

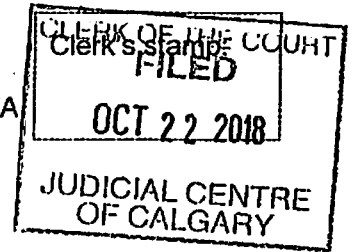
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**EXHIBIT "33"**

**To the Receiver's Seventh Report to Court  
Dated January 14, 2019**

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COURT FILE NUMBER 1701-12997  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF EASY LOAN CORPORATION



DEFENDANTS LAVONE OLSON, WALD OLSON, MARYANN BULLARD, GARRY BULLARD, PETER SEVILLE, JOHN MILINO, CONNIE DEAN MILINO, JACK MILINO, BART BRUCE, RICHARD RATHIER, CONSTANCE RATHIER, RONALD HOULE, EDWARD BOON, VIRGINIA BOON, DAWN BOWLES, IRV BOWLES, LOREE VELLNER, JR VELLNER, BARBARA MCKAY, JUDITH SARJEANT, JIM SARJEANT, ALAN BORBRIDGE, NORMA BORBRIDGE, MARY MARSHALL, CHRISTINA STILES, FRED KUBISTA, CATHERINE KUBISTA, BARRY BROWN, DIANE BROWN, ROSEMARIE EDGAR, VANESSA COOK, CLAIR TOCHER, JEAN BURNS, BILL ROGERS, JEANNETTE ROGERS, ERIKA GESELL; JORGE GRINMAN, SUSANA GRINMAN, LINDA ZBRYSKI, DOUGLAS NEIDERMYER, HELEN MITCHELL, ROB MITCHELL, HELEN BRIDGES, JACQUELINE SCHISSEL, JUDY OLSON, PERRY OLSON, ANDREW GRUSZECKI, GORDON FOSTER, PHILLIP BAZANT, JOHN DOE and JANE DOE

DOCUMENT STATEMENT OF DEFENCE  
of  
JORGE GRINMAN and SUSANA GRINMAN

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1. Except as expressly admitted herein, the Defendants Jorge Grinman and Susana Grinman (the "Grinmans") deny each and every allegation in the Statement of Claim and puts Easy Loan Corporation (the "Plaintiff") to the strict proof thereof.
2. The Grinmans agree with the proposal at paragraph 15 of the Statement of Claim for the trial of this action to take place in Calgary.

3. The Plaintiff asks this Court to force two victims of a massive Ponzi scheme (the Grinmans) to suffer further losses in order to minimize or erase the alleged loss of another victim (the Plaintiff). This is unjust, inequitable, and without any precedent.

The Grinmans were Innocent Victims of Base's Ponzi Scheme

4. Base Financial Ltd. ("Base") and Arnold Breitzkreutz perpetrated a massive Ponzi scheme. When BDO was appointed Receiver of Base on October 15, 2015, the Ponzi scheme owed \$120,000,000 to over 250 investors, including the Grinmans.
5. The Grinmans are married and reside in Alberta. Jorge Grinman is retired and is 75 years old. Susana Grinman is semi-retired and is 73 years old. The Grinmans lost \$767,500 from this fraud. The likelihood that they will recover anything is slim to nil.
6. At the time of making their investments and at the time of receiving payments from Base, the Grinmans were not aware:
  - (a) of wrongdoing by Base, Breitzkreutz or others;
  - (b) of the Plaintiff, and no knowledge that the Plaintiff had also invested with Base;
  - (c) that Base was operating a Ponzi scheme;
  - (d) that their investments with Base were actually a sham;
  - (e) that any monies the Grinmans provided to Base were not used to invest in mortgages, but instead were paid to previous investors; or
  - (f) that money they received from Base may have actually been money Base received from other investors.
7. The funds claimed by the Plaintiff comprise interest and/or principal repayments from what the Grinmans believed were legitimate investments with Base. The Grinmans received these funds before anyone knew of the Ponzi scheme.
8. The Plaintiff is a corporation that conducts business in Calgary. The Plaintiff alleges that it is also a victim of this Ponzi scheme. The Plaintiff has commenced this Action solely because it has been or will be unable to recoup its losses (if any) from Base.

The Plaintiff Has No Cause of Action against the Grinmans

9. The Grinmans owed no duty to the Plaintiff and have done nothing wrong. The Plaintiff has no cause of action, in law or in equity, against the Grinmans. The Grinmans are innocent victims of Base's fraud and have lost significant amounts themselves.
10. The Grinmans were net losers from the Ponzi scheme. The Plaintiff alleges they were also net losers. The Plaintiff cannot recoup the losses caused by Base's fraud from another innocent victim of that same fraud. Each party stands in the same position as the other. Neither has committed any wrong against the other and neither can claim their losses from the other.
11. The Plaintiff's cause of action rests solely against the perpetrators of this Ponzi scheme.

No Trust Exists over Funds Previously Paid to the Grinmans

12. The Grinmans deny the existence of a constructive trust or other equitable proprietary right in any funds they received from Base.
13. There are no facts or circumstances that would suggest justice or good conscience require the imposition of a constructive trust or other equitable proprietary right, including any remedy of tracing or accounting, over the funds received by the Grinmans. In fact, the circumstances weigh against imposing such a constructive trust or equitable proprietary right. Specifically:
  - (a) the Grinmans committed no wrongful act;
  - (a) the Grinmans' losses (\$767,500) are similar in quantum to the losses alleged by the Plaintiff (\$1,347,260.31);
  - (b) the Plaintiff has recovered roughly \$4,350,000 of the approximately \$5,700,000 it had invested with Base;
  - (c) there is no justice in forcing two retirees to lose another \$136,977.31 of their retirement savings to compensate a corporate entity for a commercial loss it suffered in its business activities; and
  - (d) the Plaintiff has no legitimate reason to seek this proprietary remedy from the Grinmans. The Plaintiff's inability to recover its losses from Base do not create a

legitimate reason to impose a constructive trust against innocent victims of Base's fraud.

14. Alternatively, if the Plaintiff is entitled to repayment from other investors, the Plaintiff should only be entitled to recover from those investors that benefitted from their investments with Base ('net winners'). Any obligation on the Grinmans to compensate the Plaintiff should only arise if and when the Grinmans have fully recovered any and all losses from this Ponzi scheme, which they have not.

#### The Grinmans Are Strangers to Any Trust

15. The Grinmans were *bona fide* purchasers for value, with no notice of any wrongdoing by Base and no knowledge of any trust existing over funds paid by Base.
16. If any funds held by Base were impressed with a constructive or other trust in favour of the Plaintiff (which is expressly denied), then the Grinmans are strangers to that trust and owe no liability to the trust, any administrator of the trust, or to the Plaintiff.
17. Any constructive trust that may have applied over any funds provided by the Plaintiff to Base was severed the moment such funds were paid to the Grinmans.

#### The Plaintiff's Claims are Barred

18. The Plaintiff's assertion as to the application of the Order of Justice K.D. Yamauchi granted February 8, 2016 (the "Yamauchi Order") is incorrect. The Yamauchi Order impressed the funds held in Base's bank account at the start of the Receivership (the "Frozen Funds") with a constructive trust in favour of all of Base's investors. Justice Yamauchi's direction as to tracing and distribution of funds applied only to the Frozen Funds. The constructive trust imposed by the Yamauchi Order has no direct or indirect application to funds previously paid to the Grinmans from Base's bank account.
19. At the time of the Yamauchi Order, the Plaintiff might have applied to the Court of Queen's Bench for an Order that would apply to the funds paid to the Grinmans. The Plaintiff chose not to do so. The remedy sought here is barred by a cause of action estoppel.

20. The Plaintiff claims an accounting of the monies received by the Grinmans but that remedy is expressly prohibited by the Yamauchi Order. Paragraph 10 of the Yamauchi Order declared that no investor who received funds from Base from Base's bank account shall be required to account for those receipts by way of set-off or otherwise. The remedy sought here is barred by the express terms of the Yamauchi Order and is *res judicata*.
21. Alternatively, if the Yamauchi Order or the findings and reasoning behind it has any application to or bearing upon this matter (which is denied), then:
- (a) Correspondingly and as a matter of fairness, the Order of The Honourable Associate Chief Justice Rooke granted December 11, 2015 (the "Rooke Order") applies. The Rooke Order declared, *inter alia*, that any party who did not assert a trust claim to the Frozen Funds by a set date was forever barred from asserting a trust claim to such funds. The Plaintiff did not advance its claims pursuant to the Rooke Order, and the Plaintiff's claims in this Action are therefore barred; and
  - (b) If the Rooke Order does not bar the Plaintiff's claim in this Action, then the constructive trust imposed by the Yamauchi Order must apply to the funds claimed by the Plaintiff. As that constructive trust was for the benefit of all investors (including the Grinmans), this constructive trust cannot be used to benefit exclusively the Plaintiff, at the Grinmans' expense.

#### No Unjust Enrichment

22. The Grinmans deny any unjust enrichment. They have not been enriched. With other victims of the Ponzi scheme, they have been deprived of money they invested with Base.
23. Any funds received by the Grinmans from Base were provided with a juristic reason, namely the partial repayment of principal and interest from their investments.

#### Indeterminate Liability

24. The remedy sought by the Plaintiff, if granted, would result in indeterminate liability for all victims of Base's fraud. It would create an absurd and never-ending cycle of liability amongst innocent victims of the Ponzi scheme. Each of the Defendants would be

granted a cause of action against any victim that received funds from the RBC Account after that Defendant provided funds to Base. However, the cycle would continue as each of the victims that are liable to the Defendants would be entitled to advance their own cause of action against yet another group of innocent victims.

No Claim under the *Fraudulent Preferences Act*

25. The Grinmans deny any liability under the *Fraudulent Preferences Act*, RSA 2000, c F-24, the *Fraudulent Conveyances Statute*, 13 Eliz 1, Chapter 5 (UK), the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, or the *Judicature Act*, RSA 2000, c J-2. Specifically:
- (a) At the time of any payment to the Grinmans, Base was not insolvent or in insolvent circumstances;
  - (b) There was no intent, by any party, that the payments provided to the Grinmans had the intent to defeat, hinder, delay or prejudice any other creditor. To the extent Base had any intent behind the repayment of principal and interest, that intent was not to extend any preference to the Grinmans, but to ensure that Base's fraud continued undiscovered by all investors, including the Plaintiff and the Grinmans;
  - (c) Any payment made to the Grinmans did not have the effect of giving the Grinmans a preference over any other creditor;
  - (d) Any payment made to the Grinmans was a *bona fide* payment to an innocent party;
  - (e) The Plaintiff's claim has been brought more than one year after the payments; and
  - (f) Any payment made to the Grinmans bore a fair and reasonable relative value to the consideration given for that payment.

**Remedy sought**

26. The Grinmans pray that this action against them be dismissed with enhanced costs.