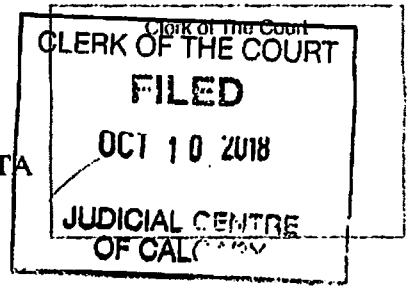

EXHIBIT "27"

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

COURT FILE NUMBER 1701 -12992
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF DARRELL WINCH AND MIKE TERRIGNO
(Applicants)



DEFENDANTS WAYNE BALLARD, COLDWELL HOLDINGS INC.,
(Respondents) SIDNEY COLDWELL, CLAIR DOW, BARBARA
MCKAY, MARILYN INVESTMENTS LTD., BURT
MARILYN, ROSEMARY GERDTS, SANDWEDGE
INVESTMENTS LTD., GRAVES FAMILY TRUST,
ANDREA SARJEANT

DOCUMENT APPLICATION BY DARRELL WINCH AND MIKE
TERRIGNO

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Mike Terrigno
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4108 Montgomery View N.W.
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File 3280

NOTICE TO RESPONDENTS: WAYNE BALLARD and BDO CANADA LLP (as the receiver over all of the current and future assets, undertakings and properties of every nature and kind of Base Finance Ltd. and Base Mortgage & Investments Ltd.)

This application is made against you. You are a respondent. You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date: November 2, 2018
Time: 10: 00 am
Where: Calgary Courts Centre 601 -5th Street SW Calgary Alberta
Before Whom: Justice in Chambers

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. A declaration that the Winch Investment (as defined herein) is subject to a constructive trust in favour of the Applicants.
2. A declaration that any funds received by the Respondents from the RBC Account (as defined herein), and consisting of any part of the Winch Investment, are the rightful property of the Applicants and are held in trust by the Respondents for and on behalf of the Applicants (the "Winch Trust").
3. In the alternative, a declaration that the payment of any funds consisting of the Winch Investment from the RBC Account to the Respondents by Base Finance Ltd. ("Base Finance") and Base Mortgage & Investments Ltd. ("Base Mortgage") is void as a fraudulent preference, contrary to the *Fraudulent Preference Act*, RSA 2000, c F-24 (the "FPA").
4. An order permitting the Applicants to trace the Winch Investment funds.
5. An order directing the Respondents to return to the Applicants any and all funds that are subject to the Winch Trust or, in the alternative, any and all of the Winch Investment funds that were paid to them by Base Finance and/or Base Mortgage as a fraudulent preference.
6. Costs.
7. Interest pursuant to the Judgment Interest Act, R.S.A. 2000, c. J-1 as amended.
8. Such further and other relief as this Honourable Court may see fit to grant.

Grounds for making this application:

The Investment Scheme

1. In or around May, 2014, Base Finance opened a bank account at the Royal Bank of Canada Branch with transit number #02649, 100-405-0 (the "RBC Account").
2. Base Finance utilized the RBC Account to pool investment funds (the "Pooled Funds") received from various investors (the "Investors").
3. In order to obtain investment funds, Base Finance made, *inter alia*, the following representations to the Investors:
 - a. that the Pooled Funds would be used to advance loans to certain borrowers (the "Borrowers");
 - b. that the Borrowers would, in turn, provide Base Finance with mortgages on real estate as security for the loans; and

- c. that the Investors would be the beneficial holders of the mortgages provided by the Borrowers, even though Base Finance would be the nominal mortgagee.

(the "Investment Scheme")

4. From time to time, Base Finance and/or Base Mortgage (as the case may be) made distributions out of the Pooled Funds to the Investors.
5. On or about October 22, 2018, and pursuant to the representations made by Base Finance regarding the Investment Scheme, the Applicant, Darrel Winch, invested the sum of \$100,000 into the Investment Scheme (the "Winch Investment").
6. Base Finance deposited the Winch Investment into the RBC Account, the proceeds of which were used to make the following distributions:

SUMMARY OF TRACING ANALYSIS FOR DARREL WINCH

| Date | Cheque # | Reipients of Withdrawals | Withdrawls | Winch Funds | Bank Account Balance |
|-----------|----------|--------------------------|--------------|---------------|----------------------|
| Oct 21/14 | | | | | \$ 747,670.86 |
| Oct 22/14 | | Deposit DARREL WINCH | | \$ 100,000.00 | \$ 847,670.86 |
| Oct 22/14 | 541 | Wayne Ballard | \$ 6,300.00 | \$ 93,700.00 | \$ 841,370.86 |
| Oct 22/14 | 545 | Coldwell Holdings | \$ 7,875.00 | \$ 85,825.00 | \$ 833,495.86 |
| Oct 22/14 | 472 | Coldwell Holdings | \$ 10,500.00 | \$ 75,325.00 | \$ 822,995.86 |
| Oct 22/14 | 528 | Clair Dow | \$ 51,500.00 | \$ 23,825.00 | \$ 771,495.86 |
| Oct 23/14 | 516 | Barb McKay | \$ 2,500.00 | \$ 21,325.00 | \$ 768,995.86 |
| Oct 23/14 | 546 | Marilyn Investments | \$ 2,500.00 | \$ 18,825.00 | \$ 766,495.86 |
| Oct 23/14 | 527 | Rosemaria Gerdts | \$ 5,000.00 | \$ 13,825.00 | \$ 761,495.86 |
| Oct 23/14 | 537 | Sandwedge Investments | \$ 5,000.00 | \$ 8,825.00 | \$ 756,495.86 |
| Oct 23/14 | 493 | Andrew Sarjeant * | \$ 9,000.00 | \$ - | \$ 747,495.86 |

* \$3,825 of the \$9,000 withdrawal is Darrel's funds

The Receivership Proceedings

7. On September 29, 2015, the Executive Director of the Alberta Securities Commission issued an order pursuant to section 47 of the *Securities Act*, RSA 2000, c S-4, pursuant to which the RBC Account was frozen (the "Freeze Order").
8. Shortly thereafter, certain of the Investors sought the appointment of a Receiver.
9. On October 15, 2015, this Honourable Court granted an order (the "Receivership Order") appointing BDO Canada Limited as the receiver (the "Receiver") of all the current and future assets, undertakings and properties of every nature and kind of Base Finance and Base Mortgage (the "Receivership Proceedings").
10. During the course of the Receivership Proceedings, it became apparent that the Investment Scheme was, in fact, a "Ponzi scheme" intended to defraud the Investors.

11. On November 6, 2015, the Receiver brought an application in the Receivership Proceedings seeking, *inter alia*, an order directing that the funds in the RBC Account be remitted to the Receiver to fund its ongoing fees and expenses.
12. On February 8, 2016, and following the hearing of the Receiver's application, this Honourable Court found that Base Finance had operated the Investment Scheme in order to defraud the Investors and ordered, *inter alia*, the following:
 - a. that the funds in the RBC Account were impressed with a constructive trust for the benefit of the Investors who had been defrauded by Base Finance and Base Mortgage (the "Trust Funds");
 - b. that the Trust Funds did not form part of Base Finance's estate and could not be used by the Receiver to fund the Receivership Proceedings; and
 - c. that the Trust Funds could be traced into the RBC Account and distributed to the Investors using the Lowest Intermediate Balance Rule ("LIBR").(the "Yamauchi Order").
13. The Yamauchi Order was upheld on appeal.

Depletion of the Winch Investment

14. As at the date of the Winch Investment, the RBC Account had a balance of \$747,670.86. The Winch Investment increased the balance of the RBC Account to 847,670.86.
15. By October 23, 2014, the entirety of the Winch Investment had been distributed to the Respondents, and the balance in the RBC Account had declined to \$747,495.86.
16. The Applicants have conducted the LIBR calculations pursuant to the Yamauchi Order.
17. Pursuant to the Applicants' calculations, and since the balance of the RBC Account was reduced by more than \$100,000 between the date of the Winch Investment and the date of the Freeze Order, the Applicants will not receive a distribution from the remaining funds in the RBC Account.
18. To-date, the Applicants have only received one interest payment on the Winch Investment, which payment totalled \$7,311.00. Accordingly, the Applicants' loss position on the Winch Investment is \$92,689.00.

The Respondents have been unjustly enriched by the Winch Investment

19. Using LIBR, the Respondents have been identified as having received the Winch Investment between the period of October 22, 2014 and October 23, 2014 through distributions made by Base Finance from the RBC Account.
20. Since the Winch Investment was obtained by Base Finance through fraudulent means, the Applicants state that:
 - a. the Respondents have been unjustly enriched through their receipt of distributions consisting of the Winch Investment;
 - b. they have been deprived of the Winch Investment and are without any meaningful ability to recover the Winch Investment from Base Finance and/or Base Mortgage; and
 - c. the distributions made by Base Finance to the Respondents, consisting of the Winch Investment, were made for the purpose of defeating the Applicants' investment and there is, therefore, no juristic reason for the Respondents' enrichment.
21. Accordingly, the Applicants state that the Winch Investment is subject to a constructive trust, the proceeds of which are traceable to the Respondents.

Fraudulent Preference

22. In the alternative, the Applicants state that the distributions to the Respondents are void as a fraudulent preference pursuant to section 2 of the FPA:
 - a. payment of the Winch Investment funds by Base Finance and/or Base Mortgage (as the case may be) to the Respondents was a transfer of property;
 - b. since Base Finance was operating a "Ponzi scheme", it was insolvent from its inception. Accordingly, the transfer of the Winch Investment funds by Base Finance and/or Base Mortgage to the Respondents was performed at a time when Base Finance was insolvent or knew or ought to have known that it was on the eve of insolvency;
 - c. the Applicants are creditors within the definition of "creditor" set out in section 5(b) of the FPA, as Base Finance and Base Mortgage fraudulently induced the

Applicants to make the Winch Investment and therefore owed the Applicant a liability in equity; and

- d. Base Investment and Base Mortgage intended to give the Respondents a preference by the distribution of the Winch Investment funds.

Conclusion

23. The Applicants are innocent investors who were fraudulently induced by Base Finance and Base Mortgage to make the Winch Investment.
24. The Winch Investment was utilized by Base Finance and Base Mortgage in furtherance of their Ponzi scheme.
25. The Applicants would not have conducted business with Base Finance had they understood that Base Finance was operating a Ponzi scheme
26. As a result of the Applicants' monies paid to the Respondent by Base Finance, the Applicants have been injured and prejudiced and are entitled to the relief sought herein.

Material or evidence to be relied on:

25. Court filed material in this action;
26. Court filed material in QB Action # 1501-11817; and
27. Such further material as counsel may advise and this Honorable Court permit.

Applicable rules:

28. The *Alberta Rules of Court*, and in particular Part 4 & Part 7; and
29. Such further and other Rules as counsel may provide and this Honorable Court may consider.

Applicable Acts and regulations:

30. *Bankruptcy and Insolvency Act*, RSC 1985, c B-3;
31. *Fraudulent Preferences Act*, RSA 2000, c F-24;
32. *Judgment Interest Act*, R.S.A. 2000, c. J-1, as amended;
33. *Judicature Act* R.S.A. 2000 C. J-2;

34. *Statute of Fraudulent Conveyances*, 1571 (U.K), 13 Eliz., c. 5, (also known as the Statute of Elizabeth); and
35. Such further and other Acts and Regulations as counsel may provide and this Honorable Court may permit.

Any irregularity complained of or objection relied on:

36. None.

How the application is proposed to be heard or considered:

37. In person, before the Justice in Chambers on the morning list.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

COURT FILE NUMBER 1701-12992
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF DARRELL WINCH AND MIKE TERRIGNO

CLERK OF THE COURT
FILED
AUG 13 2018
JUDICIAL CENTRE
OF CALGARY

DEFENDANTS WAYNE BALLARD, COLDWELL HOLDINGS INC., SIDNEY COLDWELL, CLAIR DOW, BARBARA MCKAY, MARILYN INVESTMENTS LTD., BURT MARILYN, ROSEMARY GERDTS, SANDWEDGE INVESTMENTS LTD., GRAVES FAMILY TRUST, ANDREA SARJEANT

DOCUMENT AMENDED STATEMENT OF CLAIM

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT RIVERSIDE LAW OFFICE c/o Christopher M.A. Souster 4108 Montgomery View N.W. Calgary, AB T3B 0L9 Phone: (403) 685-4224 Fax: (403) 685-4225

NOTICE TO DEFENDANTS

You are being sued. You are a Defendant.
Go to the end of this document to see what you can do and when you must do it.
Note: State below only facts and not evidence (Rule 13.6)

AMENDED this 13 day of August Pursuant to Rule 13.6 dated the 13 day of August 2018
CLERK OF THE COURT

Statement of facts relied on:

1. The Plaintiffs are individuals that reside[^] in Calgary in the Province of Alberta.
2. The Plaintiff, Mike Terrigno, has an interest in the funds of the Plaintiff, Darrell Winch that are the subject matter of this claim.
3. As far as is known to the Plaintiffs, the individual Defendants reside in Calgary, Alberta save for Andrea Sarjeant who resides in Toronto, Ontario and Clair Dow who resides in Vernon, British Columbia but they all conducted business in Calgary, Alberta. The corporate Defendants are duly registered pursuant to the laws of Alberta and conducted business in Calgary, Alberta. The Defendant, Graves Family Trust, is resident in Calgary, Alberta.
4. The Defendants received \$100,000 from Base Finance Ltd. ("**Base Finance**") withdrawn from the Base Finance RBC Account #02649, 100-405-0 ("**RBC Account**") as shown in figure 1 below. The Plaintiffs claim[^] the full amount received by the Defendants in the amount shown in Figure 1, or such other amounts as this Honorable Court deems fit to grant, be returned to the Plaintiffs.

Figure 1:

SUMMARY OF TRACING ANALYSIS FOR DARREL WINCH

| Date | Cheque # | Receptients of Withdrawals | Withdrawals | Winch Funds | Bank Account Balance |
|-----------|----------|----------------------------|--------------|---------------|----------------------|
| Oct 21/14 | | | | | \$ 747,670.86 |
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| Oct 23/14 | 493 | Andrea Sarjeant * | \$ 9,000.00 | \$ - | \$ 747,495.86 |

*\$3,825 of the \$9,000 withdrawal is Darrel's funds

5. On or about October 22, 2014, Darrell Winch invested \$100,000 with Base Finance. The investments monies were deposited into the RBC Account. The RBC Account started with a nil (\$0) balance in May 2014.
6. At all times, Darrell Winch understood that Base Finance operated a mortgage business whereby it lent money to entities secured by a 1st mortgage on residential property located in and around Calgary, Alberta.

7. By order of Justice Yamauchi K.D on October 15, 2015, Base Finance was placed under receivership. BDO Canada Limited was appointed by the Court as the receiver (the "Receiver").
8. In a decision dated February 8, 2016, Mr. Justice Yamauchi K.D (the "Decision") found that Base Finance was fraudulent. The Receiver has determined that Base Finance was operating as a Ponzi scheme. After a lengthy hearing, the Alberta Security Exchange Commission made findings that the controlling minds of the Base Finance were operating a Ponzi scheme. The controlling minds of Base Finance have been criminally charged for operating a Ponzi scheme.
9. At no time did Darrell Winch know that the funds he advanced were used in a Ponzi scheme. Darrell Winch would not have invested with Base Finance had he known that Base Finance was perpetrating a fraud.
10. The Decision made the following findings:
 - a. The RBC Account is imposed with a trust for the benefit of all investors of Base Finance.
 - b. The money of the investors of Base Finance could be traced into the RBC Account.
 - c. The tracing and distribution of the RBC Account shall be conducted by the Lowest intermediate Balance Rule ("LIBR")
11. The Decision was appealed to the Alberta Court of Appeal and was upheld.
12. The Plaintiffs claim[^] an interest in those monies, or the value thereof, received by the Defendants by virtue of a constructive trust, equitable proprietary right or otherwise. The Plaintiff claims that the Defendants have been unjustly enriched to his detriment and there is no juristic reason for the unjust enrichment.
13. Alternatively, the Plaintiffs claim[^] that the transaction resulting from dispersing Darrell Winch's monies to the Defendants is void pursuant to the *Fraudulent Preferences Act*, RSA 2000, c F-24, the Fraudulent Conveyances Statute, 13 Eliz. 1, Chapter 5 (U.K.), (the "Statute of Elizabeth"), the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, and/or the *Judicature Act*, RSA 2000, c J-2.
14. Sidney Coldwell, Burt Marilyn, and Graves Family Trust are the main shareholders of the Defendant corporations. The Plaintiffs claim[^] that these individuals and the trust received funds from the corporation in which they are shareholders that rightfully belong to the Plaintiffs. The Plaintiffs seek[^] a tracing through the Defendant corporations and a judgment against their controlling minds for those monies, or the value thereof, flowing for their use and benefit through their respective corporations.

15. The Plaintiffs claim^ the full amount to be returned as set out above in Figure 1 or as may otherwise be determined by this Honorable Court.

16. The Plaintiffs propose^ that the trial of this action take place at the Court House in the City of Calgary in the Province of Alberta and that it should not exceed 25days.

Remedy sought:

17. An order for an accounting and tracing of the said monies received by the Defendants.

18. A declaration that the said monies in the amount of \$100,000 received by the Defendants from the RBC Account are the rightful property of the Plaintiffs, held in trust for and on behalf of the Plaintiffs and vesting order to those monies or properties into which the money, or the value thereof, may be traced.

19. An order directing the Defendants to pay to the Plaintiffs the amounts identified in the Plaintiffs' tracing analysis failing or as may be directed by this Honorable Court failing which the Plaintiffs shall be entitled to judgment against those Defendants for the amount unpaid.

20. Costs.

21. Interest pursuant to the *Judgment Interest Act*, R.S.A. 2000, c. J-1 as amended.

22. Such further and other relief as this Honourable Court may see fit to grant.

NOTICE TO THE DEFENDANTS

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff against you.