

COURT FILE NUMBER	1101-09473
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	<b>GERRY DUPAS</b>
DEFENDANT	<b>PHILLIP PINCUS, in his capacity as Trustee of the PLATINUM INVESTMENT TRUST and PLATINUM EQUITIES INC.</b>
DOCUMENT	FOURTH REPORT TO THE COURT
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## **INTRODUCTION**

1. On June 5, 2012, the Court of Queen's Bench of Alberta (the "Court") issued an order (the "Receivership Order") appointing Ernst & Young Inc. ("EY") as the Receiver and Manager (the "Receiver") of Platinum Investment Trust ("PIT").
2. On August 30, 2012, the Court confirmed by Order that the Property (as defined by the Receivership Order) includes, inter alia, a number of loans and mortgages (the "Loans") as set out in Schedule "A" to that Order (the "Property Order").
3. On November 20, November 22 and December 3, 2012 the Court considered applications in respect of a PIT asset known as the 85th Street Mortgage (otherwise known as Loan 10) and matters of contempt of Court.
4. On November 20, 2012, the Court ordered that Accretive Asset Management Corp. ("Accretive") pay to the Receiver \$350,000 in respect of Loan 10 proceeds.
5. This is the fourth report filed by EY in its capacity as Receiver of PIT.

### **Purpose of this Report**

6. The purpose of this report (the "Fourth Report") is to summarize the activities of the Receiver in respect of:
  - a) Recoveries of Loan 10 trust funds; and
  - b) The receipt of any funds from Accretive, Shariff Chandran and Chitra Chandran pursuant to the November 20, November 22 and December 3, 2012 Court Orders.

### **Terms of Reference**

7. In developing this Report, the Receiver has relied upon unaudited financial information prepared by the Company's management, the Company's books and records and discussions with its management. The Receiver has not performed an audit or other verification of such information. An examination of the Company's financial forecasts as outlined in the Canadian Institute of Chartered Accountants Handbook has not been performed. Future-oriented financial information relied upon in this Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material, and as such the Receiver expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Receiver in preparing this Report.

## Currency

8. All currency references in this Report are in Canadian dollars.

## BACKGROUND

9. As set out in the First Report, the Receiver is in the process of investigating the affairs of PIT.
10. As detailed in the Second Report, the Receiver in the course of this investigation ascertained that PIT holds a loan portfolio (the "Loan Portfolio"). The Loan Portfolio consists of the Loans as noted in previous reports. In some cases, these loans are secured against real property in the form of Mortgages. The Receiver understands that investor funds were used to fund the Loan Portfolio.
11. Loan 10 was secured by way of a Mortgage registered against the property municipally known as 2848-85th Street SW, Calgary (Plan 3530AK, Block D, Lot 14). Further details on Loan 10 are included in the Second Report.
12. As detailed in the Second Report, the Settlement Agreement Funds paid by the mortgagee in respect of Loan 10 totaling \$350,000 were paid to Accretive on or around May 31, 2012 (the "Settlement Cheques"). \$316,000 was subsequently transferred to Platinum Lands Corp. ("Platinum Lands").
13. In the Third Report, the Receiver outlined how the Settlement Cheques were disbursed by Accretive and Platinum Lands. All funds were disbursed with a substantial portion of the funds disbursed as follows:
  - a) On June 22, 2012, a bank draft was issued to Merani Reimer LLP for \$170,000. As set out in the Third Report, the Receiver was advised by Merani Reimer LLP that it received the funds and subsequently paid out the funds to an entity known as Calgary Bins on the instruction of Shariff Chandran;
  - b) On June 29, 2012, two bank drafts (each for \$10,000 plus \$6.50 in fees) were issued to Bennett Jones LLP;
  - c) On July 31, 2012, two cheques were issued for \$5,000 each to Wolff Leia LLP;
  - d) On June 15, 2012 a cheque for \$25,000 was issued to Borden Ladner Gervais LLP;
  - e) A series of "Withdrawals" were made for approximately \$24,000;

- f) Four payments totalling approximately \$16,000 were made to two American Express accounts; and
  - g) Various e-transfers and ATM withdrawals totalling approximately \$10,000 were made.
14. The Receiver indicated in the Third Report that it wrote to the four law firms identified as receiving funds from the Settlement Cheques and has had the following responses:
- a) Merani Reimer LLP indicated that they would provide the Receiver with details of the disbursement of the \$170,000 they received. Subsequently they claimed privilege and refused to provide these details. The Receiver has indicated that it does not believe any such privilege exists but to date no further response has been received from Merani Reimer LLP;
  - b) Borden Ladner Gervais LLP confirmed they had been paid \$25,000 and that a portion of these funds had been used to offset their unpaid fees. Despite further requests, no funds nor any further communication has been provided to the Receiver;
  - c) Wolff Leia LLP ("Wolff Leia") has not responded to the Receiver's correspondence of December 14, 2012 and January 14, 2013 requesting a return of the funds advanced to it; and
  - d) The Receiver received approximately \$11,811 from Bennett Jones LLP on or about January 15, 2013 being the balance of the \$20,000 of the trust funds paid to Bennett Jones LLP on June 29, 2012, less certain legal fees deducted therefrom.

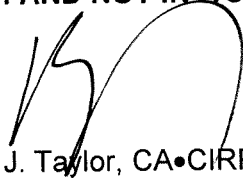
#### **FUNDS RECEIVED**

15. On November 26, 2012, the Receiver received a cheque from Wolff Leia trust account for \$25,000. Additionally a bank draft for a further \$100,000 provided by Wolff Leia was deposited into the Receiver's trust account on or about December 10, 2012. These funds represent part payment of the \$350,000 the Court ordered Accretive to pay to the Receiver.

16. No further funds have been received. However upon follow up by the Receiver with Shariff and Chitra Chandran, Shariff Chandran indicated by email that the balance of the \$225,000 outstanding of the \$350,000 would be repaid on January 28, 2013.

All of which is respectfully submitted this 28<sup>th</sup> day of January, 2013.

**ERNST & YOUNG INC.  
IN ITS CAPACITY AS RECEIVER AND MANAGER OF PLATINUM INVESTMENT  
TRUST. AND NOT IN ITS PERSONAL CAPACITY**



Robert J. Taylor, CA•CIRP  
Senior Vice-President