2013.

26. Attached to this my Affidavit and marked as Exhibits "N" and "O" respectively are the mortgage assignments granted in Quinn Breitzkreutz' favour by BFL and bank statements confirming each of the transactions shown.

***Susan Way***

27. Susan Way was BFL and BMIL's long-time bookkeeper and assistant. She prepared the spreadsheets attached to his affidavit from the records held by the Receiver.
28. From October 1996 through to June 2009, Susan Way has invested a total of \$234,750 dollars of her own funds into BFL. Through to September 2015, when the BFL accounts were frozen, she was repaid a total of \$226,250. A principal balance of \$8,500 remains outstanding to her from BFL.
29. Attached to this my Affidavit and marked as Exhibits "P" and "Q" respectively are the spreadsheet setting out Ms. Way's investments and withdrawals and the bank statements, for as many years as records exist, confirming each of the transactions shown.

***The Terrignos***

30. For the Court's benefit, I asked Ms. Way to prepare similar spreadsheets for each of Michael Terrigno and his family members, and their investment company.
31. These show that Michael Terrigno, in his affidavit evidence, has grossly inflated the quantum of investment loss suffered by each of them.
32. In fact:
- a) Michael Terrigno has a principal balance outstanding of \$129,000.
  - b) Rocco Terrigno, personally, or through his company Terrigno Investments, has a principal balance outstanding of \$2,729,361 for his Canadian dollar account. From his US dollar account, he has earned a total of \$218,358 and BFL is not indebted to him specifically as it relates to his investments tendered in US dollars;
  - c) Domenic Terrigno has earned a total of \$987,541 dollars and BFL is not indebted to him;
  - d) Maria Terrigno has a principal balance outstanding of \$68,755.00; and
  - e) Guiseppa Terrigno has earned a total of \$87,172 dollars and BFL is not indebted to her.

33. Taken together this shows a collective principal outstanding of \$1,788,753. This is significantly less than the \$5,000,000 plus interest that Michael Terrigno asserts the Terrigno family members and their companies have lost.
34. Attached to this my Affidavit and marked as **Exhibits "R", "S" and "T"** respectively are the spreadsheets setting out the Terrigno family member's investments and withdrawals, as well as the mortgage assignments granted in their favour by BFL and bank statements, for as many years as records exist, confirming each of the transactions shown.

### ***The Properties***

35. As noted at the outset of this Affidavit, I seek to have the net funds received from the sale of the Properties (as defined herein) returned to my wife and I by way of this application to vary the Decision. The four personal properties should not have been incorporated into the Receivership as the only funds related to the purchase of these properties are my own personal funds, which were rightfully owned by me.
36. The properties are:
  - a) 724-55 Avenue SW, Calgary, AB ("**724**")
  - b) 735-55 Avenue SW, Calgary, AB ("**735**")
  - c) 728-55 Avenue SW, Calgary, AB ("**728**")
  - d) 63 Suncastle Bay SE, Calgary, AB ("**Suncastle**")(collectively referred to herein as the "**Properties**")

### **724**

37. 724 was purchased by my wife and I on or about October 28, 1981 for \$125,000. Attached to this my Affidavit and marked as **Exhibit "U"** is a true copy of the purchase agreement. Also attached to this my Affidavit and marked as **Exhibit "V"** is a copy of the title issued showing 724 as registered to my wife and I as of October 28, 1981. The title also shows a mortgage in favour of the Royal Bank of Canada registered on title as of the same date, as well as the already subsisting mortgage in favour of National Trust Company, which we assumed as purchaser of 724.
38. The purchase of 724 occurred more than 2 years prior to the inception and incorporation of Base Finance Ltd.



39. On or about February 18, 1983, my wife and I transferred 724 to Base Mortgage and Investments Ltd, for which BMIL would have a payable to my wife and I equal to the equity in our home. The Royal Bank and National Trust Mortgages were discharged on the same day, and replaced with new financing from Standard Trust. A second Standard Trust Mortgage was placed on the property April 11, 1983.
40. On May 3, 1984, Base Mortgage and Investments Ltd. transferred 724 back into the name of my wife, Susan Breikreutz, alone.
41. Attached to this my Affidavit and marked as **Exhibit "W"** is a true copy of the now cancelled title and Statement of Charges, Liens, and Interests showing the transfer to Base Mortgage and Investments Ltd. on February 18, 1983 and as **Exhibit "X"** a true copy of the now cancelled title and Statement of Charges, Liens and Interests showing the transfer to Susan Breikreutz on May 3, 1984 and the history of the mortgage discharges and registrations.
42. Base Mortgage and Investments Ltd. rented a portion of 724 as its offices. Beyond rental payments from Base Mortgage and Investments Ltd. (as identified in the Receiver's Second Report, at paragraph 51), and which payments were in the ordinary course of business, no funds from Base Mortgage and Investments were used in the purchase, maintenance or improvement of 724. No funds, at all, from Base Finance Ltd. were used in the purchase, maintenance or improvement of 724.

#### 735

43. 735 was purchased in January 2009 for \$467,500. Attached to this my Affidavit and marked as **Exhibit "Y"** is a copy of the purchase agreement and title showing the date of the transfer
44. 735 was paid for as follows:
  - a) \$25,000 non-refundable deposit was made from my personal RBC account;
  - b) \$443,300 was in the form of a cheque payable to Robert C.P. Smyth in Trust, which funds were obtained from my personal funds (a GIC worth \$500,000 which I held personally and which had matured on January 9, 2009, deposited into BFL and immediately withdrawn from BFL,
    - i) \$800 of the \$443,300 provided to my then lawyer, Robert C.P. Smyth in Trust, was allocated to payment of his legal fees associated with the purchase;

- ii) as noted above in paragraph 22, a mortgage assignment, being Note No. 60, was issued by BFL in my favour at the same (this note should not have been issued. At this time I can only speculate why the funds were transited through BFL, but I believe this was simply an error on my part).

45. Attached to this my Affidavit and marked as **Exhibit "Z"** is a true copy of the supporting documents showing the source of the funds and the transactions related to 735.

**728**

46. 728 was purchased in May 2012 for \$407,500. Attached to this my Affidavit and marked as **Exhibit "AA"** is a copy of the purchase agreement and title showing the date of the transfer.

47. 728 was paid for as follows:

- a) \$10,000 non-refundable deposit was made from my personal RBC account;
- b) \$135,400 was in the form of a bank draft from the BMO account;
  - i) \$75,000 of the \$135,400 amount was obtained through the partial redemption of my personal investment funds held by BFL (as shown on the spreadsheet at Exhibit I) being Note No. 68;
  - ii) \$60,400 of the \$135,400 amount was obtained through the partial redemption of my personal investments funds held by BFL (as shown on the spreadsheet at Exhibit I) being Note No. 70; and
- c) The balance was obtained from a \$260,000 advance against my RBC Line of Credit.

48. Attached to this my Affidavit and marked as **Exhibit "BB"** is a true copy of the supporting documents showing the source of the funds and the transactions related to 728.

**Suncastle**

49. This was mine and my wife Susan's personal residence. It was purchased in early 2010 for \$1,370,000. Attached to this my Affidavit and marked as **Exhibit "CC"** is a copy of the purchase agreement and copy of the title issued at that time.

50. The initial purchase funds were obtained as follows:

- a) On February 15, 2010, I redeemed personal investment funds held by BFL (as shown on the spreadsheet at Exhibit I) being Notes Nos. 59, 62, and 63, and totalling \$753,750;
  - b) My personal cheque for \$25,000 as a deposit;
  - c) \$120,500 though my line of credit with RBC; and
  - d) \$500,000 though my personal line of credit with RBC.
51. Subsequent to purchasing Suncastle, my wife and I sold our prior personal residence, 134 Mt. Douglas Close, in Calgary for \$1,300,000. Proceeds from the sale of that property were used to pay down the lines of credit described above.
  52. Also, in November 2010, we obtained a \$500,000 mortgage against Suncastle from RBC. I then used the funds freed by this mortgage to invest further into BFL.
  53. Attached to this my Affidavit and marked as **Exhibit "DD"** is a true copy of the supporting documents showing the source of the funds and the transactions related to Suncastle.
  54. As shown on Exhibit I, subsequent to the purchase of Suncastle, and relying on the reduced balance on my lines of credit, I reinvested \$820,000 with BFL in three separate deposits (March 3, 2011, October 24, 2011 and December 6, 2011 which deposits are shown as Notes No. 67, 70 and 71).

**Summary**

55. In making this Affidavit it is my intention to be fully transparent with both the Receiver and the Court.
56. Based on the foregoing I ask this Honourable Court to reconsider the Decision and vary the Order to remove the net proceeds of the sale of the Properties from the Receiver and return those funds to me and my wife.

SWORN (~~OR AFFIRMED~~) BEFORE ME at  
Calgary, Alberta, this 20<sup>th</sup> day of June,  
2017.

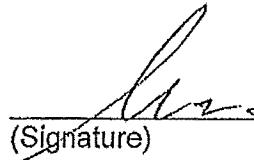


\_\_\_\_\_  
(Commissioner for Oaths in and for the  
Province of Alberta)

**TREVOR GAIR  
STUDENT-AT-LAW**

\_\_\_\_\_  
PRINT NAME AND EXPIRY OR  
LAWYER/STUDENT-AT-LAW

**TREVOR I. GAIR**  
A Notary Public and Commissioner for Oaths  
in and for the Province of Alberta.  
My Appointment expires at the pleasure  
of the Lieutenant-Governor.



\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Arnold Breikreutz

# Exhibit F

TRANSACTION SUMMARY - BETWEEN BASE FINANCE LTD. AND BASE MORTGAGE & INVESTMENTS LTD.

BASE FINANCE LTD.

BMO ACCOUNT - 1028-098

| Date       | Description | Alternate Description                     | Deposit      | Disbursement | Annual Subtotals | Notes         |
|------------|-------------|---|--------------|--------------|------------------|---------------|
| 08/18/2006 | 5985        | Base Mortgage                             |              | 25,000.00    |                  |               |
| 08/22/2006 | 5987        | Base Mortgage                             |              | 9,900.00     |                  |               |
| 09/08/2006 | 6044        | Base Mortgage & Investments               |              | 4,400.00     |                  |               |
| 09/20/2006 | 6087        | Base Mortgage                             |              | 8,800.00     |                  |               |
| 10/04/2006 | 6143        | Base Mortgage                             |              | 18,600.00    |                  |               |
| 10/16/2006 | TRANSFER    | \$100,000 - TFR - 4601-089 - Base Account | (113,200.00) |              |                  |               |
| 12/11/2006 | 6297        | Base Mortgage                             |              | 12,680.00    | (33,820.00)      | *partial year |
| 01/22/2007 | 6403        | Base Mortgage                             |              | 20,000.00    |                  |               |
| 02/08/2007 | 6456        | Base Mortgage                             |              | 8,780.36     |                  |               |
| 02/22/2007 | 6490        | Base Mortgage                             |              | 14,300.00    |                  |               |
| 03/09/2007 | 6546        | Base Mortgage & Investments               |              | 4,400.00     |                  |               |
| 03/19/2007 | TRANSFER    | \$100,000 - TFR - 4601-089 - Base Account | (116,950.00) |              |                  |               |
| 04/10/2007 | 6621        | Base Mortgage                             |              | 50,000.00    |                  |               |
| 05/02/2007 | 6697        | Base Mortgage                             |              | 20,000.00    |                  |               |
| 05/29/2007 | 6727        | Base Mortgage                             |              | 7,800.00     |                  |               |
| 06/22/2007 | 6824        | Base Mortgage & Investments               |              | 595.00       |                  |               |
| 07/16/2007 | 6869        | Base Mortgage                             |              | 36,000.00    |                  |               |
| 07/24/2007 | 6910        | Base Mortgage                             |              | 20,000.00    |                  |               |
| 07/26/2007 | TRANSFER    | \$100,000 - TFR - 4601-089 - Base Account | (104,300.00) |              |                  |               |
| 08/02/2007 | 6955        | Base Mortgage                             |              | 20,000.00    |                  |               |
| 08/07/2007 | 6957        | Base Mortgage                             |              | 7,500.00     |                  |               |
| 09/10/2007 | 7050        | Base Mortgage                             |              | 33,000.00    |                  |               |
| 11/07/2007 | 7200        | Base Mortgage                             |              | 7,000.00     |                  |               |
| 11/08/2007 | 7204        | Base Mortgage                             |              | 11,500.00    | 39,625.36        |               |
| 01/03/2008 | 7320        | Base Mortgage                             |              | 20,000.00    |                  |               |
| 01/16/2008 | 7392        | Base Mortgage                             |              | 20,775.00    |                  |               |
| 02/04/2008 | 7445        | Base Mortgage                             |              | 12,000.00    |                  |               |
| 02/27/2008 | 7484        | Base Mortgage                             |              | 24,000.00    |                  |               |
| 04/01/2008 | 7590        | Base Mortgage                             |              | 21,000.00    |                  |               |
| 05/15/2008 | 7698        | Base Mortgage & Investments Ltd.          |              | 25,500.00    |                  |               |
| 06/03/2008 | 7784        | Base Mortgage & Investments Ltd.          |              | 8,100.00     |                  |               |
| 08/05/2008 | 7909        | Base Mortgage & Investments Ltd.          |              | 9,000.00     |                  |               |

|            |       |                                  |           |            |
|------------|-------|----------------------------------|-----------|------------|
| 08/12/2008 | 7954  | Base Mortgage & Investments Ltd. | 12,900.00 |            |
| 09/08/2008 | 8050  | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 09/24/2008 | 8084  | Base Mortgage & Investments Ltd. | 6,900.00  |            |
| 11/03/2008 | 8169  | Base Mortgage & Investments Ltd. | 25,000.00 |            |
| 11/07/2008 | 8207  | Base Mortgage & Investments Ltd. | 8,400.00  |            |
| 12/11/2008 | 8310  | Base Mortgage & Investments Ltd. | 14,750.00 |            |
| 12/30/2008 | 8346  | Base Mortgage & Investments Ltd. | 30,503.88 | 258,828.88 |
| 01/13/2009 | 8387  | Base Mortgage & Investments Ltd. | 3,600.00  |            |
| 01/15/2009 | 8397  | Base Mortgage & Investments Ltd. | 7,200.00  |            |
| 02/20/2009 | 8512  | Base Mortgage & Investments Ltd. | 2,400.00  |            |
| 03/05/2009 | 8576  | Base Mortgage & Investments Ltd. | 15,000.00 |            |
| 03/23/2009 | 8610  | Base Mortgage & Investments Ltd. | 9,600.00  |            |
| 05/04/2009 | 8701  | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 05/21/2009 | 8772  | Base Mortgage & Investments Ltd. | 14,550.00 |            |
| 06/11/2009 | 8834  | Base Mortgage & Investments Ltd. | 720.00    |            |
| 07/17/2009 | 8922  | Base Mortgage & Investments Ltd. | 7,200.00  |            |
| 08/07/2009 | 9005  | Base Mortgage & Investments Ltd. | 15,750.00 |            |
| 08/14/2009 | 9036  | Base Mortgage & Investments Ltd. | 10,800.00 |            |
| 09/16/2009 | 9105  | Base Mortgage & Investments Ltd. | 36,600.00 |            |
| 10/05/2009 | 9184  | Base Mortgage & Investments Ltd. | 4,333.00  |            |
| 11/09/2009 | 9276  | Base Mortgage & Investments Ltd. | 3,600.00  | 151,353.00 |
| 01/11/2010 | 9459  | Base Mortgage & Investments Ltd. | 14,195.00 |            |
| 01/19/2010 | 9511  | Base Mortgage & Investments Ltd. | 2,100.00  |            |
| 01/27/2010 | 9519  | Base Mortgage & Investments Ltd. | 600.00    |            |
| 02/09/2010 | 9570  | Base Mortgage & Investments Ltd. | 1,800.00  |            |
| 02/18/2010 | 9614  | Base Mortgage & Investments Ltd. | 4,500.00  |            |
| 03/03/2010 | 9649  | Base Mortgage & Investments Ltd. | 3,000.00  |            |
| 03/12/2010 | 9680  | Base Mortgage & Investments Ltd. | 9,600.00  |            |
| 03/29/2010 | 9717  | Base Mortgage & Investments Ltd. | 10,500.00 |            |
| 04/06/2010 | 9722  | Base Mortgage & Investments Ltd. | 7,500.00  |            |
| 04/19/2010 | 9814  | Base Mortgage & Investments Ltd. | 8,400.00  |            |
| 05/04/2010 | 9820  | Base Mortgage & Investments Ltd. | 1,800.00  |            |
| 06/01/2010 | 9920  | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 06/21/2010 | 10024 | Base Mortgage & Investments Ltd. | 3,000.00  |            |
| 06/21/2010 | 10023 | Base Mortgage & Investments Ltd. | 3,000.00  |            |
| 07/14/2010 | 10077 | Base Mortgage & Investments Ltd. | 3,000.00  |            |
| 07/14/2010 | 10075 | Base Mortgage & Investments Ltd. | 1,200.00  |            |

|            |            |                                  |           |            |
|------------|------------|----------------------------------|-----------|------------|
| 08/03/2010 | 10134      | Base Mortgage & Investments Ltd. | 12,000.00 |            |
| 08/13/2010 | 10190      | Base Mortgage & Investments Ltd. | 9,000.00  |            |
| 08/20/2010 | 10232      | Base Mortgage & Investments Ltd. | 1,650.00  |            |
| 09/14/2010 | 10305      | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 09/17/2010 | 10337      | Base Mortgage & Investments Ltd. | 7,200.00  |            |
| 09/22/2010 | 10345      | Base Mortgage & Investments Ltd. | 10,000.00 |            |
| 09/22/2010 | 10351      | Base Mortgage & Investments Ltd. | 3,600.00  |            |
| 10/14/2010 | 10408      | Base Mortgage & Investments Ltd. | 13,200.00 |            |
| 11/22/2010 | 47         | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 11/26/2010 | 50         | Base Mortgage & Investments Ltd. | 7,950.00  |            |
| 12/09/2010 | Chq. #121  | Base Mortgage & Investments Ltd. | 1,800.00  |            |
| 12/22/2010 | 157        | Base Mortgage & Investments Ltd. | 20,000.00 | 220,595.00 |
| 01/04/2011 | 164        | Base Mortgage & Investments Ltd. | 18,450.00 |            |
| 02/02/2011 | 273        | Base Mortgage & Investments Ltd. | 30,600.00 |            |
| 02/10/2011 | Chq. #328  | Base Mortgage & Investments Ltd. | 4,500.00  |            |
| 03/02/2011 | 375        | Base Mortgage & Investments Ltd. | 7,500.00  |            |
| 03/08/2011 | Chq. #444  | Base Mortgage & Investments Ltd. | 1,500.00  |            |
| 03/09/2011 | Chq. #448  | Base Mortgage & Investments Ltd. | 3,600.00  |            |
| 03/23/2011 | Chq. #489  | Base Mortgage & Investments Ltd. | 4,500.00  |            |
| 04/04/2011 | 542        | Base Mortgage & Investments Ltd. | 12,000.00 |            |
| 06/02/2011 | 693        | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 07/12/2011 | 850        | Base Mortgage & Investments Ltd. | 22,425.00 |            |
| 08/23/2011 | 1008       | Base Mortgage & Investments Ltd. | 14,250.00 |            |
| 09/07/2011 | Chq. #1052 | Base Mortgage & Investments Ltd. | 2,250.00  |            |
| 09/14/2011 | 1086       | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 10/13/2011 | Chq. #1183 | Base Mortgage & Investments Ltd. | 700.00    |            |
| 10/13/2011 | 1180       | Base Mortgage & Investments Ltd. | 32,160.00 | 194,435.00 |
| 01/04/2012 | 1428       | Base Mortgage & Investments Ltd. | 21,951.00 |            |
| 02/02/2012 | 1548       | Base Mortgage & Investments Ltd. | 24,000.00 |            |
| 03/07/2012 | 1703       | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 04/03/2012 | 1764       | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 06/04/2012 | 1983       | Base Mortgage & Investments Ltd. | 5,000.00  |            |
| 07/30/2012 | 2216       | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 10/29/2012 | 2518       | Base Mortgage & Investments Ltd. | 20,000.00 |            |
| 10/29/2012 | Deposit    | Base Mortgage & Investments Ltd. | (500.00)  |            |
| 11/06/2012 | 2525       | Base Mortgage & Investments Ltd. | 7,200.00  |            |
| 12/03/2012 | 2617       | Base Mortgage & Investments Ltd. | 10,000.00 |            |



|            |      |                                  |                     |                        |
|------------|------|----------------------------------|---------------------|------------------------|
| 12/09/2012 | 2675 | Base Mortgage & Investments Ltd. | 1,800.00            |                        |
| 12/11/2012 | 2680 | Base Mortgage & Investments Ltd. | 4,200.00            | 153,651.00             |
| 01/08/2013 | 2776 | Base Mortgage & Investments Ltd. | 20,000.00           |                        |
| 01/25/2013 | 2829 | Base Mortgage & Investments Ltd. | 19,650.00           |                        |
| 02/21/2013 | 2904 | Base Mortgage & Investments Ltd. | 2,700.00            |                        |
| 03/08/2013 | 3010 | Base Mortgage & Investments Ltd. | 20,000.00           |                        |
| 04/02/2013 | 3061 | Base Mortgage & Investments Ltd. | 6,600.00            |                        |
| 04/10/2013 | 3121 | Base Mortgage & Investments Ltd. | 20,000.00           |                        |
| 05/02/2013 | 3164 | Base Mortgage & Investments Ltd. | 18,900.00           |                        |
| 06/27/2013 | 3386 | Base Mortgage & Investments Ltd. | 30,000.00           |                        |
| 07/10/2013 | 3441 | Base Mortgage & Investments Ltd. | 5,400.00            |                        |
| 07/15/2013 | 3446 | Base Mortgage & Investments Ltd. | 1,680.00            |                        |
| 08/19/2013 | 3567 | Base Mortgage & Investments Ltd. | 11,500.00           |                        |
| 10/03/2013 | 3728 | Base Mortgage & Investments Ltd. | 20,000.00           |                        |
| 10/07/2013 | 3788 | Base Mortgage & Investments Ltd. | 11,675.00           |                        |
| 12/11/2013 | 3994 | Base Mortgage & Investments Ltd. | 20,000.00           | 208,105.00             |
| 01/10/2014 | 4107 | Base Mortgage & Investments Ltd. | 9,900.00            |                        |
| 01/27/2014 | 4164 | Base Mortgage & Investments Ltd. | 3,000.00            |                        |
| 02/19/2014 | 4227 | Base Mortgage & Investments Ltd. | 20,000.00           |                        |
| 03/03/2014 | 4267 | Base Mortgage & Investments Ltd. | 19,500.00           |                        |
| 04/01/2014 | 4399 | Base Mortgage & Investments Ltd. | 6,000.00            |                        |
| 04/01/2014 | 4398 | Base Mortgage & Investments Ltd. | 10,000.00           |                        |
| 04/23/2014 | 4492 | Base Mortgage & Investments Ltd. | 19,500.00           |                        |
|            |      |                                  | <u>1,615,623.24</u> | <i>*account closed</i> |

**TRANSACTION SUMMARY - BETWEEN BASE FINANCE LTD. AND BASE MORTGAGE & INVESTMENTS LTD.**

BASE FINANCE LTD.

RBC ACCOUNT 100-405-0

| Date       | Description | Alternate Description      | Deposit | Disbursement | Annual Subtotals | Notes |
|------------|-------------|----------------------------|---------|--------------|------------------|-------|
| 05/30/2014 | Chq #7      | Base Mortgage & Investment |         | 20,000.00    |                  |       |
| 06/30/2014 | Chq #122    | Base Mortgage & Investment |         | 20,000.00    |                  |       |
| 07/03/2014 | Chq #124    | Base Mortgage & Investment |         | 13,200.00    |                  |       |
| 09/15/2014 | Chq #402    | Base Mortgage & Investment |         | 20,000.00    |                  |       |
| 10/14/2014 | Chq #511    | Base Mortgage & Investment |         | 6,200.00     |                  |       |
| 10/31/2014 | Chq #554    | Base Mortgage & Investment |         | 20,000.00    |                  |       |
| 11/10/2014 | Chq #610    | Base Mortgage & Investment |         | 8,190.00     |                  |       |

|            |           |                            |                            |                                 |
|------------|-----------|----------------------------|----------------------------|---------------------------------|
| 12/23/2014 | Chq #765  | Base Mortgage & Investment | 20,000.00                  | 107,900.00                      |
| 01/30/2015 | Chq #878  | Base Mortgage & Investment | 20,000.00                  |                                 |
| 03/09/2015 | Chq #1051 | Base Mortgage & Investment | 25,000.00                  |                                 |
| 04/02/2015 | Chq #1111 | Base Mortgage & Investment | 2,600.00                   |                                 |
| 05/04/2015 | Chq #1219 | Base Mortgage & Investment | 20,000.00                  |                                 |
| 05/12/2015 | Chq #1274 | Base Mortgage & Investment | 2,100.00                   |                                 |
| 06/02/2015 | Chq #1318 | Base Mortgage & Investment | 25,000.00                  |                                 |
| 07/03/2015 | Chq #1421 | Base Mortgage & Investment | 20,000.00                  |                                 |
| 08/04/2015 | Chq #1495 | Base Mortgage & Investment | 15,000.00                  |                                 |
| 08/31/2015 | Chq #1577 | Base Mortgage & Investment | 20,000.00                  | 149,700.00 <i>*partial year</i> |
|            |           |                            | <u>277,290.00</u>          |                                 |
|            |           | <b>Total</b>               | <u><u>1,892,913.24</u></u> |                                 |

# Exhibit G

ARNOLD BREITKREUTZ  
SUMMARY OF TRANSACTIONS AS COMPARED TO FILED TAX RETURNS  
FOR THE YEARS 2007 TO 2015

|  | Total        | 2015  | 2014       | 2013       | 2012       | 2011       | 2010         | 2009         | 2008      | 2007         |
|--|--------------|---|------------|------------|------------|------------|--------------|--------------|-----------|--------------|
| Per Breitkreutz Affidavit - Exhibit "I"            |              |   |            |            |            |            |              |              |           |              |
| Base Finance T5 - Interest                         |              | 19,250.00                                       | 29,000.00  | 35,805.00  | 35,050.00  | 8,000.00   | -            | Not Provided | 7,875.00  | Not Provided |
| Base Mortgage T5 - Dividend                        |              | 39,000.00                                       | 32,395.72  | 37,100.00  | 29,812.50  | 57,637.50  | 53,000.00    | Not Provided | 53,861.25 | Not Provided |
| Total Filed Income                                 | 437,786.97   | 58,250.00                                       | 61,395.72  | 72,905.00  | 64,862.50  | 65,637.50  | 53,000.00    | -            | 61,736.25 | -            |
| Per CRA Records                                    |              |   |            |            |            |            |              |              |           |              |
| Base Finance T5 - Interest                         |              | Not Provided                                    | 29,000.00  | 35,805.00  | 35,050.00  | 8,000.00   | -            | 18,937.50    | 7,875.00  | -            |
| Base Mortgage T5 - Dividend                        |              | Not Provided                                    | 27,454.00  | 29,680.00  | 23,850.00  | 46,110.00  | 21,200.00    | 42,400.00    | 43,089.00 | 63,070.00    |
| Total Filed Income                                 | 431,520.50   |   | 56,454.00  | 65,485.00  | 58,900.00  | 54,110.00  | 21,200.00    | 61,337.50    | 50,964.00 | 63,070.00    |
| Total Discrepancy per Exhibit "I" vs CRA           |              |   |            |            |            |            |              |              |           |              |
|  |              | <u>(6,266.47)</u>                               |            |            |            |            |              |              |           |              |
| Per Banking Records                                |              |   |            |            |            |            |              |              |           |              |
| Base Finance                                       |              | 56,442.18                                       | 168,000.00 | 130,610.00 | 198,196.00 | 274,000.00 | 1,023,750.00 | 59,875.00    | 15,750.00 | 12,375.00    |
| Base Mortgage                                      |              | 47,036.34                                       | 79,000.00  | 68,000.00  | 48,557.06  | 71,313.93  | 31,000.00    | 64,000.00    | 63,350.28 | 118,814.50   |
| Total Funds from the Companies                     | 2,530,070.29 | 103,478.52                                      | 247,000.00 | 198,610.00 | 246,753.06 | 345,313.93 | 1,054,750.00 | 123,875.00   | 79,100.28 | 131,189.50   |
| Total Discrepancy per CRA vs Actual Funds Received |              |   |            |            |            |            |              |              |           |              |
|  |              | <u>(2,098,549.79) understated income to CRA</u> |            |            |            |            |              |              |           |              |

# Exhibit H

TRANSACTION SUMMARY - BREITKREUTZ, ARNOLD AND SUSAN  
 RECONCILIATION OF BANK RECORDS AS COMPARED TO EXHIBIT "J" OF THE BREITKREUTZ AFFIDAVIT

BASE FINANCE LTD.  
 BMO ACCOUNT - 1028-098

Reconciled to Breitkreutz Affidavit

| Date                     | Description     | Alternate Description       | Deposits       | Interest     | Disbursements<br>Principal Repay | Discrepancies in Summary<br>Per Breitkreutz Affidavit |               | NOTES   |
|--------------------------|-----------------|-----------------------------|----------------|--------------|----------------------------------|---|---------------|---|
|                          |                 |                             |                |              |                                  | Deposits  | Disbursements |   |
| 05/01/1992 to 05/30/2006 |                 |                             |                |              |                                  | (805,000.00)  | 301,336.00    | Summarized in Breitkreutz Affidavit<br>Receiver is not in possession of these bank statements |
| 08/04/2006               | 5950            | Arnold or Susan Breitkreutz |                |              | 4,125.00                         |   |               |   |
| 09/26/2006               | 6090            | Arnold Breitkreutz          |                |              |                                  | 456,607.00  |               |   |
| 11/02/2006               | 6108            | Arnold or Susan Breitkreutz |                |              | 4,125.00                         |   | 196,676.00    |   |
| 02/02/2007               | 6411            | Arnold or Susan Breitkreutz |                |              | 4,125.00                         |   |               |   |
| 05/02/2007               | 6692            | Arnold or Susan Breitkreutz |                |              | 4,125.00                         |   |               |   |
| 08/02/2007               | 6944            | Arnold or Susan Breitkreutz |                |              | 4,125.00                         |   |               |   |
| 11/01/2007               | 7156            | Arnold or Susan Breitkreutz |                |              | 4,125.00                         |   |               |   |
| 02/04/2008               | 7441            | Arnold or Susan Breitkreutz |                |              | 4,125.00                         |   |               |   |
| 05/01/2008               | 7665            | Arnold or Susan Breitkreutz |                |              | 4,125.00                         |   |               |   |
| 11/04/2008               | 8171            | Arnold or Susan Breitkreutz |                |              | 7,500.00                         |   |               |   |
| 01/12/2009               | Deposit         | Breitkreutz                 | (450,000.00)   |              |                                  |   |               |   |
| 05/04/2009               | 8702            | Arnold or Susan Breitkreutz |                |              | 7,500.00                         |   |               |   |
| 07/17/2009               | 8943            | Arnold or Susan Breitkreutz |                |              | 22,875.00                        |   |               |   |
| 07/22/2009               | 8955            | Arnold Breitkreutz          |                |              | 22,000.00                        |   |               |   |
| 09/18/2009               | Deposit         | Breitkreutz                 | (250,000.00)   |              |                                  |   |               |   |
| 11/02/2009               | 9236            | Arnold or Susan Breitkreutz |                |              | 7,500.00                         |   |               |   |
| 01/07/2010               | 9457            | Arnold or Susan Breitkreutz |                |              |                                  | 250,000.00  |               |   |
| 02/24/2010               | 9616            | Arnold Breitkreutz          |                |              | 753,750.00                       |   |               |   |
| 09/13/2010               | 10304           | Arnold Breitkreutz          |                |              | 20,000.00                        |   |               |   |
| 03/03/2011               | Deposit         | Breitkreutz, A              | (250,000.00)   |              |                                  |   |               |   |
| 04/28/2011               | 590             | Arnold Breitkreutz          |                |              | 8,000.00                         |   |               |   |
| 09/22/2011               | 1126            | Arnold or Susan Breitkreutz |                |              | 16,000.00                        |   |               |   |
| 10/24/2011               | Deposit         | Breitkreutz, A              | (320,000.00)   |              |                                  |   |               |   |
| 12/06/2011               | Deposit         | Breitkreutz, A              | (250,000.00)   |              |                                  |   |               |   |
| 12/07/2011               | Debit memo      | Arnold or Susan Breitkreutz |                |              |                                  | 250,000.00  |               |   |
| 03/19/2012               | 1750            | Arnold or Susan Breitkreutz |                |              | 12,500.00                        |   |               |   |
| 04/26/2012               | Draft 026646573 | A.Breitkreutz               |                |              |                                  | 135,400.00  |               |   |
| 06/11/2012               | 2046            | Arnold or Susan Breitkreutz |                |              | 35,296.00                        |   |               |   |
| 10/22/2012               | 2515            | A Breitkreutz               | 5,000.00       |              |                                  |   |               |   |
| 10/29/2012               | Deposit         | Breitkruetz, A              | (5,000.00)     |              |                                  |   |               |   |
| 12/18/2012               | 2705            | Arnold or Susan Breitkreutz |                |              |                                  | 15,000.00   |               |   |
| 03/20/2013               | 3019            | Arnold or Susan Breitkreutz |                |              | 27,500.00                        |   |               |   |
| 05/22/2013               | 3261            | Arnold or Susan Breitkreutz |                |              |                                  | 25,000.00   |               |   |
| 06/18/2013               | 3345            | Arnold or Susan Breitkreutz |                |              | 14,808.00                        |   |               |   |
| 09/18/2013               | 3697            | Arnold or Susan Breitkreutz |                |              | 12,500.00                        |   |               |   |
| 09/27/2013               | Deposit         | Breitkruetz                 | (32,000.00)    |              |                                  |   |               |   |
| 11/19/2013               | 3880            | Arnold or Susan Breitkreutz |                |              |                                  | 33,302.00   |               |   |
| 12/17/2013               | 4007            | Arnold or Susan Breitkreutz |                |              | 13,500.00                        |   |               |   |
| 02/04/2014               | Deposit         | Breitkruetz                 | (100,000.00)   |              |                                  |   |               |   |
| 03/18/2014               | 4372            | Arnold or Susan Breitkreutz |                |              | 12,500.00                        |   |               |   |
|                          |                 |                             | (1,652,000.00) | 1,026,729.00 | 1,165,309.00                     |   |               |   |
|                          |                 |                             |                |              | <b>Net</b>                       | <b>540,038.00</b>                                     |               |   |

BASE FINANCE LTD.  
 BMO ACCOUNT - 0526 4601-089

| Date       | Description | Alternate Description | Deposits | Interest   | Disbursements   |          |               |
|------------|-------------|-----------------------|----------|------------|-----------------|----------|---------------|
|            |             |                       |          |            | Principal Repay | Deposits | Disbursements |
| 02/25/2013 | 126         | Arnold Breikruetz     |          |            | 4,000.00        |          |               |
|            |             |                       |          | -          | 4,000.00        |          |               |
|            |             |                       |          | <b>Net</b> | <b>4,000.00</b> |          |               |

BASE FINANCE LTD.  
 RBC ACCOUNT 100-405-0

| Date       | Description | Alternate Description      | Deposits     | Interest   | Disbursements       |          |               |
|------------|-------------|----------------------------|--------------|------------|---------------------|----------|---------------|
|            |             |                            |              |            | Principal Repay     | Deposits | Disbursements |
| 06/19/2014 | Chq #75     | Arnold Breikreutz          |              | 13,500.00  |                     |          |               |
| 07/28/2014 | Chq #238    | Arnold Breikreutz          |              |            | 106,000.00          |          |               |
| 09/18/2014 | Chq #423    | Arnold Breikreutz          |              | 12,500.00  |                     |          |               |
| 10/31/2014 | Chq #556    | Arnold Breikreutz          |              | 3,000.00   |                     |          |               |
| 10/31/2014 | Chq #553    | Arnold Breikreutz          |              | 4,000.00   |                     |          |               |
| 11/24/2014 | Chq #665    | Arnold or Susan Breikreutz |              | 3,000.00   |                     |          |               |
| 12/19/2014 | Chq #734    | Arnold or Susan Breikreutz |              | 13,500.00  |                     |          |               |
| 03/05/2015 | Chq #979    | Arnold Breikreutz          |              | 1,942.18   |                     |          |               |
| 03/18/2015 | Chq #1061   | Arnold Breikreutz          |              | 12,500.00  |                     |          |               |
| 05/25/2015 | Deposit     | Breikreutz, A              | (200,000.00) |            |                     |          |               |
| 06/11/2015 | Chq #1343   | Arnold Breikreutz          |              | 13,500.00  |                     |          |               |
| 07/21/2015 | Chq #1468   | Arnold Breikreutz          |              |            | 10,000.00           |          |               |
| 08/20/2015 | Deposit     | Breikreutz                 | (200,000.00) |            |                     |          |               |
| 09/14/2015 | Chq #1619   | Arnold Breikreutz          |              | 12,500.00  |                     |          |               |
| 09/22/2015 | Chq #1642   | Arnold Breikreutz          |              | 6,000.00   |                     |          |               |
|            |             |                            | (400,000.00) | 95,942.18  | 116,000.00          |          |               |
|            |             |                            |              | <b>Net</b> | <b>(188,057.82)</b> |          |               |

BASE MORTGAGE & INVESTMENTS LTD.  
 RBC ACCOUNT - 101-288-9

| Date       | Description | Alternate Description  | Deposits | Interest | Disbursements   |          |               |
|------------|-------------|------------------------|----------|----------|-----------------|----------|---------------|
|            |             |                        |          |          | Principal Repay | Deposits | Disbursements |
| 08/05/2004 |             | 4132 ARN Breikreutz    |          | 5,000.00 |                 |          |               |
| 10/01/2004 |             | 4158 ARN Breikreutz    |          | 5,000.00 |                 |          |               |
| 11/01/2004 |             | 4170 A. Breikreutz     |          | 4,000.00 |                 |          |               |
| 12/02/2004 |             | 4184 A. Breikreutz     |          | 5,000.00 |                 |          |               |
| 01/04/2005 |             | 4195 Arnold Breikreutz |          | 6,000.00 |                 |          |               |
| 02/01/2005 |             | 4205 ARN Breikreutz    |          | 5,000.00 |                 |          |               |
| 03/03/2005 |             | 4216 A. Breikreutz     |          | 5,000.00 |                 |          |               |
| 04/04/2005 |             | 4226 ARN Breikreutz    |          | 5,000.00 |                 |          |               |
| 04/25/2005 |             | 4234 Arnold Breikreutz |          | 3,571.42 |                 |          |               |
| 05/03/2005 |             | 4238 Arnold Breikreutz |          | 5,000.00 |                 |          |               |
| 06/02/2005 |             | 4254 ARN Breikreutz    |          | 5,000.00 |                 |          |               |
| 07/04/2005 |             | 4268 Arnold Breikreutz |          | 5,000.00 |                 |          |               |
| 07/27/2005 |             | 4276 Arnold Breikreutz |          |          | 20,000.00       |          |               |
| 08/02/2005 |             | 4278 A. Breikreutz     |          | 5,000.00 |                 |          |               |
| 09/02/2005 |             | 4290 A. Breikreutz     |          | 6,000.00 |                 |          |               |

|            |                          |           |
|------------|--------------------------|-----------|
| 10/04/2005 | 4300 A. Breitzkreutz     | 5,000.00  |
| 11/02/2005 | 4308 A. Breitzkreutz     | 5,000.00  |
| 12/01/2005 | 4316 A. Breitzkreutz     | 5,000.00  |
| 01/03/2006 | 4324 A. Breitzkreutz     | 6,000.00  |
| 02/01/2006 | 4335 A. Breitzkreutz     | 6,000.00  |
| 03/02/2006 | 4349 A. Breitzkreutz     | 6,000.00  |
| 04/03/2006 | 4360 A. Breitzkreutz     | 6,000.00  |
| 06/02/2006 | 4384 A. Breitzkreutz     | 5,000.00  |
| 07/04/2006 | 4393 A. Breitzkreutz     | 6,000.00  |
| 07/17/2006 | 4398 A. Breitzkreutz     | 20,000.00 |
| 08/02/2006 | 4407 A. Breitzkreutz     | 6,000.00  |
| 08/21/2006 | 4420 A. Breitzkreutz     | 10,000.00 |
| 09/05/2006 | 4423 A. Breitzkreutz     | 5,000.00  |
| 10/02/2006 | 4433 A. Breitzkreutz     | 6,000.00  |
| 11/01/2006 | 4443 A. Breitzkreutz     | 6,000.00  |
| 12/04/2006 | 4453 A. Breitzkreutz     | 6,000.00  |
| 01/02/2007 | 4466 A. Breitzkreutz     | 6,000.00  |
| 02/01/2007 | 4477 A. Breitzkreutz     | 5,000.00  |
| 03/05/2007 | 4487 A. Breitzkreutz     | 6,000.00  |
| 04/02/2007 | 4499 A. Breitzkreutz     | 6,000.00  |
| 04/10/2007 | 4504 A. Breitzkreutz     | 50,000.00 |
| 05/01/2007 | 4511 A. Breitzkreutz     | 6,000.00  |
| 05/05/2007 | 4517 A. Breitzkreutz     | 6,000.00  |
| 07/05/2007 | 4527 A. Breitzkreutz     | 6,000.00  |
| 08/02/2007 | 4538 A. Breitzkreutz     | 6,000.00  |
| 09/04/2007 | 4547 A. Breitzkreutz     | 6,000.00  |
| 09/07/2007 | Breitzkreutz             | (185.50)  |
| 10/02/2007 | 4564 A. Breitzkreutz     | 5,000.00  |
| 11/01/2007 | 4573 A. Breitzkreutz     | 5,000.00  |
| 12/04/2007 | 4585 A. Breitzkreutz     | 6,000.00  |
| 02/04/2008 | 4602 A. Breitzkreutz     | 6,000.00  |
| 03/04/2008 | 4618 A. Breitzkreutz     | 6,000.00  |
| 03/25/2008 | 4629 Arnold Breitzkreutz | 230.96    |
| 04/01/2008 | 4635 A. Breitzkreutz     | 6,000.00  |
| 05/01/2008 | 4649 A. Breitzkreutz     | 6,000.00  |
| 06/02/2008 | 4662 A. Breitzkreutz     | 5,000.00  |
| 07/02/2008 | 4674 A. Breitzkreutz     | 6,000.00  |
| 08/05/2008 | 4687 A. Breitzkreutz     | 6,000.00  |
| 09/03/2008 | 4702 A. Breitzkreutz     | 5,000.00  |
| 10/02/2008 | 4715 A. Breitzkreutz     | 6,000.00  |
| 11/03/2008 | 4723 A. Breitzkreutz     | 6,000.00  |
| 11/12/2008 | 4727 Arnold Breitzkreutz | 119.32    |
| 12/01/2008 | 4735 A. Breitzkreutz     | 5,000.00  |
| 01/06/2009 | 4748 A. Breitzkreutz     | 6,000.00  |
| 02/03/2009 | 4761 A. Breitzkreutz     | 6,000.00  |
| 03/02/2009 | 4774 A. Breitzkreutz     | 6,000.00  |
| 04/02/2009 | 4779 A. Breitzkreutz     | 6,000.00  |
| 05/04/2009 | 4791 A. Breitzkreutz     | 6,000.00  |
| 06/02/2009 | 4801 A. Breitzkreutz     | 5,000.00  |
| 07/02/2009 | 4812 A. Breitzkreutz     | 6,000.00  |
| 08/05/2009 | 4825 A. Breitzkreutz     | 5,000.00  |
| 09/02/2009 | 4839 A. Breitzkreutz     | 6,000.00  |
| 10/05/2009 | 4851 A. Breitzkreutz     | 6,000.00  |



|            |                        |          |           |
|------------|------------------------|----------|-----------|
| 11/02/2009 | 4862 A. Breitreutz     | 6,000.00 |           |
| 01/05/2010 | 4881 A. Breitreutz     | 6,000.00 |           |
| 02/02/2010 | 4892 A. Breitreutz     | 6,000.00 |           |
| 02/25/2010 | 4902 A. Breitreutz     |          | 25,000.00 |
| 03/02/2010 | 4904 A. Breitreutz     | 5,000.00 |           |
| 04/06/2010 | 4914 A. Breitreutz     | 6,000.00 |           |
| 05/04/2010 | 4923 A. Breitreutz     | 6,000.00 |           |
| 06/01/2010 | 4935 A. Breitreutz     | 6,000.00 |           |
| 07/06/2010 | 4947 A. Breitreutz     | 6,000.00 |           |
| 08/03/2010 | 4960 A. Breitreutz     | 6,000.00 |           |
| 09/02/2010 | 4971 A. Breitreutz     | 6,000.00 |           |
| 10/04/2010 | 4981 A. Breitreutz     | 6,000.00 |           |
| 11/02/2010 | 4992 A. Breitreutz     | 6,000.00 |           |
| 11/24/2010 | 4998 A. Breitreutz     |          | 15,000.00 |
| 12/01/2010 | 5004 A. Breitreutz     | 6,000.00 |           |
| 01/04/2011 | 5013 A. Breitreutz     | 6,000.00 |           |
| 02/02/2011 | 5022 A. Breitreutz     | 6,000.00 |           |
| 03/02/2011 | 5035 A. Breitreutz     | 6,000.00 |           |
| 04/04/2011 | 5049 A. Breitreutz     | 6,000.00 |           |
| 05/03/2011 | 5060 A. Breitreutz     | 6,000.00 |           |
| 05/04/2011 | 5061 Arnold Breitreutz | 1,313.93 |           |
| 06/02/2011 | 5069 A. Breitreutz     | 6,000.00 |           |
| 07/05/2011 | 5078 A. Breitreutz     | 5,000.00 |           |
| 08/02/2011 | 5089 A. Breitreutz     | 5,000.00 |           |
| 09/02/2011 | 5107 A. Breitreutz     | 6,000.00 |           |
| 10/04/2011 | 5121 A. Breitreutz     | 6,000.00 |           |
| 11/03/2011 | 5133 A. Breitreutz     | 6,000.00 |           |
| 12/05/2011 | 5143 A. Breitreutz     | 6,000.00 |           |
| 01/04/2012 | 5153 A. Breitreutz     | 6,000.00 |           |
| 02/02/2012 | 5166 A. Breitreutz     | 6,000.00 |           |
| 03/01/2012 | 5175 A. Breitreutz     | 6,000.00 |           |
| 04/03/2012 | 5189 A. Breitreutz     | 5,000.00 |           |
| 07/30/2012 | 5228 Arnold Breitreutz | 3,557.06 |           |
| 10/29/2012 | 5258 A. Breitreutz     | 5,000.00 |           |
| 11/06/2012 | 5262 A. Breitreutz     | 6,000.00 |           |
| 12/03/2012 | 5271 A. Breitreutz     | 6,000.00 |           |
| 12/28/2012 | 5283 A. Breitreutz     | 5,000.00 |           |
| 01/10/2013 | 5285 A. Breitreutz     | 5,000.00 |           |
| 02/04/2013 | 5296 A. Breitreutz     | 5,000.00 |           |
| 03/01/2013 | 5313 A. Breitreutz     | 6,000.00 |           |
| 04/02/2013 | 5327 A. Breitreutz     | 5,000.00 |           |
| 05/02/2013 | 5341 A. Breitreutz     | 5,000.00 |           |
| 05/31/2013 | 5352 A. Breitreutz     | 6,000.00 |           |
| 07/02/2013 | 5365 A. Breitreutz     | 6,000.00 |           |
| 07/24/2013 | 5374 A. Breitreutz     | 5,000.00 |           |
| 08/01/2013 | 5380 A. Breitreutz     | 5,000.00 |           |
| 09/04/2013 | 5390 A. Breitreutz     | 5,000.00 |           |
| 10/03/2013 | 5399 A. Breitreutz     | 5,000.00 |           |
| 11/04/2013 | 5409 A. Breitreutz     | 5,000.00 |           |
| 12/03/2013 | 5417 A. Breitreutz     | 5,000.00 |           |
| 01/02/2014 | 5427 A. Breitreutz     | 5,000.00 |           |
| 02/03/2014 | 5439 A. Breitreutz     | 5,000.00 |           |
| 03/03/2014 | 5451 A. Breitreutz     | 5,000.00 |           |

|            |   |             |  |                     |
|------------|---|-------------|--|---------------------|
| 04/04/2014 | 5468 A. Breitkreutz                       |             |  |                     |
| 05/05/2014 | 5477 A. Breitkreutz                       | 6,000.00    |  |                     |
| 05/30/2014 | 5491 A. Breitkreutz                       | 6,000.00    |  |                     |
| 06/30/2014 | 5502 A. Breitkreutz                       | 6,000.00    |  |                     |
| 08/05/2014 | 5513 A. Breitkreutz                       | 6,000.00    |  |                     |
| 09/02/2014 | 5527 A. Breitkreutz                       | 6,000.00    |  |                     |
| 10/02/2014 | 5537 A. Breitkreutz                       | 6,000.00    |  |                     |
| 10/31/2014 | 5545 A. Breitkreutz                       | 6,000.00    |  |                     |
| 11/12/2014 | 5551 Arnold Breitkreutz                   | 2,000.00    |  |                     |
| 12/01/2014 | 5560 A. Breitkreutz                       | 6,000.00    |  |                     |
| 12/15/2014 | 5563 Arnold Breitkreutz                   | 2,000.00    |  |                     |
| 12/30/2014 | 5573 A. Breitkreutz                       | 6,000.00    |  |                     |
| 02/05/2015 | 5587 A. Breitkreutz                       | 5,000.00    |  |                     |
| 03/02/2015 | 5598 A. Breitkreutz                       | 6,000.00    |  |                     |
| 05/04/2015 | 5622 A. Breitkreutz                       | 5,000.00    |  |                     |
| 06/02/2015 | 5633 A. Breitkreutz                       | 6,000.00    |  |                     |
| 06/09/2015 | 5636 Arnold Breitkreutz                   | 3,036.34    |  |                     |
| 07/03/2015 | 5645 A. Breitkreutz                       | 6,000.00    |  |                     |
| 08/04/2015 | 5659 A. Breitkreutz                       | 5,000.00    |  |                     |
| 09/01/2015 | 5671 A. Breitkreutz                       | 6,000.00    |  |                     |
| 09/14/2015 | 5675 Arnold Breitkreutz                   | 2,500.00    |  |                     |
| 09/24/2015 | 5682 Arnold Breitkreutz                   | 2,500.00    |  |                     |
| 10/05/2015 | Credit Memo Deposit from Arnold Breitkrue | (20,000.00) |  |                     |
|            |   | (20,185.50) | 1,013,229.03                           | 60,000.00           |
|            |   |             | <u>Net</u>                             | <u>1,053,043.53</u> |
|            |   |             | <u>Total Unreconciled Transactions</u> | <u>1,703,041.71</u> |

# Exhibit I

TRANSACTION SUMMARY - BREITKREUTZ, ARNOLD AND SUSAN  
 RECONCILIATION OF BANK RECORDS AS COMPARED TO THE BREITKREUTZ AFFIDAVIT

BASE MORTGAGE & INVESTMENTS LTD.  
 RBC ACCOUNT - 101-288-9

| Date       | Description | Alternate Description | Deposits | Disbursements |
|------------|-------------|-----------------------|----------|---------------|
| 08/16/2004 | 4143        | Susan Breitkreutz     |          | 1,500.00      |
| 09/20/2004 | 4156        | Susan Breitkreutz     |          | 1,500.00      |
| 10/12/2004 | 4165        | Susan Breitkreutz     |          | 1,500.00      |
| 11/17/2004 | 4176        | Susan Breitkreutz     |          | 1,500.00      |
| 12/16/2004 | 4189        | Susan Breitkreutz     |          | 1,500.00      |
| 01/20/2005 | 4200        | Susan Breitkreutz     |          | 1,500.00      |
| 02/16/2005 | 4210        | Susan Breitkreutz     |          | 1,500.00      |
| 03/16/2005 | 4219        | Susan Breitkreutz     |          | 1,500.00      |
| 04/25/2005 | 4235        | Susan Breitkreutz     |          | 1,500.00      |
| 05/17/2005 | 4247        | Susan Breitkreutz     |          | 1,500.00      |
| 06/15/2005 | 4261        | Susan Breitkreutz     |          | 1,500.00      |
| 07/18/2005 | 4273        | Susan Breitkreutz     |          | 1,500.00      |
| 08/15/2005 | 4285        | Susan Breitkreutz     |          | 1,500.00      |
| 09/21/2005 | 4297        | Susan Breitkreutz     |          | 1,500.00      |
| 10/06/2005 | 4302        | Susan Breitkreutz     |          | 1,500.00      |
| 11/15/2005 | 4310        | Susan Breitkreutz     |          | 1,500.00      |
| 12/13/2005 | 4319        | Susan Breitkreutz     |          | 1,500.00      |
| 01/17/2006 | 4327        | Susan Breitkreutz     |          | 1,500.00      |
| 02/15/2006 | 4344        | Susan Breitkreutz     |          | 1,500.00      |
| 03/14/2006 | 4352        | Susan Breitkreutz     |          | 1,500.00      |
| 04/17/2006 | 4365        | Susan Breitkreutz     |          | 1,500.00      |
| 05/16/2006 | 4377        | Susan Breitkreutz     |          | 1,500.00      |
| 06/14/2006 | 4388        | Susan Breitkreutz     |          | 1,500.00      |
| 07/17/2006 | 4397        | Susan Breitkreutz     |          | 1,500.00      |
| 08/15/2007 | 4541        | Susan Breitkreutz     |          | 1,500.00      |
| 09/17/2007 | 4555        | Susan Breitkreutz     |          | 1,500.00      |
| 10/15/2007 | 4569        | Susan Breitkreutz     |          | 1,500.00      |
| 11/15/2007 | 4576        | Susan Breitkreutz     |          | 1,500.00      |
| 12/17/2007 | 4587        | Susan Breitkreutz     |          | 1,500.00      |
| 01/14/2008 | 4594        | Susan Breitkreutz     |          | 1,500.00      |

|            |                         |          |
|------------|-------------------------|----------|
| 02/15/2008 | 4611 Susan Breitzkreutz | 1,500.00 |
| 03/18/2008 | 4625 Susan Breitzkreutz | 1,500.00 |
| 04/15/2008 | 4644 Susan Breitzkreutz | 1,500.00 |
| 05/15/2008 | 4653 Susan Breitzkreutz | 1,500.00 |
| 06/13/2008 | 4667 Susan Breitzkreutz | 1,500.00 |
| 07/15/2008 | 4679 Susan Breitzkreutz | 1,500.00 |
| 08/12/2008 | 4691 Susan Breitzkreutz | 1,500.00 |
| 09/16/2008 | 4709 Susan Breitzkreutz | 1,500.00 |
| 10/15/2008 | 4719 Susan Breitzkreutz | 1,500.00 |
| 11/12/2008 | 4728 Susan Breitzkreutz | 1,500.00 |
| 12/16/2008 | 4744 Susan Breitzkreutz | 1,500.00 |
| 01/13/2009 | 4752 Susan Breitzkreutz | 1,500.00 |
| 02/17/2009 | 4764 Susan Breitzkreutz | 1,500.00 |
| 03/17/2009 | 4778 Susan Breitzkreutz | 1,500.00 |
| 04/09/2009 | 4785 Susan Breitzkreutz | 1,500.00 |
| 05/21/2009 | 4796 Susan Breitzkreutz | 1,500.00 |
| 06/16/2009 | 4806 Susan Breitzkreutz | 1,500.00 |
| 07/15/2009 | 4816 Susan Breitzkreutz | 1,500.00 |
| 08/14/2009 | 4836 Susan Breitzkreutz | 1,500.00 |
| 09/16/2009 | 4846 Susan Breitzkreutz | 1,500.00 |
| 10/16/2009 | 4855 Susan Breitzkreutz | 1,500.00 |
| 11/19/2009 | 4864 Susan Breitzkreutz | 1,500.00 |
| 12/15/2009 | 4874 Susan Breitzkreutz | 1,500.00 |
| 01/19/2010 | 4887 Susan Breitzkreutz | 1,500.00 |
| 02/16/2010 | 4896 Susan Breitzkreutz | 1,500.00 |
| 03/12/2010 | 4907 Susan Breitzkreutz | 1,500.00 |
| 04/14/2010 | 4916 Susan Breitzkreutz | 1,500.00 |
| 05/18/2010 | 4929 Susan Breitzkreutz | 1,500.00 |
| 06/15/2010 | 4940 Susan Breitzkreutz | 1,500.00 |
| 08/16/2010 | 4966 Susan Breitzkreutz | 1,500.00 |
| 09/14/2010 | 4976 Susan Breitzkreutz | 1,500.00 |
| 10/14/2010 | 4986 Susan Breitzkreutz | 1,500.00 |
| 11/12/2010 | 4994 Susan Breitzkreutz | 1,500.00 |
| 12/16/2010 | 5008 Susan Breitzkreutz | 1,500.00 |
| 01/18/2011 | 5015 Susan Breitzkreutz | 1,500.00 |
| 02/14/2011 | 5027 Susan Breitzkreutz | 1,500.00 |
| 03/15/2011 | 5039 Susan Breitzkreutz | 1,800.00 |

|            |                         |          |
|------------|-------------------------|----------|
| 04/18/2011 | 5054 Susan Breitzkreutz | 1,800.00 |
| 05/18/2011 | 5064 Susan Breitzkreutz | 1,800.00 |
| 06/17/2011 | 5074 Susan Breitzkreutz | 1,800.00 |
| 07/12/2011 | 5081 Susan Breitzkreutz | 1,800.00 |
| 08/16/2011 | 5099 Susan Breitzkreutz | 1,800.00 |
| 09/14/2011 | 5114 Susan Breitzkreutz | 1,800.00 |
| 10/13/2011 | 5124 Susan Breitzkreutz | 1,800.00 |
| 11/15/2011 | 5137 Susan Breitzkreutz | 1,800.00 |
| 12/14/2011 | 5147 Susan Breitzkreutz | 1,800.00 |
| 01/18/2012 | 5158 Susan Breitzkreutz | 1,800.00 |
| 02/14/2012 | 5168 Susan Breitzkreutz | 1,800.00 |
| 03/19/2012 | 5182 Susan Breitzkreutz | 1,800.00 |
| 04/19/2012 | 5196 Susan Breitzkreutz | 1,800.00 |
| 05/14/2012 | 5206 Susan Breitzkreutz | 1,800.00 |
| 06/11/2012 | 5216 Susan Breitzkreutz | 1,800.00 |
| 07/16/2012 | 5225 Susan Breitzkreutz | 1,800.00 |
| 08/16/2012 | 5233 Susan Breitzkreutz | 1,800.00 |
| 09/14/2012 | 5246 Susan Breitzkreutz | 1,800.00 |
| 10/17/2012 | 5255 Susan Breitzkreutz | 1,800.00 |
| 11/19/2012 | 5267 Susan Breitzkreutz | 1,800.00 |
| 12/11/2012 | 5276 Susan Breitzkreutz | 1,800.00 |
| 01/16/2013 | 5286 Susan Breitzkreutz | 1,800.00 |
| 02/20/2013 | 5304 Susan Breitzkreutz | 1,800.00 |
| 03/12/2013 | 5319 Susan Breitzkreutz | 1,800.00 |
| 04/15/2013 | 5331 Susan Breitzkreutz | 1,800.00 |
| 05/14/2013 | 5347 Susan Breitzkreutz | 1,800.00 |
| 06/19/2013 | 5360 Susan Breitzkreutz | 1,800.00 |
| 07/10/2013 | 5370 Susan Breitzkreutz | 1,800.00 |
| 08/15/2013 | 5384 Susan Breitzkreutz | 1,800.00 |
| 01/17/2014 | 5430 Susan Breitzkreutz | 3,600.00 |
| 01/30/2014 | 5436 Susan Breitzkreutz | 5,400.00 |
| 02/19/2014 | 5445 Susan Breitzkreutz | 3,600.00 |
| 03/03/2014 | 5450 Susan Breitzkreutz | 3,600.00 |
| 03/18/2014 | 5461 Susan Breitzkreutz | 1,800.00 |
| 04/15/2014 | 5473 Susan Breitzkreutz | 1,800.00 |
| 05/20/2014 | 5483 Susan Breitzkreutz | 1,800.00 |
| 06/17/2014 | 5495 Susan Breitzkreutz | 1,800.00 |

|              |                       |                   |
|--------------|-----------------------|-------------------|
| 07/17/2014   | 5508 Susan Breitreutz | 1,800.00          |
| 08/18/2014   | 5523 Susan Breitreutz | 1,800.00          |
| 09/15/2014   | 5532 Susan Breitreutz | 1,800.00          |
| 10/14/2014   | 5541 Susan Breitreutz | 1,800.00          |
| 11/13/2014   | 5552 Susan Breitreutz | 1,800.00          |
| 12/15/2014   | 5566 Susan Breitreutz | 1,800.00          |
| 01/15/2015   | 5578 Susan Breitreutz | 1,800.00          |
| 02/18/2015   | 5592 Susan Breitreutz | 1,800.00          |
| 03/19/2015   | 5606 Susan Breitreutz | 1,800.00          |
| 04/15/2015   | 5617 Susan Breitreutz | 1,800.00          |
| 05/19/2015   | 5627 Susan Breitreutz | 1,800.00          |
| 06/16/2015   | 5641 Susan Breitreutz | 1,800.00          |
| 07/21/2015   | 5652 Susan Breitreutz | 1,800.00          |
| 08/17/2015   | 5665 Susan Breitreutz | 1,800.00          |
| 09/14/2015   | 5677 Susan Breitreutz | 1,800.00          |
| <b>Total</b> |                       | <b>203,400.00</b> |

# Exhibit J



TRANSACTION SUMMARY - BREITKREUTZ, QUINN  
 RECONCILIATION OF BANK RECORDS AS COMPARED TO EXHIBIT "M" OF THE BREITKREUTZ AFFIDAVIT

BASE FINANCE LTD.  
 BMO ACCOUNT - 1028-098

Reconciled to Breitkreutz Affidavit

| Date                            | Description | Alternate Description | Deposits    | Interest | Principal Repay | Discrepancies in Summary<br>Per Breitkreutz Affidavit |               |
|---------------------------------|-------------|-----------------------|-------------|----------|-----------------|---|---------------|
|                                 |             |                       |             |          |                 | Deposits  | Disbursements |
| <i>03/01/1993 to 07/01/2000</i> |             |                       |             |          |                 | 25,000.00   | 32,711.00     |
| 09/04/2007                      | Deposit     | Missing Deposit Book  | (25,000.00) |          |                 |   |               |
| 03/20/2008                      | 7528        | Quinn Breitkreutz     |             | 1,375.00 |                 |   |               |
| 09/09/2008                      | 8041        | Quinn Breitkreutz     |             | 1,375.00 |                 |   |               |
| 03/18/2009                      | 8564        | Quinn Breitkreutz     |             | 1,250.00 |                 |   |               |
| 09/10/2012                      | Deposit     | Breitkruetz, Q        | (15,565.06) |          |                 |   |               |
| 03/20/2013                      | 3056        | Quinn Breitkreutz     |             |          | 30,000.00       |   |               |
|                                 |             |                       | (40,565.06) | 4,000.00 | 30,000.00       |   |               |
|                                 |             |                       |             | Net      | (6,565.06)      |   |               |

NOTES

*Summarized in Breitkreutz Affidavit  
 Receiver is not in possession of these bank statements*

*Can not confirm the depositor, however matches the summary*

# Exhibit K

TRANSACTION SUMMARY - WAY, SUSAN  
 RECONCILIATION OF BANK RECORDS AS COMPARED TO EXHIBIT "P" OF THE BREITKREUTZ AFFIDAVIT

BASE FINANCE LTD.  
 BMO ACCOUNT - 1028-098

Reconciled to Breitkreutz Affidavit

| Date                  | Description | Alternate Description | Deposits     | Disbursements |                 | Discrepancies in Summary Per Breitkreutz Affidavit |               | NOTES   |
|-----------------------|-------------|-----------------------|--------------|---------------|-----------------|--|---------------|---|
|                       |             |                       |              | Interest      | Principal Repay | Deposits   | Disbursements |   |
| 10/21/1996 to 05/1999 |             |                       |              |               |                 | 79,750.00  | 51,250.00     | Summarized in Breitkreutz Affidavit<br>Receiver is not in possession of these bank statements |
| 04/02/2007            | 6589        | Susan Way             |              | 2,500.00      |                 |  |               |   |
| 05/02/2007            | 6671        | Susan Way             |              | 2,400.00      |                 |  |               |   |
| 06/06/2007            | 6781        | Susan Way             |              | 3,000.00      |                 |  |               |   |
| 07/05/2007            | 6861        | Susan Way             |              | 8,000.00      |                 |  |               |   |
| 05/06/2008            | 7693        | Susan Way             |              |               | 25,168.00       |  |               |   |
| 05/07/2008            | Deposit     | Way, S                | (15,000.00)  |               |                 |  |               |   |
| 06/21/2010            | 10025       | Susan Way             |              | 2,000.00      |                 |  |               |   |
| 08/18/2010            | Deposit     | Way, S                | (200,000.00) |               |                 |  |               |   |
| 10/05/2010            | 10358       | Susan Way             |              | 1,500.00      |                 |  |               |   |
| 12/06/2012            | 2673        | Susan Way             |              | 2,049.00      |                 |  |               |   |
|                       |             |                       | (215,000.00) | 21,449.00     | 25,168.00       |  |               |   |
|                       |             |                       |              | Net           | (168,383.00)    |  |               |   |

BASE FINANCE LTD.  
 RBC ACCOUNT 100-405-0

| Date       | Description | Alternate Description | Deposits | Disbursements |                 | Deposits | Disbursements |
|------------|-------------|-----------------------|----------|---------------|-----------------|----------|---------------|
|            |             |                       |          | Interest      | Principal Repay |          |               |
| 09/11/2014 | Chq #399    | Susan Way             |          | 10,000.00     |                 |          |               |
| 09/25/2014 | Chq #441    | Susan Way             |          | 5,000.00      |                 |          |               |
| 10/02/2014 | Chq #444    | Susan Way             |          | 5,000.00      |                 |          |               |
| 10/08/2014 | Chq #507    | Susan Way             |          | 5,000.00      |                 |          |               |
| 10/17/2014 | Chq #599    | Susan Way             |          | 5,000.00      |                 |          |               |
| 10/21/2014 | Chq #600    | Susan Way             |          | 5,000.00      |                 |          |               |
| 10/28/2014 | Chq #551    | Susan Way             |          | 6,000.00      |                 |          |               |
| 11/28/2014 | Chq #668    | Susan Way             |          | 2,049.00      |                 |          |               |
| 12/29/2014 | Chq #799    | Susan Way             |          | 5,000.00      |                 |          |               |
| 01/07/2015 | Chq #800    | Susan Way             |          | 6,000.00      |                 |          |               |
| 01/26/2015 | Chq #887    | Susan Way             |          | 5,000.00      |                 |          |               |
| 02/05/2015 | Chq #888    | Susan Way             |          | 5,000.00      |                 |          |               |
| 02/26/2015 | Chq #999    | Susan Way             |          | 5,000.00      |                 |          |               |
| 03/18/2015 | Chq #1093   | Susan Way             |          | 5,000.00      |                 |          |               |
| 03/24/2015 | Chq #1104   | Susan Way             |          | 5,000.00      |                 |          |               |
| 04/06/2015 | Chq #1112   | Susan Way             |          | 5,000.00      |                 |          |               |
| 04/13/2015 | Chq #1199   | Susan Way             |          | 5,000.00      |                 |          |               |
| 04/17/2015 | Chq #1200   | Susan Way             |          | 5,000.00      |                 |          |               |
| 04/30/2015 | Chq #1000   | Susan Way             |          | 6,000.00      |                 |          |               |
| 05/05/2015 | Chq #1299   | Susan Way             |          | 6,000.00      |                 |          |               |
| 05/11/2015 | Chq #1300   | Susan Way             |          | 6,000.00      |                 |          |               |
| 05/15/2015 | Chq #1297   | Susan Way             |          | 6,000.00      |                 |          |               |
| 05/22/2015 | Chq #1298   | Susan Way             |          | 5,000.00      |                 |          |               |

|                      |           |            |
|----------------------|-----------|------------|
| 05/29/2015 Chq #1399 | Susan Way | 5,000.00   |
| 06/03/2015 Chq #1400 | Susan Way | 5,000.00   |
| 06/18/2015 Chq #1397 | Susan Way | 5,000.00   |
| 06/24/2015 Chq #1398 | Susan Way | 5,000.00   |
| 07/10/2015 Chq #1453 | Susan Way | 5,000.00   |
| 07/14/2015 Chq #1454 | Susan Way | 5,000.00   |
| 07/29/2015 Chq #1557 | Susan Way | 5,000.00   |
| 08/20/2015 Chq #1555 | Susan Way | 2,000.00   |
| 08/28/2015 Chq #1599 | Susan Way | 2,000.00   |
| 09/01/2015 Chq #1600 | Susan Way | 5,000.00   |
| 09/14/2015 Chq #1657 | Susan Way | 5,000.00   |
| 09/23/2015 Chq #1658 | Susan Way | 5,000.00   |
|                      |           | -          |
|                      |           | 177,049.00 |
|                      |           | -          |
|                      |           | Net        |
|                      |           | 177,049.00 |

BASE MORTGAGE & INVESTMENTS LTD.  
RBC ACCOUNT - 101-288-9

| Date       | Description | Alternate Description | Deposits | Disbursements |                 | Deposits | Disbursements |
|------------|-------------|-----------------------|----------|---------------|-----------------|----------|---------------|
|            |             |                       |          | Interest      | Principal Repay |          |               |
| 08/05/2004 | 4131        | Sue Way               |          | 2,600.00      |                 |          |               |
| 09/01/2004 | 4150        | Susan Way             |          | 2,400.00      |                 |          |               |
| 10/01/2004 | 4157        | Susan Way             |          | 2,500.00      |                 |          |               |
| 11/01/2004 | 4169        | Susan Way             |          | 2,800.00      |                 |          |               |
| 12/02/2004 | 4183        | Susan Way             |          | 3,000.00      |                 |          |               |
| 12/29/2004 | 4193        | Susan Way             |          | 3,500.00      |                 |          |               |
| 02/01/2005 | 4204        | Susan Way             |          | 2,200.00      |                 |          |               |
| 03/03/2005 | 4215        | Susan Way             |          | 2,600.00      |                 |          |               |
| 04/04/2005 | 4225        | Susan Way             |          | 2,400.00      |                 |          |               |
| 05/03/2005 | 4237        | Susan Way             |          | 2,500.00      |                 |          |               |
| 05/11/2005 | 4242        | Susan Way             |          | 1,000.00      |                 |          |               |
| 05/30/2005 | 4251        | Susan Way             |          | 182.39        |                 |          |               |
| 06/02/2005 | 4253        | Susan Way             |          | 2,600.00      |                 |          |               |
| 06/24/2005 | 4263        | Susan Way             |          | 106.09        |                 |          |               |
| 07/04/2005 | 4267        | Susan Way             |          | 2,600.00      |                 |          |               |
| 08/02/2005 | 4277        | Susan Way             |          | 3,000.00      |                 |          |               |
| 09/02/2005 | 4289        | Susan Way             |          | 2,600.00      |                 |          |               |
| 10/04/2005 | 4298        | Susan Way             |          | 2,800.00      |                 |          |               |
| 11/02/2005 | 4307        | Susan Way             |          | 3,000.00      |                 |          |               |
| 12/01/2005 | 4315        | Susan Way             |          | 2,800.00      |                 |          |               |
| 12/06/2005 | Deposit     | S. way                | (61.53)  |               |                 |          |               |
| 12/28/2005 | 4321        | Susan Way             |          | 188.12        |                 |          |               |
| 01/03/2006 | 4323        | Susan Way             |          | 3,000.00      |                 |          |               |
| 02/01/2006 | 4334        | Susan Way             |          | 3,000.00      |                 |          |               |
| 02/06/2006 | Deposit     | Cell - S. Way         | (25.51)  |               |                 |          |               |
| 03/02/2006 | 4348        | Susan Way             |          | 3,000.00      |                 |          |               |
| 03/23/2006 | 4357        | Susan Way             |          | 500.00        |                 |          |               |
| 04/03/2006 | 4359        | Susan Way             |          | 3,000.00      |                 |          |               |
| 05/01/2006 | 4370        | Susan Way             |          | 3,000.00      |                 |          |               |
| 05/16/2006 | 4376        | Susan Way             |          | 101.29        |                 |          |               |

|            |         |                         |          |           |
|------------|---------|-------------------------|----------|-----------|
| 06/01/2006 | 4385    | Susan Way               |          | 3,000.00  |
| 06/14/2006 | Deposit | Cell - S. Way           | (63.78)  |           |
| 07/04/2006 | 4392    | Susan Way               |          | 3,000.00  |
| 07/30/2007 | 4536    | S. way                  |          | 15,900.00 |
| 08/02/2007 | 4537    | Susan Way               |          | 3,000.00  |
| 09/04/2007 | 4546    | Susan Way               |          | 3,000.00  |
| 09/07/2007 |         | Way. S                  | (101.76) |           |
| 09/24/2007 | 4561    | Susan Way               |          | 90.10     |
| 10/03/2007 | 4563    | Susan Way               |          | 3,000.00  |
| 10/03/2007 |         | S.Way                   | (143.26) |           |
| 11/01/2007 | 4572    | Susan Way               |          | 1,500.00  |
| 11/07/2007 | Deposit | Way S & B. Fin (FF LDI) | (22.27)  |           |
| 12/04/2007 | 4583    | Susan Way               |          | 1,670.00  |
| 01/04/2008 | 4591    | Susan Way               |          | 3,000.00  |
| 01/14/2008 | Deposit | Way S & B. Fin (FF LDI) | (61.90)  |           |
| 01/31/2008 | 4601    | Susan Way               |          | 3,000.00  |
| 02/04/2008 | Deposit | Way S & B. Fin (FF LDI) | (43.90)  |           |
| 03/04/2008 | 4617    | Susan Way               |          | 3,000.00  |
| 04/01/2008 | Deposit | S. Way                  | (52.92)  |           |
| 04/01/2008 | 4634    | Susan Way               |          | 2,000.00  |
| 05/01/2008 | 4648    | Susan Way               |          | 2,000.00  |
| 05/13/2008 | 4652    | Susan Way               |          | 78.70     |
| 06/02/2008 | Deposit | S. Way                  | (37.42)  |           |
| 06/02/2008 | 4661    | Susan Way               |          | 3,000.00  |
| 06/17/2008 | 4669    | Susan Way               |          | 96.57     |
| 07/02/2008 | 4673    | Susan Way               |          | 2,000.00  |
| 08/05/2008 | 4686    | Susan Way               |          | 3,300.00  |
| 09/03/2008 | 4701    | Susan Way               |          | 3,000.00  |
| 09/08/2008 | 4704    | Susan Way               |          | 136.36    |
| 10/02/2008 | Deposit | S. Way                  | (103.23) |           |
| 10/02/2008 | 4714    | Susan Way               |          | 3,000.00  |
| 11/03/2008 | 4722    | Susan Way               |          | 2,500.00  |
| 11/07/2008 | Deposit | S.Way                   | (50.61)  |           |
| 11/26/2008 | 4732    | Susan Way               |          | 43.03     |
| 12/01/2008 | 4736    | Susan Way               |          | 3,000.00  |
| 12/09/2008 | Deposit | S. Way                  | (59.06)  |           |
| 01/06/2009 | 4747    | Susan Way               |          | 3,000.00  |
| 01/08/2009 | 4750    | Susan Way               |          | 300.00    |
| 02/03/2009 | 4760    | Susan Way               |          | 3,000.00  |
| 02/05/2009 | Deposit | S. Way                  | (63.15)  |           |
| 02/05/2009 | 4762    | Susan Way               |          | 120.73    |
| 03/02/2009 | 4772    | Susan Way               |          | 3,000.00  |
| 03/06/2009 | Deposit | S.Way                   | (43.42)  |           |
| 04/02/2009 | 4780    | Susan Way               |          | 3,000.00  |
| 04/06/2009 | Deposit | S. Way                  | (725.77) |           |
| 05/04/2009 | Deposit | S. Way                  | (116.41) |           |
| 05/04/2009 | 4792    | Susan Way               |          | 3,000.00  |
| 06/02/2009 | 4800    | Susan Way               |          | 3,000.00  |
| 06/10/2009 | Deposit | S. Way                  | (56.23)  |           |
| 07/02/2009 | 4811    | Susan Way               |          | 3,000.00  |
| 07/06/2009 | Deposit | S. Way                  | (167.74) |           |

|            |            |           |          |          |
|------------|------------|-----------|----------|----------|
| 08/05/2009 | 4824       | Susan Way |          | 3,000.00 |
| 08/07/2009 | Deposit    | S. Way    | (42.77)  |          |
| 09/02/2009 | 4838       | Susan Way |          | 3,000.00 |
| 09/09/2009 | Deposit    | S. Way    | (37.21)  |          |
| 10/05/2009 | Deposit    | S. Way    | (11.23)  |          |
| 10/05/2009 | 4850       | Susan Way |          | 3,000.00 |
| 11/02/2009 | 4860       | Susan Way |          | 293.69   |
| 11/02/2009 | 4861       | Susan Way |          | 3,000.00 |
| 12/02/2009 | 4870       | Susan Way |          | 3,000.00 |
| 12/29/2009 | 4878       | Susan Way |          | 2,400.00 |
| 01/06/2010 | 4880       | Susan Way |          | 3,000.00 |
| 01/07/2010 | Deposit    | S. Way    | (29.90)  |          |
| 02/02/2010 | 4891       | Susan Way |          | 3,000.00 |
| 02/04/2010 | Deposit    | S. Way    | (19.27)  |          |
| 03/02/2010 | 4903       | Susan Way |          | 2,300.00 |
| 03/03/2010 | Deposit    | S. Way    | (60.06)  |          |
| 04/06/2010 | Deposit    | S.Way     | (132.82) |          |
| 04/07/2010 | 4913       | Susan Way |          | 3,000.00 |
| 05/04/2010 | Deposit    | S. Way    | (34.86)  |          |
| 05/04/2010 | 4925       | Susan Way |          | 1,500.00 |
| 05/04/2010 | 4922       | Susan Way |          | 3,200.00 |
| 06/01/2010 | Deposit    | S.Way     | (40.81)  |          |
| 06/01/2010 | 4934       | Susan Way |          | 3,000.00 |
| 07/07/2010 |            | S. Way    | (85.30)  |          |
| 08/03/2010 | 4959       | Susan Way |          | 3,000.00 |
| 08/09/2010 | Deposit    | S. Way    | (89.93)  |          |
| 09/02/2010 | 4972       | Susan Way |          | 3,000.00 |
| 10/04/2010 | 4980       | Susan Way |          | 3,500.00 |
| 10/06/2010 | Deposit    | S. Way    | (80.38)  |          |
| 11/02/2010 | 4991       | Susan Way |          | 3,500.00 |
| 11/12/2010 | Deposit    | S. Way    | (68.79)  |          |
| 12/01/2010 | 5003       | Susan Way |          | 3,500.00 |
| 12/09/2010 | Deposit    | S. Way    | (57.00)  |          |
| 01/04/2011 | Deposit    | S. Way    | (58.09)  |          |
| 01/04/2011 | 5012       | Susan Way |          | 3,500.00 |
| 01/18/2011 | 5016       | Susan Way |          | 45.32    |
| 02/02/2011 | 5021       | Susan Way |          | 3,500.00 |
| 02/10/2011 | Deposit    | S. Way    | (68.55)  |          |
| 02/14/2011 | 5028       | Susan Way |          | 1,000.00 |
| 03/02/2011 | 5034       | Susan Way |          | 3,500.00 |
| 03/09/2011 | Deposit    | S. Way    | (84.30)  |          |
| 04/04/2011 | 5048       | Susan Way |          | 3,500.00 |
| 04/11/2011 | Deposit    | S. Way    | (58.20)  |          |
| 05/03/2011 | 5059       | Susan Way |          | 3,500.00 |
| 05/09/2011 | Deposit    | S. Way    | (57.00)  |          |
| 06/02/2011 | Deposit    | S.Way     | (54.07)  |          |
| 06/02/2011 | 5068       | Susan Way |          | 3,500.00 |
| 06/30/2011 | Debit Memo | Susan Way |          | 1,000.00 |
| 07/05/2011 | 5077       | Susan Way |          | 3,500.00 |
| 07/12/2011 | Deposit    | S. Way    | (42.21)  |          |
| 08/02/2011 | 5088       | Susan Way |          | 3,500.00 |

|            |         |           |          |          |
|------------|---------|-----------|----------|----------|
| 08/09/2011 | Deposit | S. Way    | (62.58)  |          |
| 09/02/2011 | 5106    | Susan Way |          | 3,500.00 |
| 09/20/2011 | 5116    | Susan Way |          | 1,000.00 |
| 10/04/2011 | 5120    | Susan Way |          | 3,500.00 |
| 11/03/2011 | 5132    | Susan Way |          | 3,500.00 |
| 12/05/2011 | 5144    | Susan Way |          | 3,500.00 |
| 12/06/2011 | Deposit | S.Way     | (154.79) |          |
| 12/14/2011 | 5149    | Susan Way |          | 121.36   |
| 01/04/2012 | 5152    | Susan Way |          | 3,500.00 |
| 01/11/2012 | Deposit | S.Way     | (116.16) |          |
| 02/02/2012 | Deposit | S. Way    | (62.11)  |          |
| 02/02/2012 | 5164    | Susan Way |          | 3,500.00 |
| 03/01/2012 | 5174    | Susan Way |          | 3,500.00 |
| 04/03/2012 | 5190    | Susan Way |          | 3,000.00 |
| 05/14/2012 | Deposit | S. Way    | (74.70)  |          |
| 06/11/2012 | Deposit | S. Way    | (112.45) |          |
| 07/12/2012 | Deposit | S. Way    | (40.76)  |          |
| 08/16/2012 | Deposit | S. Way    | (40.21)  |          |
| 09/10/2012 | Deposit | S. Way    | (52.39)  |          |
| 10/02/2012 | 5250    | Susan Way |          | 3,500.00 |
| 10/04/2012 | Deposit | S. Way    | (41.99)  |          |
| 11/06/2012 | 5261    | Susan Way |          | 3,500.00 |
| 11/19/2012 | 5268    | Susan Way |          | 39.00    |
| 12/03/2012 | Deposit | S. Way    | (141.61) |          |
| 12/03/2012 | 5272    | Susan Way |          | 3,500.00 |
| 12/28/2012 | 5282    | Susan Way |          | 3,500.00 |
| 01/08/2013 | Deposit | S. Way    | (79.22)  |          |
| 02/04/2013 | 5297    | Susan Way |          | 3,500.00 |
| 02/06/2013 | Deposit | S. Way    | (57.02)  |          |
| 03/01/2013 | 5312    | Susan Way |          | 3,500.00 |
| 04/02/2013 | 5328    | Susan Way |          | 3,500.00 |
| 04/10/2013 | Deposit | S. Way    | (76.60)  |          |
| 05/02/2013 | 5342    | Susan Way |          | 3,500.00 |
| 05/09/2013 | Deposit | S. Way    | (87.37)  |          |
| 05/31/2013 | 5350    | Susan Way |          | 4,000.00 |
| 07/02/2013 | 5366    | Susan Way |          | 3,500.00 |
| 07/15/2013 | Deposit | S. Way    | (33.07)  |          |
| 08/01/2013 | 5381    | Susan Way |          | 1,000.00 |
| 08/01/2013 | 5379    | Susan Way |          | 3,000.00 |
| 09/04/2013 | 5391    | Susan Way |          | 3,500.00 |
| 10/03/2013 | 5400    | Susan Way |          | 3,500.00 |
| 11/04/2013 | 5408    | Susan Way |          | 3,500.00 |
| 12/04/2013 | 5416    | Susan Way |          | 3,500.00 |
| 01/03/2014 | 5426    | Susan Way |          | 3,800.00 |
| 02/03/2014 | 5438    | Susan Way |          | 3,500.00 |
| 02/14/2014 | 5444    | Susan Way |          | 2,000.00 |
| 03/03/2014 | 5453    | Susan Way |          | 1,500.00 |
| 03/03/2014 | 5452    | Susan Way |          | 3,500.00 |
| 04/01/2014 | 5467    | Susan Way |          | 4,000.00 |
| 05/05/2014 | 5476    | Susan Way |          | 4,000.00 |
| 05/14/2014 | 5482    | Susan Way |          | 1,000.00 |

|            |      |                                       |                   |
|------------|------|---------------------------------------|-------------------|
| 05/30/2014 | 5490 | Susan Way                             | 4,000.00          |
| 06/30/2014 | 5503 | Susan Way                             | 4,000.00          |
| 08/05/2014 | 5514 | Susan Way                             | 4,000.00          |
| 09/02/2014 | 5528 | Susan Way                             | 4,000.00          |
| 09/25/2014 | 5534 | Susan Way                             | 1,200.00          |
| 10/02/2014 | 5538 | Susan Way                             | 4,000.00          |
| 10/31/2014 | 5546 | Susan Way                             | 4,000.00          |
| 11/06/2014 | 5548 | Susan Way                             | 2,000.00          |
| 12/01/2014 | 5559 | Susan Way                             | 4,000.00          |
| 12/23/2014 | 5567 | Susan Way                             | 500.00            |
| 12/30/2014 | 5574 | Susan Way                             | 4,000.00          |
| 01/05/2015 | 5572 | Susan Way                             | 2,000.00          |
| 01/30/2015 | 5585 | Susan Way                             | 4,000.00          |
| 03/02/2015 | 5597 | Susan Way                             | 2,000.00          |
| 04/01/2015 | 5610 | Susan Way                             | 4,000.00          |
| 05/04/2015 | 5621 | Susan Way                             | 4,000.00          |
| 05/12/2015 | 5623 | Susan Way                             | 1,321.66          |
| 06/02/2015 | 5634 | Susan Way                             | 4,000.00          |
| 06/08/2015 | 5637 | Susan Way                             | 1,500.00          |
| 06/30/2015 | 5644 | Susan Way                             | 1,500.00          |
| 07/03/2015 | 5646 | Susan Way                             | 4,000.00          |
| 08/04/2015 | 5658 | Susan Way                             | 4,000.00          |
| 08/17/2015 | 5666 | Susan Way                             | 1,000.00          |
| 09/01/2015 | 5670 | susan way                             | 4,000.00          |
|            |      |                                       | <u>413,434.41</u> |
|            |      | (4,445.65)                            | -                 |
|            |      | <u>Net</u>                            | <u>408,988.76</u> |
|            |      | <u>Total Unreconciled Transaction</u> | <u>262,654.76</u> |



# Exhibit L

TRANSACTION SUMMARY - REAL ESTATE PURCHASES

BREITKREUTZ, ARNOLD AND SUSAN

ACCORDING TO ALL KNOWN BANKING RECORDS AUGUST 2004 TO MAY 2012 \*

*\*Date of final Real Estate purchase*

|                  | Date of Purchase | Purchase Price | Deposits into Base | Received from Base | Net Contribution/<br>(Received) |
|------------------|------------------|----------------|--------------------|--------------------|---------------------------------|
| 735 55th Ave SW  | January, 2009    | 435,000.00     | 240,000.00         | (947,028.70)       | (707,028.70)                    |
| 63 Suncastle Bay | February 2010    | 1,370,000.00   | 700,000.00         | (424,375.00)       | (431,403.70)                    |
| 728 55th Ave SW  | May 2012         | 407,500.00     | 820,000.00         | (1,407,463.93)     | (1,018,867.63)                  |