COURT FILE NUMBER	1901-13307
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY

APPLICANT	MYRTLE (MARIA) MAKSYMYTZ
RESPONDENT	HOMERUN INTERNATIONAL INC.
DOCUMENT	**AFFIDAVIT OF MYRTLE (MARIA) MAKSYMYTZ**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3rd Street SW
Calgary, Alberta, T2P 5C5

Telephone 403-351-2921
Facsimile 403-648-1151

File No. 49132-1

Attention: Jeffrey Oliver

AFFIDAVIT OF:	MYRTLE (MARIA) MAKSYMYTZ
SWORN ON:	September 20, 2019

I, MYRTLE (MARIA) MAKSYMYTZ, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am a creditor of the respondent, Homerun International Inc. ("**Homerun International**"), and as such have personal knowledge of the matters hereinafter deposed to except where stated to be based upon information and belief, and where so stated I do verily believe the same to be true.

2. I swear this affidavit in support of an application to appoint Hardie & Kelly Inc. ("**HKI**") as receiver and manager over the assets, undertakings and properties of the respondent, Homerun International, for the purpose of (among other things) conducting a claims process to allow certain funds recovered as part of the bankruptcy proceedings of First Base Investments Inc. ("**First Base Investments**") to be paid to the creditors of Homerun International.

Proceedings against Homerun Group under the CCAA

3. On October 4, 2012, Homerun Capital Corp., Homerun Equities Inc., Homerun Capital II Corp., Homerun Equities II Inc., Homerun International, Homerun Properties Inc., Homerun Securities Inc., 1484106 Alberta Ltd., 1496044 Alberta Ltd., 1515997 Alberta Ltd. and 1539149 Alberta Ltd. (collectively, the "**Homerun Group**" or the "**Companies**")

sought and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, as amended (the "**CCAA**") pursuant to an order of this Honourable Court (the "**Initial Order**"). Attached hereto and marked as **Exhibit "A"** is a copy of the Initial Order.

4. Pursuant to the Initial Order, HKI was appointed monitor of the Companies (in such capacity, the "**Monitor**").

5. The Homerun Group was in the business of raising money from investors to facilitate the purchase and development of properties in desirable neighbourhoods in the City of Calgary. I am one of a group of investors who invested money in the Homerun Group as set out in more detail below.

6. On November 1, 2012, the Monitor was granted an Order (the "**SUF Order**") authorizing the preparation of a sources and uses of funds analysis (the "**SUF Analysis**") in respect of the Homerun Group which formed the basis for its Tenth Report, filed on October 11, 2013 (the "**Tenth Report**"). Attached hereto and marked as **Exhibit "B"** is a copy of the Tenth Report, without appendices.

7. On May 9, 2013, in response to a significant number of transactions amongst related entities, namely First Base Investments Inc. ("**First Base Investments**") and Homerun Investments Inc. ("**Homerun Investments**"), (collectively the "**Related Homerun Entities**"), the Monitor sought and received an Order (the "**RHE SUF Order**") authorizing an expansion of its powers to include the Related Homerun Entities in the SUF Analysis.

8. As set out at paragraph 157 of the Tenth Report, the Monitor determined through its SUF Analysis that net amounts of $548,536.00 were owing by First Base Investments to Homerun International.

9. No claims process was conducted for Homerun International during the CCAA proceedings given that it was not anticipated that there would be funds available for distribution to the unsecured creditors of Homerun International.

10. The Monitor ultimately sought and obtained its discharge as Monitor over various different members of the Homerun Group throughout the period commencing on December 2, 2012 and ending on September 30, 2014. In particular, the Monitor sought and obtained its discharge as Monitor over Homerun International on January 16, 2014.

Bankruptcy of First Base Investments

11. On October 7, 2013, First Base Investments assigned itself into bankruptcy and HKI was named as Trustee of the bankrupt estate (in such capacity, the "**Trustee**"), which appointment was affirmed by its creditors on October 29, 2013.

12. I am advised by my review of the pre-filing report of HKI (the "**Pre-Filing Report**") that during the course of its administration of the estate of First Base Investments, the Trustee has ultimately disallowed or settled the majority of the potential claims against the estate. The following claims have been allowed but remain unsatisfied:

    (a) claim of Homerun International in the amount of $548,536.00; and

    (b) claim of Enmax Energy in the amount of approximately $832.49.

13. I am advised by my review of the Pre-Filing Report that as of the date of this Affidavit, the Trustee is holding net funds from the bankruptcy of First Base Investments of approximately $454,290.00 (the "**Distributable Proceeds**").

14. I am advised by my review of the Pre-Filing Report that the Trustee is seeking a mechanism to distribute the Distributable Proceeds to Homerun International or its creditors.

Appointment of Receiver

Outstanding Claim Against Homerun International

15. As noted previously, I am one of a group of mortgagees (collectively, the "**Mortgagees**") who had a registered mortgage against certain lands owned by Homerun International. The details of the mortgage and the Mortgagees' dealings with Homerun International are set out in more detail in my affidavit sworn June 2, 2014 in the CCAA proceedings (the "**CCAA Affidavit**"). Attached hereto and marked as **Exhibit "C"** is a copy of the CCAA Affidavit.

16. To summarize briefly, the Mortgagees are a group of individuals who invested funds with Homerun International, which monies were then secured by Homerun in mortgages registered against real property.

17. In consideration for funds provided to Homerun International, the Mortgagees had a Mortgage registered against title to certain Rocky Ridge Lands (as those terms are defined in the CCAA Affidavit).

18. A sale of the Rocky Ridge Lands was approved by Court Order pronounced on August 19, 2014. The proceeds of sale from the Rocky Ridge Lands were subsequently distributed in accordance with the terms of certain Court Orders in the CCAA proceedings. The distribution order relating to my claim against Homerun International was pronounced on April 21, 2015 (the "**Distribution Order**"). Attached hereto and marked as **Exhibit "D"** is a copy of the Distribution Order.

19. Although I have not recently quantified the exact amount of my outstanding claim against Homerun International, I can advise that:

    (a) as set out in the Distribution Order, as at August 25, 2014, the outstanding amount due and owing to me under the Mortgage was $443,563,57 (the "**Mortgage Indebtedness**"); and

    (b) since August 25, 2014, I have been repaid approximately $284,477.54 towards the Mortgage Indebtedness.

20. Based on the above, my outstanding claim against Homerun International is at least $159,086.03, exclusive of interest, costs and other amounts accruing and that remain due and owing since August 25, 2014. It is my understanding that other Mortgagees have similar shortfall claims.

21. I am advised by my review of the Pre-Filing Report that a Homerun International creditors listing provided by former management, and based on the unaudited books and records during the CCAA proceedings, lists secured creditors of approximately $2,403,657 and unsecured creditors of approximately $17,608,492. As such, it is my

understanding that there may be a considerable number of potential claimants to the Distributable Proceeds.

Current Corporate Status of Homerun International

22. Based on a corporate search of Homerun International dated September 16, 2019:

    (a) Homerun International was struck from the Alberta corporate registry on May 2, 2014;

    (b) there are currently no directors of Homerun International; and

    (c) the only voting shareholder of Homerun International is Ms. Candice Graf.

    Attached hereto and marked as **Exhibit "E"** is a copy of the corporate search for Homerun International.

23. Furthermore, an investigation by the Alberta Securities Commission (the "**ASC**") found that Ms. Graf (a former director of Homerun International and the only remaining voting shareholder of Homerun International) and the Homerun Group had, among other things, illegally distributed securities in contravention of the *Securities Act* (Alberta). Pursuant to a decision issued on April 21, 2016 by the ASC, Ms. Graf and Homerun International (among others) were sanctioned by the ASC. Attached hereto and marked as **Exhibit "F"** is a copy of the ASC's sanction decision.

24. It is my view that it is necessary and in the interests of the creditors of Homerun International to appoint a receiver and manager over the assets, undertakings and properties of Homerun International to ensure that any Distributable Proceeds distributed to Homerun International by the Trustee are redistributed to the creditors of Homerun International, whether via a court supervised claims process or otherwise.

25. HKI has consented to act as receiver and manager of the assets, undertakings and properties of Homerun International should a receiver be appointed.

26. I swear this affidavit in support of an Order appointing HKI as the court appointed receiver and manager of Homerun International.

SWORN BEFORE ME at the City of Calgary, in the Province of Alberta, this 20th day of September, 2019

S Wood

Commissioner for Oaths/Notary Public in and for Alberta

SHALINA MICHELLE WOOD
A Commissioner for Oaths in and for Alberta
My Commission Expires on June 06, 2021

M. Maksymytz

MYRTLE (MARIA) MAKSYMYTZ

This is Exhibit "A"
referred to in the Affidavit of
Myrtle (Maria) Maksymytz
sworn before me this 20th
day of September, 2019

A Commissioner for Oaths/Notary
Public in and for Alberta

SHAUNA MICHELLE WOOD
A Commissioner for Oaths in and for Alberta
My Commission Expires on June 08, 2021

COURT FILE NUMBER	**1201-12537**
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	Calgary
APPLICANTS	**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended** **AND IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, R.S.A. 2000, c. B-9** **AND IN THE MATTER OF HOMERUN CAPITAL CORP., HOMERUN EQUITIES INC., HOMERUN CAPITAL II CORP., HOMERUN EQUITIES II INC., HOMERUN INTERNATIONAL INC., HOMERUN PROPERTIES INC., HOMERUN SECURITIES INC., 1484106 ALBERTA LTD., 1496044 ALBERTA LTD., 1539149 ALBERTA LTD., and 1515997 ALBERTA LTD.**
DOCUMENT	**INITIAL ORDER**

CLERK OF THE COURT
FILED
OCT 04 2012
JUDICIAL CENTRE OF CALGARY

I hereby certify this to be a true copy of the original
Dated this 4 day of Oct, 2012
for Clerk of the Court

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Robyn Gurofsky
Borden Ladner Gervais LLP
1900, 520 3rd Ave. S.W.
Calgary, AB T2P 0R3
Telephone: (403) 232-9774
Facsimile: (403) 266-1395
Email: RGurofsky@blg.com
File No. 437172-000007

DATE ON WHICH ORDER WAS PRONOUNCED: October 4, 2012

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice R.G. Stevens

UPON the application of Homerun Capital Corp. ("Homerun Capital"), Homerun Equities Inc. ("Homerun Equities"), Homerun Capital II Corp. ("Homerun Capital II"), Homerun Equities II Inc. ("Homerun Equities II"), Homerun International Inc. ("Homerun International"), Homerun Securities Inc. ("Homerun Securities"), Homerun Properties Inc. ("Homerun Properties"), 1484106 Alberta Ltd. ("148"), 1496044 Alberta Ltd. ("149"), 1539149 Alberta Ltd.

("153") and 1515997 Alberta Ltd. ("151") (together, sometimes referred to herein as the "Applicants"); AND UPON having read the Originating Application and the Affidavit of Candice Anne Graf dated October 2, 2012, filed; AND UPON reading the consent of Hardie and Kelly Inc. to act as Monitor; AND UPON hearing the submissions of counsel for the Applicants and any other counsel in attendance;

IT IS HEREBY ORDERED THAT:

SERVICE

1. Service of Notice of this Application on all creditors of the Applicants is hereby dispensed with and notice of this Application is deemed good and sufficient.

APPLICATION

2. The Applicants are companies to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "CCAA") applies.

PLAN OF ARRANGEMENT

3. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan") in accordance with the CCAA.

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicants shall:

   (a) remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property");

   (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property; and

(c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. To the extent permitted by law, the Applicants shall be entitled but not required to pay the following expenses, incurred prior to or after this Order:

(a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay, bonuses and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

(b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

6. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

(a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and

(b) payment for goods or services actually supplied to the Applicants following the date of this Order.

7. The Applicants shall remit, in accordance with legal requirements, or pay:

(a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:

(i) employment insurance,

(ii) Canada Pension Plan, and

(iii) income taxes,

but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;

(b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

(c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

8. Until such time as the Applicants disclaims or resiliates a real property lease in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as

otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("Rent"), but shall not pay any rent in arrears.

9. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:

(a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of its creditors as of the date of this Order;

(b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and

(c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. The Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Initial Lending Documents (as hereinafter defined), have the right to:

(a) permanently or temporarily cease, downsize or shut down any of its business or operations and to dispose of redundant or non-material assets not exceeding **$50,000** in any one transaction or **$250,000** in the aggregate (or in excess of these amounts, by order of this Court, with the exception of the purchase and sale transaction of the 17th Avenue Property, as defined and referred to in the Affidavit of Candice Anne Graf dated October 2, 2012, which Homerun Equities may close without further order of this Court);

(b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;

(c) disclaim or resiliate, on notice given in the prescribed form, any agreement to which the Company is a party on the date of this Order;

(d) repudiate such of its arrangements or agreements of any nature whatsoever, whether oral or written, as the Applicants deems appropriate on such terms as may be agreed upon between the Applicants and such counter-parties, or failing such agreement, to deal with the consequences thereof in the Plan; and

(e) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the "Restructuring").

11. The Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicants disclaims or resiliates the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

12. If a lease is disclaimed or resiliated by the Applicants in accordance with section 32 of the CCAA, then:

(a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice; and

(b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. Until and including **November 2, 2012**, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person"), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced,

proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

(a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on;

(b) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment;

(c) prevent the filing of any registration to preserve or perfect a security interest; or

(d) prevent the registration of a claim for lien.

15. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

16. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. During the Stay Period, all persons having:

(a) statutory or regulatory mandates for the supply of goods and/or services; or

(b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services,

centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided after the date of this Order.

NO OBLIGATION TO ADVANCE MONEY OR EXTEND CREDIT

18. Notwithstanding anything else contained in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 15 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if

one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. The Applicants shall indemnify its directors and officers from all claims, costs, charges and expenses relating to the failure of the Applicants, after the date hereof, to make payments of the nature referred to in subparagraphs **[6(a)]**, **[7(a)]**, **[7(b)]** and **[7(c)]** of this Order which they sustain or incur by reason of or in relation to their respective capacities as directors and/or officers of the Applicants except to the extent that, with respect to any officer or director, such officer or director has participated in the breach of any related fiduciary duties or has been grossly negligent or guilty of wilful misconduct.

21. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge") on the Property, which charge shall not exceed an aggregate amount of **$50,000**, as security for the indemnity provided in paragraph **[20]** of this Order. The Directors' Charge shall have the priority set out in paragraphs **[37]** and **[39]** herein.

22. Notwithstanding any language in any applicable insurance policy to the contrary:

    (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and

    (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph **[20]** of this Order.

APPOINTMENT OF MONITOR

23. **Hardie & Kelly Inc.** is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the

Applicants and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

(a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;

(b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;

(c) assist the Applicants, to the extent required by the Applicants, in its dissemination to the DIP Lender (as defined below) and its counsel on a periodic basis as reasonably determined between the Monitor and any DIP Lender, of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the DIP Lender;

(d) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than monthly, or as otherwise agreed to by the DIP Lender;

(e) advise the Applicants in its development of the Plan and any amendments to the Plan;

(f) advise the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;

(g) have full and complete access to Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;

(h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(i) perform such other duties as are required by this Order or by this Court from time to time.

25. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation.

26. The Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated

by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

27. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

28. The Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a monthly basis and, in addition, the Applicants are hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicants, retainers in the respective amounts of up to **$80,000,** to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

29. The Monitor and its legal counsel shall pass their accounts from time to time.

30. The Monitor, counsel to the Monitor, if any, and the Applicants' counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of **$200,000**, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs **[37]** and **[39]** hereof.

INTERIM FINANCING

31. Until such time as a longer term debtor in possession lender (the "DIP Lender") can be arranged and approved by this Court, Homerun Equities and 153 (sometimes referred to in subsequent paragraphs of this Order as the "Initial Lenders") are authorized to lend to the remaining Applicants, and the remaining Applicants are authorized to borrow the sum of $115,000 from 153 and the sum of $60,000 from Homerun Equities (the "Initial Loan") in order to finance the working capital requirements and other general corporate purposes and capital expenditures, provided that such borrowings shall be on reasonable terms as agreed between the Initial Lenders and the Monitor and secured by the property and assets of the remaining Applicants (the "Remaining Applicants' Property") on the basis of the priority set out in paragraphs **36** and **38** below, and provided that repayment of the loaned amounts to the Initial Lenders shall not be set-off against any pre-filing obligations arising from inter-company loans. Any additional or subsequent loans required from a DIP Lender shall be subject to further order of this Court.

32. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other Initial Lending Documents (collectively, the "Initial Lending Documents"), as are contemplated by the Initial Loan or as may be reasonably required by the Initial Lenders or the Monitor, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the Initial Lenders under and pursuant to the Initial Loan and the Initial Lending Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

33. The Initial Lenders shall be entitled to the benefits of and are hereby granted a charge (the "Initial Lenders' Charge") on the Remaining Applicants' Property to secure all obligations under the Initial Lending Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date of this Order under the Initial Lending Documents. The Initial Lenders' Charge shall have the priority set out in paragraphs **[37]** and **[39]** hereof.

34. Notwithstanding any other provision of this Order or otherwise, the rights and priorities of the Initial Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

35. The Initial Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Initial Lending Documents.

VALIDITY AND PRIORITY OF CHARGES

36. The Administration Charge, the Initial Lenders' Charge and the Directors Charge shall be allocated amongst the Applicants and the relative priority of the said charges, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of **$200,000**);

Second – Initial Lenders' Charge (to the maximum amount of **$175,000**); and

Third – Directors' Charge (to the maximum amount of **$50,000**).

37. The filing, registration or perfection of the Directors' Charge, the Administration Charge or the Initial Lenders' Charge (collectively, the "Charges") shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

38. Each of the Directors' Charge, the Administration Charge and the Initial Lenders' Charge (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

39. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority

to, or *pari passu* with, any of the Directors' Charge, the Administration Charge or the Initial Lenders' Charge, unless the Applicants also obtains the prior written consent of the Monitor, the Initial Lenders and the beneficiaries of the Directors' Charge and the Administration Charge, or further order of this Court.

40. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or any DIP Lender thereunder shall not otherwise be limited or impaired in any way by:

(a) the pendency of these proceedings and the declarations of insolvency made in this Order;

(b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;

(c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;

(d) the provisions of any federal or provincial statutes; or

(e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

(i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including any Commitment Letter or the Initial Lending Documents, shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which it is a party;

(ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the

creation of the Charges, or the Applicants entering into the Commitment Letter, or execution, delivery or performance of the Initial Lending Documents; and

(iii) the payments made by the Applicants pursuant to this order, including the Initial Lending Documents, and the granting of the Charges, do not and will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable, voidable or reviewable transactions under any applicable law;

(f) the appointment of a Receiver of any or all of the assets of the Applicants..

ALLOCATION

41. Any interested Person may apply to this Court on notice to any other party likely to be affected, for an order to allocate the Administration Charge, the Initial Lenders' Charge and the Directors' Charge amongst the various assets comprising the Property.

SERVICE AND NOTICE

42. The Monitor shall:

(a) without delay, publish in the Calgary Herald a notice containing the information prescribed under the CCAA;

(b) within five days after the date of this Order, (A) make the Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than $1000, (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder and (D) forthwith serve a copy of this Initial Order on all of the secured lenders who may be directly affected by the Initial Lenders' Charge.

(c) The Applicants and the Monitor shall be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or e-mail to the Applicants' creditors or other interested Persons at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery, facsimile transmission or e-mail shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. The Monitor may post a copy of any or all such materials on its website at **www.insolvency.net** under the current engagements tab, which shall be established for informational purposes.

GENERAL

43. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

44. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

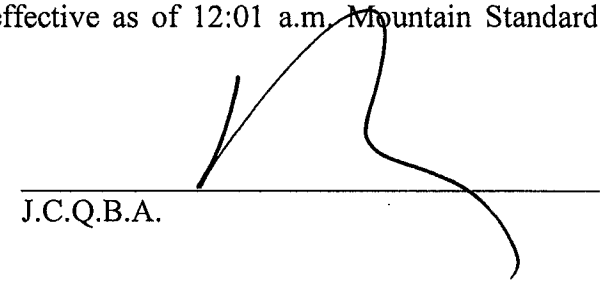
45. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

46. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

47. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

48. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

49. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.



J.C.Q.B.A.

This is Exhibit "B"
referred to in the Affidavit of
Myrtle (Maria) Maksymytz
sworn before me this 20th
day of September, 2019

A Commissioner for Oaths/Notary
Public in and for Alberta

SHAUNA MICHELLE WOOD
A Commissioner for Oaths in and for Alberta
My Commission Expires on June 08, 2021

COURT FILE NUMBER	1201-12537
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY

Clerk's Stamp

APPLICANTS

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.C-36, AS AMENDED

AND IN THE MATTER OF HOMERUN CAPITAL CORP., HOMERUN EQUITIES INC., HOMERUN CAPITAL II CORP., HOMERUN EQUITIES II INC., HOMERUN INTERNATIONAL INC., HOMERUN PROPERTIES INC., HOMERUN SECURITIES INC., 1484106 ALBERTA LTD., 1496044 ALBERTA LTD., 1539149 ALBERTA LTD., and 1515997 ALBERTA LTD.

DOCUMENT **TENTH REPORT OF THE MONITOR**

OCTOBER 11, 2013

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Hardie & Kelly Inc.
110, 5800 – 2nd Street S.W.
Calgary, AB T2H 0H2
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TENTH REPORT OF THE MONITOR
HARDIE & KELLY INC.
OCTOBER 11, 2013

INDEX

LISTING OF APPENDICES

INTRODUCTION

1. On October 4, 2012, Homerun Capital Corp. ("Homerun Capital"), Homerun Equities Inc. ("Homerun Equities"), Homerun Capital II Corp. ("Homerun Capital II"), Homerun Equities II Inc. ("Homerun Equities II"), Homerun International Inc. ("Homerun International"), Homerun Properties Inc. ("Homerun Properties"), Homerun Securities Inc. ("Homerun Securities"), 1484106 Alberta Ltd. ("148"), 1496044 Alberta Ltd. ("149"), 1515997 Alberta Ltd. ("151") and 1539149 Alberta Ltd. ("153"), (individually a "Company" and collectively, the "Homerun Group" or the "Companies") sought and obtained protection from their creditors (the "Stay") under the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended (the "CCAA") pursuant to an order of this Honourable Court (the "Initial Order").

2. Pursuant to the Initial Order, Hardie & Kelly Inc. was appointed Monitor of the Companies (the "Monitor").

3. On November 1, 2012, the Companies sought and received an Order authorizing the Monitor to conduct a sources and uses analysis (the "SUF Analysis") to report on the source and use of the funds raised in the various real estate developments.

4. On December 21, 2012, the Court granted a series of claims process orders (the "Claims Process Orders") to quantify the claims against certain of the Homerun Group entities. Pursuant to the Claims Process Orders, inter-company claims of the Companies were to be excluded from the claims processes, as it was contemplated that these claims would be quantified through the SUF Analysis.

5. In addition, on December 21, 2012, the Court granted the Monitor expanded powers with respect to the Companies pursuant to an Amended and Restated Initial Order, which expanded powers include, but are not limited to, the ability to assume sole conduct and management of any and all inter-company accounts receivable and accounts payable as may exist between the Applicants and any of their current or former affiliates, including the power to take such steps as the Monitor deems necessary or advisable to realize on such accounts receivable.

6. On May 9, 2013, in response to a significant number of transactions amongst related entities, namely First Base Investments Inc. ("First Base Investments") and Homerun

Investments Inc. ("Homerun Investments"), (collectively the "Related Homerun Entities"), the Monitor sought and received an Order authorizing an expansion of its powers to include the Related Homerun Entities in the SUF Analysis.

7. On July 30, 2013, certain investors sought and obtained the leave of this Honourable Court to lift the Stay against former directors in order to file proceedings against these former directors through the filing of a statement of claim (the "Investor Statement of Claim"). On September 25, 2013, these investors filed the Investor Statement of Claim and commenced the Homerun Group Investor Action.

8. On August 23, 2013, the Companies sought and received a subsequent extension to the Stay of proceedings to October 25, 2013, for all the Companies with the exception of Homerun Properties, for which the Stay was not extended as of December 21, 2012. As a result, for purposes of this tenth report (the "Tenth Report") and subsequent reports of the Monitor, the terms "Homerun Group" and "Companies" shall exclude Homerun Properties.

9. The purpose of this Tenth Report of the Monitor is to provide this Honourable Court with:

   a) information pertaining to its analysis of the identifiable sources and uses of funds of the individual Companies, including the calculation of the estimated Proposed Inter-Homerun Group Claims (as defined below) arising thereto;

   b) information concerning the assignment into bankruptcy of First Base Investments Inc., a related entity which based on the SUF Analysis, owes approximately $544,000 to Homerun International;

   c) details surrounding the financial performance of the Companies since the Ninth Report;

   d) a summary of the claims filed against certain individual members of the Homerun Group pursuant to claims processes administered by the Monitor;

   e) a proposed distribution for certain entities that the Monitor recommends making at this time;

f) information regarding cash discovered in the books and records of the Related Homerun Entities;

g) an updated cash flow forecast for the Companies through to December 22, 2013;

h) an update on the remaining activities of the Monitor; and

i) the Monitor's recommendations thereon.

10. Capitalized terms not defined in this Tenth Report are as defined in the Initial Order, the Affidavit of Candice Graf sworn on October 2, 2012, and filed in these proceedings (the "October 2 Graf Affidavit") or the previous reports of the Monitor.

11. All references to currency are in Canadian dollars unless otherwise noted.

12. This document, together with other information regarding this CCAA proceeding, will be posted by the Monitor onto its website.

TERMS OF REFERENCE

13. In preparing this Tenth Report, the Monitor has necessarily relied upon financial and other information and representations supplied by various parties, including former management of the Companies ("Management"). Although the information has been reviewed for reasonableness, with material transactions agreed to source documentation where available, the Monitor has not audited, reviewed or otherwise verified the accuracy or completeness of such information and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of such information contained in this report.

14. Some of the information referred to in this report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Canadian Institute of Chartered Accountants ("CICA") Handbook has not been performed. Future orientated financial information relied upon in this report is based on assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

OVERVIEW OF THE SUF ANALYSIS

Background and scope to the SUF Analysis

15. As noted in previous Reports, certain members of the Investor Advisory Groups (the "IAG's") formed in these proceedings raised concerns with respect to the ultimate use of capital raised by the Companies, both through mortgage financing and investor funds. As such, the Companies sought and obtained an Order of this Honourable Court authorizing the Monitor to conduct an analysis of such use of capital.

16. The SUF Analysis included a review of Company-prepared cash synoptic excel spreadsheets (the "Cash Synoptic(s)"), available bank statements and other supporting documentation such as cancelled cheques and deposit information, offering memoranda, as well as other source information such as purchase and sale agreements.

17. The SUF Analysis includes historical transactions of the Companies from the inception of the various Companies to October 4, 2012, the date of the commencement of these CCAA proceedings. Transactions subsequent to October 4, 2012, have been included in the forecast to actual analysis as reported on by the Monitor in its previous Reports and summarized herein.

18. The Monitor advises that it has provided certain parts of this Tenth Report to Management to solicit Management's response as well as to ensure factual accuracy and Managements comments have been incorporated herein.

Status of the SUF Analysis as it relates to the Related Homerun Entities

19. The Monitor had previously advised this Honourable Court of significant related party transactions between members of the Homerun Group and the Related Homerun Entities. As a result, it sought and obtained an expansion to the SUF Order to provide it with access to the books and records of the Related Homerun Entities.

20. While the Monitor has reviewed certain of the books and records of the Related Homerun Entities with respect to certain transactions involving members of the Homerun Group, and the Tenth Report contains certain high level comments with respect to same, the Monitor did not complete a detailed analysis of the sources and uses of the funds of the Related Homerun Entities from the inception of these entities as it was not deemed

necessary for purposes of completing the SUF Analysis over the individual members of the Homerun Group.

SUF Analysis procedures

21. The following procedures were completed in carrying out the SUF Analysis:

a) Cash Synoptic(s) summarizing the bank accounts of each entity, as prepared by the Company, were obtained from the Company;

b) Correspondence was sent to Scotiabank, the Company's banking institution to confirm that no additional bank accounts existed, other than those for which Cash Synoptics were obtained;

c) Correspondence was sent to Management of the Homerun Group, legal counsel to the Homerun Group, as well as the most recent external accountants to the Homerun Group to request that any books and records, or copies thereof, which may be in the possession of such parties be provided to the Monitor;

d) Transactions recorded on the Cash Synoptic(s) were classified into various categories, primarily using Company-noted descriptions as a basis (i.e. receipts from investors, receipts from financing, disbursements related to property acquisitions, property development and holding costs, interest payments, allocated wages, administrative expenses, accounting and legal expenses and brokerage and commission expenses);

e) Material transactions outlined in the Cash Synoptic were compared to supporting documentation, where such documentation was available, such as cancelled cheques, deposit books, trust records from legal counsel or other source information such as purchase and sale agreements; and

f) Any identified intercompany transactions with, or those identified as being entered into on behalf of, other members of the Homerun Group and/or Related Homerun Entities were segregated from those transactions with third parties for further analysis for purposes of quantifying the Proposed Inter-Homerun Group Claims as outlined below. The Monitor has classified

transactions amongst, or on behalf of individual entities comprising the Homerun Group as intercompany transactions, whereas transactions between members of the Homerun Group and the Related Homerun Entities are classified as related party transactions.

22. In performing the SUF Analysis, the Monitor determined that although the Cash Synoptic(s) summarized the banking transactions of the Companies, certain transactions were not accurately reflected in the Cash Synoptic as they were actually transacted through the trust accounts of legal counsel to the Homerun Group; with only the net funds payable or receivable by the Homerun Group reported on the Cash Synoptic. An example of such a transaction would be where amounts are disbursed directly by legal counsel from the proceeds of a sale of a property. For purposes of including these transactions in the SUF Analysis, the Monitor summarized these transactions from trust statements as provided by legal counsel to the Companies.

Treatment of intercompany transactions for purposes of the SUF Analysis

23. As noted, in the course of the preparation of the SUF Analysis, the Monitor attempted to identify intercompany transactions based on the descriptions of the transactions as recorded by the Homerun Group.

24. For example, when reviewing the Cash Synoptic of Homerun International, if the Monitor noted that an expenditure was made by Homerun International related to either the 2427-2nd Ave Property or the 13th Avenue Property based on the description of the transaction, the Monitor would classify this transaction as an intercompany transaction with Homerun Equities who owned these properties. The transaction would then be subject to further analysis and classification, as discussed below.

25. In addition, as disclosed in previous Reports of the Monitor, the Monitor determined that Homerun International would incur certain types of expenditures that were not specifically identifiable as being related to solely one entity and the costs of these expenditures were typically allocated amongst the various entities. These transactions would also be classified as intercompany transactions and would be subject to further analysis and classification, as discussed below.

26. Based on its classification of the identified intercompany transactions, the Monitor undertook to perform a further analysis to determine what amounts, if any, remained outstanding amongst the various Homerun Group entities for purposes of estimating the Proposed Inter-Homerun Group Claims.

27. As a result, the Monitor further classified the various identified intercompany transactions into two categories:

a) Intercompany Settled Transactions – Intercompany transactions which have been satisfied and for which no further amounts are outstanding. Examples of intercompany settled transactions would be the payment of allocated wages or other expenditures, payment of commissions or repayment of expenditures on behalf of that particular entity; and

b) Intercompany Unsettled Transactions – Intercompany transactions for which payment remains outstanding. Examples of intercompany unsettled transactions would be unpaid intercompany loans or advances, unpaid allocated wages or other expenditures or expenditures made on behalf of that particular entity that have not been repaid.

Limitations of the SUF Analysis

28. As described above, the SUF Analysis is based primarily on a review of the available books and records of the Homerun Group. The Monitor notes that if additional information is obtained, the Monitor's findings could change and such changes could be material.

29. For obvious monetary reasons, the Monitor did not complete its analysis on the basis of reviewing each invoice of the Homerun Group; however, it relied to a certain extent on the description of various transactions as recorded by the Homerun Group, as substantiated by a review of supporting documentation for material transactions, where such supporting documentation was available.

30. The Monitor did not undertake a complete reconstruction of the accounting records of the Homerun Group and absent incurring the costs to perform a full forensic analysis, there are limitations in respect of the SUF Analysis, together with the information or supporting documentation with respect to same. Even if a full forensic analysis or

reconstruction of the accounting records were to be completed, the benefits of performing such an analysis would not necessarily justify the incremental cost of such an analysis, nor would it be expected to alter the Proposed Inter-Homerun Group Claims materially.

KEY FINDINGS OF THE SUF ANALYSIS

Nature and extent of related party transactions between members of the Homerun Group and the Related Homerun Entities

31. During the completion of the SUF Analysis, the Monitor identified a significant number and value of transactions between members of the Homerun Group (particularly Homerun International) and the Related Homerun Entities which are not included in these proceedings.

32. As noted in the Sixth Report of the Monitor, dated May 6, 2013, the Monitor believed that the Related Homerun Entities were indebted to Homerun International and given the ongoing disposition of assets of the Related Homerun Entities, in accordance with the enhanced powers granted under the Amended and Restated Initial Order, the Monitor filed, but has not yet served, a Statement of Claim (the "RHE Statement of Claim") against the Related Homerun Entities.

33. The Monitor also filed a Certificate of *Lis Pendens* against certain properties of the Related Homerun Entities to protect any claim that Homerun International may have against the Related Homerun Entities.

34. The Monitor has identified through the completion of the SUF Analysis, that the Related Homerun Entities are indebted to Homerun International on a net basis, as detailed below.

OT Seconds

35. A significant component of the Related Homerun Entities indebtedness to Homerun International relates to a series of transactions (the "OT Seconds") that the Monitor understands from discussions with management of the Related Homerun Entities, were entered into by investors, through Olympia Trust and First Base Investments. To summarize briefly, First Base Investments would obtain funding from investors for the purported benefit of Homerun International and the investors would be given second

mortgages registered over properties owned by First Base Investments. The OT Seconds are more particularly outlined as follows:

a) An investor would enter into an agreement with First Base Investments facilitated by Olympia Trust, whereby the investor would provide funds in exchange for a second mortgage on a First Base Investments property;

b) Olympia Trust would forward the proceeds of the second mortgage financing to First Base Investments either through their legal counsel or directly;

c) First Base Investments would forward some of the second mortgage financing through intercompany advances to Homerun International and/or Homerun Investments with the remaining portion of the second mortgage financing used for First Base Investments general corporate purposes, including, but not limited to, the repayment of a pre-existing second mortgage on the property being encumbered; and

d) Homerun International would enter into an agreement with First Base Investments whereby Homerun International would covenant and agree to be fully responsible for the obligations of First Base Investments pursuant to the OT Seconds despite the fact that Homerun International did not actually receive the full amount advanced to First Base Investments by Olympia Trust pursuant to the OT Seconds.

36. The Monitor understands that in addition to the OT Seconds, Ms. Graf may have obtained second mortgage financing on her personal residence for the purported benefit of Homerun International, but the Monitor has not reviewed any documentation with respect to these purported advances, nor has it incorporated these transactions into its analysis of the OT Seconds. These transactions will be analyzed further in the event that a Claims Process is administered for Homerun International and in the further event that Ms. Graf files a claim therein.

37. A detailed discussion of the OT Seconds transactions is contained below, however generally speaking it appears that Homerun International is a net creditor of the First Base Investments insofar as it has repaid investor amounts in excess of the quantum of funds provided by the Related Homerun Entities under the terms of the OT Seconds.

38. The Monitor understands that First Base Investments is taking the position that Homerun International is fully responsible for the obligation of First Base Investments, pursuant to the agreements executed by Ms. Graf on behalf of both Homerun International and First Base Investments, whereby Homerun International agreed to be fully responsible for the obligations of First Base Investments pursuant to the OT Seconds, regardless of the amount of funds ultimately provided to Homerun International.

Reimbursement of employee and office costs

39. In addition to the OT Seconds, Homerun International transferred $1,215,000 to Homerun Investments in purported reimbursement for employee and office costs during the period of April 2008 to June 2010, the ("Homerun Investment Reimbursement Period") as discussed further below.

40. The Monitor has not located, nor been provided with formal documentation outlining the basis or obligation for the above noted funding arrangement between Homerun Investments and Homerun International.

Nature and extent of intercompany transactions amongst the members of the Homerun Group

41. In the course of the SUF Analysis, the Monitor noted a significant number of transactions either amongst the various members of the Homerun Group, or made by members of the Homerun Group on behalf of other members of the Homerun Group.

42. The Monitor was advised by Management that one entity may have transacted on behalf of another entity in an effort to obtain purchasing and volume discounts, as well as in an effort to obtain operating efficiencies. For example, Management has advised it would be operationally inefficient to maintain separate payroll accounts with Canada Revenue Agency for each particular entity within the Homerun Group, therefore the payroll costs were incurred by one entity and then allocated out amongst the various entities.

43. Other than agreements between Homerun Equities and 148, as discussed below, the Monitor was unable to locate documentation of an arrangement between the other members of the Homerun Group and Homerun International for the reimbursement of such charges.

44. As discussed more fully below, Homerun International would typically allocate wage costs to the various Homerun Group entities based primarily on the number of properties owned by each respective entity (subject to certain adjustments as described below). Given the materiality of these allocations, the Monitor has provided some comments with respect to the manner in which these costs were allocated by the Homerun Group.

45. Homerun International would periodically invoice the individual members of the Homerun Group for their allocated and incurred costs. The respective Homerun Group entity would then typically repay Homerun International for these allocated costs. However, upon many of the various entities comprising the Homerun Group becoming insolvent, the Monitor understands that no further invoices were generated by Homerun International, given that the respective member would be unable to repay the invoiced amount given the lack of funds.

Documentation of intercompany and related party transactions and advances

46. In addition to the allocation of costs incurred by Homerun International for the purported benefit of the Companies, the Monitor noted material inter-company transfers of funds, including funds provided with respect to the initial acquisition of properties. The Monitor notes that although certain of these advances appear to be documented through promissory notes, the advances were largely non-interest bearing and were not secured. It is also uncertain as to whether the investors and minority shareholders were aware of, or consented to, the ultimate use of their funds for these ancillary purposes.

47. Management has advised that is of the opinion that investor and minority shareholder consent was not required for these transactions.

Overall governance structure

48. The Monitor understands that in the initial stages of operations, the Homerun Group and the Related Homerun Entities essentially operated as a family business, and as such employed a number of related parties in key management roles, as outlined below:

    a) Ms. Candice Graf ("Ms. Graf") as a director of various members of the Homerun Group and Related Homerun Entities;

    b) Ms. Graf's ex-spouse as a construction manager;

c) Mr. Christopher Robert Hayward ("Mr. Hayward"), Ms. Graf's brother as a director of various members of the Homerun Group;

d) Mr. Hayward's ex-spouse as bookkeeper;

e) Ms. Graf and Mr. Hayward's father as a construction and purchasing manager; and

f) Ms. Graf and Mr. Hayward's nephew as a property manager providing services to both the Homerun Group and the Related Homerun Entities through a numbered company;

49. The relevancy of the above schedule of related persons employed by the Homerun Group is that it speaks to the fact that the Homerun Group started as a group of closely held family businesses that grew to a corporate structure that involved a significant number of outside investors, with essentially the same management team in place.

Adequacy of books and records and implications on the SUF Analysis

50. As noted above, the accounting for the Homerun Group was not up to date as of the date of the initial filing of the CCAA. As a result, the creditors listings at the inception of these proceedings did not include accurate intercompany claims as between the various members of the Homerun Group, nor related party claims between the various members of the Homerun Group and the individual members of the Related Homerun Entities.

51. In addition, the pay off your mortgage ("POYM") form of promissory notes, as discussed below, allowed investors to essentially withdraw and contribute additional funds resulting in the principal amount of individual investments fluctuating frequently. The Monitor is unaware of an investor subledger that would keep an up to date listing of the amount owing to each investor.

52. Lastly, the Monitor notes that the manner in which the business activity of Homerun International was comingled with that of Homerun Investment during the Homerun Investment Reimbursement Period, results in an inability to properly separate the business activity as between the two entities, nor was the Monitor able to obtain any formal documentation with respect to a cost sharing arrangement as between the two parties.

Potential existence of overlapping security agreements for individual investors

53. During the course of the SUF Analysis and subsequent discussions with Management, Management advised that certain promissory notes, or rather the form thereof, were provided to lenders that may not have appropriately referenced the underlying intention of the transacting parties or the underlying substance of the transaction. As discussed more fully below, two forms of promissory notes that Management has indicated do not represent their understanding of the intention of the parties or the substance of the transaction include:

a) promissory notes (the "RR/FBI Prom Notes") which Management has represented were issued as a form of interim bridge financing to purportedly provide certain members of the Rocky Ridge second mortgage syndicate with security over certain First Base Investments properties. Management has indicated that these promissory notes were given to provide these individual lenders with security in advance of the finalization of the Rocky Ridge second mortgage security agreement (the "Rocky Ridge 2nd Mortgage") to allow for financing proceeds to be received prior to the finalization of the Rocky Ridge 2nd Mortgage, but that once such security documentation was in place, the RR/FBI Prom Notes were to be considered satisfied and cancelled. However, other than a reference to a "Balloon payment being credited to a fraction of a second mortgage on 9 Rocky Ridge Place NW", the form of RR/FBI Prom Notes does not appear to clearly reflect such cancellation.

b) promissory notes (the "RR First Prom Notes") purportedly issued to members of the Rocky Ride first mortgage syndicate subsequent to the maturity of the first mortgage agreement. Management has indicated that at this time, five lenders who did not want to extend the terms of their mortgage were paid out, with one such investor receiving a cash payout, while the four remaining lenders received new promissory notes for the amount of their investment under the Rocky Ridge first mortgage agreement plus accrued interest, providing them with security over the Balzac Lands SW (as defined below). Management has represented that it was the intention of the parties that this new security was intended to be in replacement of the security provided under the terms of the Rocky Ridge 1st Mortgage. However, the form of promissory

note does not reference the cancellation of the members of the first mortgage holders interest under the Rocky Ridge 1st Mortgage.

54. The Monitor has requested additional information regarding these promissory notes to enable it to follow-up on Management's representations.

Use of personal credit cards

55. The Monitor understands that payments of approximately $311,525 were made by members of the Homerun Group on personal credit cards of various directors and staff of the Homerun Group through a large volume of transactions. In addition, approximately $317,000 was paid on personal credit cards of various directors and staff by Homerun Investments during the Homerun Investment Reimbursement Period, which amounts were essentially funded by the related party advances from Homerun International.

56. The Monitor has requested, but not received, copies of the applicable credit card statements to assess the nature and extent of any non-business related expenditures. Management has indicated that it was their understanding that these records were provided in the books and records provided to the Monitor, however the Monitor has not located such records and requests for Management to attend to the Monitor's office to locate such records have been unfulfilled. Subsequent to the Monitor's offer to have Management attend at its office to locate the credit card statements, Management indicated to the Monitor that the courier may have mis-located such records. As of the date of this Tenth Report, the Monitor has not been provided with copies of these credit card records, and given that they are not in the name of the Companies subject to the Court order authorizing the SUF Analysis, the Monitor does not have the authority to request such statements directly from the credit card provider.

57. Consequently, the Monitor has not been able to comment on the nature of these expenditures. Upon reviewing a draft version of this Report, Management indicated that they would again attempt to locate the credit card statements. The Monitor indicated that given the timelines in which the stakeholders are seeking the filing of this Report, it did not intend on delaying the filing of the SUF Analysis to review such credit card statements should they now be provided subsequent to the numerous requests. The Monitor also notes that the cost of performing a detailed review of the various credit cards could conceivably outweigh the potential benefit of such a review, with the primary

outcome being the identification of the extent of non-business related expenditures, if any, that were ultimately reimbursed by the various members of the Homerun Group.

58. Should a group of investors wish to fund such an investigation, or should the Court express a desire for the Monitor to complete such an enhanced analysis, the Monitor would seek the advise and direction of this Honourable Court with respect to expanding the SUF Analysis.

Status of Goods and Services Tax and employee filings

59. The Monitor understands that various input tax credits (the "ITC's") that have been claimed for G.S.T. purposes have been subject to audit and/or disallowed, primarily as a result of the manner in which transactions for other entities were transacted through Homerun International.

60. The Monitor has held discussions with a former external accountant previously retained by the Companies to provide assistance with respect to facilitating a potential G.S.T. audit. As a result of the lack of availability of funds in the estate, the Companies, nor the Monitor, have not been in a position to retain such accountant to provide assistance in this regard, nor has the Monitor been able to obtain an estimate of the cost required to potentially release the outstanding ITCs.

61. The Monitor has advised counsel to the Rocky Ridge Syndicate of the status of the G.S.T. account of Homerun International insofar as any outstanding G.S.T. may be considered a priority payable to their mortgage position. In addition, the Monitor understands that Homerun International is the only member of the Homerun Group that holds a payroll account number with Canada Revenue Agency. As a result of no distribution for unsecured creditors of Homerun International currently being contemplated at this time, together with the lack of funds in the estate, no payroll audit has been completed with respect to the payroll account of Homerun International for the existence of any amounts that may be considered a priority payable to the mortgage position of the Rocky Ridge Syndicate.

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

62. For purposes of the SUF Analysis, the Monitor has considered transactions both between individual members of the Homerun Group as well as transactions made by one member of the Homerun Group on behalf of another member of the Homerun Group as intercompany transactions.

63. Based on the SUF Analysis, the Monitor identified that Homerun International incurred expenditures that were directly attributable to a specific property and therefore should be borne by the specific entity that owned that particular property. For example, Homerun International would engage and pay a tradesperson with the work being specifically identifiable as related to construction on a specified property (i.e. the 2427-2nd Ave Property) and should therefore be borne by the entity that owns that particular property (i.e. Homerun Equities).

64. In addition, as noted above, Homerun International, would also incur expenditures that were seen to benefit multiple members of the Homerun Group and that were not directly attributable to one specific entity, therefore these costs would be allocated to various entities. The two significant classifications of allocated expenses are wage expenditures and non-wage expenditures as discussed below.

Wage expenditures

65. Prior to January 2009, wage expenses for all individuals who provided services to either members of the Homerun Group or to the Related Homerun Entities were incurred by Homerun Investments, which were reimbursed by Homerun International pursuant to the transfer of funds during the Homerun Investments Reimbursement Period.

66. For the period subsequent to January 2009, employee and certain contractor costs would be incurred directly by Homerun International.

67. For both of these periods, employee costs would generally be allocated to the various entities of the Homerun Group based on the proportion of properties owned by that particular entity for that particular time period, subject to certain adjustments, the material of which, are as discussed below.

a) payroll amounts attributable to directors (Ms. Graf, Mr. Hayward and Jessica Bennett) and the sales representatives were not allocated, but were borne solely by Homerun International;

b) a flat percentage of 17% of the payroll attributable to the bookkeeper was allocated to Homerun International as an estimate of the time attributable to her activity on behalf of Homerun International, with the remainder allocated to the remaining members of the Homerun Group on the basis of number of properties owned;

c) in purported reimbursement for a portion of the cost of the property manager's time spent on the rental properties of First Base Investments and other members of the Homerun Group who periodically rented their properties, the entity receiving rents would reimburse Homerun International at a specified rate of the gross rents received (reimbursed at 12% of rents received from February 2010 to June 2010 and then 8% of rents received from July 2010 to July 2012).

The Monitor notes that First Base Investments reimbursed Homerun International approximately $81,940 under this methodology versus the total salaries paid to property managers of approximately $194,000, of which approximately $175,000 was paid by Homerun International and approximately $19,000 was paid by Homerun Investments (for which it would have been reimbursed by Homerun International during the Homerun Investment Reimbursement Period);

d) in addition to employee costs, certain contractor amounts that were allocated to the various entities, including:

A. 1457634 Alberta Ltd., who provided property management services and who the Monitor understands was an entity controlled by a nephew of certain of the directors;

B. Paintastic Ltd, for the portion of their costs related to the provision of purchasing and general contractor assistance; and

C. Certain amounts paid to DYNA Cleaning Services with respect to amounts paid for office cleaning.

68. During the course of its review of the employee cost allocation, the Monitor noted that the Company historically allocated the gross wages of the non-director employees to the various Homerun Group entities and would then allocate the total amount of the remittances made to the Receiver General with respect to payroll deductions. The Monitor notes that the total amount remitted to the Receiver General would already include both the employee and the employer portion of applicable source deductions. As a result, it would appear that the employee portion of the source deductions (which would have already been allocated through the initial allocation of gross wages), was allocated in duplicate. The Monitor has adjusted for this duplication in its calculation of the estimated amount owing for purposes of the Proposed Inter-Homerun Group Claims.

69. Absent a more comprehensive manner in tracking the actual time incurred by respective employee on each Homerun Group entity (for example, through the use of timecards), the Monitor is unable to comment on the reasonableness of the Homerun Group's allocation methodology. However, given the materiality of the costs being allocated, the Monitor provides certain general comments below with respect to the allocation methodology.

a) it is uncertain whether the allocation of wages on a one to one basis for each property is an equitable basis of allocation, given the varying activity level on each respective property.

For example, given that the 2421-2nd Ave Property, 2427-2nd Ave Property and 13th Avenue Property are all four-plex properties which were actually being constructed by the Homerun Group, it is arguable that these properties would incur a higher proportion of employee's time and therefore should incur a higher proportion of labour cost than the properties at the inception of the demolition and development stage such as the Altadore Properties. The Monitor notes that although there was some work performed on the Altadore Properties in preparation for potential demolition and development (for example, numerous meetings with City of Calgary and utilities planning departments, sourcing and engaging Asbestos removal firms, etc.), the time

spent on the Altadore Properties would be expected to be less significant than that spent on the four-plex construction properties;

b) an allocation of costs based on the number of properties would typically result in an allocation of costs approximately proportionate to the overall value of the respective properties. For example, the aggregate of the four properties owned by Homerun Equities II would arguably have an aggregate value of four times the value of each single property owned by each of 149, 151 and 153. However, a limitation in this approach in the treatment of the 2421-2nd Avenue Property as one property for the purposes of cost allocations, is that such an allocation would not result in an equitable allocation on the basis of proportionate value, as the 2421-2nd Avenue Property is a four-plex property with an estimated value that reflects the multi-unit characteristics of such a property;

c) the Monitor notes that in the calculation of the wage allocation amounts on the basis of number of properties owned, the properties owned by the Related Homerun Entities were not included in the allocation of the costs of the various construction and administration related individuals, despite the Monitor's understanding that certain of these individuals provided assistance, at least on a periodic basis, to properties owned by the Related Homerun Entities; and

d) although the costs of the directors of Homerun International were not allocated to the remaining Homerun Group entities and were borne solely by Homerun International, it does not appear that any allocation for any portion of the wages or costs of the Directors or bookkeeper were allocated to the properties of the Related Homerun Entities, despite the Monitor's understanding that at least a portion of their time would have been spent on monitoring and managing the business of the Related Homerun Entities.

70. However, absent suitable detailed, objective information such as employee timesheets to enable an allocation on an alternative basis, the Monitor has used the established accounting practices and cost allocation methodology of the Homerun Group for

purposes of allocating costs for the SUF Analysis and the estimation of the Proposed Inter-Homerun Group Claims.

Non wage expenditures

71. A significant portion of the non-wage expenditures relates to advertising, media and promotion expense. The Monitor understands that these charges would be typically allocated based on the various business activities occurring at the time. For example, if one entity was actively soliciting investors, it would typically be allocated a higher percentage of media and other advertising costs.

Funding of Homerun Investments

72. As outlined above, Homerun International transferred $1,215,000 to Homerun Investments in purported reimbursement for employee and office costs during the Homerun Investment Reimbursement Period. The Monitor has the following comments with respect to these transfers:

    a) the Monitor understands from management of the Related Homerun Entities that given Homerun International did not have a payroll account until approximately January 2009, Homerun Investments employed the various contractors and employees that provided services to various entities, including those of the Homerun Group. A portion of these costs were in turn allocated by Homerun International to other members of the Homerun Group as discussed below.

    b) the Monitor also understands from management of the Related Homerun Entities that Homerun Investments purportedly wound down its operations in June 2007, therefore the majority of the office expenditures such as office rent and other general operating expenditures incurred by Homerun Investments subsequent to that date would relate to the operations of Homerun International and as a result, Homerun International provided periodic lump sum payments, purportedly to be in reimbursement of such costs

73. During this Homerun Investment Reimbursement Period, Homerun International made the following lump sum payments:

Funds transferred for "Employee and Office Costs"		
# of Payments	Amount	Total
1	90,000	90,000
7	60,000	420,000
1	70,000	70,000
20	30,000	600,000
1	15,000	15,000
2	10,000	20,000
Total		1,215,000

74. The Monitor has the following overriding comments with respect to the transfer of funds during the Homerun Investment Reimbursement Period:

i. the Monitor understands that the substantial business activity of Homerun Investments was the administration of a real estate mentoring program to assist individuals to become active investors in the real estate industry through buying and holding properties or renting and renovating properties for re-sale,

ii. Management has advised that starting approximately June 2007, Homerun Investments had little to no active business operations, therefore the costs incurred by Homerun Investments were in fact attributable to the start-up of the Homerun International operations. The Monitor would have the following comments with respect to the wind down of the business of Homerun Investments:

A. as previously noted, absent employee time cards or some other form of measureable basis, the Monitor has been unable to independently verify the amount of time that may have been incurred by the directors and employees on the business activities of the Related Homerun Entities.

B. based on its review of certain of the records of Homerun Investments, the Monitor notes that it appears that approximately $375,000 in what appears to be net mentorship revenues were received for the period from

June 2007 to the date of these proceedings. The Monitor notes that of this amount, approximately $387,000 was received for the period June 2007 to approximately July 2008, following which Homerun Investments had net refunds of approximately $13,000.

C. The Monitor notes that Homerun Investments received transfers from Homerun International of $270,000 during the period April 2008 to June 24, 2008.

iii. In addition, the Monitor notes that during the Homerun Investment Reimbursement Period, Homerun Investments made disbursements in respect of a property owned by Homerun Investments including approximately $64,000 related to rental property costs which were offset by rental income of approximately $28,000, the shortfall of which was essentially funded by Homerun International through the intercompany advances during the Homerun Investment Reimbursement Period (less the above noted apparent mentorship revenues).

iv. The Monitor understands that certain credit card charges made on personal credit cards of the Homerun Group and Related Homerun Entities directors and employees of approximately $317,000 were included in the reimbursement for office costs.

As noted above, the Monitor has requested, but not yet received credit card statements in an effort to attempt to ascertain to which entity the various credit card reimbursements were in fact related to, or if they related to expenditures of a non-business nature.

v. Lastly, the Monitor understands that although the total of $1,215,000 was transferred through periodic monthly lump sum payments in purported reimbursement of employee and office costs, it does not appear that a reconciliation of funds transferred in purported repayment of employee and office costs to actual employee and office costs incurred was ever performed, nor was any shortfall or over-funded amount ever reconciled.

FUNDS PAID TO DIRECTORS

75. During the course of the SUF Analysis, the Monitor has identified the following amounts that were paid to directors, or former directors of the Companies:

Payments to Directors or Former Directors			
	Wages / Commissions	Expense Reimbursement	Interest / Loans
Ms. Candice Graf	332,431	18,846	
Mr. Christopher Robert Hayward	248,946	22,567	
Ms. Jesssica Bennett (nee Wandler)	204,604	1,667	
Mr. David Klyne	26,138	-	43,952
	812,119	43,080	43,952

CONSOLIDATED HOMERUN GROUP – SOURCES AND USES OF FUNDS

76. Attached at Appendix A to this report is a schedule that summarizes the identified sources and uses of funds of the Homerun Group, a summary of which is reproduced below:

COMBINED HOMERUN GROUP SOURCES AND USES	Total
Receipts	
Investors	24,697,737
Financing	10,916,052
Property Sales/Rentals	1,504,346
Total Receipts	37,118,136
Disbursements	
Investments	480,000
Property Acquisitions	18,390,554
Property Develop./Holding Costs	5,320,287
Interest payments	4,194,513
Wages	2,683,268
Administration	749,711
Advertising	806,397
Accounting and legal	897,726
Offering Memorandum costs	581,781
Brokerage/commissions	585,627
Total Disbursements	34,689,864
Net Funds Received/(Disbursed)	2,428,271
Net intercompany received/(disbursed)	(20,177)
Net related party received/(disbursed)	(1,986,030)
Unallocated intercompany receipts	(50,230)
Cash on hand, October 4, 2012	371,834

77. As described above, given the classification of transactions made by members of the Homerun Group on behalf of other members of the Homerun Group as intercompany transactions, the amount classified as net intercompany received/(disbursed) does not solely reflect amounts funded between individual members of the Homerun Group as it also reflects amounts disbursed by one member of the Homerun Group identified as being made on behalf of another member. Therefore as this schedule only reflects cash transactions, it would not equal zero. This is because cash funds that were paid by one member of the Homerun Group in respect of the obligation of another member of the Homerun Group would show as a cash disbursement in the records of the payee, but not

as a cash receipt in the records of the beneficiary member as it did not receive cash pursuant to the transaction.

78. However, when accounting for the cash identified as being disbursed by one member of the Homerun Group on behalf of another member, the net amount of Proposed Inter-Homerun Group Claims equals zero as illustrated by the estimated Proposed Inter-Homerun Group Claims Matrix as discussed below and attached as Appendix L.

79. By way of example, in the event that Homerun International paid an amount of $5,000 to a contractor related to a property of Homerun Equities, the $5,000 would be treated as an intercompany disbursement by Homerun International, however as the funds were received by the contractor, and not Homerun Equities, there would be no corresponding cash receipt by Homerun Equities, therefore the schedule would reflect an intercompany outflow of $5,000. However, when calculating the estimated Proposed Inter-Homerun Group claims, an amount of $5,000 payable from Homerun Equities would be offset by an amount of $5,000 receivable by Homerun International.

80. The unallocated intercompany receipts refers primarily to amounts that were paid by Homerun International on behalf Homerun Properties, which given that it has been removed from these proceedings as discussed below, the Monitor has not included it in the calculation of the Proposed Inter-Homerun Group Claims. A portion of less than 0.5% of the total net intercompany and related party claims relates to amounts that are not specifically identifiable to either a specific Homerun Group entity or Related Homerun Entity.

81. A brief corporate overview and detail of the sources and uses of each member of the Homerun Group is discussed in further detail below. As it is the Monitor's view that the estates of each of Homerun Equities and Homerun Capital and Homerun Equities II and Homerun Capital II are best considered on a combined basis given the funding mechanism and assets of each as discussed below, they are presented on a combined basis.

HOMERUN INTERNATIONAL

Corporate overview

82. Homerun International was registered as an Alberta incorporated corporation on November 7, 2007.

83. A corporate search of Homerun International at September 10, 2012 indicates that Ms. Candice Graf owns 100% of the voting shares of Homerun International and the directors are Ms. Graf and Mr. Christopher Robert Hayward. The Monitor understands that Ms. Graf and Mr. Hayward each resigned as directors effective December 24, 2012.

84. The Monitor understands that Homerun International had owned two parcels of land to be held for development, the Rocky Ridge Lands and the Balzac Lands.

Rocky Ridge Lands

85. As outlined in the previous Reports of the Monitor, the Rocky Ridge Syndicate, as secured lender against the Rocky Ridge Lands sought and received an order lifting the stay of proceedings to allow the Rocky Ridge Syndicate to pursue a foreclosure action, as well as a judicial listing order, listing the Rocky Ridge Property for sale with a licensed realtor (the "Rocky Ridge Syndicate Listing Order") which had previously expired, but for which the Rocky Ridge Syndicate sought and obtained a revised listing order on September 13, 2013.

Balzac Lands SW

86. The Monitor understands that prior to the inception of these proceedings, Homerun International purchased and transferred approximately 160 Acres in the south western Balzac area of Alberta (the "Balzac Lands SW") to a numbered company, for which the Monitor understands that the sole director and shareholder was legal counsel who was representing both Homerun International and certain promissory note holders in the transaction.

87. The Monitor understands that at the time of the transfer of the Balzac Lands SW there was approximately $3.8 million outstanding under a mortgage against the Balzac Lands SW and as Homerun International was not able to meet the mortgage obligations, it was the intention of this transaction that the new entity would assume the secured mortgage

registered against the Balzac Lands SW and that the property was to be held for the beneficial interest of the promissory note holders who were to contribute additional funds to meet the mortgage obligations by giving them a direct ownership interest in the Balzac Lands SW.

88. As the estimated value indicated in an appraisal for the Balzac Lands SW dated November 22, 2012 does not exceed the amount of the estimated secured debt for the Balzac Lands SW, the Monitor does not contemplate taking any further steps with respect to the transaction concerning the Balzac Lands SW.

Balzac Lands SE

89. The Monitor understands that in March 2008, Homerun International paid aggregate deposits of $450,000 (the "SE Balzac Deposits") with respect to a contemplated purchase of a property in SE Balzac (the "Balzac Lands SE") pursuant to an Option to Purchase Agreement dated March 5, 2008 as between Homerun International as "Optionee" and Planet Wide Investments Inc. and Maha Hammoud as "Owner" (the "SE Balzac Option Agreement").

90. The SE Balzac Option Agreement provided Homerun International with the sole and exclusive option to purchase approximately 160 Acres in the south eastern Balzac area of Alberta for a purchase price of $6,400,000. Management has advised the Monitor that this transaction was intended as a "loan to own". Management has advised that the Balzac Lands SE were never acquired due to the fact that Planet Wide Investments forfeited the property as it was unable to maintain the mortgage payments.

91. Also executed by Homerun International on March 5, 2008 was a Lease between Homerun International as "Tenant" and Planet Wide Investments Inc. and Marha Hammoud as "Landlord" (the "SE Balzac Lease Agreement"). The Monitor notes that in addition to the SE Balzac Deposits, Homerun International paid an aggregate of approximately $472,500 in nine monthly payments noted on the cash synoptic as SE Balzac Mortgage payments, whereas in fact they were lease payments.

92. The Monitor notes that the versions of the SE Balzac Option Agreement and SE Balzac Lease Agreement were only executed by Homerun International, but Management has advised that both agreements were duly executed by both parties. Management has

advised that although they are not in possession of an agreement signed by both parties, that it is their recollection that such an agreement was in fact signed.

Sources and Uses of Funds

93. The following schedule outlines the identified sources and uses of cash of Homerun International, below which are some summary comments as provided by the Monitor:

Homerun International Inc.	Total
Third Party Receipts	
Investors	11,362,566
Financing	5,195,000
Property Sales/Rentals	14,191
Total third party receipts	16,571,757
Third Party Disbursements	
Investments	480,000
Property Acquisitions	9,723,951
Property Development/Holding	276,144
Interest payments	3,322,847
Allocated wages	1,233,999
Administration	693,622
Advertising	657,997
Accounting and legal	166,913
Brokerage/commissions	(724,204)
Total third party disbursements	15,831,269
Net third party received/(disbursed)	740,488
Net intercompany received/(disbursed)	1,252,042
Net related party received/(disbursed)	(1,992,916)
Unallocated intercompany receipts	(7,595)
Cash on hand October 4, 2012	(7,981)

Funds from lenders under promissory notes

94. Homerun International borrowed a net amount of approximately $11,363,000 from lenders through a series of promissory notes.

95. The Monitor notes that at this time, the quantum of funds borrowed from lenders identified through the SUF Analysis has not been reconciled to the amount of Homerun International creditors per the creditors listing as provided by Homerun International at the inception of these proceedings as the Monitor understands that as a result of various clients choosing to extend their maturing investments, the total cash received from clients would likely not reconcile to the outstanding amount as per the creditors listing without a detailed analysis. Absent distributable proceeds in the estate of Homerun International, the Monitor has not completed such an analysis, particularly given the funding limitations in the estate of Homerun International.

96. Notwithstanding that the Cash Synoptic(s) were not reconciled with the creditors listing, the Monitor did note the existence of one lender who was listed as a creditor of Homerun International in the amount of $156,000 for which it appears that Homerun International only received $45,000 in principal with the remainder provided to First Base Investments, as discussed in the related party transaction discussions below.

97. The Monitor understands that Homerun International borrowed funds from individuals, primarily through the issuance of promissory notes and that the terms of each promissory note would vary depending on the corporate needs of Homerun International and the particular needs of the individual lender. In particular, the term of the loan, the maturity date, the interest rates applicable and the method of interest calculation vary amongst the promissory notes.

98. In addition to the above promissory notes, the Monitor notes that an alternative form of promissory note was offered to certain clients, as referred to in the Cash Synoptic as the "POYM" or "Pay Off Your Mortgage" program. These POYM promissory notes appear to have operated as follows:

    a) A lender would lend funds on a particular date under the terms of a negotiated promissory note, thereby setting an "Anniversary Date" or maturity date with respect to the individual promissory note;

    b) The promissory note provides for a certain level of growth to the principal of the loan (i.e. 12% of the current principal investment), although the rate could vary from year to year;

c) On the Anniversary Date, the lender could choose to redeem or withdraw an annual amount equal to the growth of their original loan, with such funds typically being used to pay off the lenders mortgage;

d) The lender is then provided a one month window following the date of redemption or withdrawal to recontribute the funds so as to not affect the growth calculation. In addition, the lender had the option of choosing to contribute funds in excess of those redeemed or withdrawn thereby increasing the amount of their principal.

e) In addition, the lender was allowed to lend additional funds during the year, after a one month grace period. In this case the additional loan amount is added to the current annual principal loan, but the additional interest for the year is proportional to the number of months left until the Anniversary Date.

Financing

99. Homerun International received approximately $5,195,000 in net mortgage financing, primarily related to the acquisition of the Balzac Lands and Rocky Ridge Lands from a combination of a vendor take back mortgage on the Balzac Lands and a syndicated two tier mortgage agreement comprised of lenders on the Rocky Ridge Lands as discussed below:

Rocky Ridge first mortgage syndicate

100. Homerun International raised approximately $1,500,000 from twelve investors as outlined below:

Lender	%	$
Earl and Perla Werk	6.6667	100,001
Barbara McMaster	6.6667	100,001
Rod Yoshida	6.6667	100,001
Andrew Sroka	6.6667	100,001
Marc Fortin	13.3333	200,000
Constance and Ken Fossen	6.6667	100,001
Patrick Aull	7	105,000
Joan and Gary Morgan	6.6667	100,001
Allan Blain	11.6667	175,001
Cherie Chiodo	8.3333	125,000
Myrtle Maksymytz	15	225,000
Lori Stach & Mike Skinner	4.6666	69,999
	100.0001	1,500,002

101. Material terms of the Rocky Ridge first mortgage syndicate mortgage (the "Rocky Ridge 1st Mortgage") are as follows:

a) Homerun International was to pay interest at sixteen per centum (16%) per annum, calculated yearly not in advance, as well after as before maturity of this mortgage until paid, as follows:

i. Interest at the aforesaid rate on the amounts from time to time advanced, computed from the respective dates of such advances shall become due and be paid within one month from the date of the first advance on the date that the Mortgagee determines, and at monthly intervals thereafter, and in addition, at the option of the Mortgagee, may be deducted from each subsequent advance, and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the 1st day of May 2009 (hereinafter referred to as the "interest adjustment date"), and thereafter the aforesaid sum together with interest thereon at the aforesaid rate computed from the interest adjustment date shall beomce due and paid as follows:

> Two hundred and forty thousand ($240,000) dollars on the 1st day of May, 2010 and the 1st day of May, 2011, and the balance if any, of the said principal sum and interest thereon, on the date last mentioned.

102. As discussed above, near the inception of these proceedings, Management indicated to the Monitor that around the time that the first mortgage syndicate was coming due, five members of the first mortgage syndicate did not want to renew or extend the terms of their mortgage and as a result, Management indicated that these lenders were paid out.

103. Upon further investigation, the Monitor identified that one of these five lenders was paid out through a cash payment by Homerun International while the other four lenders were provided new promissory notes (the "RR First Prom Notes") for the amount of their initial lending amount under the Rocky Ridge 1st Mortgage, together with the amount of unpaid accrued interest to May 1, 2011, with the RR First Prom Notes to be secured against the property with the address of Highway 566 between Panorama Road and RR14-SW1/4 (the "Balzac Lands").

104. As outlined in the October 30th Graf Affidavit, the Balzac Lands were transferred to an Alberta numbered company purportedly for the benefit of certain promissory note holders approximately one month prior to filing for protection under the CCAA.

105. While the Monitor has not identified any new cash contributed by these four lenders under the terms of the RR First Prom Notes, it notes that the form of the RR First Prom Notes do not refer to the cancellation of these investors interest as under the terms of the Rocky Ridge 1st Mortgage.

106. The Monitor notes that three of these four lenders have filed Affidavits of Default in support of amounts owing to them under the terms of their initial investment through the Rocky Ridge 1st Mortgage.

107. The Monitor has requested additional information pertaining to the granting of the RR First Prom Notes as given the above discrepancies arising from Management's representations. As a result, the Monitor is unable to comment at this time as to the overall quantum that may be outstanding under the terms of the Rocky Ridge 1st Mortgage.

Rocky Ridge second mortgage syndicate

108. Homerun International raised approximately $903,747 from nine investors as outlined below pursuant to a mortgage in the name of Ms. Graf prior to her transferring the Rocky Ridge Lands to Homerun International pursuant to transfer of land dated April 6, 2009:

Lender	%	$
Tera Sjoberg	2.863	25,872
Aileen Shewchuk	11.274	101,878
Jim Hopkins	11.412	103,125
Daphne Chandler	5.706	51,563
Steve Bell	11.412	103,125
S&H Property Group Limitec	11.267	101,815
GULI Holdings	22.547	203,748
Larry Kube	16.807	151,878
Ralph Schafer	6.722	60,744
	100.01	903,747

109. Material terms of the Rocky Ridge second mortgage syndicate mortgage (the "Rocky Ridge 2nd Mortgage") are as follows:

a) Interest on the mortgage was payable at fifteen per centum (15%) per annum, calculated yearly not in advance, as well after as before maturity of this mortgage until paid, as follows:

i. Interest at the aforesaid rate on the amounts from time to time advanced, computed from the respective dates of such advances shall become due and be paid within one month from the date of the first advance on the date that the Mortgagee determines, and at monthly intervals thereafter, and in addition, at the option of the Mortgagee, may be deducted from each subsequent advance, and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the 31st day of May 2008 (hereinafter referred to as the "interest adjustment date"), and thereafter the aforesaid sum together with interest thereon at the aforesaid rate computed from the interest adjustment date shall become due and paid as follows:

> Six hundred seventy-seven thousand, seven hundred forty-two ($677,742.75) dollars on the 1st day of May, 2010 and the 1st day of May, 2011, and the balance if any, of the said principal sum and interest thereon, on the date last mentioned.

110. In addition, the Monitor understands that certain members of the Rocky Ridge second mortgage syndicate hold promissory notes (the "RR/FB Prom Notes") that purport to provide security against various properties owned by First Base Investments and that at least one of these members has commenced foreclosure proceedings against a First Base Investment property.

111. Management has represented that the RR/FB Prom Notes were provided to the members of the Rocky Ridge second mortgage syndicate to provide a form of purported security to allow them to advance funds prior to the formalization of the Rocky Ridge 2nd Mortgage and that following the formalization of the Rocky Ridge 2nd Mortgage documentation that the amounts outstanding under the RR/FB Prom Notes were be considered satisfied and cancelled.

112. The SUF Analysis identifies receipts from the individual investors of the Rocky Ridge second mortgage syndicate equal to the principal amount of their respective RR/FB Prom Notes and notes that the amount of their principal investment under the Rocky Ridge 2nd Mortgage appears to approximate the amount of the principal investment under the RR/FB Prom Note plus accrued interest until the date that the Rocky Ridge 2nd Mortgage was finalized.

Property acquisitions

113. Approximately $9,724,000 of funds raised by Homerun International were used towards the acquisition of the following properties:

a) Balzac Lands, SW – $6,375,000, inclusive of $775,000 in cash to close, $1,800,000 in mortgage payments made and the remaining approximate principal balance on a mortgage of approximately $3,800,000; and

b) Rocky Ridge Lands - $2,400,000, inclusive of $1,440,000 mortgage plus cash to close of approximately $986,451. The Monitor would note that the original mortgagee was repaid through the investments of the Rocky Ridge Syndicate.

114. In addition and as discussed above, it appears that Homerun International paid $450,000 in deposits and a further $472,500 in mortgage/lease payments to Planet Wide Inc. with respect to an Option to Purchase Agreement to acquire approximately 160 acres of lands located at the legal address of Meridian 5 Range 1, Township 26 ("Balzac SE") for a purchase price of $6,400,000. The Monitor understands that this acquisition was never fulfilled and the funds were forfeited to Planet Wide as the property was lost when Planet Wide Inc. ceased operations.

115. Based on a corporate search of Planet Wide Inc., its sole director was Gurdeep Shergill and it was struck from the corporate registry on January 2, 2011.

Property development and holding costs

116. Approximately $276,000 of funds were used for property development and holding costs, excluding interest as discussed below

Interest

117. Approximately $3,323,000 of funds were paid to mortgage holders and/or investors for interest payments and/or what the Monitor understands from discussions with Management may be considered a return of capital under the POYM form of promissory notes. The Monitor notes that it has not reviewed these promissory notes nor the return of funds to investors from an income tax perspective, and therefore cannot comment with respect to same.

118. This amount is comprised of approximately;

a) $2,287,000 of interest was paid by Homerun International on account of the Balzac Lands SW, comprised of $965,000 paid to the individual investors pursuant to their promissory notes and $1,323,000 paid under the terms of the vendor take back mortgage;

b) $752,000 of interest was paid by Homerun International on account of the Rocky Ridge Lands, comprised of $473,000 paid to the members of the Rocky Ridge mortgage syndicate and $280,000 paid to the previous mortgage holder;

c) $62,000 in interest was paid by Homerun International to a former director of the Companies who had resigned prior to the inception of these proceedings pursuant to a shareholder loan in the amount of $400,000 as discussed below; and

d) $235,000 was paid by Homerun International that appears to have paid to investors who appear to be invested either through an investment on a First Base Investment Property or through an investment where the significant portion of the principal was paid to First Base Investments and "rolled over" to Homerun International as described more fully below.

Wages

119. Approximately $2,683,000 was paid by Homerun International for wages and payments to contractors (not including amounts paid to Homerun Investments for purported reimbursement of employee costs). Of this aggregate amount, approximately $1,047,000 was reimbursed by other members of the Homerun Group and approximately $401,000 remains outstanding as of the inception of these CCAA proceedings and which will form a part of the Proposed Inter-Homerun Group Claims as discussed below.

120. The Monitor notes that of the $1,047,000 that was reimbursed, a portion of the payment of the wages to the individual employee would have been made by Homerun Investments, and therefore would not be included in the wages amount paid by Homerun International. The Monitor understands that Homerun International would have reimbursed Homerun Investments for these costs by periodically transferring funds to cover employee and office costs during the Homerun Investment Reimbursement Period.

Administration

121. Approximately $694,000 was paid with respect to administration expenses, the significant components of which are outlined below:

Administration	
Credit card payments	200,142
Rent	102,470
Computer	98,056
Vehicle	92,397
Telephone	76,953
Other	123,604
	693,622

122. The Monitor has the following comments with respect to certain of the administration expenses as listed above:

a) As noted above, the Monitor understands that credit card payments were made to reimburse certain credit card charges made on personal credit cards of the Homerun Group and Related Homerun Entities directors and employees, a portion of which were coded as administration expenses. As discussed above, the Monitor has requested, but not yet received credit card statements in an effort to ascertain the nature of the expenditures.

b) Based on a cursory review of the administration expenses and in the course of investigating an investor enquiry as to the status of an investment that was unknown to the Monitor, the Monitor noted 18 cheques written to various individuals with the notation "Subscription loan" and the word "Zeek" for an aggregate total of $4,443. The Monitor has the following comments with respect to this investment scheme:

A. Based on discussions with certain affected investors, the Monitor understands that in the months leading up to these proceedings, Management approached certain investors with respect to the potential opportunity to obtain a high rate of interest in a separate form of investment given the delay in receipt of repayment for their existing Homerun Group investments.

B. The Monitor further understands that Homerun International advanced funds to these investors in order for them to invest in Zeek, while requiring that the investors provide their credit card numbers in order to facilitate payment by Zeek.

C. The Monitor was provided with a copy of an investor's credit card statement noting that they were charged an amount by the vendor "Zeekler.com Seoul".

D. Based on an internet search of Zeekler.com Seoul and a review of the Investor Statement of Claim, it appears that these charges may be related to a matter being investigated by the U.S. Securities and Exchange Commission involving an alleged pyramid and ponzi scheme.

E. The Monitor advises the Court that it does not have any further information regarding these investments and Management advises that they are unaware of any potential recoveries.

Advertising and marketing

123. Approximately $1,284,000 was paid by Homerun International with respect to advertising and marketing, approximately $563,000 of which was repaid by other members of the Homerun Group and a further $63,000 of which remains outstanding as of the date of the filing of these CCAA proceedings and which will form a part of the Proposed Inter-Homerun Group Claims as discussed below.

124. The significant components of the advertising and marketing expenditures are as follows:

Advertising and marketing	
TV Show	521,419
Print advertising	423,991
Marketing consultants	104,362
Website	78,479
Television and radio advertising	66,461
Events	48,639
Other	40,676
	1,284,027

T.V. Show

125. The Monitor understands that Homerun Investments paid approximately $521,000 for the creation and development of a television show called, "Making Stupid Money" which Management advises ran on Global television for one season. As contracts for the

development of this show were in the name of Homerun Investments, the Monitor enquired of Management as to the main contents of the show and whether it was related to the mentoring business of Homerun Investments or if it was related to the business activity of Homerun International and Management advised that it was intended to generate word of mouth press for the various Homerun Group activities that were occurring at that time.

Print advertising

126. Print advertising relates to the placement of advertisements in newspapers, primarily in the Calgary Sun and Edmonton Sun.

Marketing consultants

127. The Monitor understands from discussions with Management that the majority of the costs incurred for marketing consultants were with respect to the design of marketing campaigns, including the provision of services with respect to the placement of advertisements and online marketing consulting, inclusive of the development of a website.

Investments

128. Investments relates to a payment of approximately $500,000 to Eton International with respect to a joint venture agreement made October 21, 2011 between Homerun International Inc. and 1321434 Alberta Inc. (the "Joint Venture") of which it received a distribution of $20,000 for a net disbursement of $480,000.

129. Although the Monitor was unable to obtain documentation with respect to this investment from the books and records of the Homerun Group, based on correspondence from the Monitor to Eton International, the Monitor understands that the Joint Venture was formed as an investment company operating as 1321434 Alberta Inc. ("1321434").

130. Under the terms of the Joint Venture, Homerun International was to contribute up to $1,000,000 and 1321434 was to contribute its expertise, and contacts in the industry, having an agreed value of $150,000. Profits of the Joint Venture were to be split on the basis of eighty-five percent (85%) in favour of Homerun International with 1321434 receiving the remaining fifteen percent (15%).

131. 1321434 was to be responsible for the management of the Joint Venture, however Homerun International was to have the authority, to instruct 1324134 to withdraw the principal and/or profit from investment activities as it saw fit.

132. Management is unaware of any potential recoveries arising from the Joint Venture.

Brokerage and commissions

133. Approximately $472,000 was paid with respect to brokerage and commissions to individual members of the sales staff as well as referrals to specific investors who had referred other investors.

Intercompany and related party transactions

134. Intercompany transactions involving Homerun International and the other members of the Homerun Group identified by the Monitor are described below in the respective entity.

135. Homerun International received cash of approximately $4,493,000 from the other members of the Homerun Group which, after being offset for amounts paid to and from other members of the Homerun Group, netted to an actual intercompany receipt of approximately $1,252,000.

136. A summary of the various components of the amount received from/(paid to) other members of the Homerun Group is provided below and a detailed breakdown by individual entity is attached as Appendix B:

Homerun International intercompany cash transactions	Total
Loans and advances paid to Homerun International	2,154,987
Commissions paid to Homerun International	1,195,997
Net third party expenses paid by Homerun International	(20,524)
Net non wage expenses repaid to Homerun International	116,711
Net wage expenses repaid to Homerun International	1,047,370
Other	(1,452)
Net intercompany cash transactions	4,493,089

137. Homerun International paid cash of approximately $1,993,000 to the Related Homerun Entities, comprised of the following significant components:

Homerun International ("HR Int'l") related party cash transactions		
	Related Homerun Entity	
	First Base Investments	Homerun Investments
Homerun International related party cash transactions		
Net rents paid to HR Int'l	15,640	
Net investor amounts paid to / (from) HR Int'l	(883,727)	336,375
Net related party advances paid to / (from) HR Int'l	345,839	(51,400)
HR Int'l payments for employee and office costs		(1,205,000)
Net third party expenses paid by HR Int'l	(514,575)	
Other payments paid (from) / to HR Int'l	(42,000)	5,932
	(1,078,823)	(914,093)
Total Related Homerun Entity cash transactions		(1,992,916)

138. Other material related party transactions between Homerun International and the Related Homerun Entities, not discussed above are described below:

Intercompany and Related Party advances and loans

139. First Base Investments and Homerun Investments would periodically transfer funds to Homerun International, purportedly related to the second mortgage financings raised through the OT Seconds as previously discussed. These advances are separate and distinct from the advances in purported funding of employee and office costs during the Homerun Investments Reimbursement Period.

140. The SUF Analysis indicates the following related party loans and advances:

a) approximately $620,539 in payments were made by First Base Investments to Homerun International through the form of related party advances;

b) approximately $273,300 in payments were made by Homerun International to First Base Investments through the form of related party advances;

c) approximately $18,100 in payments were made by Homerun Investments to Homerun International through the form of related party advances;

d) Approximately $59,500 in payments were made by Homerun International to Homerun Investments through the form of related party advances.

141. Management has indicated that it takes no position with respect to the above.

OT Seconds

142. As noted above, the Monitor has expressed concerns over a series of transactions referred to as the OT Seconds. Under the terms of the OT Seconds, the Monitor has identified approximately $1,367,920 of second mortgage financing received by the Related Homerun Entities.

143. Of this amount, the Monitor notes that approximately $751,690 was paid by counsel to the Related Homerun Entities for general Related Homerun Entity corporate purposes, with such payment being made essentially concurrent with receipt of the second mortgage financing, with the remaining amount of approximately $616,229 in net second mortgage financing (the "OT Seconds New Funds") being forwarded to the Related Homerun Entities.

144. For illustrative purposes, the Monitor has enclosed a summary of the legal trust statements for one property subject to the OT Seconds to illustrate the calculation of "new funds":

OT Second Mortgage Financing	143,000
Payout of RHE on pre-existing second mortgage	(88,784)
Legal fees on second mortgage	(1,214)
Interest paid	(47)
Amount of OT Seconds New Funds	52,955

145. In this example, the amount of second mortgage financing that the investor had contributed pursuant to the OT Seconds is $143,000. Of the $143,000 in OT Second Mortgage Financing received, approximately $88,784 was used to repay a previous second mortgage registered on the property that was effectively refinanced with the OT Second. After legal and interest costs of approximately $1,214 and $47 respectively, an approximate amount of $52,955 of OT Seconds New Funds were forwarded to First Base Investments.

146. The Monitor notes that as a result of the usage of the significant portion of the OT Seconds financing for general Related Homerun Entity corporate usage, it would appear that Homerun International, at most, could benefit from solely the amount of "OT Seconds New Funds" provided to the Related Homerun Entities, as it was this quantum of new funds that could ultimately be used for Homerun International purposes.

147. Through the SUF Analysis, the Monitor has identified the following amounts as between the Related Homerun Entities and Homerun International that appear to be related to the OT Seconds:

a) approximately $149,550 paid by Homerun International to Olympia Trust on account of the interest owing under the OT Seconds. The Monitor understands that this interest is owing on the entire amount of the OT Seconds which is in excess of the amount ultimately forwarded to the benefit of Homerun International; and

b) approximately $834,051 in payments made by Homerun International in repayment of obligations to individual investors under the terms of the OT Seconds;

148. The above amounts have been revised from those originally included as a component of the calculation of the RHE Statement of Claim.

149. As previously indicated, the Monitor understands that the position of First Base Investments is that pursuant to the agreement between Homerun International and First Base Investments, that Homerun International is fully responsible for the obligation of First Base Investments, regardless of the amount of funds ultimately provided to Homerun International.

Rollover of First Base Investments investors into Homerun International

150. The Monitor understands that certain investors may have chosen to `roll over` an initial investment that was made with First Base Investments to form an investment with Homerun International. The Monitor is aware of at least one such investor, with the following specifics:

a) the books and records of First Base Investments appear to indicate that an investor subscribed for a promissory note registered on a property owned by First Base Investments for $40,000 on May 6, 2007, maturing June 6, 2009 (the "May 6 Rollover") and a further promissory note in the amount of $71,000 on June 19, 2007, maturing June 19, 2012 (the "June 19 Rollover") for an aggregate investment of $111,000;

b) a spreadsheet tracking various promissory notes issued by Homerun International and First Base Investments (the "Prom Note Schedule") noted that the May 6, 2007 Rollover was "reinvested to Homerun International and added $40,000". The Prom Note Schedule further noted that the June 19 Rollover was "Transferred from FB Inv to HR Int May 2009".

c) the Monitor has been provided two promissory notes issued to this investor in the amount of $80,000 dated June 6, 2009 and $71,000 dated June 19, 2007;

d) the books and records of Homerun International note a transfer from Homerun Investments to Homerun International in the amount of $40,000 with the notation "[Investors]] chq to wrong company"; and

e) the Cash Synoptic shows the investor contributing an additional investment of $5,000.

151. The creditors listing of Homerun International shows an amount owing to this particular creditor of $156,000, which appears to indicate that the liability for the full amount of the promissory notes of $156,000 was transferred to Homerun International, whereas only $45,000 of the investors principal was received by Homerun International.

152. The books and records of Homerun International show that this particular creditor was paid interest by Homerun International of $54,175, indicating that Homerun International bore the interest cost on the entire principal balance, rather than just the portion of principal actually received.

153. Management has indicated that it takes no position with respect to the above.

Duplicative reimbursement of expenditures

154. In reimbursing First Base Investments for third party costs purportedly incurred on its behalf, Homerun International reimbursed costs of approximately $234,000, which included an amount of $50,000 related to a deposit for a failed purchase of certain Marda Loop lands which was reimbursed twice, once upon failure of the transaction in December 2007 and secondly, upon receipt of a First Base Investments invoice for outstanding expenditures.

155. The Monitor has provided copies of the applicable materials to Management and understands that Management takes no position with respect to the duplicative expenses.

Payment of outstanding lease costs

156. Management of First Base Investments has advised the Monitor, and provided supporting documentation, indicating that it had incurred approximately $38,000 of expenditures related to funds incurred to satisfy outstanding lease amounts on the return of three Homerun International vehicles under the terms of the respective leases which amounts would be an offsetting amount outstanding from Homerun International to First Base.

Summary of material transactions with the Related Homerun Entities

157. The Monitor has attempted to summarize the identified material related party transactions between each of the Related Homerun Entities and Homerun International, as per below:

Transactions between Homerun International and First Base Investments		
	Owing to	
	First Base	**Homerun International**
First Base Investments advances to Homerun International	620,539	
Homerun International advances to First Base Investments		273,300
Homerun International repayment of purported First Base obligations under the OT Seconds		834,051
Homerun International repayment of First Base investor		49,676
Homerun International duplicate reimbursement of deposit on failed purchase of Marda Loop Lands		50,000
First Base Investments funding of vehicle buyouts	37,952	
	658,491	1,207,027
Net amounts owing in favour of Homerun International		548,536

Homerun International and Homerun Investments		
	Owing to	
	Homerun Investments	**Homerun International**
Homerun Investments advances to Homerun Internationa	18,100	
Homerun International advances to Homerun Investments		59,500
Principal amount of Homerun Investments investor rolled over into Homerun International plus incremental interest		111,000
	18,100	170,500
Net amounts owing in favour of Homerun International		152,400

158. Given the limitations in the SUF Analysis as described above, this estimate is not intended to be an exhaustive determination of an intercompany claim amongst Homerun International and the Related Homerun Entities given the volume of transactions and the fact that the Monitor did not incur the time and expense of analyzing every transaction between the entities, but rather focused on the material transactions.

159. In addition, given the subjectivity of certain of the adjustments that the Monitor notes may be appropriate (i.e. an allocation of a certain percentage of Management's time spent on Related Homerun Entity activity that should arguably be borne by the Related Homerun Entities), nor is the Monitor aware of what potential counterclaims may be raised by the Related Homerun Entities, the Monitor is not in a position to quantify such claims given the information available.

160. Examples of potential required adjustments that the above chart does not include would be the following:

a) Portion of Homerun International interest payments made on the entire balance of the OT Seconds, irrespective of the fact that only a portion of the principal giving rise to the OT Seconds was advanced;

b) Amounts advanced by Homerun International for purported employee and office costs during the Homerun Investment Reimbursement period in excess of the costs that were properly allocatable to Homerun International, if in fact, such an excess existed;

c) Amount of employee costs, if any, that should appropriately be borne by the Related Homerun Entities and therefore that should be reimbursed to Homerun International; and

d) Amount of reimbursement for credit card expenditures incurred by members of the Homerun Group that relate to non-Homerun Group expenditures, if any.

Other related party transactions of note

Shareholder loan

161. The Monitor understands that a Mr. David Klyne, a former director of Homerun International who had resigned prior to the inception of these proceedings provided a

loan, the "Shareholder Loan" of $400,000 through a promissory note dated March 7, 2008, bearing interest at 20% per annum to be paid annually on the anniversary date of the loan. The Monitor notes that this transaction was noted in the cash synoptic as a shareholder loan.

162. The Homerun International Cash Synoptic illustrates that two principal payments of $150,000 each were made, together with 10 additional principal payments totalling approximately $60,501 with the last payment being in August 5, 2010, resulting in an apparent approximate balance including accrued interest to October 4, 2012 of $179,000.

163. The Monitor notes that although the cash synoptic does not readily appear to illustrate any further payments to Mr. Klyne subsequent to August 2010, he is not listed as a creditor of Homerun International, therefore it would appear that his investment may have been repaid.

164. Management has advised that the remaining amounts have not been repaid, and that Mr. Klyne's omission from the creditors listing was an error.

Promissory Notes issued to members of the Rocky Ridge Mortgage Syndicate

165. The Monitor is aware of a series of promissory notes issued to certain members of the second tier of the Rocky Ridge Syndicate at the time that such investors subscribed for a second mortgage position on the Rocky Ridge Lands.

166. These promissory notes purport to provide a charge against specific First Base Investments properties, but are signed by Ms. Candice Graf in her personal capacity. The Monitor would note that there is no reference to Homerun International on the face of these notes; the promissory notes do not appear to be in the form of a guarantee of the obligations of Homerun International.

167. The Monitor has requested additional information from counsel to holders of these notes as to the particulars under which they were provided in order to ascertain if they might constitute a potential counterclaim to be lodged by First Base Investments, but as of the date of this Tenth Report, has not received a response.

HOMERUN EQUITIES / HOMERUN CAPITAL

Corporate overview

168. Homerun Equities was registered as an Alberta incorporated corporation on November 9, 2007.

169. A corporate search dated October 9, 2012 indicates that Homerun International owns 100% of the voting shares of Homerun Equities and the directors are Ms. Graf and Mr. Hayward. The Monitor understands that Ms. Graf and Mr. Hayward resigned as directors effective December 24, 2012.

170. Homerun Capital was registered as an Alberta incorporated corporation on November 27, 2007.

171. A corporate search dated October 9, 2012 indicates that Homerun International owns 40% of the voting shares of Homerun Capital with the remaining 60% owned by Eyelogic Systems Inc. and the directors are Ms. Graf and Mr. Hayward. The Monitor understands that Ms. Graf and Mr. Hayward resigned as directors effective December 24, 2012.

172. Homerun Equities was formed primarily for the purchase, development (if applicable) and sale of real estate properties. Homerun Equities purchased a total of seven properties, four of which it had acquired and sold prior to the start of these CCAA proceedings, as listed below:

a) 129 Prestwick Park, SE, Calgary, AB;

b) 178 Covemeadow Close, Calgary, AB;

c) 7 Coville Square, Calgary, AB; and

d) 71 Hidden Ranche Terrace, Calgary, AB.

173. A fifth property, located at the civic address of 829-17th Avenue N.W. (the "17th Avenue Property) was subject to a conditional purchase and sale agreement at the inception of these proceedings, with the contemplated transaction closing after the inception of these

proceedings in a sale approved by an Order of this Honourable Court dated October 4, 2012, with the proceeds reflected in the previous cash flow results put forward in previous reports of the Monitor.

174. A sixth property, the "2427-2nd Ave Property", is a four unit townhouse located at the civic address of 2427-2nd Avenue N.W., Calgary, AB for which construction was partially completed at the inception of these CCAA proceedings and has since been completed. As of the date of this Tenth Report, all of the individual condominium units of the 2427-2nd Ave Property have been sold pursuant to an Order of this Honourable Court dated June 12, 2013. The proceeds from two of these four transactions have been included in the cash flow results put forward in previous reports of the Monitor, the proceeds from one of the sales is included in the cash flow results put forward in this Tenth Report, and the proceeds from the sale of the final unit were received subsequent to the cut off for the completion of the cash flow analysis, but prior to the completion of this Tenth Report.

175. The seventh property, is a four unit townhouse located at the civic address of 117-13th Avenue N.W., Calgary (the "13th Avenue Property"), for which construction is virtually complete. The Monitor has entered into conditional purchase and sale agreements for the sale of the individual units of the 13th Avenue Property and anticipates seeking Court approval for a resulting sale upon satisfaction of the conditions of such agreements.

Material agreements reviewed by the Monitor

Homerun Equities OM

176. Homerun Equities filed an offering memorandum dated July 14, 2008, the ("Homerun Equities OM"), with the following material terms:

a) securities offered at $0.10 per Class "B" Share;

b) minimum offering $50 (500 Class "B" Shares);

c) maximum offering $15,000 (150,000 Class "B" Shares);

d) minimum subscription $50 (500 Class "B" Shares);

e) estimated offering costs of $20,000;

f) subscribers under the Homerun Equities OM will also be subscribers under the Homerun Capital OM (as defined below). The purpose of creating two separate issuers (Homerun Capital and Homerun Equities) is noted to be to allow subscribers to participate indirectly through holding Class "B" shares in Homerun Equities, in an investment in potential real estate properties and ventures in Alberta, Canada;

g) the Homerun Equities Option Agreement (as defined below) is disclosed as a material agreement; and

h) the Homerun Equities Management Services Agreement (as defined below) is disclosed as a material agreement.

Homerun Capital OM

177. Homerun Capital was formed to raise funds through an offering memorandum dated July 14, 2008, (the "Homerun Capital OM"), with the funds raised to be loaned on a secured basis to Homerun Equities to finance the purchase and development of real estate properties. Material terms of the Homerun Capital OM are as follows:

a) securities offered at $100 per Bond:

i. series "A" – 4.5% fixed rate redeemable bonds; and

ii. series "B" – 12% fixed rate redeemable bonds.

b) minimum offering $300,000 (3,000 Bonds);

c) maximum offering $15,000,000 (150,000 Bonds);

d) minimum subscription:

i. Series "A" – $50,000; and

ii. Series "B" – $10,000.

e) authorized fees and commissions payable to selling agents, employees or directors of up to 10% of sales proceeds, subject to applicable securities legislation;

f) estimated offering and financing costs of $52,500 - $150,000;

g) subscribers under the Homerun Equities OM will also be subscribers under the Homerun Capital OM.

Homerun Capital Loan Agreement

178. Homerun Capital, as Lender, entered into a loan agreement with Homerun Equities, as Borrower, effective July 14, 2008 (the "Homerun Capital Loan Agreement"), with the following material terms:

a) Homerun Capital to loan Homerun Equities funds to a maximum aggregate amount of up to Fifteen ($15,000,000) Million Dollars;

b) Homerun Capital shall earn interest on the advanced funds at a rate of 5% per annum;

c) subject to default and remedies provisions of the Homerun Capital Loan Agreement, the advanced funds shall be payable on December 31, 2011;

d) Homerun Equities shall pay Homerun Capital a loan fee, with such fee being equal to all fees, costs and commissions incurred by Homerun Capital in respect of the offering under the Homerun Capital OM; and

e) Homerun Capital shall secure all advanced funds by way of mortgages or other similar instruments in favour of Homerun Capital and registered against title to Properties acquired by Homerun Equities.

Homerun Equities Option Agreement

179. Homerun Equities entered into an option agreement with Homerun International, dated July 14, 2008 (the "Homerun Equities Option Agreement"), which provided Homerun International an option to purchase three (3) Class "B" Shares of Homerun Equities at a price of $0.10 Cdn for every one (1) Class "B" Share sold pursuant to the Homerun Capital OM.

180. The Monitor understands that the intention of the Homerun International Option Agreement was for Homerun International to maintain its status as the majority shareholder of Homerun Equities.

Homerun Equities Management Services Agreement

181. Homerun Equities entered into a management services agreement with Homerun International, dated July 14, 2008 (the "Homerun Equities Management Services Agreement"), with the following material terms:

a) Homerun International agrees to furnish management and consulting advice and services with respect to the business of purchasing and selling real estate as well as providing such other services and duties as may from time to time be agreed upon by the parties (the "Homerun Equities Services");

b) the Homerun Equities Management Services Agreement stipulates that Homerun International shall not have the authority to, or be entitled to, contract on behalf of, or otherwise bind Homerun Equities except with the consent of Homerun Equities. Management has advised that Homerun Equities had consented to Homerun International incurring expenditures on its behalf with the understanding that it would be reimbursed for such expenditures; and

c) in exchange for providing the Homerun Equities Services, Homerun International shall be paid an annual management fee equal to 2% of the proceeds advanced by Homerun Capital to Homerun Equities pursuant to the Homerun Capital Loan Agreement, to a maximum of $200,000 per year, payable in equal monthly instalments of 1/12 of the estimated annual management fee, plus applicable goods and services tax.

Homerun Equities Management Fee Waiver Agreement

182. Subsequent to the Homerun Equities Management Services Agreement, Homerun Equities and Homerun International entered into a management fee waiver agreement, dated December 1, 2008 (the "Homerun Equities Management Fee Waiver Agreement"), which stipulated that the compensation provided under the Homerun Equities Option Agreement as described above was a more purposeful and attractive form of compensation for Homerun Equities, Homerun International and the shareholders of Homerun Equities, than cash compensation and that as a result, all cash compensation payable pursuant to the Homerun Equities Management Services Agreement shall be waived.

Homerun Capital Ancillary Payment Agreement

183. Homerun Capital entered into an ancillary payment agreement with Homerun Equities, dated August 1, 2009 (the "Homerun Capital Ancillary Payments Agreement"), which clarified that the original intent of the transactions as between Homerun Capital and Homerun Equities was that Homerun Equities would be responsible for, and pay to Homerun Capital, interest on all monies advanced pursuant to the Homerun Capital Loan Agreement, in an amount sufficient to satisfy the aggregate interest obligations of Homerun Capital to subscribers of Homerun Capital Series "A" Bonds and Homerun Capital Series "B" Bonds issued under the Homerun Capital OM.

Sources and uses of funds

184. The following schedule outlines the identified sources and uses of cash of Homerun Equities and Homerun Capital, which have been presented on a combined basis, following which are some summary comments as provided by the Monitor:

HOMERUN EQUITIES /HOMERUN CAPITAL		
	Total	
	HEI	HCC
Third Party Receipts		
Investors	6,401	2,750,069
Financing	2,791,471	-
Property sales/rentals	1,458,291	-
Total third party receipts	4,256,163	2,750,069
Third Party Disbursements		
Property acquisitions	2,927,273	-
Property development/holding	2,826,621	
Interest payments	468,937	-
Allocated wages	735,400	
Administration	48,983	739
Advertising	29,342	
Accounting and legal	152,680	51,648
Offering Memorandum costs	59,942	213,807
Brokerage/commissions	36,250	272,747
Total third party disbursements	7,285,428	538,941
Net third party received/(disbursed)	(3,029,266)	2,211,128
Net intercompany received/(disbursed)	3,043,315	(2,209,082)
Cash on hand October 4, 2012	14,050	2,046

Investor Funds

185. Homerun Capital raised approximately $2,750,000 in financing from 77 investors pursuant to the Homerun Capital OM, while Homerun Equities raised approximately $6,000 pursuant to the Homerun Equities OM, with the material terms of each as described above.

Financing

186. Homerun Equities received approximately $2,791,000 in mortgage financing, particularly related to the construction of the 2427-2nd Ave Property and the 13th Avenue Property.

187. In addition to financing provided directly to Homerun Equities, in certain circumstances, Terrapin Mortgage Investment Corporation ("Terrapin"), the senior secured lender on both the 2427-2nd Ave Property and the 13th Avenue Property provided funds directly to

certain trades on behalf of Homerun Equities as opposed to paying Homerun Equities directly who would then pay the trades. For purposes of the SUF Analysis, these amounts have been reclassified by the Monitor as property development / holding costs based on the appropriate classification of costs.

Property sales and rentals

188. Homerun Equities received net proceeds of approximately $1,458,000 related to the sale and periodic rental of properties prior to the inception of these CCAA proceedings.

Acquisition of properties

189. Approximately $2,927,000 of funds raised by Homerun Equities/Homerun Capital were used in the acquisition of properties.

Property development and holding costs.

190. Approximately $2,826,000 of funds were used for property development and holding costs, primarily related to the development of the 2427-2nd Ave Property and the 13th Avenue Property.

191. Approximately $207,000 of the property development and holding costs was funded by other members of the Homerun Group, of which approximately $93,000 has been repaid and approximately $114,000 of which remains outstanding as of the date of these proceedings and which has been included in the calculation of the Proposed Inter-Homerun Group Claims.

Interest, commitment fees and other financing payments

192. Approximately $469,000 of funds raised by Homerun Equities / Homerun Capital was used for payment of interest, commitment fees and other ancillary financing payments.

Significant intercompany transactions

193. A summary of the intercompany transactions involving Homerun Equities / Homerun Capital and other members of the Homerun Group is attached as Appendix C and the Monitor would have the following comments with respect to certain of the material or notable transactions not discussed above:

a) ***Property development and holding costs***

During the course of its review, the Monitor also determined that 149 purchased approximately $39,000 of furniture to be used in the staging of the various properties for sale. The Monitor has traced the delivery of this staging furniture to the 2421-2nd Avenue Property and the 2427-2nd Avenue Property and as a result has allocated the purchase price on a basis of approximately $14,000 to Homerun Equities and approximately $25,000 to 148 based on the ability to identify the material pieces that were delivered to the property owned by each entity, together with approximately $7,000 of non-identifiable items allocated evenly between the two entities.

The Monitor understands that the intent of the Homerun Group may have been to circulate this furniture amongst the various entities in due course, if and when, such properties were completed, however notes that the other properties had not yet been constructed, nor did the other entities take possession of or benefit from the staging furniture. As a result, for purposes of the SUF Analysis, the Monitor has allocated the cost as per set out above in the calculation of the Proposed Inter-Homerun Group Claims as discussed below.

b) ***Allocated wages***

Based on the allocation methodology of the Homerun Group as discussed above, Homerun Equities was allocated wages of approximately $735,000. As of the date of these proceedings, approximately $255,000 was repaid and approximately $480,000 was unpaid and has therefore been included in the calculation of the Proposed Inter-Homerun Group Claims as discussed below.

c) ***Accounting, legal and offering memorandum costs***

Homerun Equities/Homerun Capital paid approximately $478,000 with respect to accounting, legal and offering memorandum costs, a significant component of which was initially funded by Homerun

International, with approximately $52,000 outstanding as of the date of these proceedings and included in the calculation of the Proposed Inter-Homerun Group Claim as discussed below.

d) ***Brokerage/commissions***

Homerun Equities paid brokerage fees and commissions amounts of approximately $309,000, consisting of brokerage fees of $36,000 and commissions of approximately $273,000 paid to Homerun International. The Monitor would note that the allowable commissions under the Homerun Capital OM was 10% of the gross proceeds realized which would calculate to approximately $275,600.

Proposed Inter-Homerun Group Claims – Homerun Equities/Homerun Capital

194. Based on its review of the books and records of Homerun Equities / Homerun Capital and the other members of the Homerun Group, the Monitor has identified the following estimated Proposed Inter-Homerun Group Claims as follows:

a) Homerun Equities owes Homerun International approximately $667,752;

b) Homerun Capital owes Homerun International approximately $51,648;

c) Homerun Equities owes 148 approximately $8,557;

d) Homerun Equities owes 149 approximately $142,026; and

e) Homerun Equities owes Homerun Capital approximately $2,260,730 (excluding accrued interest).

Statement of Receipts and Disbursements – October 4, 2012 to October 6, 2013

195. Following the date of these proceedings, Homerun Equities/Homerun Capital has experienced a positive cash flow, resulting in a cash balance as of October 6, 2013 of approximately $21,020 as summarized below:

Homerun Equities Inc. and Homerun Capital Corp. Actual Cash Flow Statement October 4, 2012 to October 6, 2013 (unaudited)	
	Total
RECEIPTS	
Receipt from interim financing	734,750
Receipt from other entities	109,923
Proceeds from sale	1,809,795
Other Receipts	52,720
Total Receipts	2,707,188
DISBURSEMENTS	
Disbursement to other entities	(132,210)
Mortgage payments	(224,097)
Repair, maint. and development costs	(470,427)
Allocated salaries and contractor costs	(123,556)
Utilities, operating and other expenses	(76,704)
Restructuring costs	(192,026)
Property selling costs	(63,545)
Repayment of secured debt	(1,419,500)
Total Disbursements	(2,702,067)
NET CASH FLOW (DEFICIT)	5,121
OPENING CASH	15,899
CLOSING CASH	21,020

HOMERUN EQUITIES II / HOMERUN CAPITAL II

Corporate Overview

196. Homerun Equities II was registered as an Alberta incorporated corporation on September 3, 2009.

197. A corporate search dated October 9, 2012 indicates that Homerun International owns 100% of the voting shares of Homerun Equities II and the directors are Ms. Graf and Mr. Hayward. The Monitor understands that Ms. Graf and Mr. Hayward resigned as directors effective December 24, 2012.

198. Homerun Capital II was registered as an Alberta incorporated corporation on September 3, 2009.

199. A corporate search dated October 9, 2012 indicates that Homerun International owns 40% of the voting shares of Homerun Capital II with the remaining 60% owned by Target

Capital Inc. and the directors are Ms. Graf and Mr. Hayward. The Monitor understands that Ms. Graf and Mr. Hayward resigned as directors effective December 24, 2012.

200. Homerun Equities II was formed primarily for the purchase, development (if applicable) and sale of real estate properties. At the date of the Initial Order in these proceedings, Homerun Equities II owned four properties bearing the following civic addresses:

a) 1720, 36th Avenue S.W., Calgary, AB (the "1720, 36th Ave Property");

b) 1712, 36th Avenue S.W., Calgary, AB (the "1712, 36th Ave Property");

c) 1702, 36th Avenue S.W., Calgary, AB (the "1702, 36th Ave Property"); and

d) 2628-24A Street S.W., Calgary, AB (the "2628-24A Street Property").

201. The 2628-24A Street Property was subject to a sale that was approved by this Honourable Court on March 21, 2013 and for which the proceeds are also reflected in the cash flow results put forward in previous reports of the Monitor.

202. The 1720, 36th Ave Property, 1712, 36th Ave Property and 1702, 36th Ave Property are three of six adjacent properties (the "Altadore Properties") located along the north side of 36th Avenue S.W. which have been sold pursuant to an Order of this Court dated July 22, 2013 and for which the proceeds are also reflected in the cash flow results as discussed below.

Material agreements reviewed by the Monitor

Homerun Capital II OM

203. As described more fully below, Homerun Capital II was formed to raise funds through an offering memorandum, with the funds raised to be loaned on a secured basis to Homerun Equities II to finance the purchase and development of real estate properties. Material terms of the Homerun Capital II Offering Memorandum (the "Homerun Capital II OM") are as follows:

a) securities offered at $100.10 per offered unit, with an offered unit consisting of one bond of Homerun Capital II earning 4.5% simple interest, maturing on September 26, 2013 and one Class "B" non-voting share of Homerun Equities II;

b) minimum offering $300,300 (3,000 Units);

c) maximum offering $15,015,000 (150,000 Units);

d) minimum subscription $9,009 (90 Offered Units);

e) authorized commissions payable to Homerun Securities, selling agents, employees or directors of up to 10% of the proceeds from sales of offered units, subject to applicable securities legislation;

f) estimated offering and financing costs of $120,375 - $402,500; and

g) the Homerun Capital II Offering is a 'blind pool offering', for which it is noted that Homerun Capital II has not identified the specific properties with which to invest in. Additionally, Homerun Capital II cannot quantify additional funding that may be required to meet the objectives.

Homerun Capital II Loan Agreement

204. Homerun Capital II, as Lender, entered into a loan agreement with Homerun Equities II, as Borrower, effective September 26, 2009 (the "Homerun Capital II Loan Agreement"), with the following material terms:

a) Homerun Capital II to loan Homerun Equities II funds to a maximum aggregate amount of up to Fifteen ($15,000,000) Million Dollars;

b) Homerun Capital II shall earn interest on the advanced funds at a rate of 5% per annum;

c) subject to default and remedies provisions of the Homerun Capital II Agreement, the advanced funds shall be payable on September 26, 2013;

d) Homerun Equities II shall pay Homerun Capital II a loan fee, with such fee being equal to all fees, costs and commissions incurred by Homerun Capital II in respect of the offering under the Homerun Capital II OM; and

e) Homerun Capital II shall secure all advanced funds by way of mortgages or other similar instruments in favour of Homerun Capital II and registered against title to Properties acquired by Homerun Equities II.

Homerun Capital II Amending Agreement

205. Homerun Capital II, as Lender, entered into an amending agreement with Homerun Equities II, as Borrower, effective September 26, 2009 (the "Homerun Capital II Amending Agreement"), which essentially clarified that certain payments under the Homerun Capital II Loan Agreement made by Homerun Equities II were intended to cover costs associated with the Homerun Capital II Offering Memorandum and were not intended to constitute payment of a fee to Homerun Capital II.

Declaration and Set-Off Agreement

206. Homerun Capital II entered into a tri-party declaration and set off agreement with Homerun Equities II and Homerun International, dated April 22, 2010 (the "Homerun Capital II Set-off Agreement"), which clarifies that an amount of $160,545 paid from Homerun International to Homerun Capital II was intended to partially repay an amount of $158,345 paid from Homerun Equities II to Homerun International, resulting in an amount outstanding of $2,200 from Homerun Capital II to Homerun International.

207. The Monitor notes that it has considered Homerun Capital II on a combined basis with Homerun Equities II for purposes of the SUF Analysis, therefore the intended effect of the Homerun Capital II Set-Off Agreement has been captured in the SUF Analysis.

Sources and Uses of Funds

208. The following schedule outlines the identified sources and uses of cash of Homerun Equities II and Homerun Capital II, below which are some summary comments as provided by the Monitor:

HOMERUN EQUITIES II /HOMERUN CAPITAL II		
	Total HEIIC	HCIIC
Third Party Receipts		
Investors	5,192	6,303,510
Financing	802,760	
Property sales/rentals	13,834	
Total third party receipts	821,785	6,303,510
Third Party Disbursements		
Property acquisitions	2,847,318	
Property development/holding	335,263	
Interest payments	61,224	
Allocated wages	354,885	
Administration	(1,204)	256
Advertising	10,660	
Accounting and legal	354,142	-
Offering Memorandum costs	172,281	135,751
Brokerage/commissions	498,894	177,940
Total third party disbursements	4,633,463	313,947
Net third party received/(disbursed)	(3,811,678)	5,989,563
Net intercompany received/(disbursed)	3,905,402	(5,983,489)
Cash on hand October 4, 2012	93,724	6,074

Investor funds

209. Homerun Capital II raised approximately $6,304,000 in financing and Homerun Equities II raised approximately $6,000 from approximately 250 investors pursuant to offering memoranda as described above.

Financing

210. Homerun Equities II received approximately $803,000 in mortgage financing from Alta West Mortgage Capital Corporation ("Alta West").

Property sales and rentals

211. Homerun Equities II received net proceeds of approximately $14,000 related to the rental of its properties prior to the inception of these CCAA proceedings.

Acquisition of properties

212. Approximately $2,847,000 of funds raised by Homerun Equities II/Homerun Capital II were used in the acquisition of properties. Homerun Equities II/Homerun Capital II Corp. also provided funding to other members of the Homerun Group with respect to their acquisition of properties as discussed below.

Property development and holding costs.

213. Approximately $335,000 of funds was used for property development and holding costs. Of this amount, approximately $17,000 was funded by other members of the Homerun Group, approximately $15,000 of which has been repaid and approximately $2,000 of which remains outstanding as of the date of these proceedings and which have been included in the calculation of the Proposed Inter-Homerun Group Claims as discussed below.

Significant intercompany transactions

214. A summary of the intercompany transactions involving Homerun Equities II / Homerun Capital II and other members of the Homerun Group is attached as Appendix D and the Monitor would have the following comments with respect to certain of the material or notable transactions:

Intercompany loans and advances

a) the Monitor has reviewed two promissory notes as between Homerun Equities II and 153 dated October 15, 2009 and August 24, 2010 in the respective amounts of $75,000 and $225,000, both of which have been repaid as of the date of these proceedings, inclusive of approximately $15,000 of interest.

Intercompany transactions

215. Although the Monitor has not located, nor been provided with, a copy of a management services agreement similar to the Homerun Equities Management Services Agreement, nor was the existence of such an agreement disclosed in the Homerun Equities II OM, the Monitor understands that Homerun International provided certain management services on behalf of Homerun Equities II and Homerun Capital II and notes the following material intercompany transactions:

(a) *Allocated wages*

Based on the allocation methodology of the Homerun Group as previously discussed, Homerun Equities II was allocated wages of approximately $355,000. Of this amount, approximately $441,000 was paid and approximately $86,000 was overpaid and owing back from Homerun International as of the date of these proceedings and which has been included in the calculation of the Proposed Inter-Homerun Group Claims as discussed below.

b) ***Accounting, legal and offering memorandum costs***

Homerun Equities II/Homerun Capital II paid approximately $662,000 with respect to accounting, legal and offering memorandum costs. Of this amount, $130,000 relates to the funding of retainers to the professionals associated with this filing, which are contemplated to be returned to Homerun Equities II in accordance with the calculation of the distributable proceeds as discussed below.

Of the remaining approximate amount of $532,000, approximately $308,000 was funded by other members of the Homerun Group, with approximately $172,000 repaid.

c) ***Brokerage/commissions***

Homerun Equities II paid brokerage and commission amounts of approximately $677,000, comprised of approximately $47,000 brokerage and approximately $630,000 in commissions, of which approximately $504,000 was paid to Homerun International while approximately $127,000 was paid to Homerun Securities.

The Monitor would note that the allowable commissions under the Homerun Capital OM was 10% of the gross proceeds realized which would calculate to approximately $630,000.

216. Homerun Equities II transferred Homerun International $1,995,000 with respect to the Rocky Ridge Lands. Management has indicated that Homerun Equities II had made an

agreement to purchase the Rocky Ridge Lands for a total of $4,000,000, however the Monitor has not located a formal document with respect to this agreement. The Monitor notes that a caveat with respect to a purchaser's interest was registered at Land Titles on September 20, 2012.

Proposed Inter-Homerun Group Claims – Homerun Equities II/Homerun Capital II

217. Based on its review of the books and records of Homerun Equities II and Homerun Capital II and the other members of the Homerun Group, the Monitor has identified the following estimated Proposed Inter-Homerun Group Claims as follows:

a) Homerun Equities II/Homerun Capital II made an advance of funds to Homerun International in the amount of $2,078,087. While it would appear that these funds were related to the acquisition of the Rocky Ridge Lands, it is unclear as to whether the advance was a loan from Homerun Equities II / Homerun Capital II to Homerun International or a deposit paid by Homerun Equities II / Homerun Capital II to Homerun International and the Monitor has not been provided with the records necessary to make this determination. At this time, there is not distribution contemplated to unsecured creditors of Homerun International. In the event that a distribution was to be made to Homerun International at a later date, this issue would need to be resolved; and

b) Homerun Equities II owes Homerun Capital II approximately $5,983,489 (plus accrued interest).

Statement of Receipts and Disbursements – October 4, 2012 to October 6, 2013

218. Following the date of these proceedings, Homerun Equities II/Homerun Capital II has experienced a positive cash flow, resulting in a cash balance as of October 6, 2013 of approximately $2,218,142 as summarized below:

Homerun Equities II and Homerun Capital II Actual Cash Flow Statement October 4, 2012 to October 6, 2013 (unaudited)	Total
RECEIPTS	
Receipt from interim financing	140,000
Receipt from other entities	9,283
Proceeds from sale	3,306,015
Other Receipts	466
Total receipts	3,455,764
DISBURSEMENTS	
Disbursement to other entities	(15,052)
Mortgage payments	(462,009)
Repair, maint. and development costs	(1,964)
Allocated salaries and contractor costs	(29,860)
Utilities, operating and other expenses	(21,441)
Restructuring costs	(195,034)
Property selling costs	(73,264)
Repayment of secured debt	(538,644)
Total disbursements	(1,337,269)
NET CASH FLOW (DEFICIT)	2,118,495
OPENING CASH	99,647
CLOSING CASH	2,218,142

1484106 ALBERTA LTD.

Corporate overview

219. 148 was registered as an Alberta incorporated corporation on August 27, 2007.

220. A corporate search dated October 9, 2012 indicates that Homerun International owns 100% of the voting shares of 148 and the directors are Ms. Graf and Mr. Hayward. The Monitor understands that Ms. Graf and Mr. Hayward resigned as directors effective December 24, 2012.

221. 148 was formed with the intention of acquiring land and constructing a four unit townhouse for sale at the civic address of 2421, 2nd Avenue N.W., Calgary, AB (the "2421-2nd Ave Property").

222. The 2421-2nd Ave Property is a 4 unit townhouse condominium. The four individual condominium units of the 2421-2nd Ave Property have been sold pursuant to an Order of

this Honourable Court dated June 12, 2013 and for which the proceeds have been reflected in the cash flow results put forward in previous reports of the Monitor.

Material agreements reviewed by the Monitor

Unanimous shareholders agreement

223. A unanimous shareholders agreement for 148 (the "148 USA") states that 148 was created for the sole purpose of purchasing property, demolishing or removing the existing buildings, building a new condominium complex and selling the individual units of the new condominium complex.

224. The 148 USA also states that the project will be managed by Candice Graf and the board of directors of 148, who will be responsible for overseeing the purchase, demolition or removal, construction and sales of the completed condominium units.

Management Agreement with Homerun International

225. The Management Agreement with 148, specifically provides that Homerun International is to provide construction project management, bookkeeping, advertising, media, cleaning, purchasing management, administrative and property management on its behalf and is entitled to expense recoveries with the exception of any salaries for the "Management" or any other services provided by Candice A. Graf, C. Robert Hayward and Jessica E. Bennett.

Sources and Uses of Funds

226. The following schedule outlines the identified sources and uses of cash of 148, below which are some summary comments as provided by the Monitor:

1484106 Alberta Ltd.	Total
Third Party Receipts	
Investors	1,000,000
Financing	1,496,821
Property Sales/Rentals	
Total third party receipts	2,496,821
Third Party Disbursements	
Property Acquisitions	646,294
Property Development/Holding	1,639,176
Interest payments	267,111
Allocated wages	98,509
Administration	2,710
Advertising	25,353
Accounting and legal	27,495
Brokerage/commissions	50,500
Total third party disbursements	2,757,149
Net third party received/(disbursed)	(260,327)
Net intercompany received/(disbursed)	278,935
Cash on hand October 4, 2012	18,608

Investor funds

227. 148 raised approximately $1,000,000 in funds from seven parties who subscribed for Class B shares where each shareholder received one Class B share at an issue price of $0.10 for every One Thousand ($1,000) Dollars that the shareholder provided by way of a shareholder loan.

Financing

228. 148 received approximately $1,497,000 in mortgage financing from Terrapin Mortgage Investment Corporation ("Terrapin")

229. In addition to financing provided directly to 148, in certain circumstances, Terrapin provided funds directly to certain trades as opposed to paying 148 directly who would then pay the trades based on the appropriate classification of such costs. For purposes of

the SUF Analysis, these amounts have been reclassified by the Monitor as property development / holding costs based on the appropriate classification of such costs.

Acquisition of properties

230. Approximately $646,000 of funds raised by 148 were used in the acquisition of the 2421-2nd Ave Property.

Property development and holding costs

231. Approximately $1,639,176 of funds were used for property development and holding costs, primarily related to the development of the 2421-2nd Ave Property. Of this amount, approximately $267,000 was funded by other members of the Homerun Group, approximately $52,000 of which has been paid and approximately $215,000 of which remains outstanding as of the date of these proceedings and which has been included in the calculation of the Proposed Inter-Homerun Group Claims as discussed below.

Interest, commitment fees and other financing payments

232. Approximately $267,000 of funds raised by 148 were used for payment of interest, commitment fees and other ancillary financing payments.

Significant intercompany transactions

233. A summary of the intercompany transactions involving 148 and other members of the Homerun Group is attached as Appendix E and the Monitor would have the following comments with respect to certain of the material or notable transactions not discussed above:

a) ***Property development and holding costs***

During the course of its review, the Monitor also determined that 149 purchased approximately $39,000 of furniture to be used in the staging of the various properties for sale. The Monitor has traced the delivery of this staging furniture to the 2421-2nd Avenue Property and the 2427-2nd Avenue Property and as a result has allocated the purchase price on a basis of approximately $14,000 to Homerun Equities and approximately $25,000 to 148 based on the ability to identify the material pieces that

were delivered to the property owned by each entity, together with approximately $7,000 of non-identifiable items allocated evenly between the entities.

The Monitor understands that the intent of the Homerun Group may have been to circulate this furniture amongst the various entities in due course, if and when, such properties were completed, however as the remaining properties had not yet been developed, nor did they take possession of or benefit from the staging furniture. As a result, for purposes of the SUF Analysis, the Monitor has allocated the cost as per set out above in the calculation of the Proposed Inter-Homerun Group Claims as discussed below.

b) ***Allocated wages of approximately $99,000***

Based on the allocation methodology of the Homerun Group, 148 was allocated wages of approximately $99,000. Of this amount, approximately $51,000 was paid and approximately $48,000 was unpaid as of the date of these proceedings and has been included in the calculation of the Proposed Inter-Homerun Group Claims as discussed below.

Proposed Inter-Homerun Group Claims – 148

234. Based on its review of the books and records of 148 and the other members of the Homerun Group, the Monitor has identified the following Proposed Inter-Homerun Group Claims:

a) 148 owes Homerun International approximately $262,087;

b) Homerun Equities owes 148 approximately $8,557; and

c) 148 owes 149 approximately $25,406.

Statement of Receipts and Disbursements – October 4, 2012 to October 6, 2013

235. Following the date of these proceedings, 148 has experienced a positive cash flow, resulting in a cash balance as of October 6, 2013 of $305,712 as summarized below:

1484106 Alberta Ltd. Actual Cash Flow Statement October 4, 2012 to October 6, 2013 (unaudited)	
	Total
RECEIPTS	
Receipt from interim financing	289,750
Receipt from other entities	54,562
Proceeds from sale	2,216,667
Other Receipts	52,121
Total receipts	2,613,100
DISBURSEMENTS	
Disbursement to other entities	(56,004)
Mortgage payments	(143,064)
Repair, maint. and development costs	(63,488)
Allocated salaries and contractor costs	(14,422)
Utilities, operating and other expenses	(48,963)
Restructuring costs	(117,727)
Property selling costs	(87,658)
Repayment of secured debt	(1,794,672)
Total disbursements	(2,325,996)
NET CASH FLOW (DEFICIT)	287,104
OPENING CASH	18,608
CLOSING CASH	305,712

1496044 ALBERTA LTD.

Corporate overview

236. 149 was registered as an Alberta incorporated corporation on October 16, 2009.

237. A corporate search dated October 9, 2012 indicates that Homerun International owns 100% of the voting shares of 149 and the directors are Ms. Graf and Mr. Robert Hayward. The Monitor understands that Ms. Graf and Mr. Hayward resigned as directors effective December 24, 2012.

238. 149 was formed primarily for the purchase, development (if applicable) and sale of real estate properties. At the date of the Initial Order in these proceedings, 149 owned the property bearing the civic address of 1716, 36th Avenue S.W., Calgary, AB (the "1716-36th Ave Property") which was one of the six adjacent properties referred to as the Altadore Properties which have been sold subsequent to the start of these CCAA

proceedings, pursuant to an Order of this Honourable Court dated July 22, 2013 and for which the proceeds are reflected in the cash flow results as discussed below.

Material agreements reviewed by the Monitor

Unanimous shareholders agreement

239. A unanimous shareholders agreement for 149 (the "149 USA") states that 149 was created for the sole purpose of purchasing property, demolishing or removing the existing buildings, building a new condominium complex and selling the individual units of the new condominium complex.

240. The 149 USA also states that the project will be managed by Candice Graf and the board of directors of 149, who will be responsible for overseeing the purchase, demolition or removal, construction and sales of the completed condominium units.

Sources and uses of funds

241. The following schedule outlines the identified sources and uses of cash of 149, below which are some summary comments as provided by the Monitor:

1496044 Alberta Ltd.	Total
Third Party Receipts	
Investors	1,200,000
Financing	210,000
Property Sales/Rentals	10,905
Total third party receipts	1,420,905
Third Party Disbursements	
Property Acquisitions	748,022
Property Development/Holding	73,274
Interest payments	19,936
Allocated wages	96,270
Administration	109
Advertising	17,370
Accounting and legal	20,413
Brokerage/commissions	144,000
Total third party disbursements	1,119,393
Net third party received/(disbursed)	301,512
Net intercompany received/(disbursed)	(292,078)
Cash on hand October 4, 2012	9,434

Investor funds

242. 149 raised approximately $1,200,000 in funds from eight parties who subscribed for Class B shares where each shareholder received one Class B share at an issue price of $0.10 for every $1,000 Dollars that the shareholder provided by way of a shareholder loan.

Financing

243. 149 received approximately $210,000 in mortgage financing from Alta West.

Property sales and rentals

244. 149 received net proceeds of approximately $11,000 related to the rental of the 1716-36th Avenue Property.

Acquisition of properties

245. Approximately $748,000 of funds of 149 were used in the acquisition of the 1716-36th Avenue Property. $10,000 of this amount was funded by another member of the Homerun Group and repaid prior to the inception of these proceedings.

Property development and holding costs.

246. Approximately $73,000 of funds of 149 were used for property development and holding costs.

Significant intercompany transactions

247. Although the Monitor has not located, nor been provided with, a copy of a management services agreement similar to the Homerun Equities Management Services Agreement, the Monitor understands that Homerun International provided certain management services on behalf of 149.

248. A summary of the intercompany transactions involving 149 and the other members of the Homerun Group as identified by the Monitor is attached as Appendix F and the Monitor would have the following comments with respect to certain of the material or notable transactions:

a) **Allocated wages**

Based on the allocation methodology of the Homerun Group, 149 was allocated wages of approximately $96,000. Of this amount, approximately $120,000 was paid and approximately $23,000 was overpaid and owing from Homerun International as at the date of these proceedings and is incorporated into the Proposed Inter-Homerun Group Claims as discussed below.

b) **Commissions**

Commissions of approximately $144,000, equal to 12% of the funds raised were paid to Homerun International.

Proposed Inter-Homerun Group Claims – 149

249. Based on its review of the books and records of 149 and the other members of the Homerun Group, the Monitor has identified the following estimated Proposed Inter-Homerun Group Claims as follows:

a) Homerun International owes 149 approximately $124,644;

b) Homerun Equities owes 149 approximately $142,026; and

c) 148 owes 149 approximately $25,406.

Statement of Receipts and Disbursements – October 4, 2012 to October 6, 2013

250. Following the date of these proceedings, 149 has experienced a positive cash flow, resulting in a cash balance as of October 6, 2013 of approximately $557,068 as summarized below:

1496044 Alberta Ltd. **Actual Cash Flow Statement** **October 4, 2012 to October 6, 2013** **(unaudited)**	
	Total
RECEIPTS	
Receipt from interim financing	70,000
Receipt from other entities	15,081
Proceeds from sale	871,348
Other Receipts	-
Total receipts	956,429
DISBURSEMENTS	
Disbursement to other entities	(16,524)
Mortgage payments	(1,875)
Repair, maint. and development costs	(681)
Allocated salaries and contractor costs	(7,465)
Utilities, operating and other expenses	(6,478)
Restructuring costs	(57,387)
Property selling costs	(22,829)
Repayment of secured debt	(295,557)
Total disbursements	(408,796)
NET CASH FLOW (DEFICIT)	547,634
OPENING CASH	9,434
CLOSING CASH	557,068

1515997 ALBERTA LTD.

Corporate Overview

251. 151 was registered as an Alberta incorporated corporation on February 3, 2010.

252. A corporate search dated October 9, 2012 indicates that Homerun International owns 100% of the voting shares of 151 and the directors are Ms. Graf and Mr. Hayward. The Monitor understands that Ms. Graf and Mr. Hayward resigned as directors effective December 24, 2012.

253. 151 was formed primarily for the purchase, development (if applicable) and sale of real estate properties. At the date of the Initial Order in these proceedings, 149 owned the property bearing the civic address of 1724, 36th Avenue S.W., Calgary, AB (the "1724-36th Ave Property") which was one of the six adjacent properties referred to as the Altadore Properties which have been sold subsequent to the start of these CCAA proceedings, pursuant to an Order of this Honourable Court dated July 22, 2013 and for which the proceeds are reflected in the cash flow results as discussed below.

Material agreements reviewed by the Monitor

Unanimous shareholders agreement

254. A unanimous shareholders agreement for 151 (the "151 USA") states that 151 was created for the sole purpose of purchasing property, demolishing or removing the existing buildings, building a new condominium complex and selling the individual units of the new condominium complex.

255. The 151 USA also states that the project will be managed by Candice Graf and the board of directors of 151, who will be responsible for overseeing the purchase, demolition or removal, construction and sales of the completed condominium units.

Sources and uses of funds

256. The following schedule outlines the identified sources and uses of cash of 151, below which are some summary comments as provided by the Monitor:

1515997 Alberta Ltd.	Total
Third Party Receipts	
Investors	1,140,000
Financing	210,000
Property Sales/Rentals	7,125
Total third party receipts	1,357,125
Third Party Disbursements	
Property Acquisitions	748,842
Property Development/Holding	130,673
Interest payments	19,936
Allocated wages	87,586
Administration	2,711
Advertising	17,700
Accounting and legal	6,550
Brokerage/commissions	38,500
Total third party disbursements	1,052,498
Net third party received/(disbursed)	304,627
Net intercompany received/(disbursed)	(295,713)
Cash on hand October 4, 2012	8,914

Investor funds

257. 151 raised approximately $1,140,000 in funds from ten parties who subscribed for Class B shares where each shareholder received one Class B share at an issue price of $0.10 for every One Thousand ($1,000) Dollars that the shareholder provided by way of a shareholder loan.

Financing

258. 151 received approximately $210,000 in mortgage financing from Alta West.

Property sales and rentals

259. 151 received net proceeds of approximately $7,000 related to the rental of the 1724-36th Ave Property.

Acquisition of properties

260. Approximately $749,000 of funds raised by 151 were used in the acquisition of the 1724-36th Avenue Property. $10,000 of this amount was funded by another member of the Homerun Group and was repaid prior to the inception of these proceedings.

Property development and holding costs.

261. Approximately $131,000 of funds were used for property development and holding costs. Of this amount, approximately $27,000 was funded by other members of the Homerun Group and repaid prior to these proceedings.

Significant intercompany transactions

262. Although the Monitor has not located, nor been provided with, a copy of a management services agreement similar to the Homerun Equities Management Services Agreement, the Monitor understands that Homerun International provided certain management services on behalf of 151.

263. A summary of the related party transactions involving 151 and other members of the Homerun Group as identified by the Monitor is attached as Appendix G and the Monitor would have the following comments with respect to certain of the material or notable transactions not discussed above:

a) **Allocated wages**

Based on the allocation methodology of the Homerun Group, 151 was allocated wages of approximately $88,000. Of this amount, approximately $85,000 was paid and approximately $3,000 was outstanding as at the date of these proceedings and is included in the calculation of the Proposed Inter-Homerun Group Claims;

b) **Commissions**

Commissions of approximately $38,500, equal to 3% of the funds raised were paid to Homerun International.

Proposed Inter-Homerun Group Claims – 151

264. Based on its review of the books and records of 151 and the other members of the Homerun Group, the Monitor has identified the following estimated intercompany claims as follows:

a) Homerun International owes 151 approximately $95,660; and

b) 153 owes 151 approximately $200,053.

Statement of Receipts and Disbursements – October 4, 2012 to October 6, 2013

265. Following the date of these proceedings, 151 has experienced a positive cash flow, resulting in a cash balance as of October 6, 2013 of $554,684 as summarized below:

1515997 Alberta Ltd. **Actual Cash Flow Statement** **October 4, 2012 to October 6, 2013** **(unaudited)**	
	Total
RECEIPTS	
Receipt from interim financing	70,000
Receipt from other entities	16,394
Proceeds from sale	871,371
Other Receipts	-
Total receipts	957,765
DISBURSEMENTS	
Disbursement to other entities	(17,836)
Mortgage payments	(1,875)
Repair, maint. and development costs	(1,995)
Allocated salaries and contractor costs	(7,465)
Utilities, operating and other expenses	(7,175)
Restructuring costs	(57,269)
Property selling costs	(22,829)
Repayment of secured debt	(295,551)
Total disbursements	(411,995)
NET CASH FLOW (DEFICIT)	545,770
OPENING CASH	8,914
CLOSING CASH	554,684

1539149 ALBERTA LTD.

Corporate Overview

266. 153 was registered as an Alberta incorporated corporation on June 9, 2010.

267. A corporate search dated October 9, 2012 indicates that Homerun Properties owns 100% of the voting shares of 153 and the directors are Ms. Graf and Mr. Hayward. The Monitor understands that Ms. Graf and Mr.Hayward resigned as directors effective December 24, 2012.

268. 153 was formed primarily for the purchase, development (if applicable) and sale of real estate properties. At the date of the Initial Order in these proceedings, 153 owned the property bearing the civic address of 1708, 36th Avenue S.W., Calgary, AB (the "170836th Ave Property") which was one of the six adjacent properties referred to as the Altadore Properties which have been sold subsequent to the start of these CCAA proceedings, pursuant to an Order of this Honourable Court dated July 22, 2013 and for which the proceeds are reflected in the cash flow results as discussed below.

Material agreements reviewed by the Monitor

Unanimous shareholders agreement

269. An unanimous shareholders agreement for 153 (the "153 USA") states that 153 was created for the sole purpose of purchasing property, demolishing or removing the existing buildings, building a new condominium complex and selling the individual units of the new condominium complex.

270. The 153 USA also states that the project will be managed by Candice Graf and the board of directors of 153, who will be responsible for overseeing the purchase, demolition or removal, construction and sales of the completed condominium units.

Sources and Uses of Funds

271. The following schedule outlines the identified sources and uses of cash of 153. below which are some summary comments as provided by the Monitor:

1539149 Alberta Ltd.	Total
Third Party Receipts	
Investors	930,000
Financing	210,000
Property Sales/Rentals	-
Total third party receipts	1,140,000
Third Party Disbursements	
Property Acquisitions	748,853
Property Development/Holding	39,135
Interest payments	34,523
Allocated wages	76,619
Administration	1,568
Advertising	47,975
Accounting and legal	22,409
Brokerage/commissions	91,000
Total third party disbursements	1,062,082
Net third party received/(disbursed)	77,918
Net intercompany received/(disbursed)	86,622
Cash on hand October 4, 2012	164,539

Investor Funds

272. 153 raised approximately $930,000 in funds from eleven parties who subscribed for Class B shares where each shareholder received one Class B share at an issue price of $0.10 for every One Thousand ($1,000) Dollars that the shareholder provided by way of a shareholder loan.

Financing

273. 153 received approximately $210,000 in mortgage financing from Alta West.

Acquisition of properties

274. Approximately $749,000 of 153 funds were used in the acquisition of the 1708-36th Avenue Property. Of this amount, approximately $285,000 was funded by other members of the Homerun Group, of which $10,000 was repaid and approximately

$275,000 of which is outstanding and has been included in the calculation of the Proposed Inter-Homerun Group Claims as discussed below.

Property development and holding costs.

275. Approximately $39,000 of funds were used for property development and holding costs.

Significant intercompany transactions

276. Although the Monitor has not located, nor been provided with, a copy of a management services agreement similar to the Homerun Equities Management Services Agreement, the Monitor understands that Homerun International provided certain management services on behalf of 153.

277. A summary of the related party transactions involving 153 and other members of the Homerun Group as identified by the Monitor is attached as Appendix H and the Monitor would have the following comments with respect to certain of the material or notable transactions not discussed above:

Intercompany loans and advances

278. As noted above, 151 funded approximately $200,000 of the purchase price of the 1724-36th Avenue Property and Homerun Equities II had funded $75,000, of which the amounts to Homerun Equities II have been repaid, leaving the amounts from 151 as outstanding as of the date of these proceedings and which have been included in the calculation of the Proposed Inter-Homerun Group Claims.

279. In addition to the $75,000 amount referred to above, Homerun Equities II advanced a further $225,000 for a cumulative principal advance of $300,000. Of this amount, approximately $315,000 was repaid prior to the inception of these proceedings, calculated as principal of $300,000 plus interest of approximately $15,000.

Intercompany transactions

280. Commissions of approximately $91,000, equal to 9% of the funds raised were paid to Homerun International.

Proposed Inter-Homerun Group Claims – 153

281. Based on its review of the books and record of 153 and the other members of the Homerun Group, the Monitor has identified the following estimated Proposed Inter-Homerun Group Claims as follows:

a) Homerun International owes 153 approximately $113,432; and

b) 153 owes 151 approximately $200,053.

Statement of Receipts and Disbursements – October 4, 2012 to October 6, 2013

282. Following the date of these proceedings, 153 has experienced a positive cash flow, resulting in a cash balance as of October 6, 2013 of $708,069 as summarized below:

1539149 Alberta Ltd. **Actual Cash Flow Statement** **October 4, 2012 to October 6, 2013** **(unaudited)**	
	Total
RECEIPTS	
Receipt from interim financing	-
Receipt from other entities	159,040
Proceeds from sale	871,527
Other Receipts	-
Total receipts	1,030,567
DISBURSEMENTS	
Disbursement to other entities	(170,470)
Mortgage payments	-
Repair, maint. and development costs	(223)
Allocated salaries and contractor costs	(7,465)
Utilities, operating and other expenses	(7,835)
Restructuring costs	(57,945)
Property selling costs	(22,829)
Repayment of secured debt	(220,271)
Total disbursements	(487,037)
NET CASH FLOW (DEFICIT)	543,530
OPENING CASH	164,539
CLOSING CASH	708,069

HOMERUN SECURITIES INC.

Corporate Overview

283. Homerun Securities was registered as an Alberta incorporated corporation on June 24, 2010.

284. A corporate search dated October 9, 2012 indicates that Homerun Properties owns 100% of the voting shares of Homerun Securities and the directors are Ms. Jessica Bennett, Ms. Graf and Mr. Hayward. The Monitor understands that Ms. Graf and Mr. Hayward resigned as directors effective December 24, 2012.

285. Homerun Securities was formed to act as an exempt market dealer with respect to the fundraising activities of the various Homerun Group entities.

Sources and uses of funds

286. The following schedule outlines the identified sources and uses of cash of Homerun Securities, following which are some summary comments as provided by the Monitor:

Homerun Securities Inc	Total
Third Party Disbursements	
Property Acquisitions	-
Property Development/Holding	-
Interest payments	-
Allocated wages	-
Administration	217
Advertising	-
Accounting and legal	95,476
Brokerage/commissions	-
Total third party disbursements	95,693
Net third party received/(disbursed)	(95,693)
Net intercompany received/(disbursed)	158,120
Cash on hand October 4, 2012	62,427

287. The only significant transactions of Homerun Securities were with the other members of the Homerun Group, summarized as follows:

a) Homerun Securities received a loan from Homerun International of $74,000 for start-up costs;

b) Homerun Securities received commissions of $126,570 on behalf of Homerun International, which when paid to Homerun International netted out to nil;

c) Homerun International incurred approximately $84,000 in third party expenses related primarily to legal and accounting fees on behalf of, and which remain outstanding, to Homerun Securities as at the date of the CCAA filing.

Proposed Inter-Homerun Group Claims – Homerun Securities

288. Based on its review of the books and record of Homerun Securities and the other members of the Homerun Group for transactions not recorded in the books and records of Homerun Securities, the Monitor has identified the following estimated Proposed Inter-Homerun Group Claims as follows:

a) Homerun Securities owes Homerun International approximately $158,120.

Statement of Receipts and Disbursements – October 4, 2012 to October 6, 2013

289. Following the date of these proceedings, Homerun Securities has experienced a negative cash flow of approximately, resulting in a cash balance as of October 6, 2013 of approximately $53,143 as summarized below:

Homerun Securities Inc. Actual Cash Flow Statement October 4, 2012 to October 6, 2013 (unaudited)	Total
RECEIPTS	
Receipt from interim financing	-
Receipt from other entities	-
Proceeds from sale	-
Other Receipts	-
Total receipts	-
DISBURSEMENTS	
Disbursement to other entities	-
Mortgage payments	-
Repair, maint. and development costs	-
Allocated salaries and contractor costs	-
Utilities, operating and other expenses	(665)
Restructuring costs	(9,011)
Property selling costs	-
Repayment of secured debt	-
Total disbursements	(9,676)
NET CASH FLOW (DEFICIT)	(9,676)
OPENING CASH	62,819
CLOSING CASH	53,143

HOMERUN PROPERTIES

Corporate Overview

290. Homerun Properties was registered as an Alberta incorporated corporation on June 24, 2010.

291. A corporate search dated October 9, 2012 indicates that Ms.Graf owns 100% of the voting shares of Homerun Properties and the directors are Ms. Graf and Mr. Hayward. The Monitor understands that Ms. Graf and Mr. Hayward resigned as directors effective December 24, 2012.

Sources and Uses of Funds

292. As Homerun Properties had minimal cash activity, the Monitor has not included an analysis of its sources and uses of funds.

RELATED HOMERUN ENTITIES

Corporate overview

293. Homerun Investments was registered as an Alberta incorporated corporation on April 16, 2001.

294. A corporate search dated April 3, 2013 of Homerun Investments indicates that Ms. Graf owns 100% of its voting shares of Homerun Investments and is the sole director.

295. First Base Investments was registered as an Alberta incorporated corporation on July 9, 2002.

296. A corporate search dated April 3, 2013 of First Base Investments indicates that Homeplate Holdings Inc. owns 100% of its voting shares and Ms. Graf is its sole director.

297. A corporate search of Homeplate Holdings Inc. dated April 3, 2013 indicates that Ms. Graf owns 100% of its voting shares and is also the sole director.

Sources and Uses of Funds of the Related Homerun Entities

298. As described above, as a result of the time and cost required for such a detailed analysis, the Monitor has not completed a comprehensive analysis of the sources and uses of funds of the Related Homerun Entities from inception, but rather has used its access to the books and records of the Related Homerun Entities to assist in the completion of the SUF Analysis as it pertains to the Homerun Group.

Status of operations of the Related Homerun Entities

299. As discussed above, Management has informed the Monitor that the historical operations of Homerun Investments involved the operation of a real estate mentorship program to assist individuals in becoming active investors in the real estate industry either through buying and holding properties or renting and renovating properties for re-sale and that such operations ceased in approximately June 2007.

300. The Monitor understands that First Base Investments operates a property acquisition and real estate rental business.

301. Based on its review of the property acquisition files of First Base Investments, it appears that the majority of the First Base Investments properties were typically acquired through a transaction involving an assumption of the vendors mortgage, with the down payment on the respective property, if any, financed by a third party investor.

302. As outlined in the Sixth Report of the Monitor, the Monitor understands that as of the date of these proceedings, First Base Investments historically owned up to 17 properties and Homerun Investments owned 1 property.

303. From the date of the inception of these proceedings to the date of this Tenth Report, the Monitor understands that fourteen First Base Investment properties were disposed of as discussed below:

a) six properties were transferred to secured lenders through apparent quit claims;

b) one property was transferred to a secured lender through foreclosure proceedings; and

c) seven properties were sold for aggregate proceeds of approximately $446,768, of which, approximately $184,463 was held in trust by real estate counsel to First Base pending resolution of the RHE Statement of Claim, or further Order of the Court and approximately $262,300 of which was paid to First Base. As a result of the bankruptcy of First Base Investment as discussed below, the $184,463 has been forwarded to the Trustee.

304. The Monitor understands that four of the above noted quit claimed properties were subject to transactions with secured lenders who were parties related to former directors of the Homerun Group who had resigned prior to the inception of these proceedings.

305. The Monitor understands that of the approximately $262,300 in sales proceeds paid to the First Base Investments, that $100,000 was transferred to Homeplate Holdings Ltd., the sole shareholder of First Base Investments, pursuant to ten x $10,000 online payments between March 2, 2013 and May 31, 2013.

306. The Monitor also understands that $247,000 was withdrawn through three cash withdrawal transactions between April 16, 2013 and April 29, 2013.

307. It is contemplated that the above transactions will be discussed with estate inspectors, once nominated, in the bankruptcy of First Base Investments and that the Trustee will be seeking instructions from such inspectors.

308. The Monitor understands that the property owned by Homerun Investments has been sold and that proceeds of approximately $22,772 are being held in trust pending resolution of the RHE Statement of Claim, or further Order of the Court.

BANKRUPTCY OF FIRST BASE INVESTMENTS

309. As noted above, certain sections of the draft SUF Analysis were provided to Management for their review and comment. The Monitor also requested the position of the Related Homerun Entities on amounts that were identified through the SUF Analysis as outstanding to Homerun International.

310. In follow-up discussions on the above, Ms. Graf, in her capacity as Director of the Related Homerun Entities, indicated that in light of both the FBI Foreclosure Action and the Homerun Group Investor Action, together with the amounts claimed to be due to Homerun International, that she would assign First Base Investments into bankruptcy for the benefit of its creditors such that the assets can be wound up in an orderly fashion and distributed to its creditors in accordance with legal priorities.

311. As a result, First Base Investments assigned itself into bankruptcy on October 7, 2013, and Hardie & Kelly Inc. was named Trustee of the Bankrupt estate (the "Trustee") pending affirmation by its creditors.

312. The primary assets of First Base Investments listed on its Statement of Affairs as sworn by Ms. Graf are as follows:

a) Cash held in trust with real estate counsel of approximately $184,000 arising from properties sold subsequent to the filing of the Certificate of *Lis Pendens* ("CLP") as described in the Sixth Report of the Monitor to protect any interest that the estate of Homerun International may have;

b) Real estate properties (the "FBI Properties") bearing the following civic addresses:

i. 27 Bermuda Lane NW, Calgary, AB;

ii. 339 Cresthaven Place SW, Calgary AB; and

iii. 38 Royal Elm Way NW.

313. The Trustee anticipates that determining the validity and enforceability of the charges purportedly held by individual members of the Rocky Ridge 2nd Mortgage Syndicate under the terms of the RR/FBI Prom Notes will be central to the bankruptcy.

314. In the course of discussions with counsel to the Rocky Ridge Syndicate, counsel to the Monitor and Trustee has proposed a meeting to discuss how the properties of First Base may be liquidated in an order fashion and the funds held in trust pending resolution of these matters.

CASH LOCATED IN THE BOOKS AND RECORDS OF THE RELATED HOMERUN ENTITIES

315. During the course of its review of the books and records of the Related Homerun Entities, the Monitor located an unmarked envelope containing $8,000 cash in the form of a bundle of 80 x $100 bills (the "Discovered Cash").

316. The Monitor immediately notified Ms. Graf of its discovery and advised that the Discovered Cash had been deposited into the Monitor's third party trust account pending determination of entitlement to same; but that it was likely the Monitor's intention to seek the advice and direction of this Honourable Court with respect to the discovery.

317. Ms. Graf responded to the Monitor indicating that the money had been missing and that she did not know what had happened to it. Ms. Graf further advised that the Discovered Cash belonged to her children and that she would like it returned given that it was a combination of money that they had saved together with funds that her mother had left them.

318. Given the nature and extent of related party transactions and potential amounts outstanding from the Related Homerun Entities, the Monitor responded to Ms. Graf requesting an Affidavit confirming her position with respect to the source and ownership of the funds, which it had undertook to review with its legal counsel. On September 4, 2013, Ms. Graf provided the Monitor with such an Affidavit.

319. The Monitor has reviewed the Affidavit provided by Ms. Graf. In the Affidavit, Ms. Graf affirms that the Discovered Cash belonged to her sons. The Monitor subsequently advised Ms. Graf that it would bring an application to return the Discovered Cash to Ms. Graf by way of an application for advice and direction on notice to the service list. The Monitor takes no position on the within application.

FORECAST TO ACTUAL RESULTS

320. A variance analysis of the Homerun Group's combined actual receipts and disbursements for the period August 12, 2013 to October 6, 2013 (the "Partial Ninth Report Forecast Period") as against the cash flow projections contained in the Ninth Monitor's Report for the similar period (the "Partial Ninth Report Forecast") is set out in the table below. The Monitor highlights that the period of the Partial Ninth Report Forecast is different than that of the Ninth Report Forecast as appended to the Ninth Report.

Homerun Group
Combined Forecast to Actual Cash Flow Forecast Analysis
August 12, 2013 to October 6, 2013
(unaudited)

	Forecast	Actual	Variance
RECEIPTS			
Receipt from Interim Financing	78,500	64,325	(14,175)
Receipt from Homerun Group entities	-	-	-
Proceeds from sale	5,250,000	5,916,928	666,928
Other Receipts	-	5,501	5,501
Total Receipts	5,328,500	5,986,754	658,254
DISBURSEMENTS			
Disbursement to Homerun Group entities	-	-	-
Mortgage, interest and fees	(30,000)	(13,207)	16,793
Repair, maint. and develop. costs	(107,500)	(77,336)	30,164
Allocated salaries and contractor costs	(20,000)	(29,560)	(9,560)
Utilities, operating and other expenses	(22,000)	(4,629)	17,371
Restructuring costs	(67,500)	(75,650)	(8,150)
Property selling costs	-	(163,328)	(163,328)
Repayment of secured debt	(1,345,000)	(1,842,508)	(497,508)
Total Disbursements	(1,592,000)	(2,206,219)	(614,219)
NET CASH FLOW (DEFICIT)	3,736,500	3,780,536	44,036
OPENING CASH (Available for use)	793,778	793,778	
OPENING CASH HELD FOR GST		(156,317)	
ADD: ADDITIONAL CASH HELD FOR GS	(156,317)	(24,376)	
CASH HELD FOR GST REMITTANCE	(156,317)	(180,693)	
CLOSING CASH (Available for use)	4,530,278	4,417,997	

321. The Homerun Group experienced an actual cash flow surplus during the Partial Ninth Report Forecast Period of approximately $3,780,536 as compared to a forecast cash flow surplus of approximately $3,736,500, for a variance of approximately $44,000 or 2% of total forecast cash flows.

322. A breakdown of this analysis by individual entity is attached as Appendix I.

TAX REMITTANCES PROVIDED BY HOMERUN INTERNATIONAL

323. The Monitor prepared and issued requisite investor income tax remittances which, based on independent advice received by the Monitor, were required to be prepared on an accrual basis which would include the amount of interest that the investor was entitled to receive according to the terms of their promissory notes. The Monitor understands that Homerun International had previously filed tax remittances on a similar basis (collectively, the "T5 Remittances").

324. The effect of the filing of the tax remittances on an accrual basis is the Canada Revenue Agency requires investors to include the interest income reported by Homerun International on their personal income tax returns, irrespective of the fact that the ultimate collection of the full amount of their principal and accrued interest was unlikely, as confirmed by a letter sent by the Monitor accompanying the 2012 T5 Remittances. A copy of the covering letter sent by the Monitor is attached as Appendix J.

325. As a result of the material effect on the investors of CRA's treatment of these T5 Remittances, the Monitor has held discussions with Canada Revenue Agency regarding this issue and whether there is an acceptable form of documentation that could be provided by the Monitor to substantiate that as the investors will not be receiving full repayment of their principal that Homerun International will not be paying the full amount of accrued interest as previously reported on the tax remittances.

326. However, as the Monitor understands that certain investors were in fact paid interest during previous years, the Monitor anticipates that it will be left with no option but to amend the previously issued T5 Remittances in order to not materially prejudice these investors.

327. As a result, the Monitor is seeking the Court's authorization to amend the filed T5 Remittances on the basis of the amount of interest shown in the books and records of

Homerun International as being paid to the investors who had previously received the T5 Remittances.

ADMINISTRATION AND INITIAL LENDERS CHARGE AND FUNDING OF RETAINER

Administration Charge amounts allocated to the Rocky Ridge Lands

328. The Initial Order granted in these proceedings provided the Monitor, counsel to the Monitor and counsel to the Companies a charge on the assets of the Homerun Group to a maximum amount of $200,000 as security for their professional fees and disbursements.

329. As of the date of this Tenth Report, the Monitor, its counsel and counsel to the Homerun Group have unpaid fees as it relates to the administration of the estate of Homerun International of approximately $147,650 plus disbursements of approximately $4,081 for total unpaid fees and disbursements of approximately $151,731,with $25,000 to be reimbursed by the Related Homerun Entities pursuant to Order of this Honourable Court authorizing the expansion of the sources and uses analysis, which results in net unpaid fees of approximately $126,731.

330. In addition, it is estimated that incurred but unbilled fees plus fees to completion will approximate $15,000 for a total amount of estimated unpaid professional fees of approximately $141,731. Based on the Proposed Inter-Homerun Group Claims as identified through the SUF Analysis, respectfully assuming that the relief is granted by this Honourable Court, it is anticipated that Homerun International will receive a distribution of approximately $54,146 from 148 and $45,082 from Homerun Securities, which leaves net unpaid professional fees of approximately $42,503. A schedule outlining the above amounts is attached as Appendix K. Accordingly, through the completion of the SUF Analysis, the Monitor anticipates Homerun International recovering a net amount of approximately $99,228 from other members of the Homerun Group.

331. Without limiting the generality of the foregoing, the time incurred on the administration of the estate of Homerun International related to the following:

a) preparing and filing the various materials with respect to the inclusion of Homerun International in these proceedings;

b) discussion and correspondence with creditors of Homerun International regarding the status of these proceedings;

c) completion of the requisite income tax requirements to investors of Homerun International, together with numerous discussions with investors on same;

d) reviewing the known and potential assets of Homerun International with the ultimate affect of consenting to the Rocky Ridge Syndicate Leave Order and the Rocky Ridge Syndicate Listing Order;

e) matters involving the Rocky Ridge Residence including, discussions and correspondence regarding the contemplated transaction with Safari/Akal, investigating the unauthorized removal of the Rocky Ridge Residence, including the filing of the Fourth Report of the Monitor filed solely as it relates to this unauthorized removal, and the ultimate negotiating and court approval of the Rocky Ridge Settlement Agreement;

f) review of matters as it relates to the land swap agreement and related Court matters as between Decker Management Ltd. and Homerun International and execution of documents related thereto;

g) review of the books and records of Homerun International as it relates to the completion of its SUF Analysis, through which various Proposed Inter-Homerun Group Claims, which identified claims to be lodged by Homerun International against the other members of the Homerun Group resulting in the above noted anticipated recoveries; and

h) various correspondence with its counsel with respect to information requests to and from the Rocky Ridge mortgage syndicates regarding updates as it relates to the Rocky Ridge property as well as time incurred in reviewing and responding to the various potential issues as it relates to the RR First Prom Notes and the RR/FB Prom Notes.

332. The Monitor notes that a portion of the professional time relates to the completion of the SUF Analysis as it relates to an analysis of the various transactions as between Homerun International and the Related Homerun Entities insofar as it relates to the SUF Analysis of the Homerun Group. Through this SUF Analysis, an approximate amount of $548,536

has been identified as being outstanding from First Base Investments and approximately $152,400 as outstanding from Homerun Investments.

333. The above proposed Administrative Holdback does not take into account any potential recoveries arising from:

a) the Rocky Ridge Settlement Agreement as defined in the Rocky Ridge Property Settlement Agreement as defined in the Seventh Report of the Monitor; and

b) a potential distribution to Homerun International arising from its status as an unsecured creditor in the bankruptcy of First Base Investments.

334. Should there be any potential incremental recoveries to the estate of Homerun International, it is proposed that a future allocation hearing be held to determine the revised amounts to be returned as under the terms of the Administration Holdback. However, as outlined below, the Monitor is seeking a declaration as to the current amount of the Proposed Administration Charge Holdback to allow for a proposed distribution to certain of creditors of the Homerun Group.

Initial Lenders Charge allocated to Homerun International

335. As outlined in the First through Third Report of the Monitor, Homerun Equities and 153 had incurred obligations on behalf of Homerun International which constitute claims under the Initial Lenders Charge in accordance with the Amended and Restated Initial Order granted in these proceedings.

336. As noted in the previous reports of the Monitor, the amounts that remain outstanding under the Initial Lenders Charge, as outlined on Appendix K and described below, are as follows:

a) $25,855 owing by Homerun International to 153 under the terms of the Initial Lenders Charge with such amounts being used for the funding of allocated wages and operating expenses of approximately $15,354 as well as approximately $10,500 for the aggregate cost of an appraisal for each of the Rocky Ridge Property and the Balzac Lands. These appraisals were required in the administration of the estate of Homerun International in determining

whether Management would consent to the Rocky Ridge Listing Order to assess whether to incur additional time and expenditures to examine the transfer of the Balzac Lands which occurred within one month of these proceedings as outlined above; and

b) $17,961 owing by Homerun International to Homerun Equities under the terms of the Initial Lenders Charge with such amounts being used for the funding of allocated professional fees incurred prior to October 31, 2013.

337. The Monitor has advised counsel to the Rocky Ridge Syndicate who had sought and obtained the Rocky Ridge Listing Order of the amounts outstanding as under the Initial Lenders Charge and will be seeking an Order confirming the quantum of these amounts and a declaration that such amount is payable immediately upon a sale of the Rocky Ridge Lands.

338. In addition, as the amounts collectable under the Rocky Ridge Settlement Agreement have not yet been collected, despite the fact that such agreement contemplated that the Monitor was to receive collection no later than July 31, 2012, the Monitor has proposed to counsel to the Rocky Ridge Syndicate that it would be willing to assign its rights under this agreement to the Rocky Ridge Syndicate such that any collections under this agreement would reduce the amount funded in satisfaction of the Administration and Initial Lenders Charge.

Retainer

339. In addition, the Initial Order authorized the Homerun Group to provide the Monitor, counsel to the Monitor and counsel to the Homerun Group, retainers in the respective amounts of up to $80,000 to be held as security for payment of its respective fees and disbursements. The Monitor advises that legal counsel to the Homerun Group were provided with a retainer in the amount of $80,000 while the Monitor and its counsel were provided an aggregate amount of $50,000, all of which were provided from Homerun Equities II and for which no funds have been drawn. Respectfully assuming that the relief sought with respect to the Proposed Administration Charge Holdback is granted, this full amount is proposed to be returned to Homerun Equities II in the calculation of the distributable proceeds as discussed below.

340. As noted above, the Monitor and its counsel believe that it is equitable that Homerun International bear an appropriate portion of the costs of the proceedings in accordance with the Administration Charge granted in these proceedings, and should the application to have the unpaid fees of Homerun International be borne by Homerun International be unsuccessful, the amount of the unused retainer would need to be adjusted, with a resulting allocation of the drawn portion of the retainer amongst the various members of the Homerun Group, as it would be inequitable to charge Homerun Equities II with the full burden of the unpaid fees.

341. The Monitor notes that any allocation of the drawn portion of the retainer amongst the various members of the Homerun Group would require an adjournment of the relief with respect to approval of the proposed distribution, as the proposed distributions would need to be adjusted to reflect the respective allocation of the drawn portion of the retainer to each respective member of the Homerun Group.

PROPOSED INTER-HOMERUN GROUP CLAIMS

342. As outlined above, based on its review of the books and records of the Homerun Group for purposes of the SUF Analysis, the Monitor has identified intercompany claims (the "Proposed Inter-Homerun Group Claims") to reflect the intercompany transactions identified by the Monitor through the SUF Analysis.

343. The Monitor is seeking the approval of this Honourable Court for the formalization and lodging of the Proposed Inter-Homerun Group Claims in the various estates of the Homerun Group as is attached as Appendix L, and for which a summary rounded to the nearest thousand dollars is provided below:

	HR Int'l	HEI	HCC	HEIII	HCIIC	148	149	151	153	HSI
HR Int'l		668	52	(2,078)	-	262	(125)	(96)	(113)	158
HEI	(668)		(2,261)	-	-	(9)	(142)	-	-	-
HCC	(52)	2,261		-	-	-	-	-	-	-
HEIII	2,078	-	-		(5,983)	-	-	-	-	-
HCIIC	-	-	-	5,983		-	-	-	-	-
148	(262)	9	-	-	-		(25)	-	-	-
149	125	142	-	-	-	25		-	-	-
151	96	-	-	-	-	-	-		200	-
153	113	-	-	-	-	-	-	(200)		-
HSI	(158)	-	-	-	-	-	-	-	-	

CALCULATION OF DISTRIBUTABLE PROCEEDS

344. As described above, based on the realizations of the real property of Homerun Equities II, 148, 149, 151 and 153, each have funds available for distribution to their respective creditors in accordance with legal priorities. The Monitor is also proposing a distribution of the cash on hand of Homerun Securities.

345. As Homerun Equities has remaining assets to dispose of and ongoing costs with respect to same, the Monitor is not proposing a distribution to its creditors at this time, however anticipates filing a subsequent report with the Court once the realizations on the remaining assets has been completed and it is in a position to recommend a distribution.

346. At this time, there have been no realizations with respect to Homerun International, other than amounts to be recovered through the Proposed Inter-Homerun Group Claims, which as indicated above are insufficient to satisfy the outstanding professional fees, therefore there is no contemplated distribution to creditors of Homerun International.

347. The Monitor advises that although it is proposing an interim distribution, it has not yet completed its administration of the various estates, with such tasks that remain including, but not being limited to, dealing with any enquiries on its SUF Analysis, finalizing requisite GST tax filings, completing the various distributions to creditors and preparing for and obtaining its discharge. As a result, the Monitor proposes to hold back $12,500 from each of Homerun Equities II, 148, 149, 151, 153 and $5,000 from Homerun Securities for the professional fees associated with completing its administration following its last rendering its accounts in August 2013. Should significant incremental time or additional costs be incurred in the period between filing this Tenth Report and the receipt of approval of the proposed distribution, the Monitor may seek to amend the quantum of the estimated costs to complete through a subsequent application to this Honourable Court.

348. Based on the above and subject to the Monitors above comments with respect to the return of the full amount of the unused portion of the retainers, the Monitor would propose that the following amounts be considered as proceeds available to be distributed at this time to creditors of the respective entities (the "Distributable Proceeds"):

	Closing Cash	Return of Retainers	Estimated Completion Costs	Distributable Cash
Homerun Equities II	2,218,142	130,000	(12,500)	2,335,642
148	305,713		(12,500)	293,213
149	557,068		(12,500)	544,568
151	554,684		(12,500)	542,184
153	708,069		(12,500)	695,569
Homerun Securities	53,143		(5,000)	48,143
		130,000	(67,500)	

PROVEN CLAIMS AND PROPOSED DISTRIBUTION

349. On December 21, 2012, the Companies sought and obtained a series of claims process orders (the "Claims Process Orders") to establish the amount of claims against the respective members of the Homerun Group as at the Filing Date.

350. The Monitor, with the assistance of the contractors retained by the Homerun Group has worked to reconcile certain claims and has issued certain Notices of Revision in accordance with the terms of the Claims Process Orders. The Monitor advises that no parties who were sent a Notice of Revision or Disallowance in accordance with the Claims Process Order have filed an appeal process in accordance with the Claims Process Order.

351. As a result, the Monitor has established the quantum of proven claims against the respective Homerun Group entities as at the Filing Date, with the exception of Homerun International, which was not included in the Claims Process Orders given the uncertainty over whether there would ultimately be any distributable proceeds to distribute amongst the creditors of Homerun International.

352. The Claims Process Orders specifically excluded amounts arising from pre-filing inter-entity lending amongst individual members of the Homerun Group, given that these amounts were to be determined through the SUF Analysis as discussed above.

Proposed distribution – Homerun Equities II

353. Based on the proven claims against Homerun Equities II as submitted through the claims process, together with the estimated Proposed Inter-Homerun Group claims as identified through the SUF Analysis, the Monitor is proposing a distribution for Homerun Equities

II, substantially in the form of that outlined in Appendix M (the "Proposed Homerun Equities II Distribution").

354. Based on the Homerun Equities II proposed distribution, the entire distributable cash will be paid to Homerun Capital II Corp. in accordance with their security, registered on October 3, 2012.

Proposed distribution – Homerun Capital II

355. Based on the proven claims against Homerun Capital II as submitted through the claims process, together with the estimated Proposed Inter-Homerun Group claims as identified through the SUF Analysis, the Monitor is proposing a distribution for Homerun Capital II, substantially in the form of that outlined in Appendix N (the "Proposed Homerun Capital II Distribution").

356. Based on the Homerun Capital II proposed distribution, unsecured creditors are forecast to receive a dividend of approximately 34% of their proven claim, including interest to October 4, 2012.

Priority Claims and proposed distribution – 148

357. The Monitor notes that certain encumbrances are registered subsequent to the mortgage of Terrapin which has been repaid in accordance with the Order granted by this Honourable Court on June 12, 2013.

358. Based on the review by McCarthy Tetrault in its capacity as legal counsel to the Monitor of the above noted encumbrances, the Monitor has following comments with respect to such encumbrances:

a) Blackstone Slinger registered a lien on September 24, 2012 in the amount of $2,810 which was deemed invalid due to the failure to file a certificate of *Lis Pendens* against the 241-2nd Avenue Property within six months of the registration of the lien in accordance with the *Builder's Lien Act*. As a result, this claim ranks as an unsecured claim and is entitled to share *pari passu* with the other proven creditors.

b) Pro-Fx Services Inc. – Lien registered a lien on September 21, 2012 in the amount of $17,096 which was deemed invalid due to the failure to file a certificate of *Lis Pendens* against the 2421-2nd Avenue Property within six months of the registration of the lien in accordance with the *Builder's Lien Act*. As a result, this claim ranks as an unsecured claim and is entitled to share *pari passu* with the other proven creditors. The Monitor notes that Pro-Fx Services Inc. did in fact file a claim as an unsecured creditor and the amount of such proven claim was $16,896.60; and

c) Byron's Plumbing Ltd. registered a lien on November 7, 2012 in the amount of $12,559, together with the certificate of *Lis Pendens* as filed against the 2421-2nd Avenue Property as filed on May 6, 2013, therefore has a valid encumbrance and would rank in priority to the unsecured creditors of 148.

359. Based on the proven claims as submitted through the claims process, the encumbrances registered at land titles and the estimated Proposed Inter-Homerun Group claims as identified through the SUF Analysis, the Monitor is proposing a distribution for 148, substantially in the form of that outlined in Appendix O ("Proposed 148 Distribution").

360. Based on the 148 proposed distribution, unsecured creditors are forecast to receive a dividend of approximately 21% of their proven claim.

Proposed distribution – 149

361. Based on the proven claims against 149 as submitted through the claims process, together with the estimated Proposed Inter-Homerun Group claims as identified through the SUF Analysis, the Monitor is proposing a distribution for 149, substantially in the form of that outlined in Appendix P (the "Proposed 149 Distribution").

362. Based on the 149 proposed distribution, unsecured creditors are forecast to receive a dividend of approximately 55% of their proven claim.

Proposed distribution – 151

363. Based on the proven claims against 151 as submitted through the claims process, together with the estimated Proposed Inter-Homerun Group claims as identified through the SUF

Analysis, the Monitor is proposing a distribution for 151, substantially in the form of that outlined in Appendix Q (the "Proposed 151 Distribution").

364. Based on the 151 proposed distribution, unsecured creditors are forecast to receive a dividend of approximately 58% of their proven claim.

Proposed distribution – 153

365. Based on the proven claims against 153 as submitted through the claims process, together with the estimated Proposed Inter-Homerun Group claims as identified through the SUF Analysis, the Monitor is proposing a distribution for 153, substantially in the form of that outlined in Appendix R (the "Proposed 153 Distribution").

366. The Proposed 153 Distribution does not include any current distribution of funds outstanding to 153 as under the Initial Lenders Charge as discussed above as it is contemplated that these amounts will be distributed to the creditors of 153 when the Rocky Ridge Property is sold, respectfully assuming that this Honourable Court grant the requested relief.

367. Based on the 153 proposed distribution, unsecured creditors are forecast to receive a dividend of approximately 62% of their proven claim.

Proposed distribution – Homerun Securities

368. Based on the proven claims against Homerun Securities as submitted through the claims process, together with the estimated Proposed Inter-Homerun Group claims as identified through the SUF Analysis, the Monitor is proposing a distribution for Homerun Securities, substantially in the form of that outlined in Appendix S (the "Proposed Homerun Securities Distribution").

369. Based on the Homerun Securities proposed distribution, unsecured creditors are forecast to receive a dividend of approximately 29% of their proven claim.

Proposed Distribution Protocol

370. Given the varying and competing stakeholder interests, together with the anticipated cost of facilitating multiple reviews and comments thereon, the Monitor advised interested parties that it was not in a position to review and negotiate the vast number of

transactions and Proposed Inter-Homerun Group Claims with individual stakeholders and would therefore be completing its SUF Analysis, together with recommending Proposed Inter-Homerun Group claims and a respective proposed distribution methodology and that following the submission of these recommendations to the Courts, interested stakeholders would be provided with an opportunity to object to such recommendations.

371. As a result, the Monitor is filing this Tenth Report with the Court, which will also be posted on its website for the benefit of the various interested parties and will be bringing an application seeking the Court's approval of the following:

a) lodging of the Proposed Inter-Homerun Group Claims against the various respective estates;

b) distributions in accordance with the Proposed Homerun Equities II Distribution, the Proposed 148 Distribution, the Proposed 149 Distribution, the Proposed 151 Distribution, the Proposed 153 Distribution, and the Proposed Homerun Securities Distribution.

CASH FLOW FORECAST TO DECEMBER 22, 2013

372. Attached as Appendix T is a copy of the cash flow projections by individual entity (collectively the "Tenth Report Forecast") for the period October 7, 2013 to December 22, 2013 (the "Tenth Report Forecast Period"). The Tenth Report Forecast was prepared based on the most current information available concerning the planned expenditures for the Tenth Report Forecast Period.

373. A summary of the Tenth Report Forecast for the individual Homerun Group entities, together with comments regarding the significant receipts and disbursements is provided below.

Homerun Equities

374. Attached as Appendix T1 to this report is a detailed cash flow forecast for Homerun Equities for the Tenth Report Forecast Period. Comments with respect to the significant forecast receipts and disbursements, together with significant assumptions, are as follows:

a) Proceeds from the sale of the last unit of the 2427-2nd Ave Property, which was sold in accordance with the Closing Process Order as granted by this

Honourable Court on June 12, 2013, together with the repayment of the associated mortgage are included as they have been received the week of October 7th;

b) Although the Monitor has entered into a series of conditional purchase and sale agreements for the individual units of the 13th Avenue Property, for which it anticipates seeking the Court's approval once the various conditions, other than the receipt of Court approval, have been lifted, no proceeds from sale of the 13th Avenue Property or repayment of the associated mortgage or interim financing has been included in the Tenth Report forecast given the potential impact on a reinstated sales process should the transaction not close for any reason;

c) Professional fees of approximately $35,000 associated with the payment of the accrued fees associated with the sales of the 2427-2nd Avenue Property, management of the completion of the construction of the 117-13th Avenue Property, administering the sales process of the units of the 117-13th Avenue Property, the completion of the SUF Report as well as other functions of the Monitor; and

d) The Monitor also notes that no distribution to creditors of Homerun Equities is included in the Tenth Report Forecast, but that in the event that distributable proceeds are available to such creditors, the Monitor anticipates making a subsequent application to this Honourable Court with respect to seeking the approval of such a distribution.

Homerun Equities II

375. Attached as Appendix T2 to this report is a detailed cash flow forecast for Homerun Equities II for the Tenth Report Forecast Period. Comments with respect to the significant forecast receipts and disbursements, together with significant assumptions, are as follows:

a) Anticipated distribution of approximately $2,335,642 to the proven creditors of Homerun Equities II; and

b) Anticipated payment of professional fees of approximately $12,500 related to the winding up of the estate.

148

376. Attached as Appendix T3 to this report is a detailed cash flow forecast for 148 for the Tenth Report Forecast Period. Comments with respect to the significant forecast receipts and disbursements, together with significant assumptions, are as follows:

a) Anticipated distribution of approximately $293,213 to the proven creditors of 148; and

b) Anticipated payment of professional fees of approximately $12,500 related to the winding up of the estate.

149

377. Attached as Appendix T4 to this report is a detailed cash flow forecast for 149 for the Tenth Report Forecast Period. Comments with respect to the significant forecast receipts and disbursements, together with significant assumptions, are as follows:

a) Anticipated distribution of approximately $544,568 to the proven creditors of 149; and

b) Anticipated payment of professional fees of approximately $12,500 related to the winding up of the estate.

151

378. Attached as Appendix T5 to this report is a detailed cash flow forecast for 151 for the Tenth Report Forecast Period. Comments with respect to the significant forecast receipts and disbursements, together with significant assumptions, are as follows:

a) Anticipated distribution of approximately $542,184 to the proven creditors of 151; and

b) Anticipated payment of professional fees of approximately $12,500 related to the winding up of the estate.

153

379. Attached as Appendix T6 to this report is a detailed cash flow forecast for 153 for the Tenth Report Forecast Period. Comments with respect to the significant forecast receipts and disbursements, together with significant assumptions, are as follows:

a) Anticipated distribution of approximately $695,569 to the proven creditors of 153; and

b) Anticipated payment of professional fees of approximately $12,500 related to the winding up of the estate.

Homerun International

380. Attached as Appendix T7 to this report is a detailed cash flow forecast for Homerun International for the Tenth Report Forecast Period. Comments with respect to the significant forecast receipts and disbursements, together with significant assumptions, are as follows:

a) Anticipated receipt of approximately $98,000 to be received pursuant to the settlement of the estimated Proposed Inter-Homerun Group Claims, respectfully assuming that the requested relief is granted by this Honourable Court; and

b) Anticipated payment of a portion of the outstanding professional fees of approximately $98,000.

Homerun Securities

381. Attached as Appendix T8 to this report is a detailed cash flow forecast for Homerun Securities the Tenth Report Forecast Period. Comments with respect to the significant forecast receipts and disbursements, together with significant assumptions, are as follows:

a) Anticipated distribution of approximately $48,143 to the proven creditors of Homerun Securities; and

b) Anticipated payment of professional fees of approximately $5,000 related to the winding up of the estate.

APPLICANT'S REQUEST FOR AN EXTENSION TO THE STAY

382. Pursuant to an Order of this Honourable Court, the Homerun Group's Stay continues until, and including, October 25, 2013. The Homerun Group is seeking an extension of the Stay Period until, and including, December 20, 2013 (the "Tenth Report Stay Period").

383. Subject to the various approvals being sought from this Honourable Court, an extension to the Stay Period is necessary to accomplish the following material tasks:

a) complete the proposed distributions to the creditors of Homerun Equities II, 148, 149, 151, 153 and Homerun Securities;

b) complete and filing of the Amended T5 Remittances;

c) continue to work towards a sale of the 13th Avenue Property; and

d) pursue any potential recoveries against First Base Investments as a result of its assignment into bankruptcy.

384. Although the Homerun Group is seeking an extension until December 20, 2013, the Monitor anticipates that the entire Tenth Report Stay Period will not be required for the wind-up of each individual member of the Homerun Group. As a result, it is anticipated that the Monitor will be seeking its discharge from various members of the Homerun Group prior to the expiry of the Tenth Report Stay Period.

RECOMMENDATIONS

385. In the Monitor's view, the Homerun Group is acting in good faith and with due diligence. The Monitor is of the view that an extension of the Stay is appropriate in the circumstances and therefore recommends the Homerun Group's request for an extension of the Stay be granted through to December 20, 2013.

386. In addition, the Monitor recommends this Honourable Court approve the following:

a) the Proposed Inter-Homerun Group Claims be formalized and lodged against the respective entities comprising the Homerun Group;

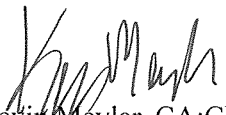
b) the Administration Charge Holdback and the Initial Lenders Charge Holdback with such amounts to be paid immediately upon sale of the Rocky Ridge Lands;

c) distributions in accordance with the Proposed Homerun Equities II Distribution, Proposed 148 Distribution, the Proposed 149 Distribution, the Proposed 151 Distribution, the Proposed 153 Distribution, and the Proposed Homerun Securities Distribution; and

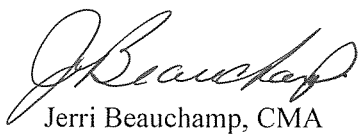
d) the filing of the Amended T5 Remittances.

All of which is respectfully submitted this 11th day of October, 2013.

Hardie & Kelly Inc.
In its capacity as Court-Appointed Monitor
of the Homerun Group



Kevin Meyler, CA·CIRP
Senior Vice President



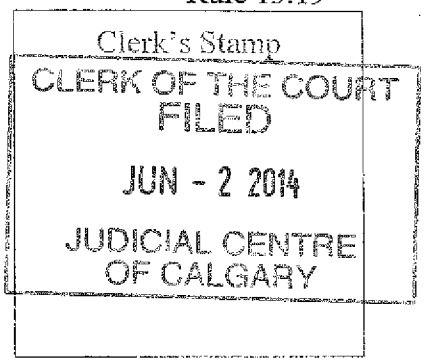
Jerri Beauchamp, CMA
Manager

This is Exhibit "C"
referred to in the Affidavit of
Myrtle (Maria) Maksymytz
sworn before me this 20th
day of September, 2019

A Commissioner for Oaths/Notary
Public in and for Alberta

SHALINA MICHELLE WOOD
A Commissioner for Oaths in and for Alberta
My Commission Expires on June 06, 2021

Form 49
Rule 13.19



COURT FILE NUMBER	1201 – 12537
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	IN THE MATTER OF S. 47 OF THE COMPANIES' CREDITORS ARRANGMENT ACT, R.S.C. 1985, c. C-36, as amended AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9 AND IN THE MATTER OF HOMERUN CAPITAL CORP., HOMERUN EQUITIES INC., HOMERUN CAPITAL II CORP., HOMERUN EQUITIES II INC., HOMERUN INTERNATIONAL INC., HOMERUN PROPERTIES INC., HOMERUN SECURITIES INC., 1484106 ALBERTA LTD., 1496044 ALBERTA LTD., 1539149 ALBERTA LTD., and 1515997 ALBERTA LTD.
RESPONDENTS	HOMERUN INTERNATIONAL INC. and ECLIPSE GEOMATICS & ENGINEERING LTD.
DOCUMENT	**AFFIDAVIT OF MYRTLE (MARIA) MAKSYMYTZ**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Gowling Lafleur Henderson LLP #1600, 421 – 7 Avenue SW Calgary, AB T2P 4K9 Phone: 403-298-1000 Fax: 403-263-9193 File No. A134733 **Attention: Jeffrey Oliver**

I, MYRTLE (MARIA) MAKSYMYTZ, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am one of a group of mortgagees, comprised of myself, Earl Werk, Perla Werk, Rod Yoshida, Andrew Sroka, Marc Fortin, Constance Fossen, Ken Fossen, Patrick Aull, Joan Morgan, Gary Morgan, Cherie Chiodo, Lori Stach, and Mike Skinner (collectively, the "**First Mortgagees**"), which First Mortgagees have a registered mortgage against certain lands owned by Homerun International Inc. ("**Homerun**"). I have been extensively involved in efforts by the First Mortgagees to market and list such lands, including gathering information about work previously done in relation to the lands. As such, I have personal knowledge of the matters hereinafter deposed to, except where stated to be based on information and belief, in which case I believe the same to be true.

2. I am authorized by the First Mortgagees to make this Affidavit on their behalf.

The First Mortgagees

3. The First Mortgagees are a group of individuals who invested funds with Homerun, which was in the business of raising money from investors, which monies were then secured by Homerun in mortgages registered against real property.

4. In consideration for funds provided to Homerun, the First Mortgagees have a mortgage, dated April 6, 2009, and registered as Instrument Number 091144786 (the "**Mortgage**"), on the title to real property owned by Homerun, municipally described as 9 Rocky Ridge Place NW, Calgary, Alberta T3G 5H3, and legally described as Plan 8910156 Block 8 Lot 5 Excepting Thereout All Mines and Minerals (the "**Rocky Ridge Lands**"). A copy of the Mortgage is attached hereto as **Exhibit "A"**. A copy of a title search of the Rocky Ridge Lands is attached hereto as **Exhibit "B"**.

5. Pursuant to a Postponement registered on title to the Rocky Ridge Lands as Instrument Number 091 144 787, the Mortgage ranks as a first charge against such lands.

CCAA Proceedings and Discharge of Monitor

6. On October 4, 2012, Homerun and other related companies (collectively, the "**Homerun Companies**") sought and obtained protection from their creditors pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**") pursuant to an order of this Honourable Court in the within proceedings (the "**Initial Order**").

7. Pursuant to the Initial Order, Hardie & Kelly Inc. was appointed the Monitor of the Homerun Companies (the "**Monitor**").

8. On January 16, 2014, The Monitor was granted a discharge pursuant to an order of this Honourable Court in the within proceedings (the "**Discharge Order**").

9. Pursuant to paragraph 2 of the Discharge Order, the Monitor was discharged, and the interest of the Monitor, if any, in the property of Homerun was released, and the Monitor was to have no further liabilities, obligations, responsibilities or duties with respect to Homerun or any property owned by the Homerun.

10. Pursuant to paragraph 8 of the Discharge Order, the mortgagees to the Rocky Ridge Lands are permitted to make further application to this Honourable Court in these proceedings with respect to the sale and listing of the Rocky Ridge Lands, or otherwise with respect to their respective interests in the Rocky Ridge Lands, notwithstanding the discharge of the Monitor.

11. The First Mortgagees intend to list the Rocky Ridge Lands for sale to realize on amounts outstanding pursuant to the Mortgage. However, to assist in determining the value of the Rocky Ridge Lands and the options for development of the same, the First Mortgagees are seeking copies of all documents and records in relation to Homerun and the Rocky Ridge Lands (collectively, the "**Documents**") from Eclipse Geomatics & Engineering Ltd. ("**Eclipse**").

Eclipse Documents

12. I am aware through my involvement in the within proceedings that Eclipse was retained by Homerun, prior to the commencement of proceedings pursuant to the CCAA, to

undertake significant work in relation to the development and potential subdivision of Rocky Ridge Lands. This included the preparation of, among other things, an outline plan, a stormwater strategy letter, an approved land use plan and a landscape concept plan.

13. I am not aware of any source for a complete set of the Documents other than Eclipse. The First Mortgagees want to try to get the maximum return in a sale of the Rocky Ridge Lands for all stakeholders. Our view is that this can be achieved through assisting potential purchasers to understand the potential for the Rocky Ridge Lands. I also anticipate that the Documents will assist the First Mortgagees in determining whether further engineering or other work would benefit the sale process in relation to the Rocky Ridge Lands.

14. I am advised by Mr. Oliver and do believe that he requested the Documents from Eclipse. I am further advised by Mr. Oliver and do believe counsel for Eclipse, David F. Younggren, Q.C., advised him that it required Homerun to consent to providing the Documents to the First Mortgagees, and to provide an Affidavit of Corporate Authority from Candice Graf on behalf of Home Run.

15. Candice Graf was formerly the sole director of Homerun, but has resigned. There are currently no directors of Homerun. A copy of a corporate search of Homerun, obtained on May 30, 2014, is attached hereto and marked as **Exhibit "C"**.

16. The Monitor has been discharged pursuant to the Discharge Order. I am not aware of any other person with the legal authority to provide such consent on behalf of Homerun.

17. Therefore, the First Mortgagees are seeking an order from this Honourable Court, directing Eclipse to provide them with copies of the Documents or alternatively access thereto.

18. I make this Affidavit in support of the relief described in the First Mortgagees' Notice of Application, and for no improper purpose.

SWORN (OR AFFIRMED) BEFORE ME at the City of Calgary, in the Province of Alberta, this 2nd day of June, 2014

Commissioner of Oaths/Notary Public in and for the Province of Alberta

M. Maksymyts
MYRTLE (MARIA) MAKSYMYTZ

Gillian Scarlett
Barrister and Solicitor

THIS IS EXHIBIT " A "
to the Affidavit of
Myrtle Maksymytz
Sworn before me this 2
Day of June, 20 14

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

Gillian Scarlett
Barrister and Solicitor

ALBERTA GOVERNMENT SERVICES
LAND TITLES OFFICE

IMAGE OF DOCUMENT REGISTERED AS:

091144786

ORDER NUMBER: 26084155

MORTGAGE

THE LAND TITLES ACT

1 **HOMERUN INTERNATIONAL INC., of 9 Rocky Ridge Place, N.W., Calgary, Alberta, T3G 5H3,** (hereinafter called "the Mortgagor") being registered as owner of an estate in fee simple in possession, subject, however, to such encumbrances, liens and interests as are notified by memorandum underwritten or endorsed hereon, in all the piece of land described as follows:

PLAN 8910156
BLOCK 8
LOT 5
EXCEPTING THEREOUT ALL MINES AND MINERALS
CONTAINING 1.64 HECTARES (4.05 ACRES) MORE OR LESS

In consideration of the sum of ONE MILLION FIVE HUNDRED THOUSAND **($1,500,000.00) DOLLARS** lent to the Mortgagor by **EARL WERK and PERLA WERK, as to an undivided 6.6667 percent interest, BARBARA J. MCMASTER, as to an undivided 6.6667 percent interest, ROD YOSHIDA, as to an undivided 6.6667 percent interest, ANDREW SROKA, as to an undivided 6.6667 percent interest, MARC FORTIN, as to an undivided 13.3333 percent interest, CONSTANCE FOSSEN and KEN FOSSEN, as joint tenants, as to an undivided 6.6667 percent interest, PATRICK AULL, as to an undivided 7.0 percent interest, JOAN MORGAN and GARY MORGAN, as to an undivided 6.6667 percent interest, ALLAN BLAIN, as to an undivided 11.6666 percent interest, CHERIE CHIODO, as to an undivided 8.3333 percent interest, MYRTLE MAKSYMYTZ, as to an undivided 15 percent interest, and LORI STACH and MIKE SKINNER, as to an undivided 4.6666 percent interest, all c/o 105, 4715 – 13th Street, N.E., Calgary, Alberta, T2E 6M3**, who and whose successors and assigns are hereinafter included in the expression "the Mortgagee", the receipt of which sum I do hereby acknowledge, covenant with the Mortgagee:

2 First, that I will pay to the Mortgagee in lawful money of Canada the sum lent to me as aforesaid with interest thereon at **SIXTEEN per centum (16%) per annum**, calculated yearly not in advance, as well after as before maturity of this mortgage until paid, as follows:

Interest at the aforesaid rate on the amounts from time to time advanced, computed from the respective dates of such advances shall become due and be paid within one month from the date of the first advance on the date that the Mortgagee determines, and at monthly intervals thereafter, and in addition, at the option of the Mortgagee, may be deducted from each subsequent advance, and the balance, if any, of the aforesaid interest on advances shall become due and be paid on the **1st day of MAY, 2009,** (hereinafter referred to as the "interest adjustment date"), and thereafter the aforesaid sum together with interest thereon at the aforesaid rate computed from the interest adjustment date shall become due and be paid as follows:

TWO HUNDRED AND FORTY THOUSAND----------($240,000.00)----------00/100 DOLLARS (including interest only) on the **1st** day of **MAY, 2010**, and the **1st** day of **MAY, 2011**, and the balance, if any, of the said principal sum and interest thereon, on the date last mentioned.

3 Provided that the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of the rights of the Mortgagee under the said covenants, or of the Mortgagee's security by way of a charge against the said lands, or affect the Mortgagee's right to interest at the above rate on any money due and owing to the Mortgagee under the covenants herein contained, it being understood and agreed that the said rate of interest shall be payable on any judgment taken thereon.

4 The Mortgagor, when not in default hereunder, shall have the privilege of paying the whole amount owing hereunder, or any part thereof, without notice, bonus or interest.

5 Second, that I will pay to the Mortgagee interest as aforesaid in the manner aforesaid on the said sum at the rate aforesaid and all interest on becoming overdue shall be forthwith treated (as to payment of interest thereon) as principal and shall bear compound interest at the rate aforesaid as well after as before maturity of this mortgage, to be computed with rests and paid on the interest adjustment date and semi-annually thereafter in each year and all such interest and compound interest shall be a charge on the said lands. In the event of non-payment of any of the money hereby secured at the time herein set for payment thereof I will, so long as any part thereof remains unpaid, pay interest at the said rate from day to day on the same.

6 Third, I will construct a building or buildings and other improvements on the said lands in accordance with plans and specifications which have been or are hereafter approved by the Mortgagee and will carry on diligently to completion the construction of the said building, buildings and other improvements.

7 Fourth, that, subject as hereinafter in this paragraph provided, I will pay when and as the same fall due all taxes, rates, liens, charges, encumbrances or claims which are or may be or become charges or claims against the mortgaged premises or on this mortgage or on the Mortgagee in respect of this mortgage; provided that in respect of municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the mortgaged premises:

(a) The Mortgagee may deduct from the final advance of the money secured by this mortgage an amount sufficient to pay the taxes which have become or will become due and payable on or before the day preceding the said interest adjustment date and are unpaid at the date of such final advance.

(b) After the interest adjustment date I shall pay to the Mortgagee in monthly instalments on the dates on which instalments of principal and interest are payable hereunder, sums sufficient to enable the Mortgagee to pay the whole amount of taxes on or before the due date for payment thereof or, if payable in instalments, on or before the due date for payment of the first instalment thereof.

(c) Where the period between the interest adjustment date and the next following annual due date or first instalment date is less than one year I shall pay to the Mortgagee in equal monthly instalments, during such period and during the next succeeding 12-month period, an amount estimated by the Mortgagee to be sufficient to pay, on or before the expiration of the said 12-month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12-month period expires; and I shall also pay to the Mortgagee on demand the amount, if any, by which the actual taxes exceed such estimated amount.

(d) Except as provided in the last preceding clause, I shall, in each and every month, pay to the Mortgagee one-twelfth of the amount (as estimated by the Mortgagee) of the taxes next becoming due and payable; and I shall also pay to the Mortgagee on demand the amount, if any, by which the actual taxes exceed such estimated amount.

(e) The Mortgagee shall allow me credit for interest at not less than the prevailing rate allowed by the chartered banks on personal savings deposits with chequing privileges, on the minimum monthly balances standing in the mortgage account from time to time to my credit for payment of taxes, such interest to be credited to the mortgage account not less frequently than once each year; and I shall be charged interest, at the mortgage rate, on the debit balance, if any, of taxes in my mortgage account outstanding after payment of taxes by the Mortgagee, until such debit balance is fully repaid.

The Mortgagee agrees to apply such deduction and payments on the taxes chargeable against the said lands so long as the Mortgagor is not in default under any covenant, proviso or agreement contained herein, but nothing herein contained shall obligate the Mortgagee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Mortgagee shall have been so applied, there shall be default by the Mortgagor in respect of any payment of principal or interest as herein provided, the Mortgagee may apply such sum or sums in or towards payment of the principal and interest in default. The Mortgagor further covenants and agrees to transmit to the Mortgagee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by him.

8 Notwithstanding the provisions of clauses 2 and 7, the Mortgagee may request the Mortgagor to pay the taxes as and when such taxes become due and to submit to the Mortgagee tax receipts evidencing the payment of the said taxes within 30 days after they become due, and in such case, the aforesaid monthly instalment, where applicable, will be adjusted accordingly.

9 Fifth, that I will forthwith insure and during the continuance of this security keep insured in favour of the Mortgagee, against loss or damage by fire and, as the Mortgagee may require, insure against loss or damage by tempest tornado, cyclone, lightning, floods and other risks or hazards, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter, for the full replacement value thereof in lawful money of Canada in a company approved by the Mortgagee; and I will forthwith assign, transfer and deliver over unto the Mortgagee the policy of insurance and receipts thereof appertaining; and if I shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Mortgagee at least five days before the termination of any insurance, evidence of renewal thereof, the Mortgagee shall be entitled but shall not be obliged to insure the said buildings or any of them; and I shall forthwith on the happening of any loss or damage, furnish at my own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance money; and any insurance money received may, at the option of the Mortgagee, be applied in rebuilding, reinstating or repairing the premises or be paid to me or any other person appearing by the registered title to be or to have been the owner of the said premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Mortgagee, in whole or in part on the mortgage debt or any part thereof whether due or not then due.

10 Sixth, that all erections and improvements fixed or otherwise now on or hereafter put upon the said premises, including but without limiting the generality of the foregoing, all fences, heating, plumbing, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the realty and of the security and are included in the expression "the mortgaged premises"; and that I will not commit or permit any act of waste thereon; and that I will at all times during the continuance of this security, the same repair, maintain, restore, amend, keep, make good, finish, add to and put in order; and in the event of any loss or damage thereto or destruction thereof the Mortgagee may give notice to me to repair, rebuild, or reinstate the same within a time to be determined by the Mortgagee and to be stated in such notice; and upon my failure so to repair, rebuild, or reinstate within such time such failure shall constitute a breach of covenant hereunder and thereupon the mortgage money shall at the option of the Mortgagee become immediately due and payable, without any demand by the Mortgagee upon me.

11 Seventh, I covenant and agree with the Mortgagee that in the event of default in the payment of any instalment or any other money payable hereunder by me, or on breach of any covenant, proviso or agreement herein contained, after all or any part of the money hereby secured have been advanced, the Mortgagee may at such time or times as the Mortgagee may deem necessary and without the concurrence of any person, enter upon the said lands and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the mortgaged premises, or for inspecting, taking care of, leasing, collecting the rents of and managing generally the mortgaged property as the Mortgagee may deem expedient; and all reasonable costs, charges and expenses, including allowances for the time and service of any employee of the Mortgagee or other person appointed for the above purposes, shall be forthwith payable to the Mortgagee and shall be a charge upon the mortgaged property and shall bear interest at the mortgage rate until paid.

12 I further covenant and agree with the Mortgagee that in the event of default being made in any of the covenants, agreements, provisos or stipulations expressed or implied herein: the Mortgagee may, at my expense and when and to such extent as the Mortgagee deems advisable, observe and perform or cause to be observed and performed such covenant, agreement, proviso or stipulation; the Mortgagee may send or employ an inspector or agent to inspect and report upon the value, state and condition of the mortgaged premises and a solicitor to examine and report upon the title to the same; the Mortgagee or agent of the Mortgagee may enter into possession of the Mortgaged premises and whether in or out of possession collect the rents and profits thereof, and make any demise or lease of the said premises, or any part thereof, for such terms and periods and at such rents as the Mortgagee shall think proper; and the power of sale hereunder may be exercised either before or after and subject to any such demise or lease; it shall and may be lawful for and I do hereby grant full power, right and licence to the Mortgagee to enter, seize and distrain upon the mortgaged premises, or any part thereof, and by distress warrant to recover by way of rent reserved as in the case of demise of the premises, as much of the mortgage money as shall from time to time be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent; the Mortgagee may sell and dispose of the mortgaged premises with or without entering into possession of the same and with or without notice to the Mortgagor or any party interested in the mortgaged premises; and all remedies competent may be resorted to; and all the rights, powers and privileges granted to or conferred upon the Mortgagee under and by virtue of any statute or by this mortgage may be exercised; and any notice may be effectually given by leaving the same with an adult person on the mortgaged premises if occupied, or by placing the same thereon, or on any part thereof, if unoccupied, or at the option of the Mortgagee by publishing the same in some newspaper published in the Province of Alberta; and such notice shall be sufficient though not otherwise addressed than "To whom it may concern"; and no want of notice or publication or any other defect, impropriety or irregularity shall invalidate any sale made or purporting to be made of the mortgaged premises hereunder, but the Vendor alone shall be responsible; and the Mortgagee may sell, transfer and convey any part of the mortgaged premises on such terms as to credit or part cash and part credit, secured by contract or agreement for sale or mortgage, or otherwise, as shall appear to the Mortgagee most advantageous and for such prices as can reasonably be obtained therefor; and in the event of a sale on credit or for part cash and part credit, whether by way of contract for sale or by conveyance or transfer and mortgage, the Mortgagee is not to be accountable for or charged with any money until the same shall be actually received in cash; and sales may be made from time to time of parts of the mortgaged premises to satisfy interest or parts of the principal overdue, leaving the principal or parts thereof to run with interest payable as aforesaid; and the Mortgagee may make stipulations as to title or evidences or commencement of title or otherwise as the Mortgagee shall deem proper, and may buy in or rescind or vary and contract for sale; and on any sale or resale, the Mortgagee shall not be answerable for loss occasioned thereby; and for any of such purposes the Mortgagee may make and execute all agreements and assurances that the Mortgagee shall deem advisable or necessary; the whole of the mortgage money shall, at the option of the Mortgagee, become due and payable.

13 I also covenant and agree with the Mortgagee that the taking of a judgement on any of the covenants or agreements herein contained shall not operate as a merger thereof; the Mortgagee may at all times release any part or parts of the said lands or any other security or any surety for payment of all or any part of the money hereby secured or may release the Mortgagor or any other person from any covenant or other liability to pay the said money or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any money except those actually received by the Mortgagee, and without thereby releasing any other part of the said lands, or any other securities or covenants herein contained; it being especially agreed that notwithstanding any such release the lands, securities and covenants remaining unreleased shall stand charged with the whole of the money hereby secured; no extension of time given by the Mortgagee to the Mortgagor, or anyone claiming under him, shall in any way affect or prejudice the rights of the Mortgagee against the Mortgagor or any other person liable for payment of the money hereby secured.

14 It is the intention of the parties hereto that the building now erected, being erected or to be erected on the said lands forms part of the security for the full amount of the money secured by this mortgage and that advances on this mortgage are to be from time to time in the future in accordance with the progress of construction of such building and upon its completion and occupation or sale.

15 Neither the execution nor registration of this mortgage nor the advance of part of the said money shall bind the Mortgagee to advance the said money or any unadvanced part thereof, and that the advance of the said money or any part thereof from time to time shall be in the sole discretion of the Mortgagee.

16 All solicitor's, inspector's, valuator's and surveyor's fees and expenses for drawing and registering this mortgage and for examining the mortgaged premises and the title thereto, and for making or maintaining this mortgage a first charge on the mortgaged premises, together with all sums which the Mortgagee may and does from time to time advance, expend or incur hereunder as principal, insurance premiums, taxes or rates, or in or toward payment of prior liens, charges, encumbrances or claims charged or to be charged against the mortgaged premises or on this mortgage or on the Mortgagee in respect of this mortgage, and in maintaining, repairing, restoring or completing the mortgaged premises, and in inspecting, leasing, managing, or improving the mortgaged premises, including the price or value of any goods of any sort or description supplied to be used on the mortgaged premises, and in exercising or enforcing or attempting to enforce or in pursuance of any right, power, remedy or purpose hereunder or subsisting, and legal costs, as between solicitor and client, and an allowance for the time, work and expenses of the Mortgagee, or of any agent, solicitor or employee of the Mortgagee, for any purpose herein provided for and whether such sums are advanced or incurred with the knowledge, consent, concurrence or acquiescence of the Mortgagor or otherwise, are to be secured hereby and shall be a charge on the mortgaged premises, together with interest thereon at the said rate, and all such moneys shall be repayable to the Mortgagee on demand, or if not demanded then with the next ensuing instalment, except as herein otherwise provided, and all such sums together with interest thereon are included in the expression "the mortgage money".

17 In the event of the mortgage money advanced hereunder, or any part thereof, being applied to the payment of any charge or encumbrance, the Mortgagee shall be subrogated to all the rights of and stand in the position of and be entitled to all the equities of the party so paid off, whether such charge or encumbrance has or has not been discharged, and the decision of the Mortgagee as to the validity or amount of any advance or disbursement made under this mortgage or of any claim so paid off shall be final and binding on the Mortgagor; the Mortgagee shall not be charged with any money receivable or collectible out of the mortgaged premises or otherwise, except those actually received; and all revenue of the said premises received or collected by the Mortgagee from any source other than payment by the Mortgagor may at the option of the Mortgagee, be used in maintaining or insuring or improving the mortgaged premises, or in payment of taxes or other charges against the mortgaged premises, or applied on the mortgage account.

18 I shall not make, or permit to be made, any alterations or additions to the mortgaged premises without the consent of the Mortgagee; and I shall not use the mortgaged premises or permit them to be used for the purpose of any business, trade or manufacture of any description; the Mortgagee may, at any time, enter upon the said lands to inspect the lands and buildings thereon.

19 All money whether principal, interest or other moneys payable to the Mortgagee under the terms of this mortgage shall be payable in lawful money of Canada to the Mortgagee, at its Head Office or such other place as may be designated by the Mortgagee.

20 Wherever the singular number or the masculine gender is used in this instrument the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires; and in any case where this mortgage is executed by more than one party all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this mortgage are jointly and severally bound by the covenants, agreements, stipulations and provisos herein contained.

21 The covenant, agreements, stipulations and provisos herein stated shall be in addition to those granted or implied by statute.

22 I further covenant and agree with the Mortgagee that I have a good title to the said land, that I have the right to mortgage the said land, that I will execute such further assurances of the said land as may be requisite, that I have done no act to encumber the said land, and that on default the Mortgagee shall have quiet possession of the said land, free from all encumbrances.

23 The Mortgagee shall have a reasonable time after payment of the mortgage money in full within which to prepare and execute a discharge of this mortgage; and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Mortgagee; and all legal and other expense for the preparation and execution of such discharge shall be borne by the Mortgagor.

24 For the better securing to the Mortgagee the repayment in the manner aforesaid of the principal sum and interest and other mortgage money hereby secured, I, the Mortgagor, do hereby mortgage to the Mortgagee all my estate and interest in the land above described.

25 In the event of transfer or transmission of the said property to any third party by court order or other similar process or action, all money hereby secured with accrued interest thereon shall forthwith become due and payable; provided that this clause shall not apply if the grantee or transferee shall have been approved by the Mortgagee (such approval to be in the Mortgagee's sole discretion) and shall have executed and delivered to the Mortgagee an assumption agreement in respect of this mortgage in a form and content determined by the Mortgagee. This clause shall not be construed to affect transfers by devise or descent or by operation of law upon the death of a joint tenant or partner.

26 The Mortgagee or its agent or agent may, at any time, before or after default, and for any purpose deemed necessary by the Mortgagee, enter upon the said lands to inspect the lands and the buildings thereon. Without in any way limiting the generality of the foregoing, the Mortgagee may enter upon the said lands to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Mortgagee and the reasonable cost of such testing, assessment, investigation or study, as the case may be, with interest at the mortgage rate, shall be payable by the Mortgagor forthwith and shall be a charge upon the said lands. The exercise of any of the powers enumerated in this clause shall not deem the Mortgagee to be in possession, management or control of the said lands.

27 In return for the Mortgagee having made a loan to the Mortgagor, each person who signs this mortgage as Guarantor covenants with the Mortgagee, as principal debtor and not as surety, to pay the Mortgagee the mortgage money secured by this mortgage as and when required by this mortgage and will observe and perform all other obligations of the Mortgagor under the provisions of this mortgage. Each Guarantor, if there is more than one, will be jointly and severally liable with the Mortgagor, and with each other for complying with obligations under this mortgage.

The Mortgagee may at any time and from time to time without the consent of or notice to the Guarantors give any extension of time for payment (including without limitation renewals), deal with any additional security, give releases or discharges, increase the interest rate, amend the terms of this mortgage and generally deal with all matters affecting the mortgage and the obligations of the Mortgagor without in any way affecting the guarantee or the obligations of any Guarantor. The Mortgagee may require payment from any Guarantor before the Mortgagee attempts to obtain a payment from the Mortgagor, and all obligations of any Guarantor's successors or personal representatives, and shall not be altered by the bankruptcy of the Mortgagor or any Guarantor.

Each Guarantor acknowledges having received and read a copy of this mortgage, is fully aware of its terms and agrees to be bound by all the provisions of this mortgage.

28 This mortgage is made in pursuance of the Land Titles Act.

IN WITNESS WHEREOF, the Mortgagors have signed, this 6 day of APRIL, 2009.

HOMERUN INTERNATIONAL INC.

Per: _____

Per: _____

SCHEDULE "A"

1. The Mortgagor covenants and agrees with the Mortgagee that in the event of the Mortgagor selling, conveying, transferring or entering into an Agreement for Sale of or Transfer of Title to the property hereby mortgaged, all monies hereby secured, with accrued interest thereon, shall forthwith become due and payable.

2. In the event that the Property is subdivided and sold in individual lots, the Mortgagees agree that they will provide a partial discharge of mortgage for the individual lots being sold, upon payment of one-half (1/2) of the net sales proceeds from each lot sold until the full amount of the principal of the mortgage and the interest outstanding on the mortgage have been paid in full. Deductions permitted from the net sales proceeds include but are not limited to real estate commissions, property taxes, pro rata share of development costs for the lot being sold and legal fees.

3. Should any section or part hereunder be considered void or unlawful, it is agreed that only that part or section which is considered void or unlawful should be struck from the mortgage.

THE LAND TITLES ACT
(The National Housing Act)

DATED: APRIL 2009

HOMERUN INTERNATIONAL INC.

TO

WERK, MCMASTER, YOSHIDA SROKA, FORTIN, FOSSEN AULL, MORGAN, BLAIN, CHIODO,MAKSYMYTZ, STACH and SKINNER

MORTGAGE

GERRY A. PEACOCK
Barrister & Solicitor
#240, 2333 – 18TH AVENUE, N.E.
Calgary, Alberta, T2E 8T6

THIS IS EXHIBIT " B "
to the Affidavit of

Myrtle Maksymyt-z

Sworn before me this 2

Day of June , 20 14

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

Gillian Scarlett
Barrister and Solicitor

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0011 134 962	8910156;8;5	091 144 785

LEGAL DESCRIPTION
PLAN 8910156
BLOCK 8
LOT 5
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.64 HECTARES (4.05 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 5;2;25;20;NE

MUNICIPALITY: CITY OF CALGARY

REFERENCE NUMBER: 081 090 076

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
091 144 785	27/05/2009	TRANSFER OF LAND	$2,950,000	CASH & MORTGAGE

OWNERS

HOMERUN INTERNATIONAL INC.
OF 9 ROCKY RIDGE PLACE NW
CALGARY
ALBERTA T3G 5H3

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
1535KQ .	11/12/1969	CAVEAT RE : EASEMENT CAVEATOR - CANADIAN WESTERN NATURAL GAS COMPANY LIMITED.
751 087 830	18/08/1975	UTILITY RIGHT OF WAY GRANTEE - CANADIAN WESTERN NATURAL GAS COMPANY LIMITED.

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		"20 FT. STRIP DESCRIBED IN INSTRUMENT"
031 423 927	05/12/2003	EASEMENT AS TO PORTION OR PLAN:0313440 OVER LOT 5, BLOCK 8, PLAN 8910156 FOR BENEFIT OF LOT 6MR, BLOCK 5, PLAN 9712005
081 242 024	10/07/2008	MORTGAGE MORTGAGEE - TERA SJOBERG MORTGAGEE - AILEEN SHEWCHUK MORTGAGEE - JIM HOPKINS MORTGAGEE - DAPHNE CHANDLER MORTGAGEE - STEVE BELL MORTGAGEE - S & H PROPERTY GROUP LTD. MORTGAGEE - GULI HOLDINGS LTD. MORTGAGEE - LARRY KUBE MORTGAGEE - RALPH SCHAFER ALL OF : C/O 105, 4715- 13 ST NE CALGARY ALBERTA T2E6M3 ORIGINAL PRINCIPAL AMOUNT: $903,657
091 144 786	27/05/2009	MORTGAGE MORTGAGEE - EARL WERK MORTGAGEE - PERLA WERK MORTGAGEE - BARBARA J MCMASTER MORTGAGEE - ROD YOSHIDA MORTGAGEE - ANDREW SROKA MORTGAGEE - MARC FORTIN MORTGAGEE - CONSTANCE FOSSEN MORTGAGEE - KEN FOSSEN MORTGAGEE - PATRICK AULL MORTGAGEE - JOAN MORGAN MORTGAGEE - GARY MORGAN MORTGAGEE - ALLAN BLAIN MORTGAGEE - CHERIE CHIODO MORTGAGEE - MYRTLE MAKSYMYTZ MORTGAGEE - LORI STACH MORTGAGEE - MIKE SKINNER ALL OF : C/O 105, 4715 13TH STREET NE CALGARY ALBERTA T2E6M3 ORIGINAL PRINCIPAL AMOUNT: $1,500,000
091 144 787	27/05/2009	POSTPONEMENT OF MORT 081242024 TO MORT 091144786

(CONTINUED)

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
121 245 838	20/09/2012	CAVEAT RE : PURCHASERS INTEREST CAVEATOR - HOMERUN EQUITIES II INC. 105, 4715-13 ST NE CALGARY ALBERTA T2E6M3 AGENT - CANDICE GRAF
141 098 971	28/04/2014	TAX NOTIFICATION BY - THE CITY OF CALGARY. CREDIT & COLLECTIONS, IMC #8060 800 MACLEOD TRAIL S CALGARY, ALBERTA T2P2M5

TOTAL INSTRUMENTS: 008

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 30 DAY OF MAY, 2014 AT 12:18 P.M.

ORDER NUMBER: 26084014

CUSTOMER FILE NUMBER: A134733/GS

END OF CERTIFICATE

THIS IS EXHIBIT "C"
to the Affidavit of

Myrtle Maksymyk

Sworn before me this 2

Day of June, 2014

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

Gillian Scarlett
Barrister and Solicitor

Government of Alberta ■

Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2014/05/30
Time of Search: 07:26 AM
Search provided by: GOWLING LAFLEUR HENDERSON LLP

Service Request Number: 21534961
Customer Reference Number: A134733/G. SCARLETT

Corporate Access Number: 2013614199
Legal Entity Name: HOMERUN INTERNATIONAL INC.

Legal Entity Status: Struck
Struck Off Date: 2014/05/02
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2007/11/07 YYYY/MM/DD

Registered Office:
Street: 1900, 520 - 3RD AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 0R3

Records Address:
Street: 1900, 520 - 3RD AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 0R3

Voting Shareholders:

Last Name: GRAF
First Name: CANDICE
Street: 9 ROCKY RIDGE PLACE NW
City: CALGARY
Province: ALBERTA

Postal Code: T3G 5H3
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure:	THE ATTACHED SCHEDULE "A" IS INCORPORATED INTO AND FORMS PART OF THE ARTICLES OF THE CORPORATION.
Share Transfers Restrictions:	NO SHARES OF THE CORPORATION SHALL BE TRANSFERRED TO ANY PERSON WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS BY RESOLUTION.
Min Number Of Directors:	1
Max Number Of Directors:	11
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	THE ATTACHED SCHEDULE "B" IS INCORPORATED INTO AND FORMS PART OF THE ARTICLES OF THE CORPORATION.

Holding Shares In:

Legal Entity Name
HOMERUN EQUITIES INC.
HOMERUN CAPITAL CORP.
1484106 ALBERTA LTD.
HOMERUN CAPITAL II CORP.
HOMERUN EQUITIES II INC.
1496044 ALBERTA LTD.
1515997 ALBERTA LTD.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2011	2013/02/26

Outstanding Returns:

Annual returns are outstanding for the 2013, 2012 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2007/11/07	Incorporate Alberta Corporation
2007/12/18	Name/Structure Change Alberta Corporation
2010/10/18	Change Address
2013/01/14	Change Director / Shareholder
2013/02/26	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2014/01/02	Status Changed to Start for Failure to File Annual Returns
2014/05/02	Status Changed to Struck for Failure to File Annual Returns

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2007/11/07
Other Rules or Provisions	ELECTRONIC	2007/11/07
Statutory Declaration Notice Error	10000406101830171	2007/12/05
Share Structure	ELECTRONIC	2007/12/18

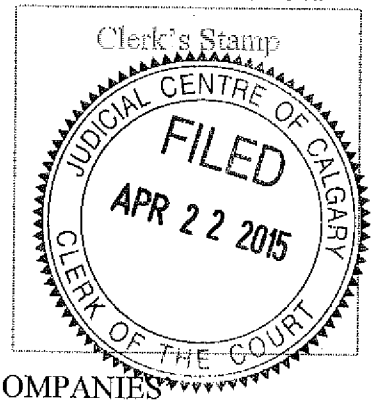
This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.

This is Exhibit "D"
referred to in the Affidavit of
Myrtle (Maria) Maksymytz
sworn before me this 20th
day of September, 2019

A Commissioner for Oaths/Notary
Public in and for Alberta

SHAUNA MICHELLE WOOD
A Commissioner for Oaths in and for Alberta
My Commission Expires on June 06, 2021

Rule 9.1



COURT FILE NUMBER	1201-12537
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	IN THE MATTER OF S. 47 OF THE COMPANIES CREDITORS ARRANGMENT ACT, R.S.C. 1985, c. C-36, as amended AND IN THE MATTER OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, c. B-9 AND IN THE MATTER OF HOMERUN CAPITAL CORP., HOMERUN EQUITIES INC., HOMERUN CAPITAL II CORP., HOMERUN EQUITIES II INC., HOMERUN INTERNATIONAL INC., HOMERUN PROPERTIES INC., HOMERUN SECURITIES INC., 1484106 ALBERTA LTD., 1496044 ALBERTA LTD., 1539149 ALBERTA LTD., and 1515997 ALBERTA LTD.
DOCUMENT	**ORDER**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Gowling Lafleur Henderson LLP 1600, 421 7 Avenue SW Calgary, AB T2P 4K9 Telephone 403-298-1818 Facsimile 403-695-3558 File No. A135695 **Attention: Jeffrey Oliver**

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

Dated this 22 day of April 2015

for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: April 21, 2015

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Madam Justice Strekaf – Commercial List

UPON THE APPLICATION of Myrtle (Maria) Maksymytz, Marc Fortin, Perla and Earl Werk, Constance and Ken Fossen, Gary and Joan Morgan, Lori Stach, Michael Skinner, Cherie Chiodo, Rod Yoshida and Patrick Aull (collectively, the "**First Mortgagees**"); **AND UPON** having read the Notice of Application of the First Mortgagees, filed April 15, 2015, the Affidavit of Myrtle (Maria) Maksymytz filed April 15, 2015, the Affidavit of Myrtle (Maria) Maksymytz filed August 13, 2014, the Affidavit of Myrtle (Maria) Maksymytz filed October 28, 2014 and the Affidavit of Service of Richard Comstock, filed; **AND UPON HEARING** counsel for the First Mortgagees, counsel for Perla and Earl Werk, Constance and Ken Fossen, and Andrew Sroka, and other interested parties;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of this application and the materials in support thereof are deemed good and sufficient.

2. There is outstanding, due and owing to Myrtle (Maria) Maksymytz under the mortgage that was registered in the Alberta Land Titles Office as Instrument No. 091 144 787 (the "**First Mortgage**") against lands municipally described as 9 Rocky Ridge Place NW, Calgary, Alberta T3G 5H3 and legally described as Plan 8910156, Block 8, Lot 5 Excepting Thereout All Mines and Minerals (the "**Rocky Ridge Lands**") the sum of $443,563.57, as at the 25th day of August, 2014 (as set forth in the Statement of Secured Indebtedness of Myrtle (Maria) Maksymytz, which is annexed to this Order), plus costs on a solicitor and client basis, plus interest thereafter at the mortgage rate, plus other amounts chargeable under the First Mortgage.

3. Gowling Lafleur Henderson LLP, counsel to certain of the First Mortgagees ("**Gowlings**"), is hereby authorized and directed to distribute the proceeds of sale (the "**Sale Proceeds**") of the Rocky Ridge Lands amongst the First Mortgagees, except Andrew Sroka, in any such fashion that the First Mortgagees deem fit, or as the Court may otherwise direct.

4. Gowlings is hereby authorized and directed to hold in trust $105,581.92 to secure the claim of Andrew Sroka under the First Mortgage (the "**Holdback**"). Such Holdback shall only be released from trust upon a further Order of this Court or upon agreement as between Gowlings and counsel for Andrew Sroka.

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

EXHIBIT "A"

STATEMENT OF SECURED INDEBTEDNESS OF MARIA MAKSYMYTZ

1.	Principal	$261.000.00
1(a).	Amounts included in principal other than the amount lent (such as enforcement legal fees already paid by the Plaintiff) [insert details]	nil
2.	Interest at date stipulated in Affidavits of Default (owing as at May 10, 2013)	$128,562.05
3.	Interest at the mortgage rate from date stipulated in Affidavits of Default (May 10, 2013) to August 25, 2014 [Per diem: $114.41 x 472 days]	$54,001.52
4.	Tax paid	nil
5.	Property maintenance paid	nil
6.	Occupancy inspections paid	nil
7.	Insurance paid	nil
8.	NSF Fees paid ($25 x___)	nil
9.	Prior mortgage arrears paid	nil
10.	Condominium Fees paid	nil
11.	Homeowners Association Fees paid	nil
12.	Any other amounts paid under the mortgage	nil
	TOTAL DUE TO MARIA MAKSYMYTZ AT DATE ORDER GRANTED (excluding costs)	$443,563.57

This is Exhibit "E"
referred to in the Affidavit of
Myrtle (Maria) Maksymytz
sworn before me this 20th
day of September, 2019

S Wood

A Commissioner for Oaths/Notary
Public in and for Alberta

SHALINA MICHELLE WOOD
A Commissioner for Oaths in and for Alberta
My Commission Expires on June 08, 2021

Government of Alberta ■

Corporation/Non-Profit Search
Corporate Registration System

Date of Search: 2019/09/16
Time of Search: 10:54 AM

Service Request Number: 31691767
Customer Reference Number: 02620721-EDD3_5_712178

Corporate Access Number: 2013614199
Legal Entity Name: HOMERUN INTERNATIONAL INC.

Legal Entity Status: Struck
Struck Off Date: 2014/05/02
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Last Name: GRAF
First Name: CANDICE
Street: 9 ROCKY RIDGE PLACE NW
City: CALGARY
Province: ALBERTA
Postal Code: T3G 5H3
Percent Of Voting Shares: 100

Details From Current Articles:

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Max Number Of Directors:	11
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	THE ATTACHED SCHEDULE “B” IS INCORPORATED INTO AND FORMS PART OF THE ARTICLES OF THE CORPORATION.

Holding Shares In:

Legal Entity Name
HOMERUN EQUITIES INC.
HOMERUN CAPITAL CORP.
1484106 ALBERTA LTD.
HOMERUN CAPITAL II CORP.
HOMERUN EQUITIES II INC.
1496044 ALBERTA LTD.
1515997 ALBERTA LTD.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2011	2013/02/26

Outstanding Returns:

Annual returns are outstanding for the 2018, 2017, 2016 and 4 previous file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2007/11/07	Incorporate Alberta Corporation
2007/12/18	Name/Structure Change Alberta Corporation
2010/10/18	Change Address
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Other Rules or Provisions	ELECTRONIC	2007/11/07
Statutory Declaration Notice Error	10000406101830171	2007/12/05
Share Structure	ELECTRONIC	2007/12/18

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

This is Exhibit "F"
referred to in the Affidavit of
Myrtle (Maria) Maksymytz
sworn before me this 20th
day of September, 2019

A Commissioner for Oaths/Notary
Public in and for Alberta

SHAUNA MICHELLE WOOD
A Commissioner for Oaths in and for Alberta
My Commission Expires on June 06, 2021

ALBERTA SECURITIES COMMISSION

DECISION

Citation: Re Homerun International Inc., 2016 ABASC 95 **Date: 20160421**

Homerun International Inc., First Base Investments Inc., Homerun Capital Corp., Homerun Equities Inc., Homerun Capital II Corp., Homerun Equities II Inc., 1496044 Alberta Ltd., 1539149 Alberta Ltd., Candice Anne Graf (a.k.a. Candi Hayward) and Christopher Robert Hayward

Panel:	Stephen Murison Tom Cotter Fred Snell, FCA
Representation:	Peter Verschoote Robert Stack for Commission Staff Candice Anne Graf Christopher Robert Hayward for themselves
Hearing:	2 March 2016
Decision:	21 April 2016

TABLE OF CONTENTS

I. INTRODUCTION

[1] Candice Anne Graf (also known as Candi Hayward, and whom we refer to as **Graf**) and eight companies – Homerun International Inc. (**HII**), First Base Investments Inc. (**First Base**), Homerun Capital Corp. (**HCC**), Homerun Equities Inc. (**HEI**), Homerun Capital II Corp. (**HC2**), Homerun Equities II Inc. (**HE2**), 1496044 Alberta Ltd. (**149**) and 1539149 Alberta Ltd. (**153**) – illegally distributed securities in contravention of section 110 of the *Securities Act* (Alberta) (the **Act**). The illegal distributions by HII and First Base, and some of those by Graf, also involved illegal trades in securities, in contravention of section 75 of the Act. Graf and HII made the equivalent of misrepresentations in contravention of section 92(4.1) of the Act. Graf authorized, permitted or acquiesced in the contraventions by all eight companies, as did Christopher Robert Hayward (**Hayward**) in respect of those companies other than First Base. The facts and the findings of misconduct are discussed in a 17 December 2015 decision of this Alberta Securities Commission (**ASC**) panel (the **Merits Decision**, cited as *Re Homerun International Inc.*, 2015 ABASC 990).

[2] Upon issuance of the Merits Decision the proceeding moved into its current, second phase (the **Sanctions Hearing**), for the determination of appropriate orders against Graf, Hayward and the mentioned eight companies (together, the **Respondents**). In accordance with a panel direction, prior to this phase of the hearing ASC staff (**Staff**) gave written notice of the orders Staff would be seeking. At the Sanctions Hearing we received further evidence (supplementing the evidence admitted in the first phase of the proceeding (the **Merits Hearing**)), and we heard submissions from Staff and from Graf and Hayward.

[3] For the reasons given below, we are ordering significant market-access bans against all Respondents, together with administrative penalties and cost-recovery orders against Graf and Hayward.

II. BACKGROUND

[4] For convenience, we summarize here certain of the background concerning the Respondents and our findings on Staff's allegations, all of which are explained in the Merits Decision.

[5] Graf sold investment products largely using the "Homerun" name (the entities involved included the corporate Respondents and others, in what we refer to as the **Homerun Group**). She was the guiding mind of the eight corporate Respondents, as well as a director and officer of each (except perhaps an officer of First Base, for which we were directed to no evidence about its officers). Hayward, Graf's brother, was a director of the corporate Respondents other than First Base (with which he apparently had no involvement) and an officer of at least HII, HCC and HEI.

[6] On 30 November 2010 Graf and Hayward each became registered under the Act as dealing representatives for a connected company (not a Respondent). Graf also became registered as that company's "ultimate designated person", and Hayward as its "chief compliance officer". These registrations were all suspended effective 19 September 2012.

[7] All of the corporate Respondents except First Base obtained protection from their creditors under the *Companies' Creditors Arrangement Act* (Canada) (the **CCAA**) in October 2012. A report by the CCAA monitor (the **Monitor Report**) was in evidence. First Base is apparently now under trusteeship in bankruptcy.

[8] The Respondents' misconduct arose in connection with various investment offerings sold from 2007 to 2012.

- Graf and HII raised money from investors to help fund the purchase of land in the Rocky Ridge neighbourhood of Calgary, for which investors received promissory notes. These were trades and distributions of securities, some made in breach of the registration and prospectus requirements under the Act such that Graf and HII each contravened sections 75 and 110 of the Act.

- Graf and HII raised money from investors in exchange for promissory notes relating to land near Balzac, Alberta. The sales of these promissory notes were trades and distributions, some made in breach of the registration and prospectus requirements such that Graf and HII each contravened sections 75 and 110.

  Graf and HII (through Graf and others) also made oral and written representations to investors that their promissory notes were being secured against the Balzac land, but for the most part this was untrue. Graf and HII thus each contravened section 92(4.1) by making the equivalent of misrepresentations.

- Graf and First Base sold interests in a mortgage on a property in Calgary's Tuscany neighbourhood. One such sale was made in breach of the registration and prospectus requirements such that Graf and First Base each contravened sections 75 and 110.

- HCC and HEI sold bonds and shares (respectively) in a joint offering. Some of these sales were made in breach of the prospectus requirement such that HCC and HEI each contravened section 110.

- HC2 and HE2 sold bonds and shares (respectively) in another joint offering, in which Graf also sold or acted in furtherance of the sales. Some of these sales were made in breach of the prospectus requirement such that Graf, HC2 and HE2 each contravened section 110.

- 149 and 153, with Graf's involvement, each sold shares to fund the purchase of properties for redevelopment. One such sale for each of 149 and 153 was made in breach of the prospectus requirement such that 149, 153 and Graf each breached section 110.

[9] In addition to her direct contraventions of the Act and consistent with her central role with the corporate Respondents, Graf authorized, permitted or acquiesced in all of their contraventions. Although Hayward's role was less prominent overall, he too authorized,

permitted or acquiesced in all of the contraventions by each of HII, HCC, HEI, HC2, HE2, 149 and 153.

[10] Some allegations against various of the Respondents were not proved, and none were proved against former respondents 1484106 Alberta Ltd. or 1515997 Alberta Ltd. Allegations against another original respondent, Jessica Bennett (**Bennett**), were resolved by an October 2014 settlement agreement between her and Staff (the **Bennett Settlement**, cited as *Re Bennett*, 2014 ABASC 415).

III. APPROPRIATE ORDERS

[11] Staff urged that we issue two types of orders in this case: sanctions under sections 198 and 199 of the Act, and orders for the recovery of investigation and hearing costs under section 202. The purpose of this phase of the hearing is to determine whether it is appropriate to do so and, if so, on what terms.

A. Sanctions: The Law

1. Rationale and Principles

[12] The ASC administers the Act with a view to protecting investors and fostering a fair and efficient capital market that merits confidence. The ASC's public interest sanctioning powers under sections 198 and 199 of the Act are protective and preventive, not punitive or remedial (*Committee for the Equal Treatment of Asbestos Minority Shareholders v. Ontario (Securities Commission)*, 2001 SCC 37 at paras. 39-45).

[13] Any sanctions ordered against a respondent "must be proportionate and reasonable" (*Walton v. Alberta (Securities Commission)*, 2014 ABCA 273 at para. 154). Both specific deterrence (deterring future misconduct by a particular respondent) and general deterrence (deterring misconduct by others) are "legitimate considerations" in determining appropriate sanctions (*Walton* at para. 154; and see *Re Cartaway Resources Corp.*, 2004 SCC 26 at paras. 52-62).

[14] The determination in a particular case of whether deterrence is required and, if so, the type and extent of sanctions appropriate for that purpose, will turn on the circumstances of the misconduct and of the particular respondent, and on an assessment of the risk posed to investors and the capital market by a particular respondent or by others who might be minded to emulate the respondent's misconduct.

[15] Pertinent to assessing the proportionality and reasonableness of a contemplated sanction is the Alberta Court of Appeal statement in *Walton* (at para. 154) that "general deterrence does not warrant imposing a crushing or unfit sanction on" a respondent. Specifically in the context of an administrative penalty, the Court of Appeal stated (at para. 156) that it must "be proportionate to the offence, and fit and proper for the individual offender".

[16] Ensuring that sanctions are proportionate involves appropriate consideration of other decisions and settlement outcomes, while recognizing that decisions or outcomes seldom involve identical factual circumstances or wrongdoing.

[17] Panels may be faced with assessing the proportionality of contemplated sanctions against a respondent claiming impecuniosity, or at least a constrained ability to satisfy any monetary order. In this regard, we note the statements in *Walton* that an administrative penalty "beyond the capacity of the individual offender cannot be justified on the basis that it will deter others who are in a better financial condition" (at para. 165) and that the amount of an administrative penalty should not be "determined after overemphasizing the requirement of general deterrence, without having sufficient regard to the individual circumstances" (at para. 166).

[18] We do not understand these statements to preclude consideration of general deterrence in assessing either the need for, or the appropriate extent of, an administrative penalty against an individual respondent. Rather, this was an admonition not to focus exclusively, or excessively, on general deterrence. The Court of Appeal explained this, and the danger to be avoided, as follows (*Walton* at para. 156): "An administrative penalty [focused] purely on general deterrence of an unidentified and amorphous sector of the public could easily become disproportionate to the circumstances of the individual involved". We are mindful, however, that a monetary sanction almost inevitably involves (and indeed that a sanction of any type might impose) a burden on a respondent. This does not in itself demonstrate disproportion or unreasonableness in the *Walton* sense; an order with no real effect on the recipient may be no sanction at all.

[19] Another point sometimes raised by an individual respondent opposed to market-access bans is a resultant claimed impediment to earning money, be it for living expenses, for retirement, or to pay restitution to investors. The capital market is a regulated sector, in which participants choose to operate. Once they make that choice, they are subject to the relevant laws. Should they contravene those laws, they are then subject to our jurisdiction to act in the public interest to prevent or constrain their future participation. Such an outcome, even if it compels a respondent to seek a new livelihood outside the capital market, does not in itself indicate disproportion or unreasonableness.

2. Factors

[20] In making the requisite sanctioning assessment and determination, several factors are considered. Numerous potential factors have been discussed in past ASC decisions including *Re Lamoureux*, [2002] A.S.C.D. No. 125 at para. 11 (affirmed on other grounds 2002 ABCA 253); *Re Workum and Hennig*, 2008 ABASC 719 at para. 43 (affirmed 2010 ABCA 405); and *Re Hagerty*, 2014 ABASC 348 at para. 11. With a view to clarifying the interaction of principles and factors, it is helpful here to recast the analytical framework by coupling the principles discussed above with a refined enumeration of sanctioning factors:

- the seriousness of the respondent's misconduct;
- the respondent's pertinent characteristics and history;
- any benefit sought or obtained by the respondent; and
- any mitigating or aggravating considerations.

[21] We turn now to a brief discussion of these factors.

(a) Seriousness of the Misconduct

[22] The seriousness of misconduct can be considered in three respects: the nature of the misconduct; intention (whether the misconduct was planned and deliberate, not deliberate but attributable to recklessness, or simply inadvertent); and the harm to which the misconduct exposed identifiable investors or the capital market generally.

[23] Some misconduct is self-evidently serious. Fraud would typically fall into this category, given that it generally involves a combination of deceit or falsehood and the risk of pecuniary loss to its victims. Misrepresentation likely also falls into this category, involving as it does the provision of material misinformation.

[24] Intentional misconduct might generally be considered more serious than inadvertent misconduct, but inadvertence alone does not render misconduct insignificant; all participants in the capital market are responsible for adhering to the law.

[25] Potential or actual harm to others may itself establish the seriousness of misconduct. Such harm can range from the direct and quantifiable – pecuniary deprivation (of invested money, or of anticipated profit) – to the less direct and quantifiable, but nonetheless important, notably diminished efficiency or confidence in the capital market generally. Thus harm (or risk of harm) to identifiable investors, or to the capital market more generally, is relevant.

[26] Absent other considerations, the more serious the misconduct, the greater the future risk implied and thus the greater the deterrence required. Even inadvertent misconduct may require both specific and general deterrence, to ensure that the wrongdoer and others take seriously the need to adhere to the law when operating in the capital market.

(b) Respondent's Characteristics and History

[27] A respondent's characteristics and history may be important indicators of the degree of risk posed and, in turn, the extent of deterrence required. They may also be relevant to assessing the proportionality of sanctions under consideration.

[28] Relevant individual characteristics may include education, work experience, registration or other participation in the capital market, any disciplinary history and (with particular reference to proportionality) claimed impecuniosity.

[29] Experience in the capital market (through employment or otherwise) or securities-related education, if predating the misconduct found, may indicate that the respondent acted despite having understood the need to adhere to securities laws. This could be pertinent to assessing the seriousness of the misconduct – perhaps indicating deliberation or elevating what might otherwise be thought mere inadvertence into recklessness. Such a characteristic may in any event demonstrate a particular need for specific as well as general deterrence, because an individual who engages in misconduct despite having knowledge that should have averted it may present a heightened risk of doing so again.

[30] A disciplinary history – in the securities sector, or perhaps elsewhere – may itself demonstrate considerable risk and a need for commensurate deterrence. An individual who has already been sanctioned for a transgression should be particularly mindful of the need to behave in accordance with the law. Such an individual who engages in further misconduct may be thought to present a distinct risk of further recidivism, demanding specific deterrence. This may also call for general deterrence, to discourage like-minded others from similar misconduct.

[31] That said, an absence of relevant education, experience or disciplinary history is not necessarily a moderating consideration. This will depend on all the circumstances, including the nature of the misconduct found, and evidence of what the respondent has learned from the events giving rise to the misconduct found. Thus, for example, deceiving investors is obviously wrong, so lack of education or experience is unlikely to moderate in cases of knowing misrepresentation or fraud.

[32] By contrast, for some other types of misconduct, a naïve or inexperienced individual who has since made efforts to self-educate could present a diminished risk of future misconduct, whereas such an individual who has learned nothing may present a heightened risk – indicating respectively a diminished or a heightened need for specific deterrence. In either case, there may be a need for general deterrence, to remind others of the need to operate within the law.

[33] Similar considerations may be relevant even in respect of a corporate respondent. In addition, it may be appropriate to attribute to a corporate respondent pertinent characteristics of its guiding individuals. Other, more unique circumstances may also be present; for example, continued activity by a company that had been created to further a scheme of misconduct may itself pose a significant risk to investors and the capital market.

[34] As noted, panels may be faced with assessing the proportionality of contemplated sanctions against a respondent claiming impecuniosity, or at least a constrained ability to satisfy any monetary order. If founded in fact, this will be an important consideration in determining what sanction or combination of sanctions (in type and extent) would proportionately and reasonably achieve the deterrence required. A somewhat related, and important, consideration may be the effects of a monetary sanction on victims of the misconduct. It may be appropriate to moderate or forego a monetary sanction that would foreseeably diminish investors' prospects of financial recovery.

(c) Benefit Sought or Obtained by Respondent

[35] The extent to which a respondent sought to benefit, or did in fact benefit, from misconduct can be a compelling indicator of risk.

[36] The most obvious form of benefit is financial – monetary gain – but less tangible forms of benefit may also arise (for example, reputational benefit from ostensible business or investment acumen).

[37] Participants in the capital market intend to make money, which of course is not itself objectionable. What is relevant here is the seeking, or the obtaining, of a benefit from or through

capital-market misconduct. This can present an obvious incentive for, and therefore a risk of, similar misconduct in future, by the respondent or by others.

[38] The extent of the risk, and therefore the extent of deterrence required, will typically be greater the larger the benefit sought or obtained (there may be little enticement to engage in misconduct that, even if undetected, offers little prospect of benefit).

(d) Mitigating or Aggravating Considerations

[39] Any sanctioning decision must take into account all relevant circumstances, even if not fitting squarely within any of the sanctioning factors just discussed. We focus here on whether something in the circumstances of a case mitigates or aggravates a conclusion that might otherwise be drawn in light of any of the factors just discussed, or more generally affects the assessment of risk and deterrence required.

[40] Mitigating considerations can take a variety of forms. The most obvious would be efforts by a respondent to undo the harm done to victims – payment of financial restitution, for example. For sanctioning purposes, that sort of mitigation might diminish the risk of future harm, not least by reducing any element of financial incentive for future misconduct. That in turn might diminish the need for specific deterrence, and perhaps also for general deterrence.

[41] Persuasive indications that a respondent appreciates the wrong done, and its seriousness, may indicate a diminished likelihood of the respondent again engaging in misconduct, and therefore moderate the need for specific deterrence. However, the absence of such persuasive indications is by itself merely a neutral consideration. A respondent might – as is their right; see *Walton* at para. 155 – deny (or not acknowledge) responsibility as part of the conduct of their defence (or to preserve appeal rights). This in itself would not necessarily indicate a failure to appreciate the wrong done and its seriousness.

[42] The mitigating effect of appreciating a wrong done and its seriousness may be bolstered considerably by a genuine acceptance of responsibility. A compelling indication of personal remorse, which might take the form of sincere apologies to victims, could have a similar effect. While these would not undo the harm done, they could demonstrate a diminished risk of future misconduct by the respondent, and consequently a diminished need for specific deterrence.

[43] Evidence that misconduct resulted from a respondent's reasonable reliance on faulty professional advice does not assist victims or convert illegality into legality, yet it can still be important as mitigation. Such a circumstance might indicate little risk of future misconduct, and a correspondingly reduced need for either specific or general deterrence.

[44] Cooperation with Staff in the investigation or hearing is generally more relevant to the issue of cost-recovery orders (discussed below) than to sanctioning, but in some circumstances it may reinforce a mitigating consideration (for example, appreciation of wrongdoing and acceptance of responsibility for it). Cooperation with Staff might even amount to mitigation in its own right (perhaps, for example, where such cooperation assists Staff in detecting and curtailing ongoing misconduct by others).

[45] An absence of mitigation is not the same as an aggravating consideration.

[46] An aggravating consideration might take the form of a respondent displaying a belligerent contempt for either the victims of the misconduct or the law. Such behaviour might reasonably indicate a pronounced risk of future misconduct (and send a disconcerting message of defiance to observers), demanding heightened specific and general deterrence.

B. Cost Recovery: The Law

[47] Section 202 of the Act authorizes a hearing panel, if satisfied after conducting a hearing that a respondent has contravened Alberta securities laws or acted contrary to the public interest, to order the respondent to pay "costs of or related to the hearing or the investigation that led to the hearing, or both". Section 20 of the *Alberta Securities Commission Rules (General)* sets out categories of costs that may be subject to an order if the hearing panel "is satisfied that such costs are reasonable in all the circumstances":

> (a) costs of [Staff] involved in the investigation or the hearing, or both, based on the time expended for purposes of or related to the investigation or the hearing, or both, and the applicable hourly rates;
>
> (b) costs paid or payable to a person or company, other than [Staff], appointed or engaged by the [ASC] or the Executive Director for purposes of or related to the investigation or the hearing, or both;
>
> (c) costs paid or payable in respect of witnesses, other than costs referred to in clause (a) and (b), for purposes of or related to the investigation or the hearing, or both; and
>
> (d) any other costs paid or payable for purposes of or related to the investigation or the hearing, or both.

[48] An order under section 202 of the Act is distinct from a sanction. The purpose of a cost-recovery order was described in *Re Marcotte*, 2011 ABASC 287 (at para. 20):

> A costs order is . . . a means of recovering, from a respondent found to have engaged in capital-market misconduct, certain investigation and hearing costs that would otherwise be borne indirectly by law-abiding market participants whose fees fund the [ASC's] operations. It is generally appropriate that a respondent pay at least some portion of the relevant costs. Determination of the appropriate portion may involve assessing parties' contributions to the efficient conduct and ultimate resolution of the proceeding.

[49] Accordingly, the relevant costs will be those related to the investigation into the misconduct found, and the hearing in which that misconduct was proved. It would be inappropriate to assess costs attributable to allegations ultimately withdrawn or dismissed. A panel will therefore be mindful of which allegations were proved and which were withdrawn by Staff or dismissed by the panel. Where a cost item can be readily ascribed to a particular respondent and particular allegation, the task is straightforward. More often, however, it would be impractical for Staff's supporting documentation and submissions to make such plain distinctions, given the complexity and evolving nature of the investigation process or the scope of a particular hearing. In those cases the panel faces the task of estimating the proportion of claimed costs fairly attributable to specific respondents and specific allegations.

[50] In assessing the reasonableness of claimed costs, the panel also considers aspects such as time spent by Staff on a matter; indications of duplicated effort for which some reduction might be warranted; the nature and scale of claimed disbursements; and any prior recovery of costs arising from the same matter (for example, through settlement with another respondent). Through that process the panel determines the amount of costs prima facie recoverable.

[51] The panel must also make an allocation of recoverable costs based on its assessment of which respondents should bear responsibility, and in what respective proportions. In this task the panel will focus on the extent to which investigation and hearing resources (as reflected in the recoverable costs) were applied to proving the respective respondents' misconduct. Other considerations may lead the panel to conclude that cost responsibility is properly allocated wholly among one of multiple classes of respondents (for example, wholly among individual respondents for whom corporate respondents were mere vehicles for the misconduct found).

[52] Having made that allocation, the panel then considers the efficiency (or inefficiency) that each party brought to the proceeding as a whole, and the associated contribution to the broader public interest objectives of our regulatory system. This factor may argue for moderation – sometimes substantial – in the extent of cost recovery to be ordered against a particular respondent (and therefore may result in less than full recovery of the prima facie aggregate amount).

[53] Finally, there may be concern that a cost-recovery order could diminish prospects of recovery for investor victims. This, too, may warrant moderating the amounts of cost recovery ordered against certain respondents, or wholly foregoing cost recovery in a particular case.

IV. POSITIONS OF THE PARTIES

A. Sanctions

[54] Staff sought significant sanctions against all of the Respondents.

- Against Graf, Staff sought an administrative penalty – initially, of $400,000, but modified in closing arguments to an amount in the range of $250,000 to $400,000. Staff also sought orders under section 198 of the Act that would, for not less than 20 years (the actual duration dependent on when Graf paid any administrative penalty), prevent Graf from: trading in or purchasing securities or derivatives; using any securities-law exemptions; engaging in investor relations activities; being or acting as a director or officer of various types of entity; advising in securities or derivatives; acting as a registrant, investment fund manager or promoter; or acting in a management or consultative capacity in connection with activities in the securities market.

- Against Hayward, Staff sought an administrative penalty – initially of $150,000, but modified in closing argument to an amount in the range of $75,000 to $150,000. Staff also sought bans paralleling those sought against Graf but for not less than 10 years, the actual duration similarly dependent on when he paid any administrative penalty.

- Against each of the corporate Respondents, Staff sought permanent bans under section 198 on: trading in or purchasing securities or derivatives; using exemptions; engaging in investor relations activities; advising in securities or derivatives; acting as a registrant, investment fund manager or promoter; and acting in a management or consultative capacity in connection with activities in the securities market. Staff stated that they intentionally did not seek an order under section 198(1)(a) that would ban trades or purchases – by anyone – of securities or derivatives of the corporate Respondents.

[55] Graf and Hayward each made oral submissions. Each accepted as appropriate the types and durations of the section 198 market-access bans sought by Staff, but disputed the need for a large administrative penalty, or any at all. They also contended that they would be unable to pay any large monetary orders made against them. Hayward, for example, submitted that any monetary orders should be no greater than the $20,000 (inclusive of investigation costs) for which Bennett had settled; while Graf characterized the $400,000 administrative penalty sought against her as "very extreme". Graf and Hayward alternatively stated they would be willing to have permanent bans ordered against them, if we were to make administrative and cost-recovery orders totaling no more than $20,000. Staff responded that such low (or non-existent) administrative penalties would be inappropriate, citing the need for deterrence. Graf also offered to write a statement for posting on the ASC website that might cite her unhappy experience leading to this proceeding, to emphasize that others should be diligent regarding compliance with Alberta securities laws; Staff did not comment on that offer.

[56] No Respondent addressed the orders sought by Staff against the corporate Respondents, except that we were informed at the outset of the Sanctions Hearing that First Base's bankruptcy trustee apparently did not object to the orders sought by Staff against First Base.

B. Cost Recovery

[57] Staff sought cost-recovery orders against Graf and Hayward only, in the amounts of $95,783.27 and $31,927.76 respectively.

[58] Staff explained that they excluded all "investigative or prosecution costs" relating to Bennett, to arrive at total investigation and hearing costs of $170,281.37. This amount was set out in a statement of costs (the **Costs Statement**), which included supporting documentation. Discounting this total by 25% (to reflect the fraud allegations not proved in the Merits Hearing) produced a total of $127,711.03, which Staff suggested be allocated 75% to Graf and 25% to Hayward.

[59] Graf argued against any cost-recovery orders against her or Hayward or, alternatively, that any such orders should not exceed either 30% of the total (that would be roughly $51,000, using $170,281.37 as the starting point) or the $20,000 agreed to in the Bennett Settlement. We were told that this position was based on the fact that some allegations were not proved, and on suggested inefficient, even inappropriate, Staff conduct in the hearing. Graf also pointed to evidence concerning Bennett's role in the Homerun Group (we discuss what we define as the Bennett Application below) as favouring moderation in any cost-recovery orders. Graf and

Hayward further submitted that Staff failed to respond appropriately to the Respondents' own pre-hearing offers of, or attempts at, settlement.

[60] Graf advanced a further argument that we understood to be directed at the issue of cost recovery. She asserted that the main reason for the contested hearing was the need to defend against Staff's fraud allegations. There had been two such allegations, both levelled directly against HII and Graf (and also, but indirectly in the sense of authorizing, permitting or acquiescing, against Graf and Hayward). Staff withdrew one of the fraud allegations in the course of the submissions at the Merits Hearing, and the remaining fraud allegation was not proved.

V. ADDITIONAL EVIDENCE

[61] Four pieces of new evidence were admitted at the Sanction Hearing: documentation reflecting employment earnings of Graf and Hayward in recent periods, respectively tendered by those two Respondents; a statement of investigation and hearing costs (with supporting material) tendered by Staff; and an affidavit sworn and tendered by Hayward (the **Sanction Affidavit**). The first three items were largely self-explanatory and their admissibility was not challenged. The Sanction Affidavit was challenged by Staff.

[62] The Sanction Affidavit essentially addressed two topics: pre-hearing settlement discussions between the individual Respondents and Staff; and a June 2010 application by Bennett (the **Bennett Application**, which was also signed by Graf) for registration under the Act. Staff asserted, and declined to waive, "settlement privilege" concerning the first topic. On the basis that such privilege cannot be waived unilaterally by only one side to such discussions (see, for example, *Bellatrix Exploration Ltd. v. Penn West Petroleum Ltd.*, 2013 ABCA 10 at para. 26), we excluded the paragraph of the Sanction Affidavit and two related exhibits to which settlement privilege applied.

[63] The remainder of the Sanction Affidavit was admitted into evidence without objection. This dealt almost exclusively with the Bennett Application, or with efforts by the Respondents to have it presented to us. As we understood Hayward's and Graf's oral submissions, this material was meant to demonstrate two things. First was claimed Staff inefficiency: Hayward stated that "a lot of hearing time" and "a lot of argument" could have been saved had this been "disclosed" earlier. This argument was presented in opposition to the cost-recovery orders sought by Staff. Second, the Bennett Application was presented as proof of Bennett's important roles in the Homerun Group and argued in support of Hayward's and Graf's contentions that they had relied on Bennett. We were told that this was not meant to contradict our Merits Decision findings of their own contraventions, but rather was (as we understood it) presented as mitigation for sanctioning purposes, specifically in respect of administrative penalties.

[64] Among other things, the Respondents' arguments failed to distinguish clearly or consistently between, on the one hand, pre-hearing disclosure of material among parties and, on the other hand, material tendered by a party for admission as evidence in the hearing itself. The Respondents did not establish that Staff failed in their pre-hearing disclosure duty in respect of the Bennett Application. According to the Sanction Affidavit and submissions, the Respondents had a copy of the Bennett Application in their possession before the Merits Hearing began, and

they were familiar with it; they were not relying on Staff to disclose its content. The Respondents thus did not suffer in this regard from any disclosure failure.

[65] Nor did the Respondents establish any obligation on Staff to have tendered the Bennett Affidavit into evidence at the Merits Hearing. We reject the Respondents' insinuation that Staff engaged in sharp practice, namely when a Staff investigative accountant gave testimony while having knowledge of the existence of the Bennett Application but without discussing it. This assertion failed, not least because the claimed importance of the document was not established (a topic to which we will shortly return).

[66] Important or not, the Respondents were free to tender the Bennett Application as evidence themselves. They could have done so in several ways, including: asking the Staff investigative accountant if he knew of it or had received it from the Respondents; calling Bennett as a witness and putting the document directly to her; or having Graf (who signed the Bennett Application) or Hayward (who told us that he witnessed Bennett's signature) testify and authenticate the document. The Respondents chose to do none of those. (Hayward stated that the Respondents had planned to enter the document through Bennett, but Staff did not call her as a witness. As just indicated, nothing prevented them from themselves calling her as a witness.)

[67] In any event, we ascribed little importance to the Bennett Application.

[68] The document was Bennett's application for registration as a "Dealing Representative" with a company (not a Respondent) in the Homerun Group. (She also indicated that she was seeking registration in a category for firms, surely an error.) As noted, Graf also signed the application, as "CEO + UDP" – "UDP" presumably meaning "ultimate designated person", a significant category of registration that Graf obtained a few months after the date of the Bennett Application. The document content to which Hayward drew our attention was found in a schedule to the Bennett Application, in which Bennett identified her respective duties with several Homerun Group companies, including each of the corporate Respondents other than First Base. Hayward drew our attention specifically to the information provided concerning Bennett's employment with HII, which we quote here:

> As Director, a list of my duties is provided below:
>
> - Arranging audits
> - Completing/analyzing budgets
> - Working with marketing
> - Participating in information seminars
> - Overseeing architects
> - Basic office management
> - Advising on legal matters
> - Organizing charity events
> - Overseeing geomatics engineers
> - Overseeing marketing campaigns
> - Overseeing data processing
> - Working with realtors
> - Organizing shareholders meetings
> - Training staff
> - Securing financing

- Client management
- Dispute management
- Updating procedures
- Overseeing third party trust activities and paperwork
- Overseeing dealer representatives
- Purchasing properties
- Overseeing website development
- Initial start up of this company required more time devoted than maintenance does

[69] Similar (but not identical) lists of duties were set out in respect of the other identified companies.

[70] Particularly noteworthy, according to Hayward, was the identification of Bennett as "Director" of HII (and of the other companies, although his submissions primarily focused on HII). He contrasted this with what he presented as Staff efforts at persuading us (in the Merits Hearing) that Bennett had not been a director of HII, despite Staff's knowledge of the Bennett Application and its contents. We discern neither impropriety nor inefficiency in those Staff efforts. The evidence they adduced on this point was straightforward, principally reports from the Alberta corporate registration system. For HII, these plainly showed Bennett to have been one of several directors when the company was incorporated in November 2007, but for only a short period. A change of directors was recorded (without details shown) on 5 December 2007, after which Bennett (like several other individuals) no longer appeared as an HII director. Another change of directors (again without details shown) was recorded on 19 July 2010 – shortly after the date of the Bennett Application – but Bennett still did not appear on the corporate registration system as an HII director after December 2007.

[71] Hayward did not indicate how we should reconcile that with Bennett's self-identification in the Bennett Application (and Graf's endorsement of that through her signature on it) as a "Director" of HII in June 2010. He asserted, though, that Bennett was clearly acting as a director, and he seemed to suggest that this was the case throughout the period of the misconduct at the heart of this proceeding.

[72] We do not, of course, know what Bennett meant, or understood, by the term "Director" as it was used in the Bennett Application. A perusal of the specific duties listed for her role (and quoted above) certainly indicated a broad range of responsibilities (including at least one surprising duty – the provision of legal advice – along with others touching directly on the sale of securities, her involvement in which was already clear and recognized in the Merits Decision). However, none of these enumerated responsibilities were obviously indicative of the role of a director in corporate law.

[73] In any event, little turned on this issue of Bennett's supposed director role. Whether Bennett was, or considered herself to be, a director (de jure or de facto) of HII or any of the other corporate Respondents was not a major aspect of the Merits Hearing. Nor should it have been. Graf and Hayward bear responsibility for their own positions and actions, regardless of Bennett's role. Graf was the guiding mind of the various corporate Respondents. Graf engaged directly in some of the misconduct. Graf and Hayward both authorized, permitted or acquiesced in misconduct by all or several (respectively) of the corporate Respondents. Nothing in the Bennett

Application affected any of those conclusions from the Merits Decision. Nor did anything in the Bennett Application amount to mitigation of that misconduct, of the harm done or of current risks, which might moderate an otherwise appropriate sanction. (If anything, the document has a modestly contrary effect, Graf's signature underscoring an already apparent lack of clarity, inattention to factual accuracy and hazy appreciation of the laws governing her chosen business activities.)

[74] Nothing in the Bennett Application told us anything about appropriate cost-recovery orders. However, Hayward suggested that the Merits Hearing would have been considerably shorter had Staff "disclosed" the Bennett Application earlier. We return to the topic below in our analysis of the issue of cost recovery.

VI. ANALYSIS

A. Sanctioning Factors

[75] We now apply the sanctioning principles and factors to the facts, in light of the submissions made.

1. Seriousness of Respondents' Misconduct

[76] The prospectus and registration requirements under the Act are cornerstones of our securities regulatory system. The prospectus is meant to assist prospective investors make informed decisions by providing them with reliable information about the issuer of offered securities, the securities themselves, and how invested money will be used. The registration requirement delivers protection through the involvement of intermediaries knowledgeable about the securities offered and the circumstances and risk tolerances of their client investors. Exemptions from either of these requirements are designed to apply only where, and to the extent that, these fundamental protections are not needed or where protection can be delivered through other means.

[77] Breaches of the prospectus and registration requirements, and abuses of exemptions, may lead investors to make ill-informed investment decisions and expose them to unanticipated risks. Such breaches also undermine fairness and confidence in the capital market. Here, the contraventions of section 75 or section 110 of the Act (or both) by Graf and each of the corporate Respondents also resulted in actual financial harm to investors – significant losses to some who testified, with profound negative consequences for individuals and families.

[78] Misrepresentations – materially misleading or untrue representations – to investors similarly may lead to ill-informed investment decisions, unanticipated risks and, in this case, actual financial harm. Misrepresentation also has the potential of undermining confidence in capital-market investment generally, to the detriment of businesses that seek to raise capital legally. As explained in the Merits Decision, some investors in certain promissory notes were told, wrongly, that their investments would be secured against certain land – something that would prompt a reasonable investor to ascribe more value to the securities than otherwise.

[79] Authorizing, permitting or acquiescing in misconduct implies having been in a position to act otherwise. In this case, both Graf and Hayward could have averted or halted the serious

misconduct discussed above. Their failures to do so contributed to the harm that ensued. This, too, was serious misconduct.

[80] All of the Respondents' misconduct was, in short, serious – by its nature, in the types of harm to which it exposed investors and the capital market, and in the financial harm done to affected investors.

[81] The seriousness of the misconduct argues for significant sanctions against each Respondent sufficient to deter them from repeating their misconduct. Given the apparent ease with the Respondents raised money, this factor also argues for sanctions that will deter others who might otherwise be tempted to act in a similar way.

2. Respondents' Characteristics and History

(a) Education and Experience

[82] Neither Graf nor Hayward appeared to have had education or training in the capital market (or any other similarly regulated sector) before the impugned activities began. Staff suggested that we should consider Graf's years of work before the relevant period – notably, the seminars she presented – to constitute such experience. We described those in the Merits Decision (at para. 10) as "real estate and investment seminars". We do not regard Staff as having established the sort of experience relevant for sanction purposes here.

[83] To some extent, Graf's and Hayward's lack of relevant background argues for moderation in sanction in respect, at least, of illegal trades and distributions. However, the effect is offset in Graf's case, because of her misrepresentations. In our view, no lack of experience or training explains or justifies misleading investors, or gives any comfort that such misconduct might not recur.

[84] In the circumstances we do not consider this factor relevant to the corporate Respondents.

(b) Disciplinary History

[85] None of the Respondents has previously been sanctioned for misconduct in the capital market; such a history might have indicated a heightened need for specific deterrence. However, the contrary does not apply; no one, after all, should engage in sanctionable conduct, so an absence of prior sanction does not merit reward.

[86] We note that there was a regulatory history here, albeit apparently without sanctions. The details were unclear, but Graf herself referred to what we understood to have been multiple inquiries from Staff concerning various Homerun Group capital-market activities.

[87] From this we infer that Graf (and the entire Homerun Group) had been alerted to the fact that they were operating in a regulated sector, and that some of their activities had attracted regulatory attention (seemingly unfavourable attention). It follows that Graf in particular (as the guiding mind of the entire operation) should have given serious attention to the legal environment in which she and the other Respondents were operating, and made vigorous personal efforts to understand the relevant laws and ensure adherence to them. Her evident failure to have done so argues for significant, indeed heightened, sanctions against her.

[88] Graf drew a converse conclusion. In her interpretation, the fact that the Staff inquiries apparently came to an end without sanctions or other adverse consequences to her or the Homerun Group meant that Staff had effectively blessed the manner in which the Homerun Group operated in the capital market. This, Graf suggested, argued for moderation in sanction. This interpretation struck us as wishful thinking rather than sound logic, but we accepted that Graf believed it to at least some extent. As such it partially offsets the effect of the first-described inference.

[89] On balance, therefore, we consider this factor to argue somewhat in favour of significant sanctions against Graf and the corporate Respondents, but to be neutral in respect of Hayward.

(c) Impecuniosity

[90] Both Graf and Hayward suggested that their financial circumstances and prospects made any administrative penalty (and any cost-recovery order, or any such order of a magnitude sought by Staff) pointless and inappropriate. They each spoke of their respective current financial circumstances, and they tendered documentation that we accepted as evidence that they had only modest employment income in recent periods. Both suggested that there was no prospect of an improvement in their financial circumstances, although evidence for this was lacking.

[91] We do not doubt that significant monetary orders would be burdensome to Graf and Hayward. This dictated careful consideration on our part. It did not, however, rule out monetary orders, if such be found necessary for purposes of public protection based on analysis of all pertinent factors and circumstances (including, but not limited to, these Respondents' current financial circumstances).

[92] The misconduct here arose in the course of an operation to raise money for various businesses of the Respondents, all headed by Graf and all but First Base involving Hayward. Money was the objective, and a considerable amount was raised illegally.

[93] Market-access bans as sought by Staff would deliver important protection, but in the circumstances here we think they would, without more, be wholly inadequate for the purpose of specific deterrence. We reject Graf's and Hayward's apparent contention that their stated intention to never again participate in the capital market means that no specific deterrence is required. We do not consider it appropriate to rely exclusively on their intention as now stated; significant and sharp specific deterrence that both restricts their access to the market and delivers a direct monetary message through administrative penalties is required to ensure that they never forget the necessity of refraining from future misconduct.

[94] There is a further consideration, and an important one: general deterrence. As discussed, *Walton* cautioned that an exclusive focus on general deterrence alone can produce disproportionate results, but that does not mean that considerations of general deterrence are to be ignored. In our view, this is a case in which general deterrence is of great importance. The Respondents improperly raised a great deal of money from many investors, and they did so with apparent ease. It seems self-evident that others could well be enticed to emulate this misconduct,

unless adequately deterred. For reasons already mentioned – this case was above all about the improper raising of money – we are in no doubt that any outcome lacking a direct monetary component would fail to deliver the requisite general deterrence.

[95] For all these reasons, we conclude that market-access bans against Graf and Hayward must be coupled with direct monetary orders in the form of administrative penalties. We do not reach the same conclusion in respect of the corporate Respondents, all of them now under monitorship or in bankruptcy and in some cases, as we understood it, with their remaining assets already distributed or allocated for distribution. Even if corporate assets remain, their application toward satisfying monetary orders could come at the expense of their investors, the very victims of the misconduct.

[96] We also consider that these administrative penalties must be substantial – much more than a nuisance, or a cost of doing business.

3. Benefit Sought or Obtained by the Respondents

[97] There was no dispute that all of the misconduct here was motivated by a desire to fund business ventures operated by the various corporate Respondents. Staff submitted that the illegal trades and distributions totalled approximately $17,375,000. The derivation of this figure was not given, and we do not rely on it. Among other things, the evidence was that some of the securities selling did qualify for exemptions, despite the lack of care with which the activity was conducted. This does not, of course, diminish the seriousness of the misconduct, but it does preclude us from quantifying with precision the trades and distributions that were illegal.

[98] Although the evidence (principally the Monitor Report) was that the flow of money to and among the entities was somewhat opaque, it did appear that the money raised was by and large applied in the respective ventures.

[99] Graf and Hayward, who held senior (in several instances, the most senior) positions with these companies, presumably hoped to benefit reputationally from the success of the ventures. We are also satisfied that Graf and Hayward also anticipated personal financial rewards for that success. That said, the evidence (again from the Monitor Report) was limited to remuneration that did not appear extravagant for the overseers of an operation on the scale of the Homerun Group.

[100] In short, we are in no doubt that the misconduct found was prompted by a desire and expectation of benefits, and each Respondent enjoyed reputational benefits for a time, as well as financial benefits, albeit not apparently on an extravagant scale.

[101] This factor reinforces the need for sanctions delivering both specific and general deterrence.

4. Mitigating or Aggravating Considerations

(a) Respondents' Recognition of Their Misconduct

[102] We received emotional submissions from both Graf and Hayward in which both stated their recognition that they acted wrongly, and their appreciation that the Merits Decision findings

against them are serious. Graf in particular acknowledged the harm done to investors, and her difficult encounters with some of them.

[103] Hayward clearly acknowledged his responsibility for his misconduct, but he conditioned that acknowledgement by characterizing himself as having "unknowingly acquiesced" in wrongdoing by others, specifically Bennett. Graf said essentially the same. We return below to this characterization.

[104] The evidence did not support the attribution of most of the blame to Bennett, which (despite some statements denying this) is exactly what we understood Graf and Hayward to be attempting.

[105] That said, we accept that Hayward's role can be readily distinguished from that of the other Respondents. He did not appear to have been directly involved in the sale of securities. The misconduct found against him was more in the nature of a dereliction of duties of oversight.

[106] Therefore, and despite concerns about the finger-pointing at Bennett, we accept that Hayward did essentially recognize and accept responsibility for having authorized, permitted or acquiesced in the misconduct of the corporate Respondents other than First Base.

[107] This in our view diminishes considerably the prospect of Hayward repeating his misconduct, and therefore the extent of specific deterrence required. It does not, in our view, moderate the need for general deterrence.

[108] Graf's case is very different. Her misconduct was far more than merely passive, and went far beyond merely acquiescing in misconduct by others.

[109] Moreover, Graf repeatedly emphasized the effects on her of the fraud allegations that Staff had levelled but which were either withdrawn or unproved. She cited the fraud allegations as a cause of her difficult interactions with investors. She clearly perceived the withdrawal or dismissal of the fraud allegations as vindication of her conduct in general. As with her brother, it was apparent (despite her denials) that she was trying to shift blame for the illegal trading and distributions, and in her submission on sanctions she said little about her misrepresentations.

[110] We are in no doubt that Graf has regrets. However, it was apparent that she sees herself primarily as a victim. She suggested that her life has been ruined, and alluded to causes including claimed (but undemonstrated) Staff impropriety and unspecified but supposedly profound failings by Bennett and the rest of the Homerun Group "team" that Graf implied let her down. It was not clear that she recognized herself as a perpetrator of wrongdoing, and indeed the primary perpetrator. We conclude that Graf neither accepted responsibility for her proved misconduct, nor seemed truly to appreciate how serious it was.

[111] In the result, this factor does very little to moderate the need for sanction against Graf. Although she stated her intention not to enter the capital market again, her deficient appreciation of her misconduct indicates that, were she to do so, there is a real risk of her repeating her

misconduct in the absence of sanctions that deliver a strong measure of specific deterrence. There is also no amelioration of the need for strong general deterrence.

[112] There is no evidence as to whether the corporate Respondents can be said to recognize the seriousness of their misconduct, and therefore nothing on this basis to moderate the sanctions appropriate against them.

(b) "Unknowing" Acquiescence

[113] While claiming not to dispute our findings, both Graf and Hayward asserted that they had "acquiesced", but "unknowingly", in wrongdoing by others (specifically by Bennett). The evidence did not, however, persuade us that the actual wrongdoing could all be ascribed to subordinates, Bennett among them.

[114] Regarding Graf, her unknowing acquiescence argument did not accurately reflect the nature of her misconduct. She was neither a passive observer nor an assistant in the selling of securities and associated illegalities; Graf stood at the very centre, and she was the guiding mind. Moreover, she was directly involved in some of the illegal trades and distributions, as of course was each corporate Respondent in respect of sales of its own securities. The evidence persuades us that, at least until Graf became a registrant, she and the corporate Respondents she controlled engaged in those activities with little or no consistent and satisfactory attention to the legal requirements, notably the conditions of exemptions supposedly relied on. In none of this was Graf a passive follower – of Bennett or anyone else. This misconduct cannot be dismissed as an inadvertent slip-up; the errors were repeated and persistent. Graf's claim of unknowing acquiescence contradicted the plain facts and our Merits Decision findings. It assists her not at all on the issue of sanction, as a mitigating factor or otherwise.

[115] Further, Graf was directly responsible for material misrepresentations to investors (as well as indirectly responsible through HII). Misleading others in this way – in the plainest English, lying – was not unknowing or inadvertent. We discern here no mitigation of the direct misrepresentation findings against Graf.

[116] As noted, Hayward was an officer of some corporate Respondents and a director of all but First Base. We found him to have authorized, permitted or acquiesced in the respective contraventions of each corporate Respondent other than First Base. He seemed not to have been directly engaged in the impugned securities-selling activities, and no findings (indeed no allegations) of direct involvement were made against him. It is plausible, and we accept, that he went along with what was being done in the sales process – likely without undertaking much, if any, questioning, supervision or diligence (although he apparently became somewhat more attentive after his registration). It follows that, at least until then, Hayward may indeed have unknowingly authorized, permitted or acquiesced in the contraventions by those companies.

[117] In this, we find some mitigation of Hayward's misconduct. Such mitigation is limited, however, given that it turned on his having abdicated important responsibilities that he owed to the capital market. Directors and senior management must ensure that their companies' capital market activities are appropriate and legal. Hayward was in a position to avert much of the illegality found here. He should have done so, but he did not. It is not clear from his

submissions that he understands even now how far he fell short in fulfilling his obligations to the capital market and the investors in those companies.

[118] On balance, we conclude that Hayward's unknowing acquiescence, at least early on, was a somewhat mitigating factor. No such conclusion can be made in respect of Graf.

B. Outcomes of Other Proceedings

1. Enforcement Hearing Decisions

[119] Staff drew our attention to several recent ASC decisions: *Re Chandran*, 2015 ABASC 717; *Re Global 8 Environmental Technologies, Inc.*, 2016 ABASC 29; and *Re Platinum Equities Inc.*, 2014 ABASC 376 (affirmed 2015 ABCA 323).

[120] Both *Chandran* and *Global 8* involved amounts raised, at least in part, for genuine business purposes – at least $30 million in *Chandran*, up to some $9 million in *Global 8*, and some $58 million in *Platinum*. Investor losses were extensive in each of the cases. The findings in each involved illegal trades, illegal distributions, and prohibited representations or misrepresentations (and, in *Platinum*, fraud).

[121] We determined that *Chandran* and *Global 8* had some useful parallels and guidance, but were able to draw little from *Platinum* because that case involved a much larger amount illegally raised, more significant financial benefit received by at least one of the individual respondents, and findings of fraud against some respondents.

[122] In *Chandran* the guiding mind of the corporate respondents had previously been given a trading ban in another jurisdiction. The respondents admitted all the misconduct found, and agreed with Staff as to appropriate orders. Those involved an array of permanent market-access bans against each respondent together with a $400,000 administrative penalty against Chandran.

[123] In *Global 8* the two individual respondents (one the guiding mind of the companies, the other a director of all three and an officer of two companies) each directly engaged in all of the misconduct and authorized, permitted or acquiesced in certain misconduct by the companies. That one operation began immediately after the first was cease-traded was considered the "most serious" aspect of their misconduct. The companies were given some permanent (or potentially permanent) market-access bans, while the individual respondents were each given an array of market-access bans (for at least 20 years in the case of the guiding mind, and at least 12 years for the other individual) and administrative penalties ($350,000 for the former; $75,000 for the other). We note a parallel between Graf's role and the role of the guiding mind in *Global 8*, but Hayward's role, activities and influence were markedly less than those of the other individual respondent in *Global 8*.

[124] Graf pointed us to *Re Harris operating as Harris Agencies*, 2011 ABASC 138, which was not helpful given – as Graf noted – the more egregious misconduct in *Harris* (including findings of fraud), the lack of a genuine business, and the character of Harris (who had previously been convicted of criminal fraud in connection with a Ponzi scheme). In *Harris*, the panel ordered an array of permanent market-access bans and a $500,000 administrative penalty.

We do not consider that *Harris* set any sort of cap on sanctions appropriate in the present circumstances; it simply was not relevant to our determination of appropriate sanction.

[125] From the relevant cases cited, we conclude that wrongdoing of the type seen in the present case can be expected to attract an array of market-access bans of significant duration, coupled (at least for individual respondents) with significant administrative penalties. The appropriate amount of such administrative penalties could reach the $400,000 first sought by Staff against Graf (as guiding mind) but less than the $150,000 first sought by Staff against Hayward (as a director and officer with little direct involvement).

[126] As noted, Staff conceded that administrative penalties in ranges with lower ends of $250,000 for Graf and $75,000 for Hayward would be appropriate.

2. Bennett Settlement

[127] Hayward and Graf appeared to contend that any administrative penalty ordered against each of them should be no more than the $20,000 agreed to by Bennett in the Bennett Settlement.

[128] However, a settlement will seldom provide useful guidance as to orders appropriate following a full contested hearing. Among other things, the factors and considerations that prompted parties to settle will seldom be apparent, nor the reasoning behind the terms ultimately agreed. The Bennett Settlement was no exception to this. The Bennett Settlement also told us little or nothing about the role and conduct of Graf or Hayward, or the relative gravity of Bennett's misconduct compared to theirs.

[129] In the result, the Bennett Settlement assisted not at all in determining what orders might be appropriate in the present, contested hearing.

C. Conclusion on Principles and Factors

[130] In summary, the circumstances here persuade us that the public interest in this case warrants sanctions against each Respondent, with a view to both specific and general deterrence.

D. Appropriate Sanctions

1. General

[131] As noted, Staff sought an array of market-access bans against each of the Respondents, coupled with significant administrative penalties against the individual Respondents. Graf and Hayward accepted that those types and durations of market-access bans would be appropriate, even stating their willingness to endure permanent market-access bans in lieu of monetary orders. They argued strenuously that there was no need for – and that they had no ability to pay – any significant monetary penalties.

[132] We agree that broad market-access bans are warranted in this case, in respect of each of the Respondents. As noted, we also consider that market-access bans alone for Graf and Hayward would provide insufficient specific and general deterrence.

2. Corporate Respondents

[133] We conclude that specific and general deterrence require that none of the corporate Respondents should have access to investors' money, ever again. This warrants an array of permanent market-access bans. In addition to the bans sought by Staff, we consider it also necessary to include a prohibition on trades and purchases – by anyone – of securities or derivatives of each corporate Respondent; no new investors must be burdened by involvement with these companies. But for the chance of further recovery of investor money, we would have also ordered a significant administrative penalty against each corporate Respondent.

3. Appropriate Sanctioning Terms

[134] We turn now to the specific terms of sanctions appropriate in this case: the durations of necessary market-access bans and the amounts of administrative penalties.

[135] We are generally satisfied that market-access bans of the types and durations sought by Staff would, if accompanied by payment of appropriate administrative penalties, be in the public interest. There is one exception, however: the proposed ban on Graf's and Hayward's use of securities law exemptions. The misconduct in this case turned largely on misuse of, or unfounded reliance on, such exemptions. We believe that this aspect should be addressed directly, by bans of longer duration on Graf's and Hayward's future access to such exemptions. In practical terms this would mean that were either Graf or Hayward to seek again to raise money in the capital market (after other market-access bans have expired) they could do so only through appropriately qualified registrants and using a prospectus. This additional protective measure would directly address, and further protect investors and the capital market from a recurrence of, some of the abuses found here. We conclude that in Graf's case, this denial should be permanent; in Hayward's case (coupled with the other sanctions discussed), 20 years would be sufficient.

[136] Given our conclusion above that the levels of specific and general deterrence required here necessitate significant administrative penalties against both Graf and Hayward, we now consider what amounts would adequately and appropriately serve that protective purpose.

[137] In light of the circumstances here, and mindful of the outcomes of other matters discussed above, an administrative penalty in the amount originally sought by Staff against Graf would prima facie be supportable, although the public interest could still be served by a lower administrative penalty if it were coupled with appropriate market-access bans. Using the same approach, we conclude that a lesser amount than initially sought by Staff would be appropriate for Hayward (again coupled with appropriate market-access bans).

[138] We have noted that the fact that administrative penalties impose a financial burden does not itself lead to disproportionality or unreasonableness in the *Walton* sense. We also observe that in *Walton*, the administrative penalties appealed from had been ordered in conjunction with a second type of monetary sanction: disgorgement orders under section 198(1)(i) of the Act. No similar combination of monetary orders was sought against Graf or Hayward in the present case.

[139] Still, the fundamental principle of proportionality requires us to consider Graf's and Hayward's current claimed impecuniosity. Having regard to the individual Respondents' current

financial circumstances and the other factors discussed, we conclude that the public interest requires packages of sanctions coupling the mentioned market-access bans with administrative penalties at the lowest ends of the ranges ultimately proposed by Staff ($250,000 for Graf and $75,000 for Hayward). In our view such combinations of sanctions, of not less than the amounts and durations specified, are imperative in this case.

[140] To summarize, we conclude that it would be in the public interest to order the broad array of market-access bans proposed by Staff against each of the Respondents, supplemented by a ban on all trades and purchases of any securities or derivatives of the corporate Respondents, and coupled with administrative penalties of $250,000 against Graf and $75,000 against Hayward. The market-access bans would be permanent in respect of the corporate Respondents, and (subject to payment of the respective administrative penalties) remain in effect generally for 20 years against Graf (but with a permanent denial of exemptions for her) and 10 years against Hayward (with a 20-year denial of exemptions for him).

VII. COST RECOVERY

A. Relevance of Purported Fear of Imprisonment

[141] As a preliminary to our broader analysis of the principles and evidence pertinent to the issue of cost-recovery orders, we consider Graf's assertion that the entire hearing had been necessitated by the need to defend Staff's fraud allegations against her (and against HII), largely because the spectre of imprisonment for fraud induced in her a state of "sheer panic". In explanation, she quoted to us from the Supreme Court of Canada decision in *R. v. Théroux*, [1993] 2 S.C.R. 5. The *Criminal Code* (Canada) fraud provision she quoted (from para. 12 of *Théroux*) included words to the effect that a conviction for criminal fraud could result in up to 10 years of imprisonment.

[142] This imprisonment argument was a red herring – unconvincing and irrelevant.

[143] Although *Théroux* was a criminal law case, its exposition of the elements of fraud has been adopted into securities law. We applied it in the Merits Decision (and, in so doing, dismissed the sole remaining fraud allegation against HII and Graf). The copy of *Théroux* from which Graf quoted had been circulated by Staff as part of their Merits Hearing submissions, which were delivered after most of the evidentiary portion of the Merits Hearing had concluded.

[144] There was never any prospect of imprisonment as a result of this proceeding. Staff's 28 August 2014 notice of hearing set out the various allegations in issue, including fraud. It also identified the provisions of the Act under which Staff might seek orders if the allegations were proved, as well as the scope of such potential orders. None of those provisions contemplates imprisonment. An ASC hearing panel does not have the authority to order imprisonment.

[145] Graf's supposed fear was unfounded. More importantly, we do not believe that it was genuine. Her own explanation tied it to a source (Staff's Merits Hearing submissions) arising in the concluding stages of the Merits Hearing. Fear of imprisonment could not have explained her conduct before then. Moreover, nothing in that apparent source for this claimed fear offered any reasonable basis for her to have imagined that she risked imprisonment in this proceeding. We do not believe she was truly of that impression.

[146] Graf's claim to have defended herself out of a fear of imprisonment was thoroughly unconvincing. It was, in any case, irrelevant. A respondent is fully entitled to defend against allegations; no explanation is required for doing so.

[147] That said, in the course of Graf's arguments on this topic it became apparent that, potential sanctioning consequences apart, she had been greatly troubled by Staff's fraud allegations, and considered them unfounded. The existence of those allegations, the part they played in the investigation and hearing, and their ultimate withdrawal or dismissal were all relevant to cost recovery. We considered them in our analysis, to which we now turn.

B. Relevant Principles and Circumstances

1. Appropriateness of Cost Recovery Here

[148] Having regard to the principles underlying cost-recovery orders (discussed above), this case in our view is clearly one in which recovery of costs reasonably attributable to the misconduct found should be recovered.

[149] This was a complex case involving a major investigation and a rather lengthy hearing. Serious misconduct was proved. Perhaps most pertinent to the topic of cost recovery, we do not consider either that the Respondents made any discernable contribution to the efficiency of the hearing, or that Staff's conduct detracted from its efficiency. (We discuss below – and reject – a contrary suggestion by Graf and Hayward.) Indeed, we consider that the Respondents needlessly complicated and prolonged the hearing. In this regard, we do not criticize them for factors beyond their control, specifically their apparent inexperience in legal matters or unfamiliarity with legal processes. Rather, our observation relates to Hayward's and, more noticeably, Graf's penchants for irrelevant disputes, mischaracterization of evidence, and self-serving but wrong expositions of law. The Respondents were entitled to challenge the allegations, but this could have been accomplished with greater economy and efficiency had they focused more on the real issues. That they did not was, in our view, attributable not to a lack of expertise, but rather a deliberate choice. It is therefore appropriate that they, rather than (indirectly) other market participants whose fees fund the ASC, bear the associated costs.

[150] Graf and Hayward alluded frequently to what they portrayed as Staff behaviour that they painted as improper or inefficient (or both). Impropriety on Staff's part was not established. Nor was inefficiency in any sense that would fairly relieve the Respondents of responsibility for costs.

[151] One specific example put forward by Hayward will illustrate. In connection with the introduction of the Bennett Application into evidence at the Sanctions Hearing, Hayward suggested that it ought to have been "disclosed" by Staff very much earlier in the process, and that had this been done, "the entire proceeding from start to finish would have been reduced drastically". Accordingly, Hayward contended, "we should not be charged for costs related to [Staff] supplying late disclosure".

[152] For present purposes we leave aside the Respondents' recurrently-demonstrated confusion between things that must be disclosed by Staff to a respondent before a hearing, and the typically

much narrower category of material that any party is free to adduce as evidence during a hearing (if it is relevant). It was not evident that the Respondents suffered any prejudice. Whether or not it was included in Staff's pre-hearing disclosure, the Respondents themselves (as noted) possessed a copy of the Bennett Application even before the Merits Hearing began. Graf had signed the Bennett Application, and Hayward had witnessed Bennett signing it, so there could be no reasonable assertion that its existence or (except possibly in Hayward's case) its content surprised any of the Respondents. More germane to the present analysis is the extent of any associated procedural inefficiency attributable to Staff's handling of the document. As discussed, we ascribed little importance to the Bennett Application. It added nothing significant to the facts as otherwise established in the Merits Hearing. Nothing in the document, or in the interactions between Staff and the Respondents concerning the document, demonstrated any compelling reason to relieve any of the Respondents of responsibility for any otherwise recoverable costs.

[153] Concerning the allocation of responsibility for costs among the Respondents, we are satisfied that such responsibility is appropriately limited to the two individual Respondents, not to any of the companies. To a large extent this reflects the reality that the corporate Respondents were simply vehicles that operated in the capital market through Graf (and through Hayward, although his role was more limited). In part also, this reflects the central role that Graf played with all those companies. We are mindful too that monetary orders against the companies might be either meaningless (particularly given the insolvency and bankruptcy proceedings) or positively detrimental to any further prospects of financial recovery on the part of their respective investors, some of whom are victims of the misconduct found.

[154] As between the two individual Respondents, Graf's was clearly the more significant role in terms of the misconduct found (logically indicating a greater resource allocation at both the investigative and hearing stages), and she played a very active, indeed leading, role for the Respondents in the hearing. We are satisfied that she should bear a significantly greater responsibility for costs than Hayward.

[155] In these respects, we concur with Staff's general position on cost recovery. The Respondents' position that they should bear little or no responsibility for costs is, in our view, unreasonable. Their more specific alternative contention that their responsibility should not exceed the outcome negotiated by Bennett as part of her settlement is untenable. On this, it suffices to observe that (as discussed) a settlement generally does not communicate all the factors, considerations and reasoning underlying its particular terms, and is therefore unlikely to provide useful guidance as to specific outcomes appropriate for other proceedings or other parties.

2. Quantifying Recoverable Costs

[156] There was no dispute that the costs reflected in the Costs Statement were indeed incurred. We do not disagree in principle with Staff's approach to calculating recoverable costs. However, we consider that the specific application of that approach requires refinement, some of it significant.

[157] First, while we recognize that circumstances here (as, perhaps, in most cases) preclude any precise allocation of costs to specific allegations against specific respondents, we are not

persuaded that Staff's global 25% cost reduction fully or fairly reflected the outcomes of the Merits Hearing. We are also not persuaded by Graf's suggestion that a 70% global reduction is warranted.

[158] As discussed, serious misconduct was proved against both Graf and Hayward. On the other hand, other serious allegations were either withdrawn or unproved. The most significant of these were unquestionably the fraud allegations.

[159] We considered above, and rejected, Graf's imprisonment-related argument. That does not, however, diminish the relevance or significance of the unsuccessful allegations to the present analysis. Her success in defending against the fraud allegations should be fully recognized in any cost-recovery order.

[160] Staff specifically asserted that they made the 25% cost deduction to reflect the unproved fraud allegations. We are satisfied that this adjustment is inadequate in the circumstances. While appreciating that it may be impossible to quantify precisely the scale of resources expended in respect of any particular allegation, we are mindful that the fraud allegations were not the only allegations unproved, and that no allegations at all were proved against two of the original corporate respondents. We also take into account that Bennett was among the original respondents. Although we accept that Staff endeavoured to factor in the separate resolution of the allegations against her, it appeared possible that some of the investigation and hearing-preparation costs claimed here may still to some uncertain extent have involved Staff's concerns about Bennett's conduct.

[161] In the circumstances, and given the obstacles to complete precision, we would reduce the aggregate recorded costs of $170,281.37 by 50%. In our view this would amply reflect the evolution of the investigation and hearing, the separate resolution of the allegations against Bennett, and Staff's incomplete success in proving the remaining allegations. Even if perhaps generous to the Respondents, in all the circumstances we consider the outcome appropriate.

[162] Accordingly, we consider a total of $85,000 to be fairly recoverable here. The Respondents did not dispute Staff's 75% and 25% allocation of costs as between Graf and Hayward. Those proportions in our view do fairly reflect two things: a fair approximation of the Staff resources directed toward their respective misconduct; and the manner in which Graf and Hayward (she with the leading role between them) conducted themselves (in terms of contributions to efficiency) during the hearing.

[163] In the result, we consider it appropriate that Graf pay $63,750, and that Hayward pay $21,250, of the investigation and hearing costs.

VIII. CONCLUSION

[164] For the reasons given, we make the orders set out below.

Graf

[165] Against Graf we order that:

- under section 198(1)(d) of the Act, she must resign all positions she holds as a director or officer of any issuer, registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository or recognized quotation and trade reporting system;

- until the later of 21 April 2036 and the date on which the administrative penalty ordered against her below has been paid in full to the ASC:

    - under section 198(1)(b), she must cease trading in or purchasing securities or derivatives;

    - under section 198(1)(c.1), she is prohibited from engaging in investor relations activities;

    - under section 198(1)(e), she is prohibited from becoming or acting as a director or officer (or both) of any issuer (or other person or company that is authorized to issue securities), registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository or recognized quotation and trade reporting system;

    - under section 198(1)(e.1), she is prohibited from advising in securities or derivatives;

    - under section 198(1)(e.2), she is prohibited from becoming or acting as a registrant, investment fund manager or promoter; and

    - under section 198(1)(e.3), she is prohibited from acting in a management or consultative capacity in connection with activities in the securities market;

- under section 198(1)(c), all of the exemptions contained in Alberta securities laws do not apply to her, permanently;

- under section 199, she must pay an administrative penalty of $250,000; and

- under section 202, she must pay $63,750 of the costs of the investigation and hearing.

Hayward

[166] Against Hayward we order that:

- under section 198(1)(d) of the Act, he must resign all positions he holds as a director or officer of any issuer, registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository or recognized quotation and trade reporting system;

- until the later of 21 April 2026 and the date on which the administrative penalty ordered against him below has been paid in full to the ASC:

    - under section 198(1)(b), he must cease trading in or purchasing securities or derivatives;

    - under section 198(1)(c.1), he is prohibited from engaging in investor relations activities;

    - under section 198(1)(e), he is prohibited from becoming or acting as a director or officer (or both) of any issuer (or other person or company that is authorized to issue securities), registrant, investment fund manager, recognized exchange, recognized self-regulatory organization, recognized clearing agency, recognized trade repository or recognized quotation and trade reporting system;

    - under section 198(1)(e.1), he is prohibited from advising in securities or derivatives;

    - under section 198(1)(e.2), he is prohibited from becoming or acting as a registrant, investment fund manager or promoter; and

    - under section 198(1)(e.3), he is prohibited from acting in a management or consultative capacity in connection with activities in the securities market;

- under section 198(1)(c), all of the exemptions contained in Alberta securities laws do not apply to him, until the later of 21 April 2036 and the date on which the administrative penalty ordered against him below has been paid in full to the ASC;

- under section 199, he must pay an administrative penalty of $75,000; and

- under section 202, he must pay $21,250 of the costs of the investigation and hearing.

HII, First Base, HCC, HEI, HC2, HE2, 149 and 153

[167] In respect of the corporate Respondents, we order, with permanent effect, that:

- under section 198(1)(a) of the Act, all trading in or purchasing of securities or derivatives of HII, First Base, HCC, HEI, HC2, HE2, 149 and 153 must cease;

- under section 198(1)(b), each of HII, First Base, HCC, HEI, HC2, HE2, 149 and 153 must cease trading in or purchasing securities or derivatives;

- under section 198(1)(c), all of the exemptions contained in Alberta securities laws do not apply to HII, First Base, HCC, HEI, HC2, HE2, 149 and 153;

- under section 198(1)(c.1), each of HII, First Base, HCC, HEI, HC2, HE2, 149 and 153 is prohibited from engaging in investor relations activities;

- under section 198(1)(e.1), each of HII, First Base, HCC, HEI, HC2, HE2, 149 and 153 is prohibited from advising in securities or derivatives;

- under section 198(1)(e.2), each of HII, First Base, HCC, HEI, HC2, HE2, 149 and 153 is prohibited from becoming or acting as a registrant, investment fund manager or promoter; and

- under section 198(1)(e.3), each of HII, First Base, HCC, HEI, HC2, HE2, 149 and 153 is prohibited from acting in a management or consultative capacity in connection with activities in the securities market.

[168] This proceeding is concluded.

21 April 2016

For the Commission:

"original signed by"
Stephen Murison

"original signed by"
Tom Cotter

"original signed by"
Fred Snell, FCA