

COURT FILE NUMBER 1501 - 11817

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT EASYLOAN CORPORATION AND MIKE TERRIGNO

RESPONDENTS BASE MORTGAGE AND INVESTMENTS LTD. AND BASE FINANCE LTD.,  
ARNOLD BREITKRUETZ, SUSAN BREITKRUETZ, SUSAN WAY AND GP  
ENERGY INC.

DOCUMENT SIXTH REPORT OF THE RECEIVER

DATED AUGUST 22, 2017

PREPARED BY BDO CANADA LIMITED

Clerk's Stamp:  
CLERK OF THE COURT  
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JUDICIAL CENTRE  
OF CALGARY

ADDRESS FOR SERVICE AND

BILLINGTON BARRISTERS

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- A. Receivership Order; Amended Amended
- B. Memorandum of Decision of the Honourable Justice Romaine filed December 2, 2016
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- E. ASC Affidavit; Vi Pickering
- F. Statement of Receipts and Disbursements as at July 31, 2017
- G. Historical Land Title; 27 Ceduna Park SW
- H. Susan Way Form 79 - Statement of Affairs
- I. Order of the Honourable Madam Justice B.E.C Romaine Dated December 2, 2016
- J. Land Title; 912 A - 69 Avenue SW
- K. Exhibit "G", "F" & "H" to the Affidavit of Arnold Breitkreutz
- L. Retirement Mortgage Corporation Corporate Search Records

## INTRODUCTION

1. On October 15th, 2015, pursuant to an Ex Parte Order issued by the Honourable Justice K. Yamauchi of the Court of Queen's Bench of Alberta (the "**Court**") , pursuant to section 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2 and section 99(a) of *The Business Corporations Act*, R.S.A. 2000, c.B-9, appointed BDO Canada Limited (hereinafter referred to as "**BDO**" or the "**Receiver**") as Receiver of all current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situated, including (without limitation) (the "**Property**") of Base Mortgage & Investments Ltd. and Base Finance Ltd. ("**Base Mortgage**" and "**Base Finance**" respectively, or jointly the "**Debtors**" or the "**Companies**").
2. The Receiver obtained an Amended Amended Order, (the "**Order**") on November 6, 2015 extending the powers of the Receiver to include Mr. Arnold Breitreutz, Mrs. Susan Breitreutz, Ms. Susan Way, Mr. Brian Fox, and all corporations controlled by any of them, attached as **Appendix "A"**.
3. As directed by the Order, the Receiver applied for an order to market and sell certain properties (the "**Properties**") as outlined further in the third report of the Receiver dated May 9, 2016, (the "**Third Report**"). An application was made by the Defendants in this action, excluding Susan Way, for a variety of relief including removing the ability of the Receiver to market and sell real property registered in the name of Mr. Breitreutz, Ms. Breitreutz, and 334103 Alberta Ltd. A Memorandum of Decision of the Honourable Madam Justice B.E. Romaine dated December 2, 2016 and attached as **Appendix "B"**, denied in its entirety the application of the Defendants and granted the Receiver the ability to market and sell the Properties.
4. On April 13, 2017 the Receiver obtained an Order by Master Prowse, attached as **Appendix "C"**, authorizing the sale of the Properties to an offer for all four properties known as the "**Bundle Offer**".
5. A copy of the Receivership Orders and Memorandum of Decision can be accessed by the public on BDO's website at [www.extranets.bdo.ca/base/](http://www.extranets.bdo.ca/base/).
6. The Receiver has retained Billington Barristers as its independent legal counsel.

## NOTICE TO READER

7. In preparing this report, BDO has relied upon unaudited financial information, the Companies' records and discussions with former management, interested parties, and the Companies' stakeholders. The Receiver has not performed an independent review or audit of the information provided.
8. The findings contained herein are based primarily on review of various documents made available to the Receiver and discussions and communications with various parties. The Receiver may alter or refine its observations as further information is obtained or brought to its attention after the date of this report.
9. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction or use of this report. Any use which any party makes of this report, or any reliance on or decisions to be made based on it is the responsibility of such party.

## PURPOSE OF THE REPORT

10. The purpose of this report is to:
  - i) Report on the activities of the Receiver since the Fifth Report; and
  - ii) Outline the relief sought by the Receiver as spelled out in paragraph 11 below.
11. This report constitutes the Sixth Report of the Receiver (the "Sixth Report"). The Sixth Report is being filed by the Receiver in respect of the Receiver's application to this Honourable Court seeking the following:
  - i) Approval of the reported actions of the Receiver to date in respect of administering these receivership proceedings;
  - ii) Approval of the disbursement of the following expenses:
    - a) Receiver Fees and Disbursements;
    - b) Receiver's Legal Counsel Fees; and
    - c) Realtor commissions adjustment;

- iii) Ask for advice and direction regarding the funds relating to the Property defined in the Order located at 27 Ceduna Park SW, Calgary, AB;
- iv) Approval to list the property outlined in the Third Report, located at 912A - 69 Avenue SW, Calgary, AB;
- v) Report on further developments regarding the Saddle Lake LLC leases, seeking guidance from this Honorable Court regarding the same;
- vi) Direct the financial institutions involved in business with the Companies, namely Bank of Montreal (“BMO”) and Royal Bank of Canada (“RBC”) to comply to the Order providing the Receiver with copies of all banking records of the Companies and named parties, not previously provided, by October 31<sup>st</sup>, 2017, or be held in contempt of this Honorable Court;
- vii) Grant power to seek information and the ability to conduct cross examinations under oath for Mr. Arnold Breitkruetz, Mrs. Susan Breitkreutz, Mrs. Susan Way, Mr. Brian Fox and Mr. John Manolescu.
- viii) Expand the Receivership Order to include Retirement Mortgage Corp., Mr. Quinn Breitkreutz and Ms. Bonnie Way, and all property and assets thereof;
- ix) Expand the Receiver’s powers to include full and complete access to all books and records and financial institution documents wherever situated in the world for Retirement Mortgage Corp., Mr. Quinn Breitkreutz and Ms. Bonnie Way;
- x) Correction of the Third Report; and
- xi) Report on the Receiver’s position on a recent application made by Riverside Law on behalf of EasyLoan Corp., and Mr. Mike Terrigno.

## BACKGROUND

12. We offer as a summary reminder of previous reports this background for the Companies and Receivership proceedings. Base Mortgage was formed in 1978 and registered to carry on business in the Province of Alberta. Mr. Arnold Breitkreutz is the sole director and shareholder. The stated original intent of the business was to act as a mortgage broker. Mr. Breitkreutz advises that over the last twenty (20) years (approximately), it has operated as the administrator for Base Finance with only operating costs flowing through this company.

13. Base Finance was incorporated in 1984 and registered to carry on business in the Province of Alberta. Mr. Arnold Breitzkreutz is the sole director and shareholder. The stated intent of the business was to act as the investment company where the investor funds were deposited and distributed. Base Finance regularly paid an administrative fee to Base Mortgage in addition to premises rent. Both companies operated concurrently out of 724 - 55th Avenue SW, Calgary.
14. According to the Receiver's review of investors' filed affidavits; Alberta Securities Commission (the "ASC") filed affidavits; and discussions with several of the Debtors' investors, the investors in Base Finance believed that they were investing in first charge security against Alberta based mortgages. This was confirmed by Mr. Breitzkreutz during the Oral Questioning of Mr. Breitzkreutz (the "Questioning") by the Receiver's counsel held on April 19, 2016, attached as **Appendix "D"**, on page 12, lines 26-27 of the Questioning, wherein he confirms that investors were told that they had an interest in the first mortgages that the Companies held.
15. The investments by investors were supported by a one page document which was effectively identical for each investor, with the only difference being the date, interest percentage, time period terms, and amount. Each investment was tracked by a number, name and principal amount. It does not appear that details related to the type of mortgage was provided to the investors.
16. Pursuant to the September 28, 2015 filed affidavit of Vi Pickering (the "**Pickering Affidavit**") of the ASC, attached as **Appendix "E"**, in May 2012 Mr. Breitzkreutz advised the ASC that since 2009, very little brokering had been done as he had a view to retirement.
17. Per the Pickering Affidavit, on or around September 28, 2015, the ASC was advised by the Royal Bank of Canada ("**RBC**") that they had concerns about the validity of the Debtor businesses as a result of a large Not Sufficient Funds ("**NSF**") cheque issued to Base Finance.
18. The Pickering Affidavit stated that prior to the RBC contacting the ASC, Mr. Breitzkreutz had communicated to RBC that Base Finance operated as a mortgage broker; and had approximately 100 mortgages that were secured on title and that all mortgage funds were obtained from investors.

19. In conducting its own review, RBC was of the position that none of the transactions made out of the Base Finance account appeared to be for the purpose of lending for mortgages. The RBC investigator determined that the only RBC account that held funds was that of Base Finance and that many transactions were made to individual investors with memo notations of principal and interest.
20. As noted in the Pickering Affidavit an ASC investigation revealed that Base Finance and Mr. Breitreutz were previously investigated by the ASC in 1992.
21. According to the RBC, and verified by the ASC, there is only one active bank account with RBC, the Base Finance account number 100-405-0. This account appeared to pool funds and distributed interest based upon specified terms to investors. There is no indication that any mortgage loans were ever made out of Base Finance.
22. Ms. Susan Way was a signing authority on the bank account. Ms. Way was also the signatory on the majority of the mortgage investor certificates. Ms. Way had been an employee of the Companies since inception.
23. Based upon information provided by Mr. Breitreutz and Ms. Way and confirmed by the Receiver's initial review of the books and records of the Debtors, it appears that approximately 240 investors invested approximately \$122 Million in Base Finance. The Receiver notes that all accounting records of the Companies were kept by hand and not electronically. Therefore, it is difficult and time consuming to analyze them.
24. Based upon the initial review of the books and records and following numerous conversations with Ms. Way and Mr. Breitreutz, the Receiver has not discovered any underlying Alberta based mortgages that the Debtors' have invested in for the benefit of their investors.
25. Mr. Breitreutz maintains that Base Finance has a first charge mortgage security in the form of a Deed of Trust on approximately six (6) leasehold interests in the Goliad County region in the State of Texas. These leases are held by Saddle Lake LLC, a company whose sole director and shareholder appears to be Mr. Brian Fox. At the date of incorporation, Mr.



John Manolescu was the director of Saddle Lake LLC. Mr. Manolescu advised the Receiver that he had subsequently resigned as director of Saddle Lake LLC.

26. Mr. Breitreutz advises that Base Finance had been investing in Mr. Fox and his related companies, including, most recently, Saddle Lake LLC since before 2000. Mr. Breitreutz indicated to the Receiver that, "he does not know how much has been invested in Mr. Fox and his related companies, but it is in the range of \$30 Million to upwards of \$80 Million". Mr. Fox has advised the Receiver that he disagrees with this statement.
27. Mr. Breitreutz has told the Receiver that the bulk of the investor funds from Base Finance, in the approximate amount of \$80 Million, were lost when Powder River Petroleum International, Inc., ("**Powder River**") a public company which Mr. Fox was the sole director, president, CFO, and CEO filed for bankruptcy protection under Chapter 7 of the US Bankruptcy Code.
28. Pursuant to the Questioning of Mr. Breitreutz on April 19, 2016, on page 4, line 5 of the Questioning, Mr. Breitreutz advises that the monies lent to Mr. Fox over a span of 35 years, were approximately \$120 Million. This includes those monies invested in Powder River.
29. Mr. Breitreutz stated that no significant income was earned by the Debtors after the liquidation of Powder River.
30. According to Mr. Breitreutz, in an effort to recover from the approximately \$80 Million in losses, Mr. Breitreutz continued to solicit investments from his Base Finance investor group in order to maintain the interest payments and principal redemption requirements of his investor group. This was consistent with the Receiver's findings in the bank statements of the Companies.
31. Mr. Breitreutz, in the Questioning, at page 19 line 14, confirmed he never advised the investors of Base that the investment in Powder River, to the approximate extent of \$80 Million had been lost.

32. Mr. Breitreutz also advised that he continued to forward investor funds to Mr. Fox and his related companies in an effort to recover the leases lost in the Powder River liquidation, as evidenced by the purchase of the Saddle Lake leases and the Deed of Trust.
33. Mr. Breitreutz advised that investor funds in the approximate amount of \$200,000 were used to pay legal fees related to SEC allegations against Mr. Fox relating to the Powder River actions. Mr. Fox did not quantify the amounts paid to his legal counsel, but did agree that Base Finance helped fund his legal costs. At page 25 line 20, as well as page 27 line 23, of the Questioning, Mr. Breitreutz confirms that he never disclosed to the investors that their monies were being used to fund Mr. Fox' litigation in relation to SEC sanctions.

#### **ACTIONS TAKEN BY THE RECEIVER**

34. The primary activities undertaken by the Receiver since its appointment and subsequent to the Receiver's Fifth Report issued May 4, 2017, are as follows:
- i. Responded to numerous inquiries from creditors, their financial advisors and legal counsel seeking information, input, and guidance on the status of proceedings;
  - ii. Performed historical searches on multiple addresses found within the records of the Company;
  - iii. Reviewed all known banking records of the Company to trace transactions relating to these properties;
  - iv. Corresponded with the City of Calgary regarding any currently held properties of the named parties;
  - v. Discussed and corresponded with Companies' legal counsel and Receiver's legal counsel;
  - vi. Participated in conversations with the Alberta and the British Columbia Securities Commissions;
  - vii. Facilitated access to the books and records of the Companies for third party reviews;
  - viii. Provided copies of selected documents according to the file review protocol; and
  - ix. Attended ASC hearing matter 2016 ABASC 235 on June 12<sup>th</sup> and 13<sup>th</sup>, 2017, providing testimony regarding fraud charges against Mr. Arnold Breitreutz, Base Finance Ltd., Base Mortgage and Investments Ltd., and Ms. Susan Way;

- x. Facilitated payment of all accounts relating to the sales process outlined in the Fifth Report of the Receiver, and summarized on the Receiver's Statement of Receipts and Disbursements as of July 31<sup>st</sup>, 2017.

#### STATEMENT OF RECEIPTS AND DISBURSMENTS

35. The Receiver has prepared an Interim Statement of Receipts and Disbursements as related to the estate and attached same as **Appendix "F"**, for the period of the Receivership from October 15, 2015 to July 31, 2017.
36. The Receiver's and receiver's legal counsel fees, exclusive of GST, incurred as of July 31, 2017 are as follows:
- i. Receivers Fees and Disbursements        \$381,340.83
  - ii. Legal Fees and Disbursements            \$284,075.94
37. Pursuant to paragraph 17 of the Order, the Receiver and its legal counsel have a first charge on the property as security for their reasonable fees and disbursements in respect of the proceedings. Paragraph 18 and 19 of the Order further authorized the Receiver, from time to time, to apply reasonable amounts out of the monies in its hands as advances against fees and disbursements and that of its legal counsel, subject to final approval of same by this Honourable Court.

#### ASSETS

38. The Receiver has successfully recovered on the Properties as defined in the Order, for the benefit of the creditors. Additionally, through the Receiver's review of the Companies' books and records, has found additional properties, as spelled out below, that appear to have been purchased with Company funds and is seeking the Court's approval to realize on these funds for the benefit of the creditors of the Receivership.

**27 Ceduna Park SW, Calgary, AB**

39. The property was purchased by Base Finance on May 31, 2010, as previously outlined in the Third Report.

40. The historical Land Title Search, attached as **Appendix "G"**, shows the property was transferred from Base Finance to Ms. Susan Way on July 28, 2010 for consideration in the amount of \$385,000.
41. Base Finance received a deposit from Ms. Way in the amount of \$200,000.00 on August 18, 2010, however there is no supporting documentation confirming the nature of this deposit. The Receiver has requested additional information regarding this transaction to determine its true nature. The Receiver has not identified any other repayments to Base Finance.
42. Further, to the best of the Receiver's knowledge, the only source of income for Ms. Susan Way was obtained from the Companies, through investor funds.
43. The Receiver has not seen any evidence that a mortgage agreement was executed between Base Finance and Ms. Way, nor did the Company register a mortgage on title. Mr. Breitkreutz confirms on page 44 line 10 of the Questioning that there were no repayment terms in place in relation to the \$385,000 sale price of the home, though he denied that the purchase of the home was a gift.
44. On May 5, 2016, Ms. Susan Way, made an assignment into bankruptcy as evidenced by the Form 79 attached as **Appendix "H"**, in which the property of the bankrupt, including this property, vested with her Trustee in Bankruptcy.
45. The Receiver's counsel has received the net proceeds from the sale of the house from the Trustee of the Estate of Susan Way (the "**Way-Trustee**"), as directed in paragraph 6 of the Order dated December 2, 2016 and attached as **Appendix "I"**. The funds are being held in trust pending this Honourable Court's approval to remit the funds to the Receiver to the benefit of the creditors.
46. The Receiver is seeking the Court's direction to allow the Receiver to use the exempt equity portion related to the sale of 27 Ceduna Park, as a realization of the Receivership.

912A - 69 Avenue SW, Calgary, AB

47. A Land Title Search, attached as **Appendix "J"**, confirms that Mr. Arnold Breitkruetz and Mrs. Susan Breitkruetz purchased 912A - 69 Avenue SW on June 17, 2002. On January 28,

2011 the property was transferred to Mrs. Susan Breitkruetz for “Nominal” consideration as indicated on the title. The property was transferred a second time, on November 27<sup>th</sup>, 2015, after the appointment of the Receiver, to the Breitkruetz’ son, Mr. Quinn Breitkruetz.

48. The Receiver has not found evidence in the bank records in our possession, of any funds received from Mr. Quinn Breitkruetz in consideration for this property.
49. It is not clear how funds for the purchase of the property were sourced, nor does it appear that the Breitkruetz family had any source of income other than funds obtained from the investors of Base.
50. To the best of the Receiver’s knowledge, the only source of income for the Breitkruetz family was obtained from the Companies, through investor funds. As the property was purchased with Company funds and transferred at no value, the Receiver is seeking the Courts approval to list the property for sale immediately with the proceeds from the sale to be paid to the Receiver to the benefit of the creditors.

#### Saddle Lake LLP

51. Due to lack of resources available to the Receiver, we have been unable to obtain legal advice that is required to determine the authenticity and validity of the Deeds of Trust that Base Finance holds.
52. Further to paragraph 24 of the Third Report, Mr. Arnold Breitkruetz has maintained that Base Finance has a first charge mortgage security in the form of a Deed of Trust on approximately six (6) leasehold interests in the Goliad County region in the State of Texas. These leases are held by Saddle Lake LLC, a company whose sole director and shareholder appears to be Mr. Brian Fox. At the date of incorporation, Mr. John Manolescu was the director of Saddle Lake LLC. Mr. Manolescu has advised the Receiver that he previously resigned as director of Saddle Lake LLC.
53. Pursuant to the Affidavit of Arnold Breitkruetz sworn on June 20<sup>th</sup>, 2017 (the “Breitkruetz Affidavit”) and attached as Appendix “K”, paragraph 17, there are two separate legal

opinions, attached as Exhibit "F" and "G" of his affidavit, confirming the security held by the Companies as good and proper.

54. The Receiver is seeking the Court's approval, to be used in conjunction with a cost benefit analysis and with consultation with the creditors if deemed necessary by the Receiver, to investigate the Texas land and security further, to determine if there is an existing interest in leases and determine if there is a potential benefit for the Receivership estate.

#### **EXPANDED ORDER**

##### **Retirement Mortgage Corporation**

55. The Corporation Search of Retirement Mortgage Corporation ("**Retirement Mortgage Corp.**"), attached as **Appendix "L"**, listed Mr. Arnold Breitreutz as the director of the company. Shareholders included Mr. Arnold Breitreutz, Mr. Larry Kunh, Ms. Bonnie Way, and Ms. Susan Way. The company was struck from the corporate registry on June 2, 2010 and to the best of the Receiver's knowledge is no longer operating.
56. The Receiver believes the records of Retirement Mortgage Corp. may hold further information relating to the affairs of the Companies, and would like to review these for the benefit of the creditors.
57. The Receiver is requesting to expand the powers of the Receiver to include the provision of any and all books and records held by any and all parties, including financial institutions, to the Receiver for Retirement Mortgage Corp.

##### **Parties for Questioning**

58. As previously outlined in paragraph 149 of the Third Report, the Receiver requests the Court to direct the following parties to appear for examination under oath:

- i. Mr. Arnold Breitreutz
- ii. Mrs. Susan Breitreutz
- iii. Ms. Susan Way
- iv. Mr. Brian Fox
- v. Mr. John Manolescu

- vi. Mr. Quinn Breitkruetz
- vii. Ms. Bonnie Way

59. The Receiver believes these parties to have important information relating to the actions of the Companies as well as information on potential assets, given the history of these parties and the Companies.

## OTHER MATTERS

### Document Review - Arnold Breitkruetz

60. The Receiver has facilitated numerous document reviews by third parties and named parties as outlined above. A representative of the Receiver was present during the reviews to assist the clients when needed, and ensure no interference with the documents.
61. Mr. Breitkreutz & Ms. Way attended the Receiver's offices and completed document reviews as requested on numerous occasions. The dates and issues encountered are as follows:
- i. April 5th, 2016 - Mr. Arnold Breitkruetz & Ms. Susan Way
    - All documents were requested and made available, however upon review further documents were requested. The Receiver complied and provided.
  - ii. July 13<sup>th</sup> & 14<sup>th</sup>, 2016 - Mr. Arnold Breitkruetz & Ms. Susan Way
    - All known documents provided as requested.
    - No issues of note.
  - iii. December 21st, 2016 - Mr. Arnold Breitkruetz & Ms. Susan Way
    - All known documents provided as requested.
    - Six of the boxes of documents requested were not reviewed.
    - Mr. Breitcrutz claimed his personal filed was missing, which was later found in one of the boxes reviewed by the Receiver.
    - Files were being removed from some boxes and placed back into others.
  - iv. January 4th, 2017 - Mr. Arnold Breitkruetz & Ms. Susan Way
    - All known documents provided as requested.
    - Ms. Way pointed at a handwritten note on one of the documents pulled by the parties, and asked Mr. Breitcrutz if he was in possession of an eraser.
    - Ms. Way indicated to numerous documents, whispering.

- Mr. Breitzkreutz hand wrote in front of the Receiver's representative "#2016" on one of the documents reviewed.
  - Mr. Breitzkreutz hand wrote in front of the Receiver's representative "(2011)" on one of the files reviewed.
- v. March 22, 2017 - Mr. Kenneth Reh & Mr. Trevor Gair of DLA Piper & Mr. Arnold Breitzkruetz & Ms. Susan Way
- All known documents provided as requested.
  - No issues of note.

62. These documents reviews in general spanned under an hour, with the exception of the review which took place on the 13<sup>th</sup> and 14<sup>th</sup> of July 2017, as well as the review on March 22, 2017. These reviews in general spanned for approximately four hours.

63. Copies of paperwork requested during document reviews, were generally flagged during the review, and provided to Mr. Breitzkreutz or Ms. Way within a reasonable time frame.

#### Requested Records

64. The Receiver has requested copies of financial records of the Companies since inception on multiple occasions from both BMO and RBC. To date we have not received any banking records prior to August 2006 for Base Finance and August 2004 for Base Mortgage and Investments.

65. Due to the inconsistencies in the handwritten ledgers of the Companies, the Receiver believes the only way to fully quantify the investors' entitlement to funds based on the investments made and funds received, is through the actual banking records.

66. The Receiver is seeking the Honorable Court to direct the financial institutions to provide this information by October 31<sup>st</sup>, 2017 to allow for further investigation.

#### Correction of Previous Report

67. In paragraph 134 of the Third Report, the Receiver made reference to transactions found within the books and records relating to the Company and LDI Realty Western Ltd ("LDI Realty West"), amounting to Net funds received by LDI Realty West of \$1,297,178.



68. Due to the incompleteness of records and inconsistency in the transaction detail notations, the Receiver had inadvertently lumped together LDI Realty West and LDI Realty Corporation (“LDI Realty Corp”) as the same entity.

69. In an attempt to minimize costs to the receivership, the Receiver will endeavor to provide amended information relating to these parties once we have the ability to properly quantify all the net position of each party, encompassed in the missing information.

#### Application by Easyloan Corp., and Mr. Mike Terrigno

70. Pursuant to paragraph 32 of the Order, the Plaintiffs, EasyLoan Corporation and Mr. Mike Terrigno, shall have their costs of the motion up to service of the Order, paid from the Estate in priority to all other claims, and leave to apply to the court for additional costs.

71. The Receiver is aware of an application brought forward by Riverside Law on behalf of EasyLoan Corp., and Mr. Mike Terrigno for fees and disbursements, filed on May 18<sup>th</sup>, 2017, in the amount of \$216,254.11.

72. The Receiver acknowledges the large amount of work and assistance provided to the Receivership by Riverside Law and feels the requests are not un-reasonable given the level of assistance provided to the Receivership.

73. Where the legal fees of Riverside Law were incurred to directly benefit the Receivership we do not think it unreasonable for Riverside law to make claim against receivership realizations as deemed reasonable by the Court.

#### Application of New Evidence

74. The Receiver is aware that Mr. Breitkreutz has filed new evidence in support of the appeal to the decision of the Honourable Justice Romaine.

75. The Receiver is currently completing a detailed review of all materials brought forth as new evidence, however upon an initial review it appears the bulk of this material, with the exception of hand created summaries by Mr. Breitkreutz and Ms. Way, have been present within the books and records of the Company in the Receivers possession since the

Receivership proceedings began. Further, these materials were available and provided to Mr. Breitkreutz and Ms. Way during each document review, as outlined above.

76. The Receiver has not been able to complete a detailed reconciliation between the summaries prepared by Mr. Breitkreutz and Ms. Way, and the records of the Companies, however upon initial review of these summaries provided as support for the Breitkreutz Affidavit, the Receiver has found discrepancies in transactions reported by Mr. Breitkreutz and what actually occurred in the bank accounts. This further signals the inconsistencies in the record keeping and documentation of accounts which are prevalent within the Company's books and records.

#### **RECOMMENDATIONS AND INTENDED COURSE OF ACTION**

77. The remaining investigations and actions which the Receiver would like to pursue are as follows:

- i) Investigate the Texas land and security held in Saddle Lake LLC to determine value and recovery by:
  - a) Engaging legal counsel in Texas to verify security held by Base; and
  - b) Engage an appraiser in the area to appraise the value of the assets which Base holds security over.
- ii) Conduct further detailed review of records upon receipt of banking records from the financial institutions so as to trace each investor's funds flow, in order to make recommendations as to the calculation of investor claims for a future claims process;
- iii) List for sale the home at 912A - 69 Avenue SW, Calgary, AB;
- iv) Facilitate a Meeting of Investors, to receive input and open discussion regarding potential future actions of the Receiver.


#### **RELIEF SOUGHT**

78. The Receiver respectfully submits this Sixth Report of the Receiver in support of the Receiver's application to this Honourable Court seeking the following:

- i. Approval of the reported actions and fees of the Receiver to date in respect of administering these receivership proceedings;
- ii. Approval of the fees of the Receiver's legal counsel;

- iii. Approval of the disbursements relating to the administration of the receivership proceedings;
- iv. Advice and direction regarding the funds relating to the Property defined in the Order located at 27 Ceduna Park SW, Calgary, AB
- v. Approval to list the property located at 912A - 69 Avenue SW, Calgary, AB for sale immediately;
- vi. Seek guidance and approval of proposed next steps regarding the Texas land leases and Saddle Lake LLC security;
- vii. Direct the financial institutions involved in business with the Companies, namely BMO and RBC, to comply to the Order providing the Receiver with copies of all banking records of the Companies and named parties, not previously provided, by October 31st, 2017, or be held in contempt of this Honorable Court;
- viii. Grant power to seek information and the ability to conduct cross examinations under oath for Mr. Arnold Breitreutz, Mrs. Susan Breitreutz, Mrs. Susan Way, Mr. Brian Fox and Mr. John Manolescu;
- ix. Expand the Receivership Order to include Retirement Mortgage Corp., Mr. Quinn Breitreutz and Ms. Bonnie Way, and all property and assets thereof;
- x. Expand the Receiver's powers to include full and complete access to all books and records and financial institution documents wherever situated in the world for Retirement Mortgage Corp, Mr. Quinn Breitreutz and Ms. Bonnie Way;

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

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

Name: Craig A. Fryzuk, B.Comm., CIRP, LIT

Title: Senior Vice-President